



DEPARTMENT OF HEALTH & HUMAN SERVICES

Office of Inspector General

JUN 11 2009

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

Report Number: A-09-09-00074

Ms. Kathy Silver
Chief Executive Officer
University Medical Center of Southern Nevada
1800 W. Charleston Boulevard
Las Vegas, Nevada 89102

Dear Ms. Silver:

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 Medical Center of Southern Nevada for Calendar Year 2004." 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-09-09-00074 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 MEDICAL CENTER
OF SOUTHERN NEVADA
FOR CALENDAR YEAR 2004**



Daniel R. Levinson
Inspector General

June 2009
A-09-09-00074

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:

Office of Audit Services

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.

Office of Evaluation and Inspections

The Office of Evaluation and Inspections (OEI) conducts national evaluations to provide HHS, Congress, and the public with timely, useful, and reliable information on significant issues. These evaluations focus on preventing fraud, waste, or abuse and promoting economy, efficiency, and effectiveness of departmental programs. To promote impact, OEI reports also present practical recommendations for improving program operations.

Office of Investigations

The Office of Investigations (OI) conducts criminal, civil, and administrative investigations of fraud and misconduct related to HHS programs, operations, and beneficiaries. With investigators working in all 50 States and the District of Columbia, OI utilizes its resources by actively coordinating with the Department of Justice and other Federal, State, and local law enforcement authorities. The investigative efforts of OI often lead to criminal convictions, administrative sanctions, and/or civil monetary penalties.

Office of Counsel to the Inspector General

The Office of Counsel to the Inspector General (OCIG) provides general legal services to OIG, rendering advice and opinions on HHS programs and operations and providing all legal support for OIG's internal operations. OCIG represents OIG in all civil and administrative fraud and abuse cases involving HHS programs, including False Claims Act, program exclusion, and civil monetary penalty cases. In connection with these cases, OCIG also negotiates and monitors corporate integrity agreements. OCIG renders advisory opinions, issues compliance program guidance, publishes fraud alerts, and provides other guidance to the health care industry concerning the anti-kickback statute and other OIG enforcement authorities.

Notices

THIS REPORT IS AVAILABLE TO THE PUBLIC
at <http://oig.hhs.gov>

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.

University Medical Center of Southern Nevada (UMC) is a public, nonprofit hospital located in Las Vegas, Nevada. We reviewed payments to UMC for oxaliplatin provided to Medicare beneficiaries during calendar year (CY) 2004.

OBJECTIVE

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

SUMMARY OF FINDING

During CY 2004, UMC did not bill Medicare in accordance with Medicare requirements for the two oxaliplatin outpatient claims that we reviewed. UMC billed Medicare for an incorrect number of service units for those claims and received overpayments totaling approximately \$21,552. The overpayments occurred because of confusion related to two oxaliplatin Healthcare Common Procedure Coding System codes that had different service unit sizes.

RECOMMENDATIONS

We recommend that UMC:

- work with the Medicare administrative contractor to adjust the two claims and refund approximately \$21,552 in identified overpayments and
- ensure that service units of drugs billed correspond to units of drugs administered.

UNIVERSITY MEDICAL CENTER OF SOUTHERN NEVADA COMMENTS

In its comments on our draft report, UMC concurred with our recommendations. UMC'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
University Medical Center of Southern Nevada.....	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
UNIVERSITY MEDICAL CENTER OF SOUTHERN NEVADA COMMENTS	3
APPENDIX	
UNIVERSITY MEDICAL CENTER OF SOUTHERN NEVADA 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.

University Medical Center of Southern Nevada

University Medical Center of Southern Nevada (UMC) is a public, nonprofit hospital located in Las Vegas, Nevada. UMC's Medicare claims for oxaliplatin are processed and paid by Wisconsin Physicians Service Insurance Corporation, the Medicare administrative contractor.

OBJECTIVE, SCOPE, AND METHODOLOGY

Objective

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

Scope

We identified and reviewed two claims for which UMC billed HCPCS code C9205 for more than 100 service units of oxaliplatin and received Medicare payments totaling \$27,366 for oxaliplatin furnished to hospital outpatients during calendar year (CY) 2004.

