Department of Health and Human Services

OFFICE OF INSPECTOR GENERAL

MOST MEDICAID PAYMENTS OKLAHOMA MADE TO PROVIDERS FOR FULL VIALS OF HERCEPTIN WERE CORRECT

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

Patricia Wheeler
Regional Inspector General
for Audit Services

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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.

Most Medicaid payments Oklahoma made to providers for full vials of Herceptin from January 1, 2012, through December 31, 2014, were correct.

INTRODUCTION

WHY WE DID THIS REVIEW

Herceptin, also known as trastuzumab, is a Medicaid-covered drug used to treat breast cancer that has spread to other parts of the body and is supplied in a multiuse vial containing 440 milligrams. Eighteen previous Office of Inspector General reviews found that overpayments were made on Medicare claims for full vials of Herceptin. Specifically, of the line items reviewed, 77 percent were incorrect and included overpayments of about $24.2 million. On nearly all of the incorrect line items in previous reviews, the providers reported the units of service for the entire content of one or more vial(s), each containing 440 milligrams of Herceptin, rather than reporting the units of service for the amount actually administered. Because of the significant error rate in the Medicare program, we expanded our review of Herceptin billing to the Oklahoma Medicaid program.

OBJECTIVE

Our objective was to determine whether payments that Oklahoma made to providers for full vials of the drug Herceptin were correct.

BACKGROUND

The Medicaid program provides medical assistance to low-income individuals and individuals with disabilities. The Federal and State Governments jointly fund and administer the Medicaid program. At the Federal level, the Centers for Medicare & Medicaid Services (CMS) administers the Medicaid program. In Oklahoma, the Oklahoma Health Care Authority (the State agency) administers its Medicaid program in accordance with a CMS-approved State plan. Although the State has considerable flexibility in designing and operating its Medicaid program, it must comply with applicable Federal requirements.

Herceptin is a monoclonal antibody, one of a group of drugs designed to attack specific cancer cells. The manufacturer supplies the drug in a carton containing a multiuse vial of 440 milligrams of Herceptin and one vial of bacteriostatic water for injection (BWFI). A vial of Herceptin, when reconstituted with BWFI and stored properly, can be used for up to 28 days.

Providers bill the State agency using the appropriate Healthcare Common Procedure Coding System (HCPCS) code and the appropriate quantity of the drug administered. The number of units billed should correspond to the quantity of Herceptin actually administered to the patient. The HCPCS code for Herceptin is J9355, with a description of "injection, trastuzumab 10 mg." As a result, 1 billing unit has 10 milligrams of reconstituted Herceptin and an entire multiuse vial of 440 milligrams would be reported as 44 billing units.

HOW WE CONDUCTED THIS REVIEW

The State agency paid 2,656 Herceptin claim lines totaling approximately $8 million from January 1, 2012, through December 31, 2014. Of these claim lines, we reviewed 85 totaling $341,105 ($240,900 Federal share) that had unit counts of 44, which represented billings equivalent to an entire multiuse vial.[1]

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 objectives.

Appendix A contains the details of our audit scope and methodology.

FINDING

According to the Oklahoma Provider Billing and Procedures Manual (the Manual), the State agency requires providers to certify that all information submitted on claims is accurate and complies with State and Federal regulations. Additionally, the Manual requires the State agency to deny or recoup payment for claims that do not meet documentation requirements.

Most Medicaid payments that the State agency made to providers for full vials of Herceptin were correct. Of the 85 claim lines reviewed, 82 were correct and 3 were incorrect. The State agency paid the three incorrect claim lines because of the following billing errors:

- A provider mistakenly doubled the number of units that were administered.
- A provider billed for two treatment dates on the same claim line, but the total number of billing units was more than the sum of the units provided on the two dates.
- A provider mistakenly billed for the milligrams administered instead of the corresponding number of billing units.

As a result of these billing errors, the State agency overpaid three providers $9,153 ($6,203 Federal share).[2]

RECOMMENDATION

We recommend that the State agency recover the identified overpayments and refund the $6,203 Federal share to the Federal Government.

[1] Of the 85 line items reviewed, 10 had unit counts greater than 88 units. Although these line items did not represent billings equivalent to a full vial, these high-unit claim lines were included because they appeared to be excessive.

[2] The Federal matching percentage ranged from 63.88 to 74.81 percent during our audit period.

OKLAHOMA HEALTH CARE AUTHORITY COMMENTS

In written comments on our draft report, the State agency concurred with the finding and indicated that it will refund the Federal share of the identified overpayments on its next quarterly expenditure report. The State agency's comments are included in their entirety as Appendix B.

APPENDIX A: AUDIT SCOPE AND METHODOLOGY

SCOPE

The State agency paid 2,656 Herceptin claim lines totaling approximately $8 million from January 1, 2012, through December 31, 2014. Of these claim lines, we reviewed 85 totaling $341,105 ($240,900 Federal share) that had unit counts of 44, which represented billings equivalent to an entire multiuse vial.

Our objective did not require a review of the State agency's overall internal control structure. Therefore, we limited our internal control review to State agency procedures related to the submission and payment of Herceptin claims.

We conducted our audit work, which included contacting 12 Oklahoma providers that received the selected Medicaid payments, from January through June 2015.

METHODOLOGY

To accomplish our objective, we:

- reviewed applicable Federal and State laws, regulations, and guidance;
- held discussions with the State agency;
- obtained from the State agency Medicaid paid claims for which payments were made for HCPCS code J9355 (Herceptin) during the audit period;
- identified 85 line items in our scope that the State agency paid to 12 providers;
- contacted providers that received Medicaid payments associated with the selected line items 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 providers furnished to verify whether each selected line item was billed correctly; specifically, we reviewed documentation to support a physician's orders for the medication and the fact that the medication was administered;
- calculated the Federal share of incorrect payments, considering the Federal share in effect when an incorrect claim was paid and whether the incorrect claim was related to breast or cervical cancer;[3] and
- discussed the results of our review with the State agency.

[3] The Federal Government's share of most Medicaid expenditures varies by State depending on each State's per capita income. Also, the States will receive a higher, variable rate for optional breast or cervical cancer 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 objectives.

APPENDIX B: OKLAHOMA HEALTH CARE AUTHORITY COMMENTS

JOEL NICO GOMEZ
CHIEF EXECUTIVE OFFICER

MARY FALLIN
GOVERNOR

STATE OF OKLAHOMA
OKLAHOMA HEALTH CARE AUTHORITY

Report Number: A-06-15-00023

Patricia Wheeler
Regional Inspector General for Audit Services
Department of Health and Human Services
Office of Inspector General – Office of Audit Services
1100 Commerce, Room 632
Dallas, Texas 75242

September 14, 2015

Dear Ms. Wheeler,

The Oklahoma Health Care Authority (OHCA) appreciates the opportunity to respond to the audit findings in the report entitled "Most Medicaid Payments Oklahoma Made to Providers for Full Vials of Herceptin Were Correct".

OHCA concurs with the findings. The federal share will be refunded on the September 30, 2015 quarter ending CMS-64 Expenditure report.

Our Drug Rebate unit has an internal process for frequently misbilled drugs and we believe this process directly impacted the findings of this audit.

Thank you for the opportunity to respond to your report; we would appreciate your review and consideration of our comments.

Rebecca Pasternik-Ikard, JD, RN

Deputy State Medicaid Director

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