Department of Health and Human Services

OFFICE OF INSPECTOR GENERAL

REVIEW OF MEDICARE OUTPATIENT BILLING FOR SELECTED DRUGS AT RONALD REAGAN UCLA MEDICAL CENTER

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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.

Ronald Reagan UCLA Medical Center (UCLA) is an acute-care hospital located in Los Angeles, California. Based on data analysis, we reviewed $71,604 in Medicare payments to UCLA for 28 line items that UCLA billed to Medicare during our audit period (March 1, 2008, through April 30, 2011). These line items consisted of injections for:

- epoetin alfa, a drug used to treat anemia;
- Gamunex, a drug used to treat primary immune deficiency conditions;
- rituximab, a drug used to treat non-Hodgkin's lymphoma;
- alpha 1–proteinase inhibitor, a drug used to treat alpha 1–antitrypsin deficiency in people who have symptoms of emphysema; and
- alteplase recombinant, a drug used to dissolve blood clots that have formed in the blood vessels.

OBJECTIVE

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

SUMMARY OF FINDINGS

For 27 of the 28 line items reviewed, UCLA did not bill Medicare in accordance with Federal requirements:

- For 14 line items, UCLA billed the incorrect HCPCS code.
- For eight line items, UCLA billed for unallowable services.

- For four line items, UCLA billed for services that lacked sufficient documentation.

- For one line item, UCLA billed the incorrect number of units of service.

As a result, UCLA received overpayments totaling $56,852. UCLA attributed the overpayments to its billing system and clerical errors.

RECOMMENDATIONS

We recommend that UCLA:

- refund to the Medicare administrative contractor $56,852 in identified overpayments and

- ensure compliance with Medicare billing requirements.

RONALD REAGAN UCLA MEDICAL CENTER COMMENTS

UCLA had no comments on the draft report. We continue to recommend that UCLA refund to the Medicare administrative contractor the identified overpayments and take steps to ensure compliance with Medicare billing requirements.

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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 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 epoetin alfa, Gamunex, rituximab, alpha 1–proteinase inhibitor, and alteplase recombinant.

Epoetin Alfa

Epoetin alfa is an injectable drug used to treat anemia. Medicare requires providers to bill one service unit for each 1,000 units of epoetin alfa. The HCPCS code for this drug is J0885 and is described as "Injection, epoetin alfa, (for non-esrd [end-stage renal disease] use), 1000 units."

Gamunex

Gamunex is an injectable drug used to treat primary immune deficiency conditions (e.g., chronic inflammatory demyelinating polyneuropathy). Medicare requires providers to bill one service unit for each 500-milligram injection of Gamunex. The HCPCS code for this drug is J1561 and is described as "Injection, immune globulin, (gamunex), intravenous, non-lyophilized (e.g. liquid), 500 [milligrams]."

Rituximab

Rituximab is an injectable drug used to treat non-Hodgkin's lymphoma. Medicare requires providers to bill one service unit for each 100-milligram injection of rituximab. The HCPCS code for this drug is J9310 and is described as "Injection, rituximab, 100 [milligrams]."

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

Alpha 1–Proteinase Inhibitor

Alpha 1–proteinase inhibitor is an injectable drug used to treat alpha 1–antitrypsin deficiency in people who have symptoms of emphysema. Medicare requires providers to bill one service unit for each 10-milligram injection of alpha 1–proteinase inhibitor. The HCPCS code for this drug is J0256 and is described as "Injection, alpha 1–proteinase inhibitor – human, 10 [milligrams]."

Alteplase Recombinant

Alteplase recombinant is an injectable drug used to dissolve blood clots that have formed in the blood vessels and is used immediately after symptoms of a heart attack or stroke and to treat blood clots in the lungs. Medicare requires providers to bill one service unit for each 1-milligram injection of alteplase recombinant. The HCPCS code for this drug is J2997 and is described as "Injection, alteplase recombinant, 1 [milligram]."

Ronald Reagan UCLA Medical Center

Ronald Reagan UCLA Medical Center (UCLA) is an acute-care hospital located in Los Angeles, California. UCLA's claims are processed and paid by Palmetto GBA, LLC, the Medicare administrative contractor.

OBJECTIVE, SCOPE, AND METHODOLOGY

Objective

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

Scope

We reviewed $71,604 in Medicare payments to UCLA for 28 line items we selected as potentially at risk for billing errors during our audit period (March 1, 2008, through April 30, 2011). These line items consisted of:

- 23 line items for epoetin alfa totaling $41,942,
- 2 line items for Gamunex totaling $17,443,
- 1 line item for rituximab totaling $5,921,
- 1 line item for alpha 1–proteinase inhibitor totaling $3,156, and
- 1 line item for alteplase recombinant totaling $3,142.

