



DEPARTMENT OF HEALTH AND HUMAN SERVICES
OFFICE OF INSPECTOR GENERAL



OFFICE OF AUDIT SERVICES, REGION IX
90 - 7TH STREET, SUITE 3-650
SAN FRANCISCO, CA 94103

March 16, 2012

Report Number: A-09-12-02011

Ms. Diana Gernhart
Chief Financial Officer
Oregon Health & Science University
3181 Southwest Sam Jackson Park Road, M/C: CR96
Portland, OR 97239

Dear Ms. Gernhart:

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 Oregon Health & Science University*. 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 Iman Zbinden, Senior Auditor, at (619) 557-6131, extension 109, or through email at Iman.Zbinden@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-09-12-02011 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
OREGON HEALTH &
SCIENCE UNIVERSITY**



Daniel R. Levinson
Inspector General

March 2012
A-09-12-02011

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.

Oregon Health & Science University (OHSU) is an acute-care hospital located in Portland, Oregon. Based on data analysis, we reviewed \$68,567 in Medicare payments to OHSU for 23 line items for injections of selected drugs that OHSU billed to Medicare during our audit period (January 1, 2008, through April 30, 2011). These line items consisted of injections for paclitaxel, bortezomib, doxorubicin hydrochloride liposome, and adenosine.

OBJECTIVE

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

SUMMARY OF FINDINGS

Of the 23 line items reviewed, 3 were billed correctly. For one line item, OHSU refunded an overpayment of \$334 before our fieldwork. For the 19 remaining line items, OHSU did not bill Medicare in accordance with Federal requirements and received overpayments totaling \$23,157, which OHSU had not refunded by the beginning of our audit:

- For 17 line items, OHSU used the incorrect HCPCS code.
- For two line items, OHSU billed the incorrect number of units of service.

OHSU attributed the overpayments to clerical errors.

RECOMMENDATIONS

We recommend that OHSU:

- refund to the Medicare fiscal intermediary \$23,157 in identified overpayments and
- ensure compliance with Medicare billing requirements.

OREGON HEALTH & SCIENCE UNIVERSITY COMMENTS

In written comments on our draft report, OHSU provided information on actions that it had taken to address our recommendations. OHSU'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 paclitaxel, bortezomib, doxorubicin hydrochloride (HCl) liposome, and adenosine.

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]."

Bortezomib

Bortezomib is an injectable drug used to treat multiple myeloma and mantle cell lymphoma. Medicare requires providers to bill one service unit for each 0.1-milligram injection of bortezomib. The HCPCS code for this drug is J9041 and is described as "Injection, bortezomib, 0.1 [milligrams]."

Doxorubicin Hydrochloride Liposome

Doxorubicin HCl liposome is an injectable drug used to treat metastatic ovarian cancer and AIDS-related Kaposi's sarcoma. Medicare requires providers to bill one service unit for each 10-milligram injection of doxorubicin HCl liposome. The HCPCS code for this drug is J9001 and is described as "Injection, doxorubicin hydrochloride, all lipid formulations, 10 [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].”

Oregon Health & Science University

Oregon Health & Science University (OHSU) is an acute-care hospital located in Portland, Oregon. OHSU’s claims are processed and paid by Noridian Administrative Services, LLC (Noridian), the Medicare Part A fiscal intermediary.

OBJECTIVE, SCOPE, AND METHODOLOGY

Objective

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

Scope

We reviewed \$68,567 in Medicare payments to OHSU for 23 line items that we judgmentally selected as potentially at risk for billing errors during our audit period (January 1, 2008, through April 30, 2011). These line items consisted of:

- 17 line items for paclitaxel totaling \$57,852,
- 3 line items for bortezomib totaling \$5,897,²
- 1 line item for doxorubicin HCl liposome totaling \$3,700, and
- 2 line items for adenosine totaling \$1,118.

We identified these payments through data analysis.

