



DEPARTMENT OF HEALTH & HUMAN SERVICES

Office of Inspector General

Office of Audit Services, Region VI  
1100 Commerce Street, Room 632  
Dallas, TX 75242

May 28, 2010

Report Number: A-06-09-00057

Ms. Nancy Merritt  
Vice President and Chief Compliance Officer  
Parkland Health & Hospital System  
5201 Harry Hines Boulevard  
Dallas, TX 75235

Dear Ms. Merritt:

Enclosed is the U.S. Department of Health & Human Services (HHS), Office of Inspector General (OIG), final report entitled *Review of Oxaliplatin Billing at Parkland Health & Hospital System for the Period January 1 Through December 31, 2005*. We will forward a copy of this report to the HHS action official noted on the following page for review and any action deemed necessary.

The HHS action official will make final determination as to actions taken on all matters reported. We request that you respond to this official within 30 days from the date of this letter. Your response should present any comments or additional information that you believe may have a bearing on the final determination.

Section 8L of the Inspector General Act, 5 U.S.C. App., requires that OIG post its publicly available reports on the OIG Web site. Accordingly, this report will be posted at <http://oig.hhs.gov>.

If you have any questions or comments about this report, please do not hesitate to call me at (214) 767-8414 or contact Warren Lundy, Audit Manager, at (405) 605-6183 or through email at [Warren.Lundy@oig.hhs.gov](mailto:Warren.Lundy@oig.hhs.gov). Please refer to report number A-06-09-00057 in all correspondence.

Sincerely,

/Patricia Wheeler/  
Regional Inspector General  
for Audit Services

Enclosure

**Direct Reply to HHS Action Official:**

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Department of Health & Human Services

**OFFICE OF  
INSPECTOR GENERAL**

**REVIEW OF OXALIPLATIN BILLING AT  
PARKLAND HEALTH & HOSPITAL  
SYSTEM FOR THE PERIOD JANUARY 1  
THROUGH DECEMBER 31, 2005**



Daniel R. Levinson  
Inspector General

June 2010  
A-06-09-00057

# *Office of Inspector General*

<http://oig.hhs.gov>

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## **OFFICE OF AUDIT SERVICES FINDINGS AND OPINIONS**

The designation of financial or management practices as questionable, a recommendation for the disallowance of costs incurred or claimed, and any other conclusions and recommendations in this report represent the findings and opinions of OAS. Authorized officials of the HHS operating divisions will make final determination on these matters.

## **EXECUTIVE SUMMARY**

### **BACKGROUND**

Pursuant to Title XVIII of the Social Security Act, the Medicare program provides health insurance for people age 65 and over and those who are disabled or have permanent kidney disease. The Balanced Budget Act of 1997, P.L. No. 105-33, authorized the implementation of an outpatient prospective payment system (OPPS) effective August 1, 2000. Under the OPPS, Medicare makes additional temporary payments, called transitional pass-through payments, for certain drugs, biologicals, and devices.

Oxaliplatin is a chemotherapy drug used to treat colorectal cancer. Outpatient hospitals received transitional pass-through payments for oxaliplatin furnished to Medicare beneficiaries from July 1, 2003, through December 31, 2005. Medicare required hospitals to bill one service unit for each 5 milligrams of oxaliplatin that a beneficiary received.

Parkland Health & Hospital System (Parkland) is an acute-care hospital in Dallas, Texas, that has 985 Medicare-certified beds. We reviewed three oxaliplatin payments to Parkland for services provided to two Medicare beneficiaries during calendar year (CY) 2005.

### **OBJECTIVE**

Our objective was to determine whether Parkland billed Medicare for oxaliplatin in accordance with Medicare requirements.

