



APR 20 2009

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

Report Number: A-09-09-00051

Ms. Carla Bomben
Deputy Director, Standards and Compliance
San Joaquin General Hospital
500 West Hospital Road
French Camp, California 95231

Dear Ms. Bomben:

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 San Joaquin General Hospital for Calendar Years 2004 and 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-09-09-00051 in all correspondence.

Sincerely,

A handwritten signature in black ink, appearing to read "Lori A. Ahlstrand".

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
SAN JOAQUIN
GENERAL HOSPITAL
FOR CALENDAR YEARS
2004 AND 2005**



Daniel R. Levinson
Inspector General

April 2009
A-09-09-00051

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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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.

San Joaquin General Hospital (San Joaquin) is an acute-care hospital located in French Camp, California. We reviewed payments to San Joaquin for oxaliplatin provided to Medicare beneficiaries during calendar years (CY) 2004 and 2005.

OBJECTIVE

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

SUMMARY OF FINDING

During CYs 2004 and 2005, San Joaquin did not bill Medicare in accordance with Medicare requirements for the two oxaliplatin outpatient claims that we reviewed. San Joaquin billed Medicare for an incorrect number of service units for those claims and received overpayments totaling approximately \$42,292. The overpayments occurred because the hospital did not have controls in place to ensure the proper billing of oxaliplatin.

RECOMMENDATIONS

We recommend that San Joaquin:

- work with the Medicare administrative contractor to adjust the two claims and refund approximately \$42,292 in identified overpayments and
- ensure that service units of drugs billed correspond to units of drugs administered.

SAN JOAQUIN COMMENTS

In its comments on our draft report, San Joaquin stated that it acknowledges our finding and the cause of the overpayments. San Joaquin also stated that it is working with the Medicare administrative contractor to adjust the two claims and refund the overpayments. In addition, San Joaquin stated that it had implemented controls to ensure the proper billing of chemotherapy

drugs, including oxaliplatin. San Joaquin'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.

San Joaquin General Hospital

San Joaquin General Hospital (San Joaquin) is an acute-care hospital located in French Camp, California. San Joaquin's Medicare claims are processed and paid by Palmetto GBA, the Medicare administrative contractor for California.

OBJECTIVE, SCOPE, AND METHODOLOGY

Objective

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

Scope

We identified and reviewed two claims for which San Joaquin billed HCPCS code C9205 for more than 100 service units of oxaliplatin and received Medicare payments totaling \$50,803 for oxaliplatin furnished to hospital outpatients during calendar years (CY) 2004 and 2005.

We limited our review of San Joaquin'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 CYs 2004 and 2005, but we did not assess the completeness of the file.

We performed our audit work 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 CYs 2004 and 2005 to identify Medicare claims for which San Joaquin billed at least 100 service units of oxaliplatin under HCPCS code C9205 and received Medicare payments for those units;
- contacted San Joaquin to determine whether the identified oxaliplatin services were billed correctly and, if not, why the services were billed incorrectly;
- obtained and reviewed records from San Joaquin 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 CYs 2004 and 2005, San Joaquin did not bill Medicare in accordance with Medicare requirements for the two oxaliplatin outpatient claims that we reviewed. San Joaquin billed Medicare for an incorrect number of service units for those claims and received overpayments totaling approximately \$42,292. The overpayments occurred because the hospital did not have controls in place 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 CYs 2004 and 2005, San Joaquin billed Medicare for an incorrect number of service units for the two oxaliplatin outpatient claims that we reviewed. For one claim, San Joaquin billed 500 service units for 250 milligrams of oxaliplatin administered instead of the appropriate 50 service units. For the other claim, San Joaquin billed 117 service units for 350 milligrams of oxaliplatin administered instead of the appropriate 70 service units. Medicare required billing one service unit for each 5 milligrams of oxaliplatin administered. San Joaquin received overpayments totaling approximately \$42,292 for these two claims.

The overpayments occurred because the hospital did not have controls in place to ensure the proper billing of oxaliplatin.

RECOMMENDATIONS

We recommend that San Joaquin:

- work with the Medicare administrative contractor to adjust the two claims and refund approximately \$42,292 in identified overpayments and
- ensure that service units of drugs billed correspond to units of drugs administered.

SAN JOAQUIN COMMENTS

In its comments on our draft report, San Joaquin stated that it acknowledges our finding and the cause of the overpayments. San Joaquin also stated that it is working with the Medicare administrative contractor to adjust the two claims and refund the overpayments. In addition, San Joaquin stated that it had implemented controls to ensure the proper billing of chemotherapy drugs, including oxaliplatin. San Joaquin’s comments are included in their entirety as the Appendix.

APPENDIX



San Joaquin General Hospital / A Division of San Joaquin County Health Care Services

April 8, 2009

Department of Health and Human Services
Office of Inspector General, Office of Audit Services
Region IX
90 - 7th Street, Suite 3-650
San Francisco, CA 94103
Attn: Lori A. Ahlstrand, Regional Inspector General for Audit Services

Dear Ms. Ahlstrand,

Thank you for giving San Joaquin General Hospital the opportunity to comment on the draft report entitled "Review of Oxaliplatin Billing at San Joaquin General Hospital for Calendar Years 2004 and 2005."

San Joaquin General Hospital acknowledges the findings of the Office of Inspector General, Office of Audit Services (OIG). Specifically during calendar years 2004 and 2005 San Joaquin General Hospital did not bill Medicare in accordance with Medicare requirements for the two oxaliplatin claims that were reviewed by your office. San Joaquin General Hospital billed Medicare for an incorrect number of service units for those claims and received overpayments totaling \$42,292.

San Joaquin General Hospital acknowledges that the overpayments occurred because the hospital did not have sufficient controls in place to ensure the proper billing of oxaliplatin. We have determined in both of these cases the errors were clerical in nature. San Joaquin General Hospital used a manual process to calculate the number of units with clerical staff checking the calculations. In addition the hospital did not have a second review process to ensure proper billing of oxaliplatin.

Since that time, San Joaquin General Hospital has put the following controls in place to ensure the proper billing of chemotherapy drugs including oxaliplatin:

1. The Keane computer system the hospital uses for billing has been updated to calculate the correct number of Medicare billing units.
2. All chemotherapy drug orders including oxaliplatin are reviewed by a licensed pharmacist who ensures that the correct number of units is calculated and that the correct HCPCS codes are used.

We are confident that this process satisfies the OIG's recommendation that San Joaquin General Hospital "ensure that service units of drugs billed correspond to units of drugs administered." Following the OIG's recommendation San Joaquin General Hospital is working with our Medicare administrative contractor, Palmetto GBA, to adjust the two claims and refund approximately \$42,292 in identified overpayments.

If I may be of further service please contact me at 209-468-6010.

Sincerely,

A handwritten signature in cursive script that reads "Carla Bomben". The signature is written in dark ink and is positioned above the typed name and title.

Carla Bomben, MPA
Deputy Director, Standards and Compliance

Post Office Box 1020 / Stockton / California 95201 / 209 468-6000