We limited our review of UMC'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 2004, 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 2004 to identify Medicare claims for which UMC billed at least 100 service units of oxaliplatin under HCPCS code C9205 and received Medicare payments for those units;
- contacted UMC to determine whether the identified oxaliplatin services were billed correctly and, if not, why the services were billed incorrectly;
- obtained and reviewed records from UMC 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 CY 2004, UMC did not bill Medicare in accordance with Medicare requirements for the two oxaliplatin outpatient claims that we reviewed. UMC billed Medicare for an incorrect number of service units for those claims and received overpayments totaling approximately \$21,552. The overpayments 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 2004, UMC billed Medicare for an incorrect number of service units for the two oxaliplatin outpatient claims that we reviewed. For one claim, UMC billed 172 service units for 215 milligrams of oxaliplatin administered instead of the appropriate 43 service units. For the other claim, UMC billed 172 service units for 218.5 milligrams of oxaliplatin administered instead of the appropriate 43 service units. Medicare required billing one service unit for each 5 milligrams of oxaliplatin administered. For the two claims, UMC received overpayments totaling approximately \$21,552.

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

RECOMMENDATIONS

We recommend that UMC:

- work with the Medicare administrative contractor to adjust the two claims and refund approximately \$21,552 in identified overpayments and
- ensure that service units of drugs billed correspond to units of drugs administered.

UNIVERSITY MEDICAL CENTER OF SOUTHERN NEVADA COMMENTS

In its comments on our draft report, UMC concurred with our recommendations. UMC’s comments are included in their entirety as the Appendix.

APPENDIX

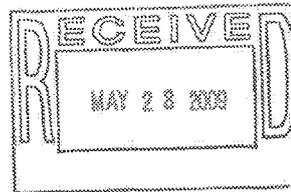
1800 W. Charleston Blvd.
Las Vegas, NV 89102
(702) 383-2000



Kathleen Silver
Chief Executive Officer

May 26, 2009

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



Report Number: A-09-09-00074

Dear Ms. Ahlstrand:

This letter is in response to the draft report entitled "Review of Oxaliplatin Billing at University Medical Center of Southern Nevada for Calendar Year 2004". Following is a list of the recommendations along with our response and corrective action.

Recommendation #1:

Work with Medicare administrative contractor to adjust the two claims and refund approximately \$21,552 in identified overpayments.

Response and Action Taken:

We concur with this recommendation. UMC submitted corrected claims on 2/3/09.

Recommendation #2:

Ensure that service units of drugs billed correspond to units of drugs administered.

Response and Action Taken:

We concur with this recommendation. The two errors identified during the audit were the result of a manual calculation error due to a change in HCPCS codes and quantities. UMC has instituted many processes that will prevent similar errors in the future.

In late 2004, UMC implemented the Craneware Chargemaster Toolkit to manage the chargemaster. By using this tool, errors such as the one above are less likely to occur, as incorrect codes are highlighted by the application.

Board of Trustees
Lawrence Weekly, *Chair* · Chris Guinchigliani, *Vice Chair* · Susan Enger · Larry Brown · Tom Collins · Rory Reid · Steve Sisohak
Virginia Valentine, *PE, Clark County Manager*

We also continue to improve our processes to enable better identification of errors. One of the major changes recently made is to have all accounts processed through SSI. In order to keep a complete audit trail of any manual changes, the Management Analyst in Patient Accounts now attaches a permanent memo to the account in SSI reflecting the manual instructions to the billers. In addition, the change made is permanently stored in the system history for the accounts and can be retrieved for audit purposes.

In addition, a custom crosswalk was developed in 2006 to take outpatient transactions from the Pharmacy's system and convert them to the charge number containing the correct HCPCS codes. The pharmacy creates a quantity conversion based on the total unit dispensed and the HCPCS codes units. This conversion is done prior to the charges posting to the account.

Other checks developed include review of all pharmaceutical transactions for Oncology patients by the coding staff to ensure the correct quantity has been applied to the account. The coder determines if manual charge corrections are required and submits them for posting. These manual charge sheets and batch reports are maintained for audit purposes.

We appreciate the opportunity to review and respond to the report. Please contact me if you need any additional information regarding this response.

Sincerely,



Kathleen Silver
Chief Executive Officer