### **SUMMARY OF FINDINGS**

Parkland did not bill Medicare in accordance with Medicare requirements for the outpatient claim that we identified and two additional claims that it identified in response to our audit. Parkland received overpayments totaling \$16,053 for oxaliplatin furnished to two hospital outpatient beneficiaries during CY 2005. The first overpayment of \$12,643 occurred during the implementation of a new billing system. Parkland coding personnel manually added units to the claim, resulting in a computer logic error that caused all the drug units on the claim to be billed as oxaliplatin rather than the correct drugs. The remaining two overpayments of \$1,705 each occurred when Parkland coding personnel incorrectly added 20 units to each claim. These overpayments occurred because Parkland did not have procedures in place to ensure that units of drugs billed corresponded to units of drugs administered.

### **RECOMMENDATIONS**

We recommend that Parkland:

- refund the \$16,053 in overpayments to the Medicare administrative contractor and
- establish procedures to ensure that units of drugs billed correspond to units of drugs administered.

## **PARKLAND COMMENTS**

In its comments on our draft report, Parkland agreed with our findings and indicated that it had submitted corrected claims to the Medicare administrative contractor to ensure that the overpayments were returned. Parkland also indicated that it has implemented review procedures to help prevent a reoccurrence. Parkland's comments are included in their entirety as the Appendix.

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## **INTRODUCTION**

### **BACKGROUND**

Pursuant to Title XVIII of the Social Security Act, the Medicare program provides health insurance for people age 65 and over and those who are disabled or have permanent kidney disease. The Centers for Medicare & Medicaid Services (CMS) administers the program.

#### **Outpatient Prospective Payment System**

The Balanced Budget Act of 1997, P.L. No. 105-33, authorized the implementation of an outpatient prospective payment system (OPPS) for hospital outpatient services furnished on or after August 1, 2000.

Under the OPPS, Medicare payments for most outpatient services are based on ambulatory payment classifications, which generally include payments for drugs billed as part of a service or procedure. However, Medicare makes additional temporary payments, called transitional pass-through payments, for certain drugs, biologicals, and devices. Medicare established a timeframe of at least 2 years but no more than 3 years for providing these additional payments for a given drug, biological, or device.

#### **Oxaliplatin**

Oxaliplatin is a chemotherapy drug used to treat colorectal cancer. Outpatient hospitals received transitional pass-through payments for oxaliplatin furnished from July 1, 2003, through December 31, 2005. Medicare required hospitals to bill one service unit for each 5 milligrams of oxaliplatin that a beneficiary received using the Healthcare Common Procedure Coding System (HCPCS) code C9205.

#### **Parkland Health & Hospital System**

Parkland Health & Hospital System (Parkland) is an acute-care hospital in Dallas, Texas, that has 985 Medicare-certified beds. Parkland's Medicare claims are processed and paid by TrailBlazer Health Enterprises, LLC, the Medicare administrative contractor for Texas.

### **OBJECTIVE, SCOPE, AND METHODOLOGY**

#### **Objective**

Our objective was to determine whether Parkland billed Medicare for oxaliplatin in accordance with Medicare requirements.

#### **Scope**

We reviewed three claims and the resulting payments totaling \$30,192 that Medicare made to Parkland for oxaliplatin furnished to two hospital outpatients during calendar year (CY) 2005.

We limited our review of Parkland's internal controls to those applicable to billing for oxaliplatin services because our objective did not require an understanding of all internal controls over the submission of claims. Our review allowed us to establish reasonable assurance of the authenticity and accuracy of the data obtained from the CMS claim data for CY 2005, but we did not assess the completeness of the data.

We performed our audit work from March through December 2009.

## **Methodology**

To accomplish our objective, we:

- reviewed applicable Medicare laws, regulations, and guidance;
- used CMS's claim data for CY 2005 to identify Medicare claims for which Parkland billed at least 100 units of oxaliplatin services under HCPCS code C9205 and received Medicare payments that were greater than \$2,000 for those units;
- contacted Parkland to determine whether the identified oxaliplatin services were billed correctly and, if not, why the services were billed incorrectly;
- obtained and reviewed records from Parkland that supported the identified claims; and
- repriced incorrectly billed services using ambulatory payment classification groups payment information for the billed HCPCS codes.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

## **FINDINGS AND RECOMMENDATIONS**

### **MEDICARE REQUIREMENTS**

When hospitals submit Medicare claims for outpatient services, they must report the HCPCS codes that describe the services provided, as well as the service units for these codes. The *Medicare Claims Processing Manual*, Publication No. 100-04, chapter 4, section 20.4, states: "The definition of service units ... is the number of times the service or procedure being reported was performed." In addition, chapter 1, section 80.3.2.2, of this manual states: "In order to be processed correctly and promptly, a bill must be completed accurately."