We did not review OHSU’s internal controls applicable to the 23 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 May 2011 to February 2012. Our fieldwork included contacting OHSU, located in Portland, Oregon.

² For the three line items for bortezomib, OHSU billed Medicare in accordance with Federal requirements.

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 paclitaxel, bortezomib, doxorubicin HCl liposome, and adenosine during our audit period;
- used computer matching, data mining, and analysis techniques to identify line items potentially at risk for noncompliance with Medicare billing requirements;
- identified 23 line items totaling \$68,567 that Medicare paid to OHSU;
- contacted OHSU to determine whether the information conveyed in the selected line items was correct and, if not, why the information was incorrect;
- reviewed documentation that OHSU furnished to verify whether each selected line item was billed correctly;
- calculated overpayments using corrected payment information processed by Noridian; and
- discussed the results of our review with OHSU.

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

Of the 23 line items reviewed, 3 were billed correctly. For one line item, OHSU refunded an overpayment of \$334 before our fieldwork. For the 19 remaining line items, OHSU did not bill Medicare in accordance with Federal requirements and received overpayments totaling \$23,157, which OHSU had not refunded by the beginning of our audit:

- For 17 line items, OHSU used the incorrect HCPCS code.
- For two line items, OHSU billed the incorrect number of units of service.

OHSU attributed the overpayments to clerical errors.

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 the 17 line items for paclitaxel, OHSU billed Medicare using the HCPCS code for the administration of paclitaxel rather than using the HCPCS code for the administration of protein-bound paclitaxel, the drug actually administered. The incorrect billing resulted in overpayments totaling \$20,807.

For two line items reviewed, OHSU billed Medicare for the incorrect number of units of service:

- For the one line item for doxorubicin HCl liposome, OHSU billed the incorrect number of units of service. Rather than billing 4 service units, OHSU billed 10 service units. The incorrect billing resulted in an overpayment of \$2,220.
- For one line item for adenosine, OHSU billed the incorrect number of units of service. Rather than billing seven service units, OHSU billed nine service units. The incorrect billing resulted in an overpayment of \$130.

In total, OHSU received overpayments of \$23,157. OHSU attributed the overpayments to clerical errors.

RECOMMENDATIONS

We recommend that OHSU:

- refund to the Medicare fiscal intermediary \$23,157 in identified overpayments and
- ensure compliance with Medicare billing requirements.

OREGON HEALTH & SCIENCE UNIVERSITY COMMENTS

In written comments on our draft report, OHSU provided information on actions that it had taken to address our recommendations. OHSU's comments are included in their entirety as the Appendix.

APPENDIX

APPENDIX: OREGON HEALTH & SCIENCE UNIVERSITY COMMENTS



March 06, 2012

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Diana Gernhart
Chief Financial Officer

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RE: Report Number A-09-12-02011

Dear Ms. Ahlstrand,

We are responding to the draft report *Review of Medicare Outpatient Billing for Selected Drugs at Oregon Health & Science University (OHSU)*. Your recommendations are for OHSU to refund the Medicare fiscal intermediary \$23,157 in identified overpayments and ensure compliance with Medicare billing requirements.

- OHSU has sent corrected claims to Noridian Administrative Services for all line items that were identified as overpayments. All 19 line items on these claims have been reprocessed and the correct payments have been posted.
- OHSU has educated Pharmacy billing staff to ensure appropriate medication coding guidelines are used. In addition OHSU has subscribed to the MedLearn database for further authentication and validation of medication charge compliance. OHSU Pharmacy billing department uses electronic work queues to monitor specific medication charge parameters to ensure CMS compliance and maintain billing integrity.

We appreciate the opportunity to comment on this draft report. If you have any further questions, please call Mike Matthews at 503-494-6113.

Sincerely,

A handwritten signature in cursive script, appearing to read "Diana Gernhart", written in black ink.

Diana Gernhart
Chief Financial Officer
OHSU Healthcare