



DEPARTMENT OF HEALTH AND HUMAN SERVICES  
OFFICE OF AUDIT SERVICES  
233 NORTH MICHIGAN AVENUE  
CHICAGO, ILLINOIS 60601

REGION V  
OFFICE OF  
INSPECTOR GENERAL

August 18, 2009

Report Number: A-05-09-00052

Ms. Sandy Miller  
President  
National Government Services  
8115 Knue Road  
Indianapolis, Indiana 46250

Dear Ms. Miller:

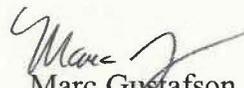
Enclosed is the U.S. Department of Health and Human Services (HHS), Office of Inspector General (OIG), final report entitled "Review of Oxaliplatin Claims Processed by National Government Services for Calendar Years 2004 and 2005." We will forward a copy of this report to the HHS action official noted 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.

Pursuant to the Freedom of Information Act, 5 U.S.C. § 552, OIG reports generally are made available to the public to the extent that information in the report is not subject to exemptions in the Act. Accordingly, this report will be posted on the Internet at <http://oig.hhs.gov>.

If you have any questions or comments about this report, please do not hesitate to call me, or contact Jaime Saucedo, Audit Manager, at (312) 353-8693 or through email at [Jaime.Saucedo@oig.hhs.gov](mailto:Jaime.Saucedo@oig.hhs.gov). Please refer to report number A-05-09-00052 in all correspondence.

Sincerely,

  
Marc Gustafson  
Regional Inspector General  
for Audit Services

Enclosure

cc:

Ms. Sarah Litteral  
Director, Part A/RHHI Claims  
National Government Services  
9901 Linn Station Road  
Louisville, Kentucky 40223

**Direct Reply to HHS Action Official:**

Ms. 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, Missouri 64106

Department of Health and Human Services

**OFFICE OF  
INSPECTOR GENERAL**

**REVIEW OF OXALIPLATIN  
CLAIMS PROCESSED BY  
NATIONAL GOVERNMENT  
SERVICES FOR CALENDAR YEARS  
2004 AND 2005**



Daniel R. Levinson  
Inspector General

August 2009  
A-05-09-00052

# *Office of Inspector General*

<http://oig.hhs.gov>

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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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Pursuant to the Freedom of Information Act, 5 U.S.C. § 552, Office of Inspector General reports generally are made available to the public to the extent that information in the report is not subject to exemptions in the Act.

## **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 Centers for Medicare & Medicaid Services, which administers the program, contracts with fiscal intermediaries to process and pay Medicare Part B claims submitted by hospital outpatient departments. Medicare uses an outpatient prospective payment system to pay for hospital outpatient services.

Oxaliplatin is a chemotherapy drug used to treat colorectal cancer. During our audit period (calendar years (CY) 2004 and 2005), Medicare required hospital outpatient departments to bill one service unit for every 5 milligrams of oxaliplatin administered. Before July 2003, Medicare required billing one service unit for every 0.5 milligrams administered.

During our audit period, United Government Services was the fiscal intermediary for Michigan and Wisconsin, and Administar was the fiscal intermediary for Illinois, Indiana and Ohio. In 2007, National Government Services assumed the business operations of United Government Services and Administar. Therefore, this report refers to the two former fiscal intermediaries as “National Government Services.”

We reviewed 33 paid claims totaling \$701,729 that National Government Services made to 19 hospitals in Illinois, Indiana, Michigan, Ohio and Wisconsin. Each of these hospitals had less than 5 claims and each of the payments amounted to less than \$50,000 for more than 100 units of oxaliplatin.

### **OBJECTIVE**

Our objective was to determine, for selected paid claims, whether hospitals billed National Government Services for the correct number of service units of oxaliplatin.

### **SUMMARY OF FINDING**

For 28 of 33 paid claims reviewed, 19 hospitals billed National Government Services for the incorrect number of service units of oxaliplatin. For four paid claims, a provider originally did not bill for oxaliplatin. The remaining paid claim was billed correctly. As a result, the hospitals received overpayments totaling \$624,779 during CYs 2004 and 2005. These overpayments occurred primarily because the hospitals reported the number of service units using the incorrect 0.5 milligrams measurement instead of the correct 5 milligrams measurement to bill oxaliplatin.

