



DEPARTMENT OF HEALTH & HUMAN SERVICES

Office of Inspector General

MAY 18 2009

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

Report Number: A-09-09-00052

Ms. Gail Madison
Director, RCM Revenue Control
Providence Regional Medical Center Everett
2001 Lind Avenue SW
Renton, Washington 98057

Dear Ms. Madison:

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 Regional Medical Center Everett 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-09-09-00052 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 (CFMFFSO)
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
PROVIDENCE REGIONAL
MEDICAL CENTER EVERETT
FOR CALENDAR YEAR 2005**



Daniel R. Levinson
Inspector General

May 2009
A-09-09-00052

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.

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

OBJECTIVE

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

SUMMARY OF FINDING

During CY 2005, Providence Everett did not bill Medicare in accordance with Medicare requirements for the one oxaliplatin outpatient claim that we reviewed. Providence Everett billed Medicare for an incorrect number of service units for that claim and received an overpayment of \$29,678. The overpayment occurred because of confusion related to two oxaliplatin Healthcare Common Procedure Coding System codes that had different service unit sizes.

RECOMMENDATIONS

We recommend that Providence Everett:

- refund to the fiscal intermediary \$29,678 for the identified overpayment and
- ensure that service units of drugs billed correspond to units of drugs administered.

PROVIDENCE EVERETT COMMENTS

In its comments on our draft report, Providence Everett provided information on actions taken to implement the recommendations. Providence Everett'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.

Providence Regional Medical Center Everett

Providence Regional Medical Center Everett (Providence Everett) is an acute-care hospital located in Everett, Washington. Providence Everett'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 Everett billed Medicare for oxaliplatin in accordance with Medicare requirements.

Scope

We identified and reviewed one claim for which Providence Everett billed HCPCS code C9205 for more than 100 service units of oxaliplatin and received a Medicare payment of \$32,303 for oxaliplatin furnished to a hospital outpatient during calendar year (CY) 2005.

We limited our review of Providence Everett'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 April 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 Everett billed at least 100 service units of oxaliplatin under HCPCS code C9205 and received Medicare payments for those units;
- contacted Providence Everett 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 Everett 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 Everett did not bill Medicare in accordance with Medicare requirements for the one oxaliplatin outpatient claim that we reviewed. Providence Everett billed Medicare for an incorrect number of service units for that claim and received an overpayment of \$29,678. The overpayment 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 2005, Providence Everett billed Medicare for an incorrect number of service units for the one oxaliplatin outpatient claim that we reviewed. Providence Everett 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 Everett received an overpayment of \$29,678.

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

RECOMMENDATIONS

We recommend that Providence Everett:

- refund to the fiscal intermediary \$29,678 for the identified overpayment and
- ensure that service units of drugs billed correspond to units of drugs administered.

PROVIDENCE EVERETT COMMENTS

In its comments on our draft report, Providence Everett provided information on actions taken to implement the recommendations. Providence Everett’s comments are included in their entirety as the Appendix.

APPENDIX



May 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 A-09-09-00052

Thank you for the opportunity to respond to your Draft Report. After verifying the dosage of Oxaliplatin given to the patient, a corrected UB04 was sent to Noridian on 1/8/09 reflecting the correction of units based on the C9205 description. Noridian has acknowledged the correction with a take back of the original payment and issue of a corrected payment based on the proper units billed.

Providence Regional Medical Center Everett has put procedures in place to ensure this type of error does not occur in the future.

Thank you for your assistance in this audit process.

Sincerely,

A handwritten signature in black ink, appearing to read "Mollie J. Piggott". The signature is written in a cursive style.

Mollie J. Piggott, CPC
RCM Auditor/Analyst
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