DEPARTMENT OF HEALTH AND HUMAN SERVICES Office of Inspector General

Office of Audit Services
1100 Commerce, Room 632
Dallas, Texas 75242

January 21, 2009

Report Number: A-06-08-00082

Ms. Karen Bootzin
Compliance Officer
Lovelace Medical Center – Gibson
4411 The 25 Way NE, Suite 100
Albuquerque, New Mexico 87109

Dear Ms. Bootzin:

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 Lovelace Medical Center – Gibson 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 principles of the Freedom of Information Act, 5 U.S.C. § 552, as amended by Public Law 104-231, OIG reports generally are made available to the public to the extent the information is not subject to exemptions in the Act (45 CFR part 5). 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 do not hesitate to call me, or contact Warren Lundy, Audit Manager, at (405) 605-6183 or through e-mail at Warren.Lundy@oig.hhs.gov. Please refer to report number A-06-08-00082 in all correspondence.

Sincerely,

Gordon L. Sato

Gordon L. Sato
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, Missouri 64106

Department of Health and Human Services

OFFICE OF INSPECTOR GENERAL

REVIEW OF OXALIPLATIN BILLING AT LOVELACE MEDICAL CENTER – GIBSON FOR CALENDAR YEAR 2004

Daniel R. Levinson
Inspector General

January 2009
A-06-08-00082

Office of Inspector General

http://oig.hhs.gov

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Pursuant to the principles of the Freedom of Information Act, 5 U.S.C. § 552, as amended by Public Law 104-231, Office of Inspector General reports generally are made available to the public to the extent the information is not subject to exemptions in the Act (45 CFR part 5).

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. The Balanced Budget Act of 1997, P.L. 105-33, authorized the implementation of an outpatient prospective payment system (OPPS) effective August 1, 2000. Under the OPPS, Medicare makes additional temporary payments, called transitional pass-through payments, for certain drugs, biologicals, and devices.

Oxaliplatin is a chemotherapy drug used to treat colorectal cancer. Outpatient hospitals received transitional pass-through payments for oxaliplatin furnished to Medicare beneficiaries from July 1, 2003, through December 31, 2005. Medicare required hospitals to bill one service unit for each 5 milligrams of oxaliplatin that a beneficiary received.

Lovelace Medical Center – Gibson (Lovelace) is an acute-care hospital in Albuquerque, New Mexico, that has 203 Medicare-certified beds. We reviewed oxaliplatin payments to Lovelace for services provided to Medicare beneficiaries during calendar year (CY) 2004.

OBJECTIVE

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

SUMMARY OF FINDING

Lovelace did not bill Medicare for oxaliplatin in accordance with Medicare requirements. Specifically, on four of the five outpatient claims that we reviewed, the hospital billed for 10 times the number of units that were actually administered. Lovelace received overpayments totaling $100,187 for the excessive oxaliplatin units it billed during CY 2004. The overpayments may have resulted from confusion related to the existence of two oxaliplatin codes that had different billing unit sizes.

For the remaining claim, Lovelace did not provide a physician's order for the oxaliplatin it administered. A Lovelace official could not explain why the order was missing. Lovelace received an overpayment totaling $27,729 for the inadequately supported oxaliplatin claim.

RECOMMENDATIONS

We recommend that Lovelace:

- return the $127,916 in overpayments to the fiscal intermediary,
- establish procedures to ensure that units of drugs billed correspond to units of drugs administered, and

- establish procedures to ensure that physician orders for drugs are obtained and available upon request.

LOVELACE COMMENTS AND OFFICE OF INSPECTOR GENERAL RESPONSE

In its comments on our draft report, Lovelace agreed with our findings regarding the hospital's miscalculation of oxaliplatin billing units and agreed to return the resulting overpayments. Regarding the inadequately supported claim, Lovelace agreed that it was unable to locate the requested physician's order. The clinic that generated the claim had closed. While the hospital did not necessarily agree with the claim's characterization as an overpayment, it stated that it would return the payment to the fiscal intermediary.