### **RECOMMENDATION**

We recommend that National Government Services recover the \$624,779 in overpayments from the hospitals.

## **NATIONAL GOVERNMENT SERVICES COMMENTS AND OFFICE OF INSPECTOR GENERAL RESPONSE**

In written comments on our draft report, National Government Services said that it recouped the outstanding overpayments totaling \$624,779 from the hospitals. National Government Services' comments are included in their entirety as the Appendix.

Based on National Government Services' written comments, we revised our report accordingly.

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## INTRODUCTION

### 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 Centers for Medicare & Medicaid Services (CMS) administers the program.

#### Medicare Fiscal Intermediaries

CMS contracts with fiscal intermediaries to, among other things, process and pay Medicare Part B claims submitted by hospital outpatient departments. The intermediaries' responsibilities include determining reimbursement amounts, conducting reviews and audits, and safeguarding against fraud and abuse.<sup>1</sup>

#### Outpatient Prospective Payment System

Pursuant to the Balanced Budget Act of 1997, P.L. No. 105-33 § 4523, Social Security Act, § 1833, 42 U.S.C. § 1395l, CMS implemented an outpatient prospective payment system (OPPS) for hospital outpatient services. The OPPS applies to services furnished on or after August 1, 2000.

Under the OPPS, Medicare pays for services on a rate-per-service basis using the ambulatory payment classification group to which each service is assigned. The OPPS uses the Healthcare Common Procedure Coding System (HCPCS) to identify and group services into an ambulatory payment classification group.

#### Oxaliplatin

Oxaliplatin is a chemotherapy drug used to treat colorectal cancer. During our audit period (calendar years (CY) 2004 and 2005), Medicare required hospital outpatient departments to bill one service unit for every 5 milligrams of oxaliplatin administered. Before July 1, 2003, Medicare required billing one service unit for every 0.5 milligrams administered.

#### National Government Services

During our audit period, United Government Services was the fiscal intermediary for Michigan and Wisconsin, and Administar was the fiscal intermediary for Illinois, Indiana and Ohio. During that period, the two fiscal intermediaries made a total of 7,200 payments less than \$50,000 each to hospitals in the five States for oxaliplatin.

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<sup>1</sup>Section 911 of the Medicare Prescription Drug, Improvement, and Modernization Act of 2003, P.L. No. 108-173 § 911, Social Security Act, § 1842, 42 U.S.C. § 1395u, requires CMS to transfer the functions of fiscal intermediaries to Medicare administrative contractors by October 2011.

In January 2007, National Government Services assumed the business operations of United Government Services and Administar. Therefore, this report refers to the two former fiscal intermediaries for the five States as “National Government Services.”

## **OBJECTIVE, SCOPE, AND METHODOLOGY**

### **Objective**

Our objective was to determine, for selected paid claims, whether hospitals billed National Government Services for the correct number of service units of oxaliplatin.

### **Scope**

We reviewed 33 paid claims and the resulting 33 payments totaling \$701,729 that National Government Services made to 19 hospitals for oxaliplatin during CYs 2004 and 2005.<sup>2</sup> Each of these hospitals had less than 5 claims and each of the payments amounted to less than \$50,000.<sup>3</sup>

We did not review National Government Services’ internal controls applicable to the 33 paid claims because our objective did not require an understanding of controls over the submission and processing 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, but we did not assess the completeness of the file.

We conducted fieldwork from February through May 2009. Our fieldwork included contacting National Government Services, located in Cincinnati, Ohio, and the 19 hospitals that received the 33 payments.

### **Methodology**

To accomplish our objective, we:

- reviewed applicable Medicare laws, regulations, and guidance;
- used CMS’s National Claims History file to identify 7,200 Medicare paid claims with payments less than \$50,000 each made to hospitals in Illinois, Indiana, Michigan, Ohio and Wisconsin for oxaliplatin during CYs 2004 and 2005;

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<sup>2</sup>Of the 33 paid claims reviewed, we initially reviewed 25 claims totaling \$544,711. One hospital completed an internal audit of all its claims for oxaliplatin and reviewed eight additional paid claims totaling \$157,018.

