DEPARTMENT OF HEALTH & HUMAN SERVICES **Office of Inspector General**

Office of Audit Services, Region VI
1100 Commerce Street, Room 632
Dallas, TX 75242

March 2, 2010

Report Number: A-06-09-00048

Dr. Robert W. Bishop
Vice Chancellor for Institutional Compliance
University of Arkansas for Medical Sciences Medical Center
4301 West Markham Street, 632
Little Rock, AR 72205

Dear Dr. Bishop:

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 University of Arkansas for Medical Sciences Medical Center 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 do not hesitate to call me at (214) 767-8414 or contact Paul Chesser, Audit Manager, at (501) 225-8114 or through email at Paul.Chesser@oig.hhs.gov. Please refer to report number A-06-09-00048 in all correspondence.

Sincerely,

/Patricia Wheeler/
Regional Inspector General
for Audit Services

Enclosure

Direct Reply to HHS Action Official:

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
rokcmora@cms.hhs.gov

Department of Health and Human Services

OFFICE OF INSPECTOR GENERAL

REVIEW OF OXALIPLATIN BILLING AT UNIVERSITY OF ARKANSAS FOR MEDICAL SCIENCES MEDICAL CENTER FOR CALENDAR YEAR 2005

Daniel R. Levinson
Inspector General

March 2010
A-06-09-00048

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 and 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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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 age 65 and over and those who are disabled or have permanent kidney disease. The Balanced Budget Act of 1997, P.L. No. 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.

The University of Arkansas for Medical Sciences Medical Center (the hospital) is an acute-care hospital in Little Rock, Arkansas, that has 400 Medicare-certified beds. We reviewed oxaliplatin payments to the hospital for services provided to Medicare beneficiaries during calendar year (CY) 2005.

OBJECTIVE

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

SUMMARY OF FINDING

The hospital did not bill Medicare for oxaliplatin in accordance with Medicare requirements. Specifically, the hospital billed for 10 times the number of units that was actually administered on all 11 claims that we reviewed. For these claims, the hospital originally billed for oxaliplatin services using an incorrect HCPCS code (J9263), which listed a unit as 0.5 milligrams. The hospital said that Medicare returned the claims stating that HCPCS code J9263 was not a valid code for OPPS. The hospital then resubmitted the claims using the correct HCPCS code (C9205), which had a 5-milligram billing unit. However, on the resubmitted claims, the hospital calculated the number of units billed to Medicare based on the 0.5-milligram unit amount of oxaliplatin associated with HCPCS code J9263. Due to this unit billing error, the hospital received overpayments totaling $225,206 for the excessive oxaliplatin units that it billed during CY 2005.

RECOMMENDATIONS

We recommend that the hospital:

- return the $225,206 overpayment to the fiscal intermediary and
- establish procedures to ensure that units of drugs billed correspond to units of drugs administered.

HOSPITAL COMMENTS

In its comments on our draft report, the hospital stated that it had repaid the overpayment and instituted procedures and provided training to ensure that units of drugs billed correspond to units of drugs administered. The hospital's comments appear 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 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. No. 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.

University of Arkansas for Medical Sciences Medical Center

University of Arkansas for Medical Sciences Medical Center (the hospital) is an acute-care hospital in Little Rock, Arkansas, that has 400 Medicare-certified beds. The hospital's Medicare claims are processed and paid by Pinnacle Business Solutions, Inc., the fiscal intermediary for Arkansas.

OBJECTIVE, SCOPE, AND METHODOLOGY

Objective

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

Scope

We reviewed 11 claims and the resulting 11 payments totaling $258,771 that Medicare made to the hospital for oxaliplatin furnished to Medicare beneficiaries during calendar year (CY) 2005.

We limited our review of the hospital'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 2005, but we did not assess the completeness of the data.

We performed our audit work from February to June 2009.

Methodology

To accomplish our objective, we:

- reviewed applicable Medicare laws, regulations, and guidance;
- used CMS's claim data for CY 2005 to identify Medicare claims for which the hospital 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, or claims with line items where the payment amount was greater than the charges and number of units was at least 100;
- contacted the hospital to determine whether the identified oxaliplatin services were billed correctly and, if not, why the services were billed incorrectly;
- obtained and reviewed records from the hospital that supported the identified claim; and
- repriced incorrectly billed services using ambulatory payment classification groups payment information for the billed HCPCS code.

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

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 the 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 the 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 have billed Medicare for one service unit.

MISCALCULATION OF BILLING UNITS

The hospital did not bill Medicare for oxaliplatin in accordance with Medicare requirements. Specifically, the hospital billed for 10 times the correct number of units on the claims for oxaliplatin furnished to Medicare beneficiaries during CY 2005. During this period, the HCPCS listed J9263 as another code for oxaliplatin services. The additional code, which had a billing unit of 0.5 milligrams, caused confusion. On the 11 claims we reviewed, the hospital originally billed using HCPCS code J9263 for oxaliplatin services. The hospital explained that Medicare returned these claims stating that HCPCS code J9263 was not a valid code for OPPS. The hospital then resubmitted the claims using the correct HCPCS code, C9205, for the oxaliplatin services. However, on the resubmitted claims, the hospital calculated the number of units billed to Medicare based on the 0.5-milligram unit amount of oxaliplatin associated with HCPCS code J9263. Due to this billing unit error, the hospital received overpayments totaling $225,206 for oxaliplatin furnished to hospital outpatients during CY 2005.