CMS Transmittal A-03-051, Change Request 2771, dated June 13, 2003, instructed outpatient hospitals to bill for oxaliplatin using HCPCS code C9205 to allow a transitional pass-through payment under the OPFS. The description for HCPCS code C9205 is "injection, oxaliplatin, per

5 [milligrams].” Therefore, for each 5 milligrams of oxaliplatin administered to a patient, outpatient hospitals should have billed Medicare for one service unit.

## **MISCALCULATION OF BILLING UNITS**

Parkland did not bill Medicare in accordance with Medicare requirements for the outpatient claim that we identified and two additional claims that it identified in response to our audit.<sup>1</sup> Parkland received overpayments totaling \$16,053 for oxaliplatin furnished to two hospital outpatient beneficiaries during CY 2005.

On the claim that we identified, Parkland received an overpayment of \$12,643 when it billed for 220 units of oxaliplatin rather than the 40 units that was administered. The error occurred when Parkland coding personnel manually increased the number of oxaliplatin units from 1 vial to 2 vials. A computer logic error then caused all 11 drug units on the claim to be billed as oxaliplatin even though the claim had other drugs on it. The computer program multiplied the 11 units by 20 to account for the oxaliplatin vial size. Parkland officials indicated that the computer error occurred when Parkland implemented a new billing system in September 2005 and that the problem was resolved in January 2006.

In response to our inquiry, Parkland discovered two additional overpayments. Parkland coding personnel incorrectly added 20 oxaliplatin units to each claim, resulting in 80 units billed rather than the 60 units administered. Each error resulted in an overpayment of \$1,705.

These overpayments occurred because Parkland did not have procedures in place to ensure that units of drugs billed corresponded to units of drugs administered.

## **RECOMMENDATIONS**

We recommend that Parkland:

- refund the \$16,053 in overpayments to the Medicare administrative contractor and
- establish procedures to ensure that units of drugs billed correspond to units of drugs administered.

## **PARKLAND COMMENTS**

In its comments on our draft report, Parkland agreed with our findings and indicated that it had submitted corrected claims to the Medicare administrative contractor to ensure that the overpayments were returned. Parkland also indicated that it has implemented review procedures to help prevent a recurrence. Parkland’s comments are included in their entirety as the Appendix.

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<sup>1</sup> The two additional claims each had 80 units of oxaliplatin billed and did not meet our claim selection criteria of at least 100 units billed.

# **APPENDIX**

## APPENDIX: PARKLAND COMMENTS



Nancy Merritt  
Parkland Health & Hospital System  
Corporate Compliance Department  
5201 Harry Hines Blvd.  
Dallas, TX 75235

May 4, 2010

**SENT VIA UNITED PARCEL SERVICE**

Patricia Wheeler  
Regional Inspector General for Audit Services  
Office of Inspector General  
Office of Audit Services, Region VI  
1100 Commerce Street, Room 632  
Dallas, TX 75242

Re: Report Number A-06-09-00057

Dear Ms. Wheeler,

We received your draft audit report and letter dated April 14, 2010. We agree that your findings are valid and your recommendations are reasonable. We have submitted corrected claims to our Medicare Administrative Contractor (Trailblazer) for the three CY 2005 claims identified in your report in order to ensure that overpayments are returned to the Medicare program. In addition, we have implemented review procedures to help prevent a reoccurrence.

Please give our thanks to your staff for their assistance in resolving this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Nancy Merritt", with a long, sweeping horizontal line extending to the right.

Nancy Merritt  
VP and Chief Compliance Officer  
Parkland Health & Hospital System

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214.590.8000  
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