



DEPARTMENT OF HEALTH & HUMAN SERVICES

Office of Inspector General

JUL 11 2005

Region IX
Office of Audit Services
50 United Nations Plaza, Room 171
San Francisco, CA 94102

Report Number: A-09-05-00055

Ms. Marilyn U. MacNiven-Young
Executive Vice President, General Counsel and Corporate Secretary
InSight Health Corp.
26250 Enterprise Court, Suite 100
Lake Forest, California 92630

Dear Ms. MacNiven-Young:

Enclosed are two copies of the Department of Health and Human Services, Office of Inspector General (OIG) final report entitled "Review of Services Ordered by Chiropractors and Performed by Garfield Imaging Center." A copy of this report will be forwarded to the HHS action official noted below for review and any action deemed necessary.

In accordance with the principles of the Freedom of Information Act, 5 U.S.C. § 552, as amended by Public Law 104-231, OIG reports issued to the Department's grantees and contractors are made available to members of the press and general public to the extent the information is not subject to exemptions in the Act that the Department chooses to exercise (see 45 CFR part 5).

Please refer to report number A-09-05-00055 in all correspondence.

Sincerely,

Lori A. Ahlstrand
Regional Inspector General
for Audit Services

Enclosures

Direct Reply to HHS Action Official:

Mr. Jeff Flick
Regional Administrator, Region IX
Centers for Medicare & Medicaid Services
Department of Health and Human Services
75 Hawthorne Street, Fourth Floor
San Francisco, California 94105

Department of Health and Human Services

**OFFICE OF
INSPECTOR GENERAL**

**REVIEW OF SERVICES
ORDERED BY CHIROPRACTORS AND
PERFORMED BY
GARFIELD IMAGING CENTER**



**Daniel R. Levinson
Inspector General**

**JULY 2005
A-09-05-00055**

Office of Inspector General

<http://oig.hhs.gov>

The mission of the Office of Inspector General (OIG), as mandated by Public Law 95-452, as amended, is to protect the integrity of the Department of Health and Human Services (HHS) programs, as well as the health and welfare of beneficiaries served by those programs. This statutory mission is carried out through a nationwide network of audits, investigations, and inspections conducted by the following operating components:

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OIG's Office of Audit Services (OAS) provides all auditing services for HHS, either by conducting audits with its own audit resources or by overseeing audit work done by others. Audits examine the performance of HHS programs and/or its grantees and contractors in carrying out their respective responsibilities and are intended to provide independent assessments of HHS programs and operations in order to reduce waste, abuse, and mismanagement and to promote economy and efficiency throughout HHS.

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Notices

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In accordance with the principles of the Freedom of Information Act (5 U.S.C. 552, as amended by Public Law 104-231), Office of Inspector General, Office of Audit Services reports are made available to members of the public to the extent the information is not subject to exemptions in the act. (See 45 CFR Part 5.)

OAS FINDINGS AND OPINIONS

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



EXECUTIVE SUMMARY

BACKGROUND

Garfield Imaging Center LTD (Garfield Imaging) is a diagnostic imaging center in Monterey Park, CA. It is enrolled in the Medicare Program as an independent diagnostic testing facility (IDTF). IDTFs perform diagnostic services independent of a hospital or a physician's office.

Federal regulations and Medicare guidelines require that diagnostic services be ordered by physicians or other authorized nonphysician practitioners. However, these regulations and guidelines prohibit Medicare Part B reimbursement for diagnostic services ordered by chiropractors.

OBJECTIVE

The audit objective was to determine whether Garfield Imaging billed Medicare for diagnostic services ordered by chiropractors.

SUMMARY OF FINDING

Contrary to Federal regulations and Medicare guidelines, Garfield Imaging billed Medicare for diagnostic services ordered by chiropractors during calendar years (CY) 2001, 2002, and 2003. As a result, Medicare overpaid Garfield Imaging \$88,747. Garfield Imaging did not have adequate controls to prevent billing Medicare for diagnostic services ordered by chiropractors.

RECOMMENDATIONS

We recommend that Garfield Imaging:

- refund to the Federal Government \$88,747 in Medicare overpayments identified for CYs 2001, 2002, and 2003; and
- strengthen controls to ensure that it does not bill Medicare for diagnostic services ordered by chiropractors.

GARFIELD IMAGING'S COMMENTS

In written comments on our draft report, Garfield Imaging agreed with our finding and recommendations. The full text of Garfield Imaging's comments is included as an appendix to this report.

INTRODUCTION

BACKGROUND

Garfield Imaging Center LTD (Garfield Imaging) is a diagnostic imaging center in Monterey Park, CA. It is enrolled in the Medicare Program as an independent diagnostic testing facility (IDTF).

IDTFs perform diagnostic procedures independent of a hospital or a physician's office. Tests performed by IDTFs include neurological and neuromuscular tests, echocardiograms, ultrasounds, pulmonary function tests, cardiac monitoring, and nuclear medicine testing. Physicians use IDTF diagnostic tests to furnish a consultation or treat a beneficiary for specific medical problems.

