Department of Health and Human Services

OFFICE OF INSPECTOR GENERAL

REVIEW OF MEDICARE OUTPATIENT BILLING FOR SELECTED DRUGS AT ST. JOSEPH 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

December 2012
A-09-12-02039

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.

St. Joseph Hospital (Hospital) is an acute-care hospital located in Eureka, California. Based on data analysis, we reviewed $297,309 in Medicare payments to the Hospital for 10 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 Privigen and adenosine. Privigen is a drug used to treat primary humoral immune deficiency conditions, and adenosine is a drug used to treat supraventricular tachycardia.

OBJECTIVE

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

SUMMARY OF FINDINGS

For the 10 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 $281,391. The Hospital attributed the overpayments to billing system and clerical errors.

RECOMMENDATIONS

We recommend that the Hospital:

- refund to the Medicare administrative contractor $281,391 in identified overpayments and

- ensure compliance with Medicare billing requirements.

ST. JOSEPH HOSPITAL COMMENTS

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

TABLE OF CONTENTS

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]

Selected Drugs

The drugs we reviewed in this audit were Privigen and adenosine.

Privigen

Privigen is an injectable drug used to treat primary humoral immune deficiency conditions and is also used to increase platelets (blood clotting cells) in people with idiopathic thrombocytopenic purpura. Medicare requires providers to bill one service unit for each 500-milligram injection of Privigen. The HCPCS code for this drug is J1459 and is described as "Injection, immune globulin (privigen), intravenous, non-lyophilized (e.g. liquid), 500 [milligrams]."

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]."

St. Joseph Hospital

St. Joseph Hospital (Hospital) is an acute-care hospital located in Eureka, California. The Hospital's claims are processed and paid by Palmetto GBA, LLC (Palmetto), the Medicare administrative contractor.

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

OBJECTIVE, SCOPE, AND METHODOLOGY

Objective

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

Scope

We reviewed $297,309 in Medicare payments to the Hospital for 10 line items that we selected as potentially at risk for billing errors during our audit period (May 1, 2008, through August 30, 2011). These line items consisted of:

- nine line items for Privigen totaling $294,962 and
- one line item for adenosine totaling $2,347.

We identified these payments through data analysis.

We did not review the Hospital's internal controls applicable to the 10 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 Eureka, 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 Privigen and adenosine 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 10 line items totaling $297,309 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 overpayments using corrected payment information processed by Palmetto; 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 findings and conclusions based on our audit objective.

FINDINGS AND RECOMMENDATIONS

For the 10 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 $281,391. The Hospital attributed the overpayments to billing system and clerical errors.

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 10 line items reviewed, the Hospital billed Medicare for the incorrect number of units of service:

- For the nine line items for Privigen, the Hospital billed the incorrect number of units of service. Rather than billing from 38 to 90 service units, the Hospital billed from 380 to 1,650 service units. The incorrect billing resulted in overpayments totaling $279,225.

- For the one line item for adenosine, the Hospital billed the incorrect number of units of service. Rather than billing 3 service units, the Hospital billed 39 service units. The incorrect billing resulted in an overpayment of $2,166.

In total, the Hospital received overpayments of $281,391. The Hospital attributed the overpayments to billing system and clerical errors.

RECOMMENDATIONS

We recommend that the Hospital:

- refund to the Medicare administrative contractor $281,391 in identified overpayments and

- ensure compliance with Medicare billing requirements.

ST. JOSEPH HOSPITAL COMMENTS

In written comments on our draft report, the Hospital concurred with our recommendations and 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: ST. JOSEPH HOSPITAL COMMENTS

St. Joseph Health
St. Joseph Hospital

September 4, 2012

RE:Report Number A-09-12-02039

Ms. Lori A Ahlstrand
Office fo Audit Services, Region 1X
90 - 7th Street, Suite 3-650
San Francisco, CA 94103

Dear Lori A Ahlstrand,

I am writing in response to your letter dated August 30th 2012 regarding Report Number A-09-12-02039. We concur with both recommendations.

- Recommendation # 1: Medicare was refunded $281,391.67 in October 2011 as shown by the remittance advices faxed to [redacted] on December 5th 2011.
- Recommendation # 2: The system error that caused the inappropriate units to flow from the Pharmacy module to the Billing Accounts Receivable module was the result of a software update. This was corrected in early 2011, and continues to be correct allowing our bills to contain the correct billing units. The biller responsible for the "human" error was educated about the error.

Sincerely,

Dawn Jorgensen

Dawn Jorgensen
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