

Department of Health and Human Services

**OFFICE OF
INSPECTOR GENERAL**

**PARKLAND HEALTH AND HOSPITAL
SYSTEM CLAIMED UNALLOWABLE
MEDICARE REIMBURSEMENT FOR
HOSPITAL OUTPATIENT DENTAL
SERVICES**

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



Patricia Wheeler
Regional Inspector General

November 2013
A-06-13-00003

Office of Inspector General

<https://oig.hhs.gov>

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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.



DEPARTMENT OF HEALTH AND HUMAN SERVICES

OFFICE OF INSPECTOR GENERAL



OFFICE OF AUDIT SERVICES, REGION VI
1100 COMMERCE STREET, ROOM 632
DALLAS, TX 75242

November 18, 2013

Report Number: A-06-13-00003

Mr. H. Gene Lawson
Senior Vice President, Revenue Cycle
Parkland Health and Hospital System
8435 Stemmons Freeway No. 700
Dallas, TX 75247

Dear Mr. Lawson:

Enclosed is the U.S. Department of Health and Human Services (HHS), Office of Inspector General (OIG), final report entitled *Parkland Health and Hospital System Claimed Unallowable Medicare Reimbursement for Hospital Outpatient Dental Services*. 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 <https://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 Garcia, Audit Manager, at (512) 339-3071, ext. 229, or through email at Paul.Garcia@oig.hhs.gov. Please refer to report number A-06-13-00003 in all correspondence.

Sincerely,

/Patricia Wheeler/
Regional Inspector General
for Audit Services

Enclosure

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 355
Kansas City, MO 64106

EXECUTIVE SUMMARY

Parkland Hospital improperly claimed at least \$743,582 in Medicare reimbursement for hospital outpatient dental services.

WHY WE DID THIS REVIEW

Dental services are generally excluded from Medicare coverage. Previous Office of Inspector General work identified Medicare payments that exceeded charges for outpatient services, resulting in significant overpayments. Some of these payments included charges for unallowable outpatient dental services. For calendar years 2010 and 2011, Parkland Health and Hospital System (Parkland Hospital) received the most reimbursement of any hospital in Texas for certain Medicare outpatient dental services that we determined may be unallowable.

The objective of this review was to determine whether Parkland Hospital claimed Medicare hospital outpatient dental services in accordance with Medicare requirements.

BACKGROUND

Medicare generally does not cover dental services for the care, treatment, filling, removal, or replacement of teeth or structures directly supporting the teeth (e.g., preparation of the mouth for dentures or removal of diseased teeth in an infected jaw). Coverage is not determined by the value or the necessity of the dental care but by the type of service provided and the anatomical structure on which the procedure is performed. For hospital outpatient dental services to be covered, they must be performed as part of a procedure or service covered by Medicare.

HOW WE CONDUCTED THIS REVIEW

Our review covered 1,002 Medicare claim lines for hospital outpatient dental services, totaling \$1,200,587, provided by Parkland Hospital during the period January 1, 2010, through December 31, 2011. We excluded claim lines associated with a diagnosis related to cancer or physical trauma because Medicare officials explained that these services are generally eligible for Medicare payment. We reviewed a stratified random sample of 100 Medicare claim lines for hospital outpatient dental services.

WHAT WE FOUND

Parkland Hospital claimed Medicare reimbursement for hospital outpatient dental services that did not comply with Medicare requirements. Of the 100 claim lines in our stratified random sample, Parkland Hospital properly claimed Medicare reimbursement for one claim line. Parkland Hospital reimbursed Medicare for one paid claim line before our audit work. The remaining 98 claim lines were not claimed in accordance with Medicare requirements.

These errors occurred because Parkland Hospital did not have written policies and procedures in place during our audit period related to billing for dental services. Additionally, Parkland

Hospital did not have system billing edits in place to ensure that it billed only for services that met Medicare requirements.