<sup>3</sup>We limited our review to payments less than \$50,000 because we previously reviewed paid claims of \$50,000 or more (report numbers A-05-07-00066, issued in March 2008, and A-05-07-00065, issued in September 2007). In addition, we limited our review to paid claims to hospitals with less than five claims because we previously reviewed paid claims to hospitals with five or more claims (report number A-05-09-00010, issued in May 2009).

- selected for review 33 paid claims with payments greater than \$2,000 each made to hospitals with less than five claims for more than 100 units of oxaliplatin;<sup>4</sup>
- contacted the 19 hospitals that received the 33 payments to determine whether the service units were billed correctly and, if not, why the service units were billed incorrectly; and
- confirmed with National Government Services that overpayments occurred and refunds were appropriate.

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 RECOMMENDATION**

For 28 of 33 paid claims reviewed, 19 hospitals billed National Government Services for the incorrect number of service units of oxaliplatin. For four paid claims, a provider originally did not bill for oxaliplatin.<sup>5</sup> The remaining paid claim was billed correctly. As a result, the hospitals received overpayments totaling \$624,779 during CYs 2004 and 2005. These overpayments occurred primarily because the hospitals reported the number of service units using the incorrect 0.5 milligrams measurement instead of the correct 5 milligrams measurement to bill oxaliplatin.

### **MEDICARE 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. CMS's "Medicare Claims Processing Manual," Pub. 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."

For outpatient services furnished before July 1, 2003, CMS instructed hospitals to bill for oxaliplatin using HCPCS code J3490. The service unit for that code was 0.5 milligrams.

Through CMS Transmittal A-03-051, Change Request 2771, dated June 13, 2003, CMS instructed hospital outpatient departments to bill for oxaliplatin using HCPCS code C9205 for

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<sup>4</sup>For materiality purposes, we excluded payments of \$2,000 or less and payments for claims with 100 or fewer units of oxaliplatin.

<sup>5</sup>Through its internal audit, the provider determined that it inadvertently did not bill for oxaliplatin on four original claim submissions and subsequently submitted new claims for the oxaliplatin services previously omitted.

services furnished on or after July 1, 2003.<sup>6</sup> The description for HCPCS code C9205 was “Injection, oxaliplatin, per 5 mg.” Therefore, for every 5 milligrams of oxaliplatin administered to a patient, hospital outpatient departments should have billed Medicare for one service unit during our audit period.<sup>7</sup>

## **INCORRECT NUMBER OF SERVICE UNITS BILLED**

During CYs 2004 and 2005, the 19 hospitals billed National Government Services for the incorrect number of service units on 28 of 33 claims reviewed and, as a result, received overpayments totaling \$624,779. These overpayments occurred primarily because the hospitals reported the number of services units using the 0.5 milligrams associated with the HCPCS codes J3490 and J9263 instead of the 5 milligrams for the C9205 code to bill for oxaliplatin. The following examples illustrate the incorrect units of service:

- A hospital billed for 200 units each for three oxaliplatin claims when the beneficiary only received 20 units. The hospital converted the oxaliplatin dosage to the number of service units using 0.5 milligrams instead of 5 milligrams. As a result, National Government Services paid the hospital \$48,216 when it should have paid \$4,223, a \$43,993 overpayment.
- A hospital billed for 400 units of oxaliplatin on a claim when the patient only received 40 units. The hospital billed 400 units using HCPCS code J9263 before the code was in effect. During the billing process, the hospital’s billing system automatically changed the HCPCS code to C9205, resulting in an overcharge. As a result, National Government Services paid the hospital \$32,296 when it should have paid \$2,815, a \$29,481 overpayment.

## **RECOMMENDATION**

We recommend that National Government Services recover the \$624,779 in overpayments from the hospitals.

