



DEPARTMENT OF HEALTH & HUMAN SERVICES

Office of Inspector General

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

December 16, 2011

Report Number: A-09-11-02066

Amy J. Stanphill, Esq.
Director of Compliance
Eisenhower Medical Center
39000 Bob Hope Drive
Rancho Mirage, CA 92270

Dear Ms. Stanphill:

Enclosed is the U.S. Department of Health and Human Services (HHS), Office of Inspector General (OIG), final report entitled *Review of Medicare Outpatient Billing for Selected Drugs at Eisenhower Medical Center*. 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 do not hesitate to contact Kimberly Kennedy, Senior Auditor, at (415) 437-8360 or through email at Kimberly.Kennedy@oig.hhs.gov, or contact Alice Norwood, Audit Manager, at (415) 437-8360 or through email at Alice.Norwood@oig.hhs.gov. Please refer to report number A-09-11-02066 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 and Human Services

**OFFICE OF
INSPECTOR GENERAL**

**REVIEW OF MEDICARE
OUTPATIENT BILLING FOR
SELECTED DRUGS AT
EISENHOWER MEDICAL CENTER**



Daniel R. Levinson
Inspector General

December 2011
A-09-11-02066

Office of Inspector General

<http://oig.hhs.gov>

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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 aged 65 and over and those who are disabled or have permanent kidney disease. The Centers for Medicare & Medicaid Services administers the program.

Medicare guidance requires providers to submit accurate claims for outpatient services. Each submitted Medicare claim contains detail regarding each provided service (called a line item in this report). Providers should use the appropriate Healthcare Common Procedure Coding System (HCPCS) codes and report units of service as the number of times that a service or procedure was performed or, if the HCPCS code is associated with a drug, the number of units administered.

Eisenhower Medical Center (Eisenhower) is an acute-care hospital located in Rancho Mirage, California. Based on data analysis, we reviewed \$119,288 in Medicare payments to Eisenhower for 18 line items for injections of selected drugs that Eisenhower billed to Medicare during our audit period (March 1, 2008, through April 30, 2011). These line items consisted of injections for alpha 1–proteinase inhibitor, rituximab, alteplase recombinant, paclitaxel, and adenosine.

OBJECTIVE

Our objective was to determine whether Eisenhower billed Medicare for injections of selected drugs in accordance with Federal requirements.

SUMMARY OF FINDINGS

For 13 of the 18 line items reviewed, Eisenhower did not bill Medicare in accordance with Federal requirements. Specifically, for 13 line items, Eisenhower billed the incorrect number of units of service. As a result, Eisenhower received overpayments totaling \$86,846. Eisenhower attributed the overpayments to its billing system and human error.

RECOMMENDATIONS

We recommend that Eisenhower:

- refund to the Medicare administrative contractor \$86,846 in identified overpayments and
- ensure compliance with Medicare billing requirements.

EISENHOWER MEDICAL CENTER COMMENTS

In written comments on our draft report, Eisenhower concurred with our findings and recommendations. Eisenhower provided information on actions taken to refund the identified overpayments and ensure compliance with Medicare billing requirements. Eisenhower'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 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.

Medicare Requirements for Outpatient Claims

Medicare guidance requires providers to submit accurate claims for outpatient services. Each submitted Medicare claim contains detail regarding each provided service (called a line item in this report). Providers should use the appropriate Healthcare Common Procedure Coding System (HCPCS) codes and report units of service as the number of times that a service or procedure was performed or, if the HCPCS code is associated with a drug, the number of units administered.¹

Selected Drugs

The drugs we reviewed in this audit were alpha 1–proteinase inhibitor, rituximab, paclitaxel, adenosine, and alteplase recombinant.

Alpha 1–Proteinase Inhibitor

Alpha 1–proteinase inhibitor is an injectable drug used to treat alpha 1–antitrypsin deficiency in people who have symptoms of emphysema. Medicare requires providers to bill one service unit for each 10-milligram injection of alpha 1–proteinase inhibitor. The HCPCS code for this drug is J0256 and is described as “Injection, alpha 1–proteinase inhibitor – human, 10 [milligrams].”