Using our sample results, we estimated that Parkland Hospital improperly received at least \$743,582 in Medicare reimbursement for hospital outpatient dental services that did not comply with Medicare requirements.

WHAT WE RECOMMEND

We recommend that Parkland Hospital:

- refund \$743,582 to the Medicare administrative contractor and
- establish written policies and procedures and implement system billing edits to ensure that dental services are claimed in accordance with Medicare requirements.

PARKLAND HEALTH AND HOSPITAL SYSTEM COMMENTS

In its comments on our draft report, Parkland Hospital agreed with our findings and recommendations.

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INTRODUCTION

WHY WE DID THIS REVIEW

Dental services are generally excluded from Medicare coverage. Previous Office of Inspector General work identified Medicare payments that exceeded charges for outpatient services, resulting in significant overpayments. Some of these payments included charges for unallowable outpatient dental services. For calendar years 2010 and 2011, Parkland Health and Hospital System (Parkland Hospital) received the most reimbursement of any hospital in Texas for certain Medicare outpatient dental services that we determined may be unallowable.

OBJECTIVE

Our objective was to determine whether Parkland Hospital claimed Medicare hospital outpatient dental services in accordance with Medicare requirements.

BACKGROUND

The Medicare Program

Title XVIII of the Social Security Act (the Act) established the Medicare program, which provides health insurance coverage to people aged 65 and over, people with disabilities, and people with end-stage renal disease. The Centers for Medicare & Medicaid Services (CMS) administers the program. CMS contracts with Medicare administrative contractors to process and pay Medicare claims submitted by hospital outpatient departments.

Medicare Hospital Outpatient Dental Services

Medicare generally does not cover hospital outpatient dental services. Under the general exclusion provisions of the Social Security Act, items and services in connection with the care, treatment, filling, removal, or replacement of teeth or structures directly supporting the teeth (e.g., preparation of the mouth for dentures or removal of diseased teeth in an infected jaw) are not covered (section 1862(a)(12)). Coverage is not determined by the value or the necessity of the dental care but by the type of service provided and the anatomical structure on which the procedure is performed.

For hospital outpatient dental services to be covered, they must be performed as incident to and as an integral part of a procedure or service covered by Medicare.¹ For example, Medicare covers extractions done in preparation for radiation treatment for neoplastic diseases involving the jaw, but a tooth extraction performed because of tooth decay is not covered.

¹ *Medicare Benefit Policy Manual*, Publication No. 100-02, chapter 15, section 150.

Parkland Health and Hospital System

Parkland Hospital is a short-term acute-care hospital in Dallas, Texas, that has 778 Medicare-certified beds. Effective November 2012, Novitas Solutions, Inc., assumed full responsibility as the Medicare administrative contractor for Jurisdiction H, which includes Texas.

HOW WE CONDUCTED THIS REVIEW

Our review covered 1,002 Medicare claim lines for hospital outpatient dental services, totaling \$1,200,587, provided by Parkland Hospital during the period January 1, 2010, through December 31, 2011. We excluded claim lines associated with a diagnosis related to cancer or physical trauma because Medicare officials explained that these services are generally eligible for Medicare payment. We reviewed a stratified random sample of 100 Medicare claim lines for hospital outpatient dental 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 A contains the details of our audit scope and methodology, Appendix B contains our statistical sampling methodology, and Appendix C contains our sample results and estimates.

FINDINGS

Parkland Hospital claimed Medicare reimbursement for hospital outpatient dental services that did not comply with Medicare requirements. Of the 100 claim lines in our stratified random sample, Parkland Hospital properly claimed Medicare reimbursement for one claim line. Parkland Hospital reimbursed Medicare for one paid claim line before our audit work. The remaining 98 claim lines were not claimed in accordance with Medicare requirements.

