



November 30, 2009

Report Number: A-06-09-00049

Mr. Michael Meeks  
Corporate Responsibility Officer  
Saint Vincent Health System  
Two St. Vincent Circle  
Little Rock, Arkansas 72205

Dear Mr. Meeks:

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 Saint Vincent Infirmary Medical Center for Calendar Year 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 at (214) 767-8414 or contact Paul Chesser, Audit Manager, at (501) 225-8114 or through email at [Paul.Chesser@oig.hhs.gov](mailto:Paul.Chesser@oig.hhs.gov). Please refer to report number A-06-09-00049 in all correspondence.

Sincerely,

/Patricia Wheeler/  
Regional Inspector General  
for Audit Services

Enclosure

**Direct Reply to HHS Action Official:**

Nanette Foster Reilly, Consortium Administrator  
Consortium for Financial Management & Fee for Service Operations  
Centers for Medicare & Medicaid Services  
601 East 12th Street, Room 235  
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Department of Health and Human Services

**OFFICE OF  
INSPECTOR GENERAL**

**REVIEW OF OXALIPLATIN BILLING AT  
SAINT VINCENT INFIRMARY MEDICAL  
CENTER FOR CALENDAR YEAR 2005**



Daniel R. Levinson  
Inspector General

November 2009  
A-06-09-00049

# *Office of Inspector General*

<http://oig.hhs.gov>

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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. No. 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.

Saint Vincent Infirmiry Medical Center (Saint Vincent) is an acute-care hospital in Little Rock, Arkansas, that has 23 Medicare-certified beds. We reviewed oxaliplatin payments to Saint Vincent for services provided to Medicare beneficiaries during calendar year (CY) 2005.

### **OBJECTIVE**

Our objective was to determine whether Saint Vincent billed Medicare for oxaliplatin in accordance with Medicare requirements.

### **SUMMARY OF FINDING**

Saint Vincent 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 on the claim we reviewed. Saint Vincent received an overpayment totaling \$14,815 for the excessive oxaliplatin units that it billed during CY 2005. The overpayment occurred because there were two oxaliplatin codes that had different billing unit sizes.

### **RECOMMENDATIONS**

We recommend that Saint Vincent:

- return the \$14,815 overpayment to the fiscal intermediary and
- establish procedures to ensure that units of drugs billed correspond to units of drugs administered.

### **SAINT VINCENT INFIRMARY MEDICAL CENTER COMMENTS**

In its comments on our draft report, Saint Vincent stated that it had repaid the overpayment and established a procedure to ensure that units of drugs billed correspond to units of drugs administered. Saint Vincent's comments appear in their entirety as the Appendix.

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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. No. 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.

#### **Saint Vincent Infirmiry Medical Center**

Saint Vincent Infirmiry Medical Center (Saint Vincent) is an acute-care hospital in Little Rock, Arkansas, that has 23 Medicare-certified beds. Saint Vincent's Medicare claims are processed and paid by Pinnacle Business Solutions, Inc., the fiscal intermediary for Arkansas.

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

#### **Objective**

Our objective was to determine whether Saint Vincent billed Medicare for oxaliplatin in accordance with Medicare requirements.

#### **Scope**

We reviewed one claim and the resulting \$16,393 payment that Medicare made to Saint Vincent for oxaliplatin furnished to a Medicare beneficiary during calendar year (CY) 2005.

We limited our review of Saint Vincent'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 information 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 February to July 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 Saint Vincent 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, or claims with line items where the payment amount was greater than the charges and number of units was at least 100;
- contacted Saint Vincent to determine whether the identified oxaliplatin services were billed correctly and, if not, why the services were billed incorrectly;
- obtained and reviewed records from Saint Vincent that supported the identified claim; and
- repriced incorrectly billed services using ambulatory payment classification groups payment information for the billed HCPCS code.

