



February 2, 2010

Report Number: A-09-09-00085

Mr. Jeffrey Veilleux
Executive Vice President/Chief Financial Officer
Swedish Medical Center – Cherry Hill
747 Broadway
Seattle, WA 98122

Dear Mr. Veilleux:

Enclosed is the U.S. Department of Health & Human Services (HHS), Office of Inspector General (OIG), final report entitled “Review of Oxaliplatin Billing at Swedish Medical Center – Cherry Hill 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.

Section 8L of the Inspector General Act, 5 U.S.C. App., requires that OIG post its publicly available reports on the OIG Web site. Accordingly, this report will be posted 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-09-09-00085 in all correspondence.

Sincerely,

/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
Centers for Medicare & Medicaid Services
601 East 12th Street, Room 235
Kansas City, MO 64106

Department of Health & Human Services

**OFFICE OF
INSPECTOR GENERAL**

**REVIEW OF
OXALIPLATIN BILLING AT
SWEDISH MEDICAL CENTER –
CHERRY HILL
FOR CALENDAR YEAR 2005**



Daniel R. Levinson
Inspector General

February 2010
A-09-09-00085

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 & 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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Notices

THIS REPORT IS AVAILABLE TO THE PUBLIC
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Section 8L of the Inspector General Act, 5 U.S.C. App., requires that OIG post its publicly available reports on the OIG Web site.

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 aged 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.

Swedish Medical Center – Cherry Hill (Cherry Hill) is a hospital located in Seattle, Washington. We reviewed payments to Cherry Hill for oxaliplatin provided to Medicare beneficiaries during calendar year (CY) 2005.

OBJECTIVE

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

SUMMARY OF FINDINGS

During CY 2005, Cherry Hill did not bill Medicare in accordance with Medicare requirements for the three oxaliplatin outpatient claims that we reviewed. Specifically, the hospital billed Medicare for an incorrect number of service units for those claims. For one of the three claims, the hospital also billed Medicare for services not provided. As a result, Cherry Hill received overpayments totaling \$80,169. The overpayments occurred because the hospital did not have controls in place to ensure the proper billing of oxaliplatin.

RECOMMENDATIONS

We recommend that Cherry Hill:

- refund to the fiscal intermediary \$80,169 in identified overpayments and
- ensure that service units of drugs billed correspond to units of drugs administered.

CHERRY HILL COMMENTS

In its comments on our draft report, Cherry Hill agreed with our recommendations. Cherry Hill stated that it had provided amended claims and that all overpayments had been refunded to the fiscal intermediary. In addition, Cherry Hill stated that it had improved its systems to either prevent errors or detect and correct them more immediately. Cherry Hill'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 aged 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.

Swedish Medical Center – Cherry Hill

Swedish Medical Center – Cherry Hill (Cherry Hill) is a hospital located in Seattle, Washington. Cherry Hill's Medicare claims for oxaliplatin are processed and paid by Wisconsin Physicians Service Insurance Corporation, the fiscal intermediary.

OBJECTIVE, SCOPE, AND METHODOLOGY

Objective

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

Scope

We identified and reviewed three claims for which Cherry Hill billed HCPCS code C9205 for more than 100 service units of oxaliplatin and received Medicare payments totaling \$82,441 for oxaliplatin furnished to hospital outpatients during calendar year (CY) 2005.

We limited our review of Cherry Hill'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 to November 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 Cherry Hill billed at least 100 service units of oxaliplatin under HCPCS code C9205 and received Medicare payments for those units;
- contacted Cherry Hill to determine whether the identified oxaliplatin services were billed correctly and, if not, why the services were billed incorrectly;
- obtained and reviewed records from Cherry Hill that supported the identified claims; and
- calculated overpayments using corrected payment information processed by Wisconsin Physicians Service Insurance Corporation.

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 findings and conclusions based on our audit objective.

FINDINGS AND RECOMMENDATIONS

During CY 2005, Cherry Hill did not bill Medicare in accordance with Medicare requirements for the three oxaliplatin outpatient claims that we reviewed. Specifically, the hospital billed Medicare for an incorrect number of service units for those claims. For one of the three claims, the hospital also billed Medicare for services not provided. As a result, Cherry Hill received overpayments totaling \$80,169. 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

During CY 2005, Cherry Hill billed Medicare for an incorrect number of service units for the three oxaliplatin outpatient claims that we reviewed. For one of the three claims, Cherry Hill also billed Medicare for services not provided.

For the three claims with an incorrect number of service units, we found the following errors:

- One claim listed 210 service units for 105 milligrams of oxaliplatin administered instead of the appropriate 21 service units.
- Another claim listed 150 service units for 75 milligrams of oxaliplatin administered instead of the appropriate 15 service units.
- The remaining claim listed 200 and 280 service units for 105 and 70 milligrams, respectively, of oxaliplatin administered instead of the appropriate 21 and 14 service units.

Medicare required billing one service unit for each 5 milligrams of oxaliplatin administered.

For one of the three claims, Cherry Hill also billed Medicare for 210 service units of oxaliplatin that were not administered to the beneficiary.

As a result, Cherry Hill received overpayments totaling \$80,169. The overpayments occurred because the hospital did not have controls in place to ensure the proper billing of oxaliplatin.

RECOMMENDATIONS

We recommend that Cherry Hill:

- refund to the fiscal intermediary \$80,169 in identified overpayments and
- ensure that service units of drugs billed correspond to units of drugs administered.

CHERRY HILL COMMENTS

In its comments on our draft report, Cherry Hill agreed with our recommendations. Cherry Hill stated that it had provided amended claims and that all overpayments had been refunded to the fiscal intermediary. In addition, Cherry Hill stated that it had improved its systems to either prevent errors or detect and correct them more immediately. Cherry Hill's comments are included in their entirety as the Appendix.

APPENDIX

APPENDIX: SWEDISH MEDICAL CENTER – CHERRY HILL COMMENTS



December 9, 2009

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

Re: Report Number: A-09-09-00085

Dear Ms. Ahlstrand:

This letter is in response to the Office of Inspector General (“OIG”) draft report, “Review of Oxaliplatin Billing at Swedish Medical Center – Cherry Hill for Calendar Year 2005,” provided to Swedish Medical Center (“Swedish”) on December 3, 2009 (“Report”). We appreciate both the review by the OIG and the opportunity to respond. Swedish agrees with the Report’s recommendations.

The review identified errors made on three claims from the 2005 time period. Prior to December 31, 2005, there were two codes used in the industry to bill for the oxaliplatin drug – one where the units were to be billed at one unit per 5 milligrams, and one where the units were to be billed at one unit per .5 milligrams.

Swedish’s systems have significantly improved since the errors identified in the report were made. These improvements will either prevent similar errors or detect and correct them more immediately. For example, Swedish has been performing its own audits of cancer drug billings, to identify any anomalies in the recording of units. Swedish has implemented a comprehensive electronic medical record system, with robust controls that will enhance Swedish’s ability to monitor claims at all levels prior to billing. Further, an additional level of review will be provided for all claims with paid amounts in excess of charges.

Swedish had previously provided amended claim forms for each of the claims involved in the review, and understands that all overpayments have been refunded to the fiscal intermediary.

Thank you for providing us with the opportunity to respond. Please feel free to contact me directly if you have any questions or need any additional information.

Sincerely,

A handwritten signature in blue ink, appearing to read "Jeffrey Veilleux".

Jeffrey Veilleux
Executive Vice President, Chief Financial Officer

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Seattle, WA 98122-4307
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