These errors occurred because Parkland Hospital did not have written policies and procedures in place during our audit period related to billing for dental services. Additionally, Parkland Hospital did not have system billing edits in place to ensure that it billed only for services that met Medicare requirements. Using our sample results, we estimated that Parkland Hospital improperly received at least \$743,582 in Medicare reimbursement for hospital outpatient dental services that did not comply with Medicare requirements.

UNALLOWABLE MEDICARE HOSPITAL OUTPATIENT DENTAL SERVICES

On most of its claim lines, Parkland Hospital billed Medicare for tooth extractions that were typically performed as a result of tooth decay, which is not a covered service.² In addition, Parkland Hospital billed Medicare for unallowable partial or full mouth x-rays of the teeth. In

² *Medicare Benefit Policy Manual*, Publication No. 100-02, chapter 15, section 150.

most cases, Parkland Hospital performed the x-rays during a general dental examination and evaluation, which also are excluded from Medicare coverage.³ These unallowable extractions and x-rays accounted for the majority, 87 percent, of all unallowable claim lines in our sample. Other types of unallowable dental services varied and included, for example, the repair of a tooth socket in preparation for dentures, neither of which is a covered service.⁴

These errors occurred because Parkland Hospital did not have written policies and procedures in place during our audit period related to billing for dental services. Additionally, Parkland Hospital did not have system billing edits in place to ensure that it billed for services that met Medicare requirements.

Using our sample results, we estimated that Parkland Hospital improperly received at least \$743,582 in Medicare reimbursement for hospital outpatient dental services that did not comply with Medicare requirements.

RECOMMENDATIONS

We recommend that Parkland Hospital:

- refund \$743,582 to the Medicare administrative contractor and
- establish written policies and procedures and implement system billing edits to ensure that dental services are claimed in accordance with Medicare requirements.

PARKLAND HEALTH AND HOSPITAL SYSTEM COMMENTS

In its comments on our draft report, Parkland Hospital agreed with our findings and recommendations and explained that it had implemented a system billing edit to identify claims for dental services and determine whether the dental services provided are covered services and whether it is appropriate to submit the claims for Medicare payment.

³ *Medicare Benefit Policy Manual*, Publication No. 100-02, chapter 15, section 150.

⁴ *Id.*

APPENDIX A: AUDIT SCOPE AND METHODOLOGY

SCOPE

Our review covered 1,002 Medicare claim lines for hospital outpatient dental services, totaling \$1,200,587, provided by Parkland Hospital during the period January 1, 2010, through December 31, 2011. We excluded claim lines associated with a diagnosis related to cancer or physical trauma because Medicare officials explained that these services are generally eligible for Medicare payment. We reviewed a stratified random sample of 100 Medicare claim lines for hospital outpatient dental services obtained from CMS's National Claims History file.

We limited our review of Parkland Hospital's internal controls to those that were applicable to the selected dental services because our objective did not require an understanding of all internal 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 performed our audit work from January through June 2013.

METHODOLOGY

To accomplish our objective, we:

- reviewed applicable Medicare laws, regulations, and guidance;
- interviewed Medicare officials to obtain an understanding of the Medicare requirements related to hospital outpatient dental services;
- interviewed Parkland Hospital officials to gain an understanding of its policies and procedures related to billing Medicare for hospital outpatient dental services;
- extracted from CMS's National Claims History file a sampling frame of 1,002 Medicare claim lines for hospital outpatient dental services, totaling \$1,200,587, for the period January 1, 2010, through December 31, 2011;
- selected a stratified random sample of 100 claim lines from the sampling frame;
- requested that Parkland Hospital officials conduct their own review of the selected claim lines to determine whether they thought that the services were billed correctly;
- evaluated the documentation obtained from Parkland Hospital for each sample item to determine whether the claim lines were paid in accordance with Medicare requirements;
- estimated the unallowable reimbursement paid in the total population of 1,002 Medicare claim lines; and

- discussed the results of our audit with Parkland Hospital officials.

See Appendix B for the details of