



DEPARTMENT OF HEALTH & HUMAN SERVICES

Office of Inspector General

MAY 07 2009

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

Report Number: A-09-09-00058

Mr. Doug Boysen
Vice President and General Counsel
Good Samaritan Regional Medical Center
3600 NW Samaritan Dr
Corvallis, Oregon 97330

Dear Mr. Boysen:

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 Good Samaritan Regional 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-09-09-00058 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
GOOD SAMARITAN
REGIONAL MEDICAL CENTER
FOR CALENDAR YEARS
2004 AND 2005**



Daniel R. Levinson
Inspector General

May 2009
A-09-09-00058

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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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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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.

Good Samaritan Regional Medical Center (Good Samaritan) is a hospital located in Corvallis, Oregon. We reviewed payments to Good Samaritan for oxaliplatin provided to Medicare beneficiaries during calendar years (CY) 2004 and 2005.

OBJECTIVE

Our objective was to determine whether Good Samaritan billed Medicare for oxaliplatin in accordance with Medicare requirements.

SUMMARY OF FINDING

During CYs 2004 and 2005, Good Samaritan did not bill Medicare in accordance with Medicare requirements for the six oxaliplatin outpatient claims that we reviewed. Good Samaritan billed Medicare for an incorrect number of service units for those claims and received overpayments totaling approximately \$167,139. The overpayments occurred because the hospital did not have controls in place to ensure the proper billing of oxaliplatin.

RECOMMENDATIONS

We recommend that Good Samaritan:

- work with the fiscal intermediary to adjust the claims and refund approximately \$167,139 in identified overpayments and
- ensure that service units of drugs billed correspond to units of drugs administered.

GOOD SAMARITAN COMMENTS

In its comments on our draft report, Good Samaritan agreed with the finding and provided information on actions taken to implement the recommendations. Good Samaritan's comments are included in their entirety as the Appendix.

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTION	1
BACKGROUND	1
Outpatient Prospective Payment System	1
Oxaliplatin	1
Good Samaritan Regional Medical Center	1
OBJECTIVE, SCOPE, AND METHODOLOGY	1
Objective	1
Scope	1
Methodology	2
FINDING AND RECOMMENDATIONS	2
MEDICARE REQUIREMENTS	2
INCORRECT NUMBER OF SERVICE UNITS BILLED	3
RECOMMENDATIONS	3
GOOD SAMARITAN COMMENTS	3
APPENDIX	
GOOD SAMARITAN COMMENTS	

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.

Good Samaritan Regional Medical Center

Good Samaritan Regional Medical Center (Good Samaritan) is a hospital located in Corvallis, Oregon. Good Samaritan'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 Good Samaritan billed Medicare for oxaliplatin in accordance with Medicare requirements.

Scope

We identified and reviewed six claims for which Good Samaritan billed HCPCS code C9205 for more than 100 service units of oxaliplatin and received Medicare payments totaling \$174,322 for oxaliplatin furnished to hospital outpatients during calendar years (CY) 2004 and 2005.

We limited our review of Good Samaritan'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 April 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 Good Samaritan billed at least 100 service units of oxaliplatin under HCPCS code C9205 and received Medicare payments for those units;
- contacted Good Samaritan to determine whether the identified oxaliplatin services were billed correctly and, if not, why the services were billed incorrectly;
- obtained and reviewed records from Good Samaritan that supported the identified claims; and
- calculated overpayments using corrected payment information processed by Noridian Administrative Services for five claims and ambulatory payment classification groups payment information for one claim.

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, Good Samaritan did not bill Medicare in accordance with Medicare requirements for the six oxaliplatin outpatient claims that we reviewed. Good Samaritan billed Medicare for an incorrect number of service units for those claims and received overpayments totaling approximately \$167,139. 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, Good Samaritan billed Medicare for an incorrect number of service units for the six oxaliplatin outpatient claims that we reviewed. For five claims, Good Samaritan billed 340 service units for 170 milligrams of oxaliplatin administered instead of the appropriate 34 service units. For one claim, Good Samaritan billed 400 service units for 150 milligrams of oxaliplatin administered instead of the appropriate 30 service units. Medicare required billing one service unit for each 5 milligrams of oxaliplatin administered. For the six claims, Good Samaritan received overpayments totaling approximately \$167,139.¹

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

RECOMMENDATIONS

We recommend that Good Samaritan:

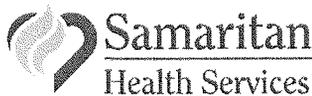
- work with the fiscal intermediary to adjust the claims and refund approximately \$167,139 in identified overpayments and
- ensure that service units of drugs billed correspond to units of drugs administered.

GOOD SAMARITAN COMMENTS

In its comments on our draft report, Good Samaritan agreed with the finding and provided information on actions taken to implement the recommendations. Good Samaritan’s comments are included in their entirety as the Appendix.

¹For one of the selected claims, Good Samaritan also billed 184 service units for 840 milligrams of Avastin administered instead of the appropriate 84 service units. The resulting overpayment of \$6,011 was included in the overpayments totaling approximately \$167,139.

APPENDIX



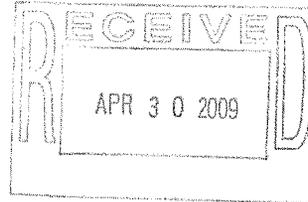
Building healthier communities together

3600 NW Samaritan Drive • Corvallis, OR 97330 • www.samhealth.org

April 29, 2009

Via Overnight Delivery

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



**Re: Good Samaritan Regional Medical Center
Oxaliplatin Billing Inquiry
Report Number A-09-09-00058**

Dear Ms. Ahlstrand:

This letter is submitted in response to the draft report entitled “Review of Oxaliplatin Billing at Good Samaritan Regional Medical Center for Calendar Years 2004 and 2005” issued by the Office of Inspector General (“OIG”) to Good Samaritan Regional Medical Center (“Hospital”).

We have reviewed the draft report and agree with the OIG’s findings. Hospital has submitted corrected claims to its Fiscal Intermediary, Noridian Administrative Services (“Noridian”), and has already fully refunded the identified overpayments to Noridian.

Hospital is committed to conducting its business in compliance with Medicare rules. Since the time of these errors in 2004 and 2005, Hospital has purchased sophisticated billing software that assists with identifying these types of errors. Further, over the last few years Hospital has made substantial efforts in expanding the scope and depth of its compliance program, including adding compliance staff, providing compliance education, and conducting audits by both internal staff and external consultants.

We appreciate the opportunity to review the OIG draft report. If you have any questions regarding our response, please contact me at 541-768-4478.

Sincerely yours,

Doug Boysen*
Vice President & General Counsel

* Admitted to practice law in Oregon, as house counsel for Samaritan Health Services, and Wisconsin

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Samaritan Health Services, Inc. includes Good Samaritan Regional Medical Center, Samaritan Albany General Hospital, Samaritan Lebanon Community Hospital, St. Joseph in Marshfield Hospital, Astoria Sun Pacific Communities Hospital, Samaritan River Valley Medical Center, Samaritan Health Properties, Astoria Community Health Services, Willamette Community and Samaritan Health Plans, Inc.