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

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

January 4, 2010

Report Number: A-06-09-00055

Ms. Yvonne Gamble
Administrative Director for Quality Assurance
St. Joseph Medical Center
1401 St. Joseph Parkway
Houston, Texas 77002

Dear Ms. Gamble:

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 St. Joseph Medical Center for the Period January 1 Through December 31, 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, or contact Warren Lundy, Audit Manager, at (405) 605-6183 or through email at Warren.Lundy@oig.hhs.gov. Please refer to report number A-06-09-00055 in all correspondence.

Sincerely,

/Patricia Wheeler/
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 (CFMFFSO)
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 ST. JOSEPH MEDICAL CENTER FOR JANUARY 1 THROUGH DECEMBER 31, 2005

Daniel R. Levinson
Inspector General

January 2010
A-06-09-00055

Office of Inspector General

http://oig.hhs.gov

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The Office of Audit Services (OAS) provides auditing services for HHS, either by conducting audits with its own audit resources or by overseeing audit work done by others. Audits examine the performance of HHS programs and/or its grantees and contractors in carrying out their respective responsibilities and are intended to provide independent assessments of HHS programs and operations. These assessments help reduce waste, abuse, and mismanagement and promote economy and efficiency throughout HHS.

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Notices

THIS REPORT IS AVAILABLE TO THE PUBLIC
at http://oig.hhs.gov

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. 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.

St. Joseph Medical Center (St. Joseph) is an acute-care hospital in Houston, Texas, that has 577 Medicare-certified beds. We reviewed an oxaliplatin payment to St. Joseph for services provided to one Medicare beneficiary during calendar year (CY) 2005.

OBJECTIVE

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

SUMMARY OF FINDING

St. Joseph did not bill Medicare for oxaliplatin in accordance with Medicare requirements. Specifically, the hospital billed for 10 times the number of units that were actually administered for one outpatient claim that we reviewed. St. Joseph received an overpayment of $21,909 for the excessive oxaliplatin units it billed during CY 2005. The overpayment resulted from a manual keying error made by departmental audit personnel.

RECOMMENDATIONS

We recommend that St. Joseph:

- refund the $21,909 overpayment to the Medicare administrative contractor and
- establish procedures to ensure that units of drugs billed correspond to units of drugs administered.

ST. JOSEPH COMMENTS

In its comments to our draft report, St. Joseph concurred with our finding and said it had refunded the overpayment. Furthermore, St. Joseph indicated that the overpayment was an isolated incident. We have included St. Joseph's comments in their entirety as the Appendix; however, we have redacted personally identifiable information.

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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.

St. Joseph Medical Center

St. Joseph Medical Center (St. Joseph) is an acute-care hospital in Houston, Texas, that has 577 Medicare-certified beds. St. Joseph's Medicare claims are processed and paid by TrailBlazer Health Enterprises, LLC., the Medicare administrative contractor for Texas.

OBJECTIVE, SCOPE, AND METHODOLOGY

Objective

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

Scope

We reviewed one claim and the resulting payment totaling $23,890 that Medicare made to St. Joseph for oxaliplatin furnished to one hospital outpatient during calendar year (CY) 2005.

We limited our review of St. Joseph'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 data 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 March to April 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 St. Joseph 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 St. Joseph to determine whether the identified oxaliplatin service was billed correctly and, if not, why the service was billed incorrectly;
- obtained and reviewed records from St. Joseph that supported the identified claim; and
- repriced incorrectly billed services using ambulatory payment classification groups payment information for the billed HCPCS.

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 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 (mg) of oxaliplatin administered to a patient, outpatient hospitals should bill Medicare for one service unit.

MISCALCULATION OF BILLING UNITS

St. Joseph did not bill Medicare for oxaliplatin in accordance with Medicare requirements. St. Joseph billed for 10 times the correct number of units on the claim for oxaliplatin furnished to one Medicare beneficiary during CY 2005. During 2005, the HCPCS listed J9263, which had a billing unit of 0.5 mg, as another code for oxaliplatin services. St. Joseph billed Medicare for the one claim based on 0.5 mg of oxaliplatin rather than the appropriate 5 mg in HCPCS code C9205 because of a manual keying error made by departmental audit personnel. As a result, St. Joseph received an overpayment of $21,909 for oxaliplatin furnished to one hospital outpatient during CY 2005.

RECOMMENDATIONS

We recommend that St. Joseph:

- refund the $21,909 overpayment to the Medicare administrative contractor and
- establish procedures to ensure that units of drugs billed correspond to units of drugs administered.

ST. JOSEPH COMMENTS

In its comments to our draft report, St. Joseph concurred with our finding and said it had refunded the overpayment. Furthermore, St. Joseph indicated that the overpayment was an isolated incident. We have included St. Joseph's comments in their entirety as the Appendix; however, we have redacted personally identifiable information.

APPENDIX

CHRISTUS Health

September 18, 2009
[redacted]

TrailBlazer Health Enterprises, LLC
Medicare Part B Overpayments
ATTN: Voluntary Refunds
3101 S. Woodlawn
Denison, TX 75020

Dear Sirs,

We are in receipt of the enclosed communication of the Office of Inspector General, related to an overpayment made to CHRISTUS St. Joseph Hospital as it pertains to the billing of Oxaliplatin.

The overpayment occurred due to manual input error by audit personnel and caused excessive billing of units for the original claim. The claim has been corrected and is enclosed for your records. In addition, a refund check is enclosed in the amount of $21,909.00.

We feel this was an isolated incident based upon internal controls that were implemented to alert and require review for excessive units within our billing software. Note however, that St. Joseph has transferred ownership from CHRISTUS Health to Hospital Partners of America.

Should you have any questions or require additional information, please feel free to contact me at (713) 277-2551.

Sincerely,

Cassandra Hogans
Director Patient Financial Services
Enclosure (3)

cc: Debora Terry, Regional Director of Compliance, CHRISTUS Health
Yvonne Gamble, Admn. Director of Quality, St. Joseph Medical Center
Patricia Wheeler, Regional Inspector General for Audit Service, Office of Inspector General

Office of Inspector General Note: The deleted text has been redacted because it is personally identifiable information.