Rituximab

Rituximab is an injectable drug used to treat non-Hodgkin’s lymphoma. Medicare requires providers to bill one service unit for each 100-milligram injection of rituximab. The HCPCS code for this drug is J9310 and is described as “Injection, rituximab, 100 [milligrams].”

Paclitaxel

Paclitaxel is an injectable drug used to treat certain types of cancer (e.g., ovarian cancer and AIDS-related Kaposi’s sarcoma). Medicare requires providers to bill one service unit for each 30-milligram injection of paclitaxel. The HCPCS code for this drug is J9265 and is described as “Injection, paclitaxel, 30 [milligrams].”

¹ HCPCS codes are used throughout the health care industry to standardize coding for medical procedures, services, products, and supplies.

Adenosine

Adenosine is an injectable drug used to treat supraventricular tachycardia. Medicare requires providers to bill one service unit for each 30-milligram injection of adenosine. The HCPCS code for this drug is J0152 and is described as “Injection, adenosine for diagnostic use, 30 [milligrams].”

Alteplase Recombinant

Alteplase recombinant is an injectable drug used to dissolve blood clots that have formed in the blood vessels and is used immediately after symptoms of a heart attack or stroke and to treat blood clots in the lungs. Medicare requires providers to bill one service unit for each 1-milligram injection of alteplase recombinant. The HCPCS code for this drug is J2997 and is described as “Injection, alteplase recombinant, 1 [milligram].”

Eisenhower Medical Center

Eisenhower Medical Center (Eisenhower) is an acute-care hospital located in Rancho Mirage, California. Eisenhower’s claims are processed and paid by Palmetto GBA, LLC (Palmetto), the Medicare administrative contractor.

OBJECTIVE, SCOPE, AND METHODOLOGY

Objective

Our objective was to determine whether Eisenhower billed Medicare for injections of selected drugs in accordance with Federal requirements.

Scope

We reviewed \$119,288 in Medicare payments to Eisenhower for 18 line items that we judgmentally selected as potentially at risk for billing errors during our audit period (March 1, 2008, through April 30, 2011). These line items consisted of:

- 10 line items for alpha 1–proteinase inhibitor totaling \$86,105,
- 2 line items for rituximab totaling \$27,948,
- 1 line item for alteplase recombinant totaling \$2,550,²
- 4 line items for paclitaxel totaling \$2,180, and
- 1 line item for adenosine totaling \$505.

² For the one line item for alteplase recombinant, Eisenhower billed Medicare in accordance with Federal requirements.

We identified these payments through data analysis.

We did not review Eisenhower's internal controls applicable to the 18 line items because our objective did not require an understanding of controls over the submission of claims. Our review allowed us to establish reasonable assurance of the authenticity and accuracy of the data obtained from the National Claims History file for our audit period, but we did not assess the completeness of the file.

We conducted our audit from April to October 2011. Our fieldwork included contacting Eisenhower, located in Rancho Mirage, California.

Methodology

To accomplish our objective, we:

- reviewed applicable Federal laws, regulations, and guidance;
- used CMS's National Claims History file to identify paid Medicare claims for alpha 1–proteinase inhibitor, rituximab, alteplase recombinant, paclitaxel, and adenosine;
- used computer matching, data mining, and analysis techniques to identify line items potentially at risk for noncompliance with Medicare billing requirements;
- identified 18 line items totaling \$119,288 that Medicare paid to Eisenhower;
- contacted Eisenhower to determine whether the information conveyed in the selected line items was correct and, if not, why the information was incorrect;
- reviewed documentation that Eisenhower furnished to verify whether each selected line item was billed correctly;
- calculated the correct payments for those claims requiring adjustments; and
- discussed the results of our review with Eisenhower.

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

For 13 of the 18 line items reviewed, Eisenhower did not bill Medicare in accordance with Federal requirements. Specifically, for 13 line items, Eisenhower billed the incorrect number of units of service. As a result, Eisenhower received overpayments totaling \$86,846. Eisenhower attributed the overpayments to its billing system and human error.

FEDERAL 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.

