



APR 15 2009

Region IX
Office of Audit Services
90 – 7th Street, Suite 3-650
San Francisco, CA 94103

Report Number: A-09-09-00047

Mr. Stephen Palmore
Regional Compliance Officer
Hilo Medical Center
1190 Waianuenue Avenue
Hilo, Hawaii 96720-2020

Dear Mr. Palmore:

Enclosed is the U.S. Department of Health and Human Services (HHS), Office of Inspector General (OIG), final report entitled “Review of Oxaliplatin Billing at Hilo Medical Center for Calendar Year 2004.” 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.

Pursuant to the Freedom of Information Act, 5 U.S.C. § 552, OIG reports generally are made available to the public to the extent that information in the report is not subject to exemptions in the Act. Accordingly, this report will be posted on the Internet at <http://oig.hhs.gov>.

If you have any questions or comments about this report, please call Tom Lin, Senior Auditor, at (415) 437-8374 or Alice Norwood, Audit Manager, at (415) 437-8360. Please refer to report number A-09-09-00047 in all correspondence.

Sincerely,

Lori A. Ahlstrand
Regional Inspector General
for Audit Services

Enclosure

Direct Reply to HHS Action Official:

Ms. Nanette Foster Reilly, Consortium Administrator
Consortium for Financial Management & Fee for Service Operations
Centers for Medicare & Medicaid Services
601 East 12th Street, Room 235
Kansas City, Missouri 64106

Department of Health and Human Services

**OFFICE OF
INSPECTOR GENERAL**

**REVIEW OF
OXALIPLATIN BILLING AT
HILO MEDICAL CENTER
FOR CALENDAR YEAR 2004**



Daniel R. Levinson
Inspector General

April 2009
A-09-09-00047

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. Medicare uses an outpatient prospective payment system to pay for hospital outpatient services.

Oxaliplatin is a chemotherapy drug used to treat colorectal cancer. From July 1, 2003, through December 31, 2005, Medicare required hospital outpatient departments to bill one service unit for each 5 milligrams of oxaliplatin administered.

Hilo Medical Center is an acute-care hospital located in Hilo, Hawaii. We reviewed payments to Hilo Medical Center for oxaliplatin provided to Medicare beneficiaries during calendar year (CY) 2004.

OBJECTIVE

Our objective was to determine whether Hilo Medical Center billed Medicare for oxaliplatin in accordance with Medicare requirements.

SUMMARY OF FINDING

During CY 2004, Hilo Medical Center did not bill Medicare in accordance with Medicare requirements for the two oxaliplatin outpatient claims that we reviewed. Hilo Medical Center billed Medicare for an incorrect number of service units for those claims and received overpayments totaling approximately \$59,980. The overpayments occurred because of confusion related to two oxaliplatin Healthcare Common Procedure Coding System codes that had different service unit sizes.

RECOMMENDATIONS

We recommend that Hilo Medical Center:

- work with the Medicare administrative contractor to adjust the two claims and refund approximately \$59,980 in identified overpayments and
- ensure that service units of drugs billed correspond to units of drugs administered.

HILO MEDICAL CENTER COMMENTS

In its comments on our draft report, Hilo Medical Center stated that it had submitted the repayments and implemented corrective actions going forward. Hilo Medical Center'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

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

Under the OPPS, Medicare pays for services on a rate-per-service basis using the ambulatory payment classification group to which each service is assigned. The OPPS uses the Healthcare Common Procedure Coding System (HCPCS) to identify and group services into an ambulatory payment classification group.

Oxaliplatin

Oxaliplatin is a chemotherapy drug used to treat colorectal cancer. From July 1, 2003, through December 31, 2005, Medicare required hospital outpatient departments to bill one service unit for each 5 milligrams of oxaliplatin administered.

Hilo Medical Center

Hilo Medical Center is an acute-care hospital located in Hilo, Hawaii. Hilo Medical Center's Medicare claims are processed and paid by Palmetto GBA, the Medicare administrative contractor for Hawaii.

OBJECTIVE, SCOPE, AND METHODOLOGY

Objective

Our objective was to determine whether Hilo Medical Center billed Medicare for oxaliplatin in accordance with Medicare requirements.

Scope

We identified four claims for which Hilo Medical Center billed HCPCS code C9205 for more than 100 service units of oxaliplatin and received Medicare payments totaling \$119,288 for oxaliplatin furnished to hospital outpatients during calendar year (CY) 2004. Before the start of our audit, Hilo Medical Center and the Medicare administrative contractor corrected two of the four claims. We reviewed the remaining two claims with Medicare payments totaling \$64,915.

We limited our review of Hilo Medical Center'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 CMS's National Claims History file for CY 2004, but we did not assess the completeness of the file.

We performed our audit from December 2008 through March 2009.

