



JUL 01 2009

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

Report Number: A-09-09-00059

Mr. Don Soltman
Compliance Officer
Kootenai Medical Center
2003 Lincoln Way
Coeur d'Alene, Idaho 83814-2611

Dear Mr. Soltman:

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 Kootenai 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-09-09-00059 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
KOOTENAI MEDICAL CENTER
FOR CALENDAR YEAR 2005**



Daniel R. Levinson
Inspector General

July 2009
A-09-09-00059

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.

Kootenai Medical Center is a community-owned hospital located in Coeur d'Alene, Idaho. We reviewed payments to Kootenai Medical Center for oxaliplatin provided to Medicare beneficiaries during calendar year (CY) 2005.

OBJECTIVE

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

SUMMARY OF FINDING

During CY 2005, Kootenai Medical Center did not bill Medicare in accordance with Medicare requirements for the five oxaliplatin outpatient claims that we reviewed. Kootenai Medical Center billed Medicare for an incorrect number of service units for those claims and received overpayments totaling \$146,206. The overpayments occurred because the hospital did not follow established procedures to ensure the proper billing of oxaliplatin.

RECOMMENDATIONS

We recommend that Kootenai Medical Center:

- refund the \$146,206 in identified overpayments to the fiscal intermediary and
- ensure that service units of drugs billed correspond to units of drugs administered.

KOOTENAI MEDICAL CENTER COMMENTS

In its comments on our draft report, Kootenai Medical Center concurred with our finding. Kootenai 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.

Kootenai Medical Center

Kootenai Medical Center is a community-owned hospital located in Coeur d'Alene, Idaho. Kootenai Medical Center'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 Kootenai Medical Center billed Medicare for oxaliplatin in accordance with Medicare requirements.

Scope

We identified six claims for which Kootenai Medical Center billed HCPCS code C9205 for more than 100 service units of oxaliplatin and received Medicare payments totaling \$184,008 for oxaliplatin furnished to hospital outpatients during calendar year (CY) 2005. Before the start of our audit, Kootenai Medical Center and the fiscal intermediary corrected one of the six claims. We reviewed the remaining five claims with Medicare payments totaling \$159,298.

We limited our review of Kootenai 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 CY 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 CY 2005 to identify Medicare claims for which Kootenai Medical Center billed at least 100 service units of oxaliplatin under HCPCS code C9205 and received Medicare payments for those units;
- contacted Kootenai 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 Kootenai Medical Center that supported the identified claims; and
- calculated overpayments 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, Kootenai Medical Center did not bill Medicare in accordance with Medicare requirements for the five oxaliplatin outpatient claims that we reviewed. Kootenai Medical Center billed Medicare for an incorrect number of service units for those claims and received overpayments totaling \$146,206. The overpayments 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, Kootenai Medical Center billed Medicare for an incorrect number of service units for the five oxaliplatin outpatient claims that we reviewed. Rather than billing one service unit for each 5 milligrams of oxaliplatin administered, as Medicare required, Kootenai Medical Center billed one service unit for each 0.5 milligrams administered. For the five claims, Kootenai Medical Center received overpayments totaling \$146,206.

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

RECOMMENDATIONS

We recommend that Kootenai Medical Center:

- refund the \$146,206 in identified overpayments to the fiscal intermediary and
- ensure that service units of drugs billed correspond to units of drugs administered.

KOOTENAI MEDICAL CENTER COMMENTS

In its comments on our draft report, Kootenai Medical Center concurred with our finding. Kootenai Medical Center’s comments are included in their entirety as the Appendix.

APPENDIX



June 26, 2009

Department of Health & Human Services
Office of Inspector General
Region 1X, Office of Audit Services
90 – 7th Street, Suite 3-650
San Francisco, CA 94103

Re: Report Number A-09-09-00059

Dear Ms. Ahlstrand:

Your draft report "Review of Oxaliplatin Billing at Kootenai Medical Center for Calendar Year 2005" has been reviewed. Kootenai Medical Center concurs with both findings.

Finding #1: Concur. The entire amount of \$146,206 has been refunded through the electronic claims process.

Finding #2: Concur. The service units in the chargemaster have been changed to match the units of administration of oxaliplatin.

If there is further action needed on our part, please let me know.

Sincerely,

A handwritten signature in black ink that reads "Don Soltman".

Don Soltman
Compliance Officer

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Coeur d'Alene, Idaho 83814