



MAY 01 2009

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

Report Number: A-09-09-00050

Mr. Bruce Lamoureux  
Administrator  
Providence Alaska Medical Center  
P.O. Box 196604  
Anchorage, Alaska 99519-6604

Dear Mr. Lamoureux:

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 Providence Alaska Medical Center for Calendar Year 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.

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-09-09-00050 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 (CFMFFSO)  
Centers for Medicare & Medicaid Services  
601 East 12<sup>th</sup> Street, Room 235  
Kansas City, Missouri 64106

---

Department of Health and Human Services

**OFFICE OF  
INSPECTOR GENERAL**

**REVIEW OF  
OXALIPLATIN BILLING AT  
PROVIDENCE ALASKA  
MEDICAL CENTER  
FOR CALENDAR YEAR 2005**



Daniel R. Levinson  
Inspector General

May 2009  
A-09-09-00050

# ***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:

## ***Office of Audit Services***

The Office of Audit Services (OAS) provides 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. These assessments help reduce waste, abuse, and mismanagement and promote economy and efficiency throughout HHS.

## ***Office of Evaluation and Inspections***

The Office of Evaluation and Inspections (OEI) conducts national evaluations to provide HHS, Congress, and the public with timely, useful, and reliable information on significant issues. These evaluations focus on preventing fraud, waste, or abuse and promoting economy, efficiency, and effectiveness of departmental programs. To promote impact, OEI reports also present practical recommendations for improving program operations.

## ***Office of Investigations***

The Office of Investigations (OI) conducts criminal, civil, and administrative investigations of fraud and misconduct related to HHS programs, operations, and beneficiaries. With investigators working in all 50 States and the District of Columbia, OI utilizes its resources by actively coordinating with the Department of Justice and other Federal, State, and local law enforcement authorities. The investigative efforts of OI often lead to criminal convictions, administrative sanctions, and/or civil monetary penalties.

## ***Office of Counsel to the Inspector General***

The Office of Counsel to the Inspector General (OCIG) provides general legal services to OIG, rendering advice and opinions on HHS programs and operations and providing all legal support for OIG's internal operations. OCIG represents OIG in all civil and administrative fraud and abuse cases involving HHS programs, including False Claims Act, program exclusion, and civil monetary penalty cases. In connection with these cases, OCIG also negotiates and monitors corporate integrity agreements. OCIG renders advisory opinions, issues compliance program guidance, publishes fraud alerts, and provides other guidance to the health care industry concerning the anti-kickback statute and other OIG enforcement authorities.

# *Notices*

---

**THIS REPORT IS AVAILABLE TO THE PUBLIC**  
at <http://oig.hhs.gov>

Pursuant to the Freedom of Information Act, 5 U.S.C. § 552, Office of Inspector General reports generally are made available to the public to the extent that information in the report is not subject to exemptions in the Act.

## **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.

Providence Alaska Medical Center (Providence Alaska) is an acute-care hospital located in Anchorage, Alaska. We reviewed payments to Providence Alaska for oxaliplatin provided to Medicare beneficiaries during calendar year (CY) 2005.

### **OBJECTIVE**

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

### **SUMMARY OF FINDING**

During CY 2005, Providence Alaska did not bill Medicare in accordance with Medicare requirements for the one oxaliplatin outpatient claim that we reviewed. Providence Alaska billed Medicare for an incorrect number of service units for that claim and received an overpayment of \$31,098. The overpayment occurred because the hospital did not follow established procedures to ensure the proper billing of oxaliplatin.

### **RECOMMENDATIONS**

We recommend that Providence Alaska:

- refund the \$31,098 for the identified overpayment to the fiscal intermediary and
- ensure that service units of drugs billed correspond to units of drugs administered.

### **PROVIDENCE ALASKA COMMENTS**

In its comments on our draft report, Providence Alaska concurred with our recommendations. Providence Alaska stated that the fiscal intermediary had processed and recouped the identified overpayment. In addition, Providence Alaska stated that it had put procedures in place to ensure that service units of drugs billed correspond to units of drugs administered. Providence Alaska's comments are included in their entirety as the Appendix.

