

Department of Health and Human Services

**OFFICE OF
INSPECTOR GENERAL**

**REVIEW OF MEDICARE
OUTPATIENT BILLING FOR
A SELECTED DRUG AT
ARROYO GRANDE
COMMUNITY HOSPITAL**

*Inquiries about this report may be addressed to the Office of Public Affairs at
Public.Affairs@oig.hhs.gov.*



Lori A. Ahlstrand
Regional Inspector General

November 2012
A-09-12-02064

Office of Inspector General

<https://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.

Arroyo Grande Community Hospital (Hospital) is an acute-care hospital located in Arroyo Grande, California. Based on data analysis, we reviewed \$58,343 in Medicare payments to the Hospital for 43 line items that the Hospital billed to Medicare during our audit period (May 1, 2008, through August 31, 2011). These line items consisted of injections for adenosine, a drug used to treat supraventricular tachycardia.

OBJECTIVE

Our objective was to determine whether the Hospital billed Medicare for adenosine injections in accordance with Federal requirements.

SUMMARY OF FINDING

For the 43 line items reviewed, the Hospital did not bill Medicare in accordance with Federal requirements. Specifically, the Hospital billed the incorrect number of units of service. As a result, the Hospital received overpayments totaling \$51,562. The Hospital attributed the overpayments to a billing system error.

RECOMMENDATIONS

We recommend that the Hospital:

- refund to the Medicare administrative contractor \$51,562 in identified overpayments and
- ensure compliance with Medicare billing requirements.

ARROYO GRANDE COMMUNITY HOSPITAL COMMENTS

In written comments on our draft report, the Hospital provided information on actions that it had taken to address our recommendations. The Hospital'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

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].”

Arroyo Grande Community Hospital

Arroyo Grande Community Hospital (Hospital) is an acute-care hospital located in Arroyo Grande, California. The Hospital’s claims are processed and paid by Palmetto GBA, LLC, the Medicare administrative contractor.

OBJECTIVE, SCOPE, AND METHODOLOGY

Objective

Our objective was to determine whether the Hospital billed Medicare for adenosine injections in accordance with Federal requirements.

Scope

We reviewed \$58,343 in Medicare payments to the Hospital for 43 line items for adenosine that we selected as potentially at risk for billing errors during our audit period (May 1, 2008, through August 31, 2011). We identified these payments through data analysis.

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

We did not review the Hospital's internal controls applicable to the 43 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.

Our fieldwork included contacting the Hospital, located in Arroyo Grande, 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 adenine 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 43 line items totaling \$58,343 that Medicare paid to the Hospital;
- contacted the Hospital to determine whether the information conveyed in the selected line items was correct and, if not, why the information was incorrect;
- reviewed documentation that the Hospital 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 the Hospital.

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

For the 43 line items reviewed, the Hospital did not bill Medicare in accordance with Federal requirements. Specifically, the Hospital billed the incorrect number of units of service. As a result, the Hospital received overpayments totaling \$51,562. The Hospital attributed the overpayments to a billing system 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 the 43 line items for adenosine, the Hospital billed Medicare for the incorrect number of units of service. Rather than billing from 2 to 4 service units, the Hospital billed from 16 to 34 service units. The incorrect billing resulted in overpayments totaling \$51,562. The Hospital attributed the overpayments to a billing system error.

RECOMMENDATIONS

We recommend that the Hospital:

- refund to the Medicare administrative contractor \$51,562 in identified overpayments and
- ensure compliance with Medicare billing requirements.

ARROYO GRANDE COMMUNITY HOSPITAL COMMENTS

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

APPENDIX

APPENDIX: ARROYO GRANDE COMMUNITY HOSPITAL COMMENTS



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August 30th, 2012

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San Francisco, CA 94103

Dear Lori A. Ahlstrand,

Please see below for requested explanation on each recommendation from the OIG Report dated August 30, 2012, Report Number A-09-12-02064.

- It was recommended that we refund to the Medicare administrative contractor \$51,562 in identified overpayments.
 - **Completed. All funds were taken back by Palmetto (Medicare Administrative Contractor).**

- It was recommended that Arroyo Grande Community Hospital ensure compliance with Medicare billing requirements.
 - **Our system had the incorrect description in the pharmacy module for Adenosine (J0152), it was set at 1 MG, but the description in our Charge Master was set at 30 MGs, which is the correct description. This error caused the system to charge out Adenosine by 1MG increments instead of 30MG increments. This error was corrected in the hospital's Meditech system when identified. Our pharmacy and charge master personnel have confirmed that multipliers are now set up correctly.**

Please let us know if you have any further questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Sue Andersen".

Sue Andersen
Vice President & Chief Financial Officer
Central Coast Service Area