Methodology

To accomplish our objective, we:

- reviewed applicable Medicare laws, regulations, and guidance;
- used CMS's National Claims History file for CY 2004 to identify Medicare claims for which Hilo Medical Center billed at least 100 service units of oxaliplatin under HCPCS code C9205 and received Medicare payments for those units;
- contacted Hilo Medical Center to determine whether the identified oxaliplatin services were billed correctly and, if not, why the services were billed incorrectly;
- obtained and reviewed records from Hilo Medical Center that supported the identified claims; and
- repriced incorrectly billed service units 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 finding and conclusions based on our audit objective.

FINDING AND RECOMMENDATIONS

During CY 2004, Hilo Medical Center did not bill Medicare in accordance with Medicare requirements for the two oxaliplatin outpatient claims that we reviewed. Hilo Medical Center billed Medicare for an incorrect number of service units for those claims and received overpayments totaling approximately \$59,980. The overpayments occurred because of confusion related to two oxaliplatin HCPCS codes that had different service unit sizes.

MEDICARE REQUIREMENTS

Section 9343(g) of the Omnibus Budget Reconciliation Act of 1986, P.L. No. 99-509, requires hospitals to report claims for outpatient services using HCPCS codes. CMS's "Medicare Claims Processing Manual," Pub. 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.”

Through CMS Transmittal A-03-051, Change Request 2771, dated June 13, 2003, CMS instructed hospital outpatient departments to bill for oxaliplatin using HCPCS code C9205 effective July 1, 2003. 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 during our audit period.

Effective January 1, 2006, CMS instructed hospitals to bill Medicare for oxaliplatin using HCPCS code J9263. The service unit for that code is 0.5 milligrams.

INCORRECT NUMBER OF SERVICE UNITS BILLED

During CY 2004, Hilo Medical Center billed Medicare for an incorrect number of service units for the two oxaliplatin outpatient claims that we reviewed. Rather than billing one service unit for each 5 milligrams of oxaliplatin administered, as Medicare required, Hilo Medical Center billed one service unit for each 0.5 milligrams administered. For the two claims, Hilo Medical Center received overpayments totaling approximately \$59,980.

The overpayments occurred because of confusion related to oxaliplatin HCPCS codes C9205 and J9263, which had different service unit sizes.

RECOMMENDATIONS

We recommend that Hilo Medical Center:

- work with the Medicare administrative contractor to adjust the two claims and refund approximately \$59,980 in identified overpayments and
- ensure that service units of drugs billed correspond to units of drugs administered.

HILO MEDICAL CENTER COMMENTS

In its comments on our draft report, Hilo Medical Center stated that it had submitted the repayments and implemented corrective actions going forward. Hilo Medical Center’s comments are included in their entirety as the Appendix.

APPENDIX



Stephen Palmore
Regional Compliance Officer & Risk Manager
1190 Waiānūenue Ave.
Hilo, HI 96720
(808) 974-6813 phone
(808) 933-9901 fax
spalmore@hhsc.org

April 1, 2009

Lori Ahlstrand
Office of Inspector General
Region IX
Office of Audit Services
90 – 7th Street, Suite 3 – 650
San Francisco, CA 94103

Dear Ms. Ahlstrand,

Re: Draft Report (Oxaliplatin)

Thank you for the opportunity to make comments on the Draft Report (see attached). The report has been circulated to all of our compliance committee including the Business Office and Pharmacy.

We had only one comment to add to the report and that is on the last page. I have attached the excerpt from that page for your convenience.

Effective January 1, 2006, CMS instructed hospitals to bill for oxaliplatin using HCPCS code J9263. The service unit for that code is 0.5 milligrams.

It states that the HCPCS code J9263 is effective January 1, 2006.

We received a J9263 notification, which provided an effective date of January 1, 2004. I have attached the excerpt from that notification for you convenience. This notification was presented to the OIG audit division in its entirety as exhibit N.

Search Attachment N

J9263
APC: 01/2004 SR: K
Injection, oxaliplatin, 0.5 mg.

Effective: 01/01/2004

CodeCorrect Notes:
Eloxatin
HCPCS Guidelines
Introduction
CPT Assistant
Search for this code in CPT Assistant

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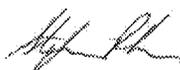
April 1, 2009

The effective date for the above states 1/1/04 which was mistaken as being applicable to Medicare as well as other insurance companies. It was later noted that this J-code effective date was not meant for Medicare. This placed the healthcare facility at greater risk for error. Hilo Medical Center however recognizes that we had the responsibility to understand the differences and accept that we erred and now have a heightened awareness and have implemented corrective actions going forward.

Please note that Hilo Medical Center has initiated and submitted the repayments per the recommendations.

Please call upon me should you have any questions. Thank you

Sincerely,



Stephen Palmore RN
Risk and Compliance Officer

Cc: Compliance Committee