## TABLE OF CONTENTS

	<u>Page</u>
<b>INTRODUCTION</b> .....	1
<b>BACKGROUND</b> .....	1
Outpatient Prospective Payment System .....	1
Oxaliplatin.....	1
Providence Alaska Medical Center.....	1
<b>OBJECTIVE, SCOPE, AND METHODOLOGY</b> .....	1
Objective.....	1
Scope.....	1
Methodology .....	2
<b>FINDING AND RECOMMENDATIONS</b> .....	2
<b>MEDICARE REQUIREMENTS</b> .....	2
<b>INCORRECT NUMBER OF SERVICE UNITS BILLED</b> .....	3
<b>RECOMMENDATIONS</b> .....	3
<b>PROVIDENCE ALASKA COMMENTS</b> .....	3
<b>APPENDIX</b>	
<b>PROVIDENCE ALASKA COMMENTS</b>	

## **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.

#### **Providence Alaska Medical Center**

Providence Alaska Medical Center (Providence Alaska) is an acute-care hospital located in Anchorage, Alaska. Providence Alaska's Medicare claims are processed and paid by Noridian Administrative Services, the fiscal intermediary.

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

### **Objective**

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

### **Scope**

We identified and reviewed one claim for which Providence Alaska billed HCPCS code C9205 for more than 100 service units of oxaliplatin and received a Medicare payment of \$33,308 for

oxaliplatin furnished to a hospital outpatient during calendar year (CY) 2005.

We limited our review of Providence Alaska'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 2005, 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 2005 to identify Medicare claims for which Providence Alaska billed at least 100 service units of oxaliplatin under HCPCS code C9205 and received Medicare payments for those units;
- contacted Providence Alaska to determine whether the identified oxaliplatin services were billed correctly and, if not, why the services were billed incorrectly;
- obtained and reviewed records from Providence Alaska that supported the identified claim; and
- calculated the overpayment using corrected payment information processed by Noridian Administrative Services.

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 2005, Providence Alaska did not bill Medicare in accordance with Medicare requirements for the one oxaliplatin outpatient claim that we reviewed. Providence Alaska billed Medicare for an incorrect number of service units for that claim and received an overpayment of \$31,098. The overpayment occurred because the hospital did not follow established procedures to ensure the proper billing of oxaliplatin.

## **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 2005, Providence Alaska billed Medicare for an incorrect number of service units for the one oxaliplatin outpatient claim that we reviewed. Providence Alaska billed 400 service units for 200 milligrams of oxaliplatin administered instead of the appropriate 40 service units. Medicare required billing one service unit for each 5 milligrams of oxaliplatin administered. For the one claim, Providence Alaska received an overpayment of \$31,098.

The overpayment occurred because the hospital did not follow established procedures to ensure the proper billing of oxaliplatin.

## **RECOMMENDATIONS**

We recommend that Providence Alaska:

- refund the \$31,098 for the identified overpayment to the fiscal intermediary and
- ensure that service units of drugs billed correspond to units of drugs administered.

## **PROVIDENCE ALASKA COMMENTS**

In its comments on our draft report, Providence Alaska concurred with our recommendations. Providence Alaska stated that the fiscal intermediary had processed and recouped the identified overpayment. In addition, Providence Alaska stated that it had put procedures in place to ensure that service units of drugs billed correspond to units of drugs administered. Providence Alaska's comments are included in their entirety as the Appendix.

# APPENDIX

3750 Piper Street  
P.O. Box 196804  
Anchorage, AK 99508  
t: (907) 562.2211  
www.providence.org/alaska



April 15, 2009

Tom Lin, Senior Auditor  
Office of Inspector General, Office of Audit Services  
990 – 7<sup>th</sup> Street, Suite 3-650  
San Francisco, CA 94103

Re: Report A-09-09-0050

Dear Mr. Lin:

In response to your letter of April 9, 2009 containing the draft report entitled "Review of Oxaliplatin Billing at Providence Alaska Medical Center for Calendar Year 2005" we are writing to provide our written comments of concurrence with the recommendations and the status of the actions we have taken.

The draft report recommends refunding the identified overpayment to the fiscal intermediary. The identified overpayment from 2005 has been processed through our fiscal intermediary and the overpayment recouped.

The draft report also recommended ensuring that service units of drugs billed correspond to units of drugs administered. Our Patient Financial Services has put procedures in place to ensure service units of drugs billed correspond to units of drugs administered.

Should you have questions or wish additional information regarding this request, please contact me.

Sincerely,

A handwritten signature in cursive script that reads "Bruce Lamoureux".

Bruce Lamoureux  
Chief Executive  
Providence Alaska Medical Center

Xc: Compliance Office  
file