Additionally, the hospital said that it has implemented a policy and procedure to reduce the chance of human error in billing. The full text of Lovelace's comments is included as the Appendix.

We maintain that the oxaliplatin claim for which the hospital could not provide a physician's order should be characterized as an overpayment and that the hospital should return the overpayment to the fiscal intermediary.

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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 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

The Balanced Budget Act of 1997, P.L. 105-33, authorized the implementation of an outpatient prospective payment system (OPPS) for hospital outpatient services furnished on or after August 1, 2000.

Under the OPPS, Medicare payments for most outpatient services are based on ambulatory payment classifications, which generally include payments for drugs billed as part of a service or procedure. However, Medicare makes additional temporary payments, called transitional pass-through payments, for certain drugs, biologicals, and devices. Medicare established a timeframe of at least 2 years but no more than 3 years for providing these additional payments for a given drug, biological, or device.

Oxaliplatin

Oxaliplatin is a chemotherapy drug used to treat colorectal cancer. Outpatient hospitals received transitional pass-through payments for oxaliplatin furnished from July 1, 2003, through December 31, 2005. Medicare required hospitals to bill one service unit for each 5 milligrams of oxaliplatin that a beneficiary received using the Healthcare Common Procedure Coding System (HCPCS) code C9205.

Lovelace Medical Center

Lovelace Medical Center – Gibson (Lovelace) is an acute-care hospital in Albuquerque, New Mexico, that has 203 Medicare-certified beds. Lovelace's Medicare claims are processed and paid by TrailBlazer Health Enterprises, LLC., the fiscal intermediary for New Mexico.

OBJECTIVE, SCOPE, AND METHODOLOGY

Objective

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

Scope

We reviewed five claims and the resulting five payments totaling $137,463 that Medicare made to Lovelace for oxaliplatin furnished to hospital outpatients during calendar year (CY) 2004.

We limited our review of Lovelace'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 information obtained from the CMS claim data for CY 2004, but we did not assess the completeness of the data.

We performed our audit work from August to November 2008.

Methodology

To accomplish our objective, we:

- reviewed applicable Medicare laws, regulations, and guidance;
- used CMS's claim data for CY 2004 to identify Medicare claims for which Lovelace billed at least 100 units of oxaliplatin services under HCPCS code C9205 and received Medicare payments for those units that were greater than $2,000;
- contacted Lovelace to determine whether the identified oxaliplatin services were billed correctly and, if not, why the services were billed incorrectly;
- obtained and reviewed records from Lovelace that supported the identified claims; and
- worked with Lovelace staff to reprice incorrectly billed services.

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

Lovelace did not bill Medicare for oxaliplatin in accordance with Medicare requirements. Specifically, on four of the five outpatient claims that we reviewed, the hospital billed for 10 times the number of units that were actually administered. Lovelace received overpayments totaling $100,187 for the excessive oxaliplatin units it billed during CY 2004. The overpayments resulted from possible confusion related to the existence of two oxaliplatin codes that had different billing unit sizes.

For the remaining claim, Lovelace did not provide a physician's order for the oxaliplatin it administered. Lovelace officials could not explain why the order was missing. Lovelace received an overpayment totaling $27,729 for the inadequately supported oxaliplatin claim.

MEDICARE REQUIREMENTS

When hospitals submit Medicare claims for outpatient services, they must report the HCPCS codes that describe the services provided, as well as the service units for these codes. The "Medicare Claims Processing Manual," Publication 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."

CMS Transmittal A-03-051, Change Request 2771, dated June 13, 2003, instructed outpatient hospitals to bill for oxaliplatin using HCPCS code C9205 to allow a transitional pass-through payment under the OPPS. 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 bill Medicare for one service unit.

The "Medicare Benefit Policy Manual," Publication No. 100-02, chapter 6, section 20.5.1, states: "[Therapeutic] services and supplies must be furnished on a physician's order by hospital personnel and under a physician's supervision."