RECOMMENDATIONS

We recommend that the hospital:

- return the $225,206 overpayment to the fiscal intermediary and
- establish procedures to ensure that units of drugs billed correspond to units of drugs administered.

HOSPITAL COMMENTS

In its comments on our draft report, the hospital stated that it had repaid the overpayment and instituted procedures and provided training to ensure that units of drugs billed correspond to units of drugs administered. The hospital's comments appear in their entirety as the Appendix.

APPENDIX

APPENDIX: HOSPITAL COMMENTS

UAMS
UNIVERSITY OF ARKANSAS FOR MEDICAL SCIENCES

Robert W. Bishop, JD
Vice Chancellor
501-686-5699
501-686-8137 Fax

Office of Institutional Compliance
4301 West Markham Street, #632
Little Rock, AR 72205-7199

November 23, 2009

Patricia Wheeler
Regional Inspector General for Audit Services
Office of the Inspector General
Office of Audit Services, Region VI
1100 Commerce Street, Room 632
Dallas, TX 75242

RE: Report Number A-06-09-00048

Dear Ms. Wheeler:

This letter is the response to the draft report entitled "Review of Oxaliplatin Billing at University of Arkansas for Medical Sciences Medical Center for Calendar Year 2005." With the exception of statements contained in the Summary of Finding and Miscalculation of Billing Units sections, the report is factually accurate and reasonable in its recommendations. Certain statements in the above referenced sections tend to be misleading and we therefore recommend the wording in those sections be changed to read as follows:

SUMMARY OF FINDING

The hospital did not bill Medicare for oxaliplatin in accordance with Medicare requirements. Specifically, the hospital initially billed using a HCPCS code that was not valid for OPPS but accurately reflected the service and units. The resubmittal using the Medicare required HCPCS code inaccurately reflected the units which resulted in billing for 10 times the number of units that were actually administered on the claims. The hospital received overpayments totaling $225,206 for the excessive oxaliplatin units that it billed during CY 2005. The overpayments resulted from confusion related to the existence of two oxaliplatin codes that had different billing unit sizes.

MISCALCULATION OF BILLING UNITS

The hospital did not bill Medicare for oxaliplatin in accordance with Medicare requirements. During this period, the HCPCS listed J9263 as another code for oxaliplatin services. The additional code, which had a billing unit of 0.5 milligrams, caused confusion. On the 11 claims we reviewed, the hospital originally billed using HCPCS code J9263 for oxaliplatin services. The hospital explained that Medicare returned these claims stating that HCPCS code J9263 was not a valid code for OPPS. The hospital then resubmitted the claims using the correct HCPCS code, C9205, for the oxaliplatin services. However, on the resubmitted claims, the hospital calculated the number of units billed to Medicare based on the 0.5-milligram unit amount of oxaliplatin associated with HCPCS code J9263. As a result, the hospital bills reflected 10 times the correct number of units on the claim for oxaliplatin furnished to Medicare beneficiaries during CY 2005. Due to this billing unit error, the hospital received overpayments totaling $225,206 for oxaliplatin furnished to hospital outpatients during CY 2005.

UAMS has complied with the report's recommendations in that the eleven claims have been resubmitted and the overpayment has been returned to the fiscal intermediary; additionally, UAMS has instituted a regular audit protocol for chemotherapy drugs and has provided mandatory educational sessions for the billing, pharmacy and charging staff to prevent such errors in the future. These changes are in addition to existing controls which include:

1. Daily revenue is monitored to determine if charging errors may exist.
2. System edits are maintained to insure certain elements are present on each keyed or submitted charge.
3. Electronic claims system contains edits. Claims are sent to payers when all edits are cleared.
4. Hospital Compliance performs monthly coding audits of random departments in the Hospital and clinics. The areas change on a monthly basis. All procedure codes and diagnosis codes are reviewed for accuracy.
5. A Hospital Compliance Manager is a member of the Charge Description Master (CDM) Committee and approves all HCPC code changes and revisions.
6. Hospital Compliance performs monthly random audits of UB92s (now UB04s).
7. All applicable information that is disseminated by Medicare/Medicaid, including the OIG Workplan, is monitored by Hospital Compliance staff.
8. Specialized education is provided by Hospital Compliance to coders, billers, financial staff, and Department Directors and managers.
9. Hospital Compliance performs audits of Hospital operations.

10. Claims scrubbing software that provides robust Medicare editing.

Thank you for your consideration. Please let me know if you require any additional information.

Very Truly Yours,

Robert W Bishop

Robert Bishop, Esq.
Vice Chancellor for Institutional Compliance

RWB/dsc

CC: Paul Chesser, Audit Manager
Office of Inspector General, Office of Audit Services
11300 North Rodney Parham Suite 205
Little Rock, AR 72212