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 OPPTS. The description for HCPCS code C9205 is “injection, oxaliplatin, per 5 [milligrams].” Therefore, for each 5 milligrams of oxaliplatin administered to a patient, outpatient hospitals should have billed Medicare for one service unit.

### **MISCALCULATION OF BILLING UNITS**

Saint Vincent billed for 10 times the correct number of units on the claim for oxaliplatin furnished to the Medicare beneficiary during CY 2005. During this period, the HCPCS listed J9263 as another code for oxaliplatin services. The additional code, which had a billing unit of 0.5 milligrams, caused confusion. Saint Vincent stated that it originally had billed HCPCS code J9263 for oxaliplatin services. Medicare denied the claim, stating that HCPCS code J9263 was the incorrect code. Saint Vincent researched the claim and determined that C9205 was the correct HCPCS code to use for oxaliplatin services. However, when Saint Vincent resubmitted the claim using HCPCS code C9205, it calculated the number of units billed to Medicare based on the 0.5-milligram unit amount of oxaliplatin associated with HCPCS code J9263. Due to this billing unit error, Saint Vincent received overpayments totaling \$14,815 for oxaliplatin furnished to hospital outpatients during CY 2005.

### **RECOMMENDATIONS**

We recommend that Saint Vincent:

- return the \$14,815 overpayment to the fiscal intermediary and
- establish procedures to ensure that units of drugs billed correspond to units of drugs administered.

### **SAINT VINCENT INFIRMARY MEDICAL CENTER COMMENTS**

In its comments on our draft report, Saint Vincent stated that it had repaid the overpayment and established a procedure to ensure that units of drugs billed correspond to units of drugs administered. Saint Vincent’s comments appear in their entirety as the Appendix.

# **APPENDIX**

**APPENDIX: SAINT VINCENT INFIRMARY MEDICAL CENTER COMMENTS**

Report Number A-06-09-00049

Ms. Patricia Wheeler  
Regional Inspector General for Audit Services  
Office of Audit Services  
1100 Commerce, Room 632  
Dallas, TX 75242

Dear Ms. Wheeler:

I am in receipt of your letter and draft report entitled "Review of Oxaliplatin Billing at Saint Vincent Infirmary Medical Center for Calendar Year 2005." As requested I am providing you with my written comments and status of any action taken on your recommendations.

At the time this claim was submitted, HCPCS listed both J9263 and C9205 as valid codes to be used for claims that included Oxaliplatin. The initial claim was correctly submitted using HCPCS code J9263. This code allowed Oxaliplatin to be billed in increments of 0.5mg. Since 100mg was utilized on this patient, the claim was correctly submitted indicating that 200 units were administered. The claim was denied by Medicare stating that HCPCS code J9263 was an incorrect code.

Saint Vincent researched the rejected claim and resubmitted it using HCPCS code C9205. The Clinical Reimbursement Coordinator did not realize that code C9205 charged for Oxaliplatin in units of 5mg instead of the 0.5mg per unit designated by code J9263. The claim was re-submitted with code C9205 but the number of units was not reduced to compensate for the 0.5mg to 5mg difference. This resulted in submission of the claim with 200 units instead of 20 units.

The submission of the second claim with the incorrect number of units was an inadvertent mistake. There was no intent to submit a false or incorrect claim as demonstrated by the submission of the initial claim for the correct number of units.

As recommended in the draft report, St. Vincent returned the overpayment of \$14,815 to the fiscal intermediary. This overpayment was recouped by the fiscal intermediary on May 14, 2009.

St. Vincent has also established a procedure to ensure that units of drugs billed correspond to units of drugs administered. The new procedure automatically flags any claim in which more than four units of a medication are billed. The claim is reviewed to ensure that it accurately reflects the number of drug units administered prior to submission of the claim to the fiscal intermediary.

Should you need additional information or wish to discuss this further, feel free to contact me at (501) 552-3913.

Sincerely,  
/Michael Meeks, RN, JD/  
Corporate Responsibility Officer  
St. Vincent Health System