



DEPARTMENT OF HEALTH & HUMAN SERVICES

Office of Inspector General

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

June 29, 2010

Report Number: A-06-09-00058

Mr. Kevin Galligher, Ethics & Compliance Officer
Shared Services-Houston
8101 West Sam Houston Parkway South, Suite 100
Houston, TX 77072

Dear Mr. Galligher:

Enclosed is the U.S. Department of Health & Human Services (HHS), Office of Inspector General (OIG), final report entitled *Review of Oxaliplatin Billing at Bayshore Medical Center 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. Please refer to report number A-06-09-00058 in all correspondence.

Sincerely,

/Patricia Wheeler/
Regional Inspector General
for Audit Services

Enclosure

Direct Reply to HHS Action Official:

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Consortium Administrator
Consortium for Financial Management & Fee for Service Operations
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Department of Health & Human Services

**OFFICE OF
INSPECTOR GENERAL**

**REVIEW OF OXALIPLATIN BILLING AT
BAYSHORE MEDICAL CENTER FOR THE
PERIOD JANUARY 1 THROUGH
DECEMBER 31, 2005**



Daniel R. Levinson
Inspector General

June 2010
A-06-09-00058

Office of Inspector General

<http://oig.hhs.gov>

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Notices

THIS REPORT IS AVAILABLE TO THE PUBLIC
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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.

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.

Bayshore Medical Center (Bayshore) is an acute-care hospital in Pasadena, Texas, that has 300 Medicare-certified beds. We reviewed oxaliplatin payments to Bayshore for services provided to Medicare beneficiaries during calendar year (CY) 2005.

OBJECTIVE

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

SUMMARY OF FINDING

Bayshore did not bill Medicare for oxaliplatin in accordance with Medicare requirements. Specifically, Bayshore billed for at least 10 times the number of units that was actually administered for the nine outpatient claims that we reviewed. Bayshore received overpayments totaling \$276,054 for the excessive oxaliplatin units it billed during CY 2005. The overpayments occurred because there were two oxaliplatin billing codes that had different billing unit amounts and because Bayshore did not have procedures in place to ensure that units of drugs billed corresponded to units of drugs administered.

RECOMMENDATIONS

We recommend that Bayshore:

- refund the \$276,054 in overpayments to the Medicare administrative contractor and
- establish procedures to ensure that units of drugs billed correspond to units of drugs administered.

BAYSHORE COMMENTS

In its comments on our draft report, Bayshore agreed with our finding and indicated that it has made changes to its existing controls to ensure that units of drugs billed correspond with units of drugs administered and that the information is entered correctly into the billing system. Bayshore also indicated that the patient accounts had been resubmitted with the correct information and that the overpayments have been returned. Bayshore'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 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.

Bayshore Medical Center

Bayshore Medical Center (Bayshore) is an acute-care hospital in Pasadena, Texas, that has 300 Medicare-certified beds. Bayshore's Medicare claims were processed and paid by Mutual of Omaha, a fiscal intermediary. Mutual of Omaha subsequently joined with Wisconsin Physicians Service Insurance Corporation (WPS), a Medicare administrative contractor.

OBJECTIVE, SCOPE, AND METHODOLOGY

Objective

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

Scope

We identified 12 claims for which Bayshore billed HCPCS code C9205 for more than 100

service units of oxaliplatin and received Medicare payments totaling \$405,577 for oxaliplatin furnished to hospital outpatients during calendar year (CY) 2005. Before the start of our audit, Bayshore and the Medicare administrative contractor corrected 3 of the 12 claims. We reviewed the remaining nine claims with Medicare payments totaling \$299,329. We limited our review of Bayshore'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 to November 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 Bayshore 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 Bayshore to determine whether the identified oxaliplatin services were billed correctly and, if not, why the services were billed incorrectly;
- obtained and reviewed records from Bayshore and WPS that supported the identified claims; and
- calculated overpayments using corrected payment information from WPS.

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 finding and conclusions based on our audit objective.

FINDING 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 OPPTS. 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

Bayshore did not bill Medicare for oxaliplatin in accordance with Medicare requirements. Bayshore billed for at least 10 times the correct number of units on all nine claims for oxaliplatin furnished to Medicare beneficiaries during CY 2005. During 2005, the HCPCS listed J9263, which had a billing unit of 0.5 milligrams, as another code for oxaliplatin services. Bayshore billed Medicare for the nine claims based on 0.5 milligrams billing unit of oxaliplatin rather than the appropriate 5 milligrams in HCPCS code C9205. Bayshore changed the incorrect HCPCS code to the correct one but did not correct the number of units. These errors occurred because Bayshore did not have adequate procedures in place to prevent them. As a result, Bayshore received overpayments totaling \$276,054 for oxaliplatin furnished to hospital outpatients during CY 2005.

RECOMMENDATIONS

We recommend that Bayshore:

- refund the \$276,054 in overpayments to the Medicare administrative contractor and
- establish procedures to ensure that units of drugs billed correspond to units of drugs administered.

BAYSHORE COMMENTS

In its comments on our draft report, Bayshore agreed with our finding and indicated that it has made changes to its existing controls to ensure that units of drugs billed correspond with units of drugs administered and that the information is entered correctly into the billing system. Bayshore also indicated that the patient accounts had been resubmitted with the correct information and that the overpayments have been returned. Bayshore’s comments are included in their entirety as the Appendix.

APPENDIX

APPENDIX: BAYSHORE COMMENTS



May 27, 2010

Ms. 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 No. A-06-09-00058

Dear Ms. Wheeler:

We appreciate the opportunity to review the U.S. Department of Health and Human Services, Office of Inspector General's (OIG) draft report related to the review of oxaliplatin billing at Bayshore Medical Center for the time period of January 1 through December 31, 2005. The report properly summarizes the OIG's findings of the hospital's billing errors for oxaliplatin on certain patient accounts during the noted time period.

The hospital conducted an internal review and identified nine patient accounts that were not properly billed for oxaliplatin in accordance with Medicare requirements. The number of billed units and charges were incorrectly entered into the system that generates the UB-04, resulting in a miscalculation of billing units.

The facility's controls were reviewed during the internal review process. While control systems did exist at the time the errors were made, additional changes have been made to ensure that the information regarding the units of drugs billed correspond to the units of drugs administered and that this information is entered correctly into the system to generate a UB-04 in compliance with Medicare requirements.

The nine patient accounts have been resubmitted with the correct information. The Bayshore Medical Center has returned the overpayment to the hospital's fiscal intermediary as recommended by the OIG.

If you require any additional information regarding this matter, please contact Kevin Galligher, Ethics & Compliance Officer at Houston Shared Services Center at (713) 448-2132.

Sincerely,

John Armour
Chief Financial Officer