MISCALCULATION OF BILLING UNITS

Lovelace billed for 10 times the correct number of units on four of the five claims for oxaliplatin furnished to Medicare beneficiaries during CY 2004. During 2004, the HCPCS listed J9263 as another code for oxaliplatin services. The additional code, which had a billing unit of 0.5 milligrams, may have caused confusion. Lovelace calculated the number of units it billed to Medicare for the four claims based on 0.5 milligrams of oxaliplatin rather than the appropriate 5 milligrams in HCPCS code C9205. Due to this billing unit error, Lovelace received overpayments totaling $100,187 for oxaliplatin furnished to hospital outpatients during CY 2004.

INADEQUATELY SUPPORTED CLAIM

Lovelace did not provide a physician's order for one claim for oxaliplatin. A Lovelace official could not explain why the order was missing. Due to the inadequately supported claim for oxaliplatin, Lovelace received an overpayment totaling $27,729.

RECOMMENDATIONS

We recommend that Lovelace:

- return the $127,916 in overpayments to the fiscal intermediary,
- establish procedures to ensure that units of drugs billed correspond to units of drugs administered, and
- establish procedures to ensure that physician orders for drugs are obtained and available upon request.

LOVELACE COMMENTS AND OFFICE OF INSPECTOR GENERAL RESPONSE

In its comments on our draft report, Lovelace agreed with our findings regarding the hospital's miscalculation of oxaliplatin billing units and agreed to return the resulting overpayments. Regarding the inadequately supported claim, Lovelace agreed that it was unable to locate the requested physician's order. The clinic that generated the claim had closed. While the hospital did not necessarily agree with the claim's characterization as an overpayment, it stated that it would return the payment to the fiscal intermediary.

Additionally, the hospital said that it has implemented a policy and procedure to reduce the chance of human error in billing. The full text of Lovelace's comments is included as the Appendix.

We maintain that the oxaliplatin claim for which the hospital could not provide a physician's order should be characterized as an overpayment and that the hospital should return the overpayment to the fiscal intermediary.

APPENDIX

Lovelace
Health System

4411 The 25 Way NE Ste. 100
Albuquerque, New Mexico 87109

December 1, 2008

Mr. Gordon L. Sato
Regional Inspector General for Audit Services
Office of Audit Services
1100 Commerce St., Room 632
Dallas, TX 75242

RE: Report number A-06-08-00082

Dear Mr. Sato:

This is in response to your letter of November 19, 2008 and the enclosed draft report entitled "Review of Oxaliplatin Billing at Lovelace Medical Center-Gibson for Calendar Year 2004." We agree with your summary of findings regarding the billing for oxaliplatin units and will return the overpayments. As for the one inadequately supported claim, we agree that Lovelace was unable to find the requested support during your audit. The clinic generating the claim has been closed. While we do not necessarily agree that this should be characterized as an overpayment, we will return the payment to the fiscal intermediary. However, we are continuing to review clinic records for support.

We have notified the fiscal intermediary about the four claims and are currently working with the fiscal intermediary to ensure that these claims are repaid. Because of the age of the claims the fiscal intermediary was unable to process the claims with an electronic submission and has requested to have the corrected claims submitted by paper copy. We have notified the fiscal intermediary regarding the one claim due to lack of support and this claim is pending with the fiscal intermediary.

Concerning your recommendations for establishing procedures on drug unit billing and on physician orders, as we noted previously, this particular facility was closed on June 30, 2007, which included the particular clinic that generated the claims. However, we have implemented procedures in our other facilities. Our charge description master maintenance is more controlled via a policy and procedure implemented for ancillary departments to follow thus reducing the chance of human error. We also have purchased and routinely utilize a charge master maintenance tool to further mitigate errors. Both procedure and maintenance tool implementations occurred post the 2004 date of service referenced. Reviewing physician orders is part of our coding review methodology and is continually emphasized during reviews.

[redacted]

Thank you for the opportunity to respond to your review. Please feel free to contact me at 505-727-4332 if you have any further questions.

Sincerely,

Karen Bootzin
Compliance Officer
Lovelace Health System