



DEPARTMENT OF HEALTH & HUMAN SERVICES

Office of Inspector General

JUL 01 2009

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

Report Number: A-09-09-00057

Leland Giddings, M.D.
Chief Compliance Officer
University of California San Diego Medical Center
402 Dickinson Street, Suite 4-480
San Diego, California 92103-8986

Dear Dr. Giddings:

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 University of California San Diego Medical Center 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-09-09-00057 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
UNIVERSITY OF CALIFORNIA
SAN DIEGO MEDICAL CENTER
FOR CALENDAR YEARS
2004 AND 2005**



Daniel R. Levinson
Inspector General

July 2009
A-09-09-00057

Office of Inspector General

<http://oig.hhs.gov>

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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.

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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.

University of California San Diego Medical Center (UCSD Medical Center) is a hospital located in San Diego, California. We reviewed payments to UCSD Medical Center for oxaliplatin provided to Medicare beneficiaries during calendar years (CY) 2004 and 2005.

OBJECTIVE

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

SUMMARY OF FINDING

During CYs 2004 and 2005, UCSD Medical Center did not bill Medicare in accordance with Medicare requirements for the five oxaliplatin outpatient claims that we reviewed. Specifically, the hospital billed Medicare for (1) an incorrect number of service units for three claims, (2) services not provided for one claim, and (3) an incorrect Healthcare Common Procedure Coding System code for one claim. As a result, UCSD Medical Center received overpayments totaling \$149,808. The overpayments occurred because the hospital did not have controls in place to ensure the proper billing of oxaliplatin.

RECOMMENDATIONS

We recommend that UCSD Medical Center:

- refund to the Medicare administrative contractor \$149,808 in identified overpayments and
- ensure that the drugs billed correspond to the drugs administered.

UNIVERSITY OF CALIFORNIA SAN DIEGO MEDICAL CENTER COMMENTS

In its comments on our draft report, UCSD Medical Center accepted our recommendations and described actions it had taken to implement them. UCSD 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.

University of California San Diego Medical Center

University of California San Diego Medical Center (UCSD Medical Center) is a hospital located in San Diego, California. UCSD Medical Center'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 UCSD Medical Center billed Medicare for oxaliplatin in accordance with Medicare requirements.

Scope

We identified and reviewed five claims for which UCSD Medical Center billed HCPCS code C9205 for more than 100 service units of oxaliplatin and received Medicare payments of \$155,658 for oxaliplatin furnished to hospital outpatients during calendar years (CY) 2004 and 2005.

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

We performed our audit from December 2008 through May 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 UCSD Medical Center billed at least 100 service units of oxaliplatin under HCPCS code C9205 and received Medicare payments for those units;
- contacted UCSD 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 UCSD Medical Center that supported the identified claims; and
- calculated overpayments using corrected payment information from Palmetto GBA.

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, UCSD Medical Center did not bill Medicare in accordance with Medicare requirements for the five oxaliplatin outpatient claims that we reviewed. Specifically, the hospital billed Medicare for (1) an incorrect number of service units for three claims, (2) services not provided for one claim, and (3) an incorrect HCPCS code for one claim. As a result, UCSD Medical Center received overpayments totaling \$149,808. 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 BILLING

For the five oxaliplatin outpatient claims that we reviewed, UCSD Medical Center billed Medicare for (1) an incorrect number of service units for three claims, (2) services not provided for one claim, and (3) an incorrect HCPCS code for one claim.

For the three claims with an incorrect number of service units:

- One claim listed 400 service units for 190 milligrams of oxaliplatin administered instead of the appropriate 38 service units.
- Another claim listed 306 service units for 153 milligrams of oxaliplatin administered instead of the appropriate 31 service units.
- The remaining claim listed 400 service units for 100 milligrams of oxaliplatin administered instead of the appropriate 20 service units.

Medicare required billing one service unit for each 5 milligrams of oxaliplatin administered. For these three claims, UCSD Medical Center received overpayments totaling \$84,742.

For the one claim in which services were not provided, UCSD Medical Center billed Medicare for 400 service units of oxaliplatin that were not administered to the beneficiary. For this claim, UCSD Medical Center received an overpayment of \$32,130.

For the one claim with an incorrect HCPCS code, UCSD Medical Center provided the drug methotrexate to the beneficiary and should have billed HCPCS code J9250 instead of C9205. For this claim, UCSD Medical Center received an overpayment of \$32,936.

In total, for these five claims, UCSD Medical Center received overpayments totaling \$149,808. UCSD Medical Center stated that the overpayments occurred because the hospital did not have controls in place to ensure the proper billing of oxaliplatin.

RECOMMENDATIONS

We recommend that UCSD Medical Center:

- refund to the Medicare administrative contractor \$149,808 in identified overpayments and
- ensure that the drugs billed correspond to the drugs administered.

UNIVERSITY OF CALIFORNIA SAN DIEGO MEDICAL CENTER COMMENTS

In its comments on our draft report, UCSD Medical Center accepted our recommendations and described actions it had taken to implement them. UCSD Medical Center's comments are included in their entirety as the Appendix.

APPENDIX



UNIVERSITY of CALIFORNIA, SAN DIEGO
MEDICAL CENTER

June 25, 2009

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

Subj: Draft Report: A-09-09-00057 (Oxaliplatin)

Dear Ms. Ahlstrand:

Thank you for the opportunity to respond to your Draft Report.

The recommendations have been reviewed and accepted. After verifying the dosage of oxaliplatin given to the patients, corrected claims were sent to Palmetto-GBA reflecting the correction of units based on the administered drugs' description. Palmetto-GBA has acknowledged the correction with a take-back of the original payment and issue of a corrected payment based on the medication and units. The overpayments occurred because of a billing error related to the two oxaliplatin HCPCS codes (C9205 and J9263) which had different service unit sizes. UC San Diego Medical Center has implemented corrective procedures to ensure that the drugs billed correspond to the drugs administered to prevent this type of error in the future.

If you have any questions or concerns, please contact me at 619-471-9028.

Sincerely,

A handwritten signature in black ink, appearing to read "Leland Giddings".

Leland Giddings, M.D.
Chief Compliance Officer
University of California San Diego Health Sciences