We identified these payments through data analysis.

We did not review UCLA's internal controls applicable to the 28 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 UCLA, located in Los Angeles, 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 epoetin alfa, Gamunex, rituximab, alpha 1–proteinase inhibitor, and alteplase recombinant;
- used computer matching, data mining, and analysis techniques to identify line items potentially at risk for noncompliance with Medicare billing requirements;
- identified 28 line items totaling $71,604 that Medicare paid to UCLA;
- contacted UCLA to determine whether the information conveyed in the selected line items was correct and, if not, why the information was incorrect;
- reviewed documentation that UCLA furnished to verify whether each selected line item was billed correctly;
- calculated the correct payments for those claims requiring adjustments; and
- discussed the results of our review with UCLA.

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 27 of the 28 line items reviewed, UCLA did not bill Medicare in accordance with Federal requirements:[2]

- For 14 line items, UCLA billed the incorrect HCPCS code.
- For eight line items, UCLA billed for unallowable services.
- For four line items, UCLA billed for services that lacked sufficient documentation.
- For one line item, UCLA billed the incorrect number of units of service.

As a result, UCLA received overpayments totaling $56,852. UCLA attributed the overpayments to its 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."

[2] For the one line item for alteplase recombinant, UCLA billed Medicare in accordance with Federal requirements.

INCORRECT BILLING

Incorrect Healthcare Common Procedure Coding System Code

For 14 line items reviewed, UCLA billed Medicare using the HCPCS code for the administration of epoetin alfa rather than using the HCPCS code for the administration of darbepoetin alfa, the drug actually administered. The incorrect billing resulted in overpayments totaling $19,130.

Unallowable Services

For eight line items reviewed, UCLA billed Medicare for unallowable services:

- For five line items for epoetin alfa, UCLA billed for services that it determined were not medically necessary. The incorrect billing resulted in overpayments totaling $8,401.

- For the one line item for rituximab, UCLA billed for 12 service units as an outpatient service during an inpatient stay when the patient was not entitled to inpatient benefits. However, rituximab is not a covered service under the outpatient prospective payment system during an inpatient stay when the patient is not entitled to inpatient benefits.[3] The incorrect billing resulted in an overpayment of $5,921.

- For two line items for epoetin alfa, UCLA billed for 200 and 300 service units, respectively. However, UCLA determined that the payments for these line items were unallowable because the physician orders had expired before the service dates. The incorrect billing resulted in overpayments totaling $3,792.

Insufficient Documentation

For four line items reviewed, UCLA billed Medicare for services that lacked sufficient documentation:

- For one line item for Gamunex, UCLA billed for 320 service units. However, UCLA did not have sufficient documentation to support the service. The incorrect billing resulted in an overpayment of $10,116.

- For the one line item for alpha 1–proteinase inhibitor, UCLA billed for 1,069 service units. However, UCLA did not have sufficient documentation to support the service. The incorrect billing resulted in an overpayment of $3,156.

- For two line items for epoetin alfa, UCLA billed for 140 and 180 service units, respectively. However, UCLA did not have sufficient documentation to support the services. The incorrect billing resulted in overpayments totaling $2,355.

[3] The Manual, chapter 4, section 240, lists covered services under the outpatient prospective payment system during an inpatient stay when patients are not eligible for inpatient benefits, entitled to inpatient benefits, or have exhausted their inpatient benefits. Rituximab and other injectable anticancer drugs are not covered services.

Incorrect Number of Units of Service

For one line item for Gamunex, UCLA billed Medicare for the incorrect number of units of service. Rather than billing 120 service units, UCLA billed 240 service units, resulting in an overpayment of $3,981.

TOTAL OVERPAYMENTS RECEIVED AND CAUSE OF OVERPAYMENTS

In total, UCLA received overpayments of $56,852. UCLA attributed the overpayments to its billing system and clerical errors.

RECOMMENDATIONS

We recommend that UCLA:

- refund to the Medicare administrative contractor $56,852 in identified overpayments and
- ensure compliance with Medicare billing requirements.

RONALD REAGAN UCLA MEDICAL CENTER COMMENTS

UCLA had no comments on the draft report. We continue to recommend that UCLA refund to the Medicare administrative contractor the identified overpayments and take steps to ensure compliance with Medicare billing requirements.