OBJECTIVE, SCOPE, AND METHODOLOGY

Objective

The audit objective was to determine whether Garfield Imaging billed Medicare for diagnostic services ordered by chiropractors.

Scope

We reviewed all Medicare claims submitted by Garfield Imaging for diagnostic services ordered by chiropractors. Our audit period covered claims for services performed during calendar years (CY) 2001, 2002, and 2003 and paid by National Heritage Insurance Company, the Medicare Part B carrier.

We limited our review of internal controls to obtaining an understanding of how Garfield Imaging billed Medicare. We conducted fieldwork from May 2004 to January 2005, which included visits to Garfield Imaging.

Methodology

To accomplish our objective, we:

- reviewed Federal regulations and Medicare guidelines related to IDTF services ordered by chiropractors;
- extracted from the Centers for Medicare & Medicaid Services National Claims History File all the Medicare Part B claims paid to Garfield Imaging for CYs 2001, 2002, and 2003;
- verified the specialty of each ordering physician and identified those ordering physicians who were chiropractors;

- interviewed Garfield Imaging representatives about the claims for services ordered by chiropractors; and
- discussed the results of our audit with Garfield Imaging officials.

We conducted our audit in accordance with generally accepted government auditing standards.

FINDING AND RECOMMENDATIONS

Contrary to Federal regulations and Medicare guidelines, Garfield Imaging billed Medicare for diagnostic services ordered by chiropractors during CYs 2001, 2002, and 2003. As a result, Medicare overpaid Garfield Imaging \$88,747. Garfield Imaging did not have adequate controls to prevent billing Medicare for diagnostic services ordered by chiropractors.

FEDERAL REGULATIONS AND MEDICARE GUIDELINES FOR DIAGNOSTIC SERVICES ORDERED BY CHIROPRACTORS

Federal regulations (42 CFR § 410.21(b)(2)) prohibit Medicare reimbursement for diagnostic services ordered by a chiropractor: “Medicare Part B does not pay for X-rays or other diagnostic or therapeutic services furnished or ordered by a chiropractor.”

In addition, the Medicare Carrier newsletter in March 2000 emphasized that Medicare “...specifically limits coverage of chiropractic services to treatment by means of manual manipulation of the spine for the purpose of correcting a subluxation...No other diagnostic or therapeutic services furnished by a chiropractor, whether under his or her order, are covered.” The newsletter explained further that “...if a chiropractor orders, takes, or interprets an x-ray or other diagnostic test, the x-ray or other diagnostic test can be used for claims processing purposes, but Medicare coverage and payment is not available for those services.”

UNALLOWABLE DIAGNOSTIC SERVICES ORDERED BY CHIROPRACTORS

Contrary to Federal regulations and Medicare guidelines, Garfield Imaging billed Medicare for diagnostic services ordered by chiropractors during CYs 2001, 2002, and 2003. Specifically, Garfield Imaging submitted 173 claims to Medicare for diagnostic services ordered by chiropractors. As a result, Medicare overpaid Garfield Imaging \$88,747.

INADEQUATE CONTROLS

Garfield Imaging did not have adequate controls to prevent billing Medicare for diagnostic services ordered by chiropractors. According to Garfield Imaging representatives, they were unaware that Medicare does not cover diagnostic services ordered by chiropractors.

RECOMMENDATIONS

We recommend that Garfield Imaging:

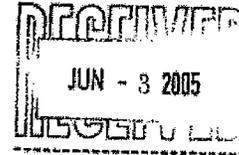
- refund to the Federal Government \$88,747 in Medicare overpayments identified for CYs 2001, 2002, and 2003; and
- strengthen controls to ensure that it does not bill Medicare for diagnostic services ordered by chiropractors.

GARFIELD IMAGING'S COMMENTS

In written comments on our draft report, Garfield Imaging agreed with our finding and recommendations. The full text of Garfield Imaging's comments is included as an appendix to this report.

APPENDIX

APPENDIX



By Overnight Courier

June 2, 2005

Department of Health & Human Services
Region IX, Office of Audit Services
50 United Nations Plaza, Rooms 171
San Francisco, CA 94102
Attn: Lori A. Ahlstrand
Regional Inspector General for Audit Services

Re: Draft – Review of Services Ordered by Chiropractors and Performed By Garfield Imaging Center/Report Number A-09-5-00055

Dear Ms. Ahlstrand:

Pursuant to your letter dated May 5 2005, this letter shall serve as the formal response of Garfield Imaging Center, Ltd. ("Garfield Imaging") to the above-referenced report ("Draft Report").

Garfield Imaging Center has reviewed the Draft Report and concurs with facts, conclusions, and recommendations as presented in each of the findings.

Should you have any questions, please contact me.

Respectfully,

Garfield Imaging Center, Ltd.


Marilyn O. MacNiven-Young
Executive Vice President, General Counsel
InSight Health Corp., its general partner and manager