## **NATIONAL GOVERNMENT SERVICES COMMENTS AND OFFICE OF INSPECTOR GENERAL RESPONSE**

In written comments on our draft report, National Government Services said that it recouped the outstanding overpayments totaling \$624,779 from the hospitals. National Government Services’ comments are included in their entirety as the Appendix.

Based on National Government Services’ written comments, we revised our report accordingly.

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<sup>6</sup>Although the American Medical Association’s 2004 HCPCS code book showed that code C9205 had been deleted as of 2004, CMS notified hospitals to continue using that code for oxaliplatin for services furnished in 2004 and 2005 (68 Fed. Reg. 63398, 63488 (Nov. 7, 2003); 69 Fed. Reg. 65682, 66104 (Nov. 15, 2004)).

<sup>7</sup>CMS instructed hospitals to bill for oxaliplatin using HCPCS code J9263 for services furnished on or after January 1, 2006 (70 Fed. Reg. 68516, 68632 (Nov. 10, 2005); CMS Transmittal 786, Change Request 4250 (Dec. 16, 2005)). The service unit for that code is 0.5 milligrams.

# **APPENDIX**



PO Box 4846  
Syracuse, New York 13221-4846  
www.NGSMedicare.com

*A CMS Contracted Agent*

## Medicare

July 15, 2009

Mr. Marc Gustafson  
Office of Audit Services  
233 North Michigan Ave  
Chicago, IL 60601

Re: NGS Response to OIG audit A-05-09-00052 "Review of Oxaliplatin Claims processed by National Government Services for Calendar Years 2004 and 2005."

Dear Mr. Gustafson:

This letter is in response to the draft report dated June 16, 2009, entitled "Review of Oxaliplatin Claims processed by National Government Services for Calendar Years 2004 and 2005."

Oxaliplatin is a chemotherapy drug used to treat colorectal cancer. During the audit period, (calendar years (CY) 2004 & 2005), Medicare required hospital outpatient departments to bill one service unit for every 5 milligrams of Oxaliplatin administered. During this period, United Government Services was the fiscal intermediary for Michigan and Wisconsin, and Administar Federal was the fiscal intermediary for Illinois, Indiana, and Ohio.

During this period, a total of 33 payments were reviewed totaling \$721,372. The objective was to determine, for selected payments, whether the hospital billed National Government Services for the correct number of service units of Oxaliplatin. According to your findings, 32 of the 33 payments reviewed were billed with an incorrect number of service units of Oxaliplatin. The remaining payment was billed correctly. As a result, it was determined that these hospitals received overpayments totaling \$644,422 during calendar years 2004 and 2005. The overpayments occurred primarily because the hospitals reported the number of service units incorrectly as 0.5 milligrams measurements instead of 5 milligrams measurements as stated above.

Therefore, your recommendation is that NGS recovers the \$644,422 in overpayments made to the hospitals. NGS has complied with your request to recoup these overpayment dollars from the hospitals; however, NGS has identified that on audit sample 15 the overpayment amount was actually \$685 (Medicare Secondary Payer claim) as opposed to the \$20,338 initially reported in the sample documentation. As a result, this created an overpayment difference of \$19,643 changing the recoupment amount to \$624,779.

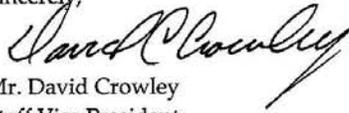


In addition, NGS would like to clarify that of the total 33 payments reviewed, 8 claims were submitted as a result of a provider audit. During that audit it is our understanding that 4 of these claims were never billed by the provider; therefore, were not paid incorrectly by NGS. Therefore, of the 33 claims sampled, 1 claim was correct, 4 were never billed originally by the provider, and 28 were incorrectly processed by NGS as a result of the provider inaccurately billing the number of service units.

As of 07/01/09, NGS has recouped the outstanding overpayments totaling \$624,779 from these providers.

You may submit any additional questions and/or concerns to the NGS Medicare mailbox; [ngs.medicare@anthem.com](mailto:ngs.medicare@anthem.com).

Sincerely,



Mr. David Crowley  
Staff Vice President  
Claims Management

cc: Pam Glenn, Part A/RHHI Claims Director,  
Sandra Logan, Claims Manager