Section 1833(e) of the Act states: “No payment shall be made to any provider of services ... unless there has been furnished such information as may be necessary in order to determine the amounts due such provider ... for the period with respect to which the amounts are being paid”

CMS’s *Medicare Claims Processing Manual*, Pub. No. 100-04 (the Manual), chapter 4, section 20.4, states: “The definition of service units ... is the number of times the service or procedure being reported was performed.”

The Manual, chapter 17, section 90.2.A, states: “It is ... of great importance that hospitals billing for [drugs] make certain that the reported units of service of the reported HCPCS code are consistent with the quantity of a drug ... that was used in the care of the patient.” If the provider is billing for a drug, according to chapter 17, section 70, of the Manual, “[w]here HCPCS is required, units are entered in multiples of the units shown in the HCPCS narrative description. For example, if the description for the code is 50 mg, and 200 mg are provided, units are shown as 4”

Chapter 1, section 80.3.2.2, of the Manual states: “In order to be processed correctly and promptly, a bill must be completed accurately.”

INCORRECT BILLING

For 13 line items reviewed, Eisenhower billed Medicare for the incorrect number of units of service:

- For six line items for alpha 1–proteinase inhibitor, Eisenhower billed the incorrect number of units of service. Rather than billing from 425 to 574 service units, Eisenhower billed from 1,134 to 8,496 service units, resulting in overpayments totaling \$63,829.
- For the two line items for rituximab, Eisenhower billed the incorrect number of units of service. Rather than billing 8 and 9 service units, Eisenhower billed 40 and 18 service units, respectively, resulting in overpayments totaling \$20,901.

- For the four line items for paclitaxel, Eisenhower billed the incorrect number of units of service. Rather than billing 10 service units, Eisenhower billed from 47 to 50 service units, resulting in overpayments totaling \$1,723.
- For the one line item for adenosine, Eisenhower billed the incorrect number of units of service. Rather than billing two service units, Eisenhower billed nine service units, resulting in an overpayment of \$393.

In total, Eisenhower received overpayments totaling \$86,846. Eisenhower attributed the overpayments to its billing system and human error.

RECOMMENDATIONS

We recommend that Eisenhower:

- refund to the Medicare administrative contractor \$86,846 in identified overpayments and
- ensure compliance with Medicare billing requirements.

EISENHOWER MEDICAL CENTER COMMENTS

In written comments on our draft report, Eisenhower concurred with our findings and recommendations. Eisenhower provided information on actions taken to refund the identified overpayments and ensure compliance with Medicare billing requirements. Eisenhower's comments are included in their entirety as the Appendix.

APPENDIX

APPENDIX: EISENHOWER MEDICAL CENTER COMMENTS



EISENHOWER MEDICAL CENTER

December 1, 2011

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

RE: Report Number A-09-11-02066

Dear Ms. Ahlstrand:

This letter is in response to the U.S. Department of Health and Human Services, Office of Inspector General (OIG), draft report entitled *Review of Medicare Outpatient Billing for Selected Drugs at Eisenhower Medical Center*, covering the audit period of March 1, 2008, through April 30, 2011, received electronically on November 21, 2011.

Eisenhower Medical Center (Eisenhower) staff reviewed the draft document and concurs with the findings and recommendations made therein. Corrected claims for the thirteen line items identified as overpayments have been submitted to the Medicare administrative contractor, Palmetto GBA, for appropriate adjustment and refund. As of December 1, 2011, eleven of the thirteen adjustments have been made by the Medicare administrative contractor.

Eisenhower will continue to make every effort to ensure compliance with Medicare billing requirements. As the draft report indicates, the identified overpayments are attributed to billing system and human error.

An internal audit revealed medication setup / system multiplier issues for some J-coded drugs that have been corrected. The internal audit also identified accounts outside of the OIG audit that were billed incorrectly for which staff is in the process of submitting corrected claims to the Medicare administrative contractor.

Finally, Eisenhower has implemented steps to minimize the potential for human error in the billing process and educated the staff members involved.

Eisenhower greatly appreciates this opportunity to comment on the draft report. Please contact me with any questions or concerns.

Sincerely,

Handwritten signature of Amy J. Stanphill.

Amy J. Stanphill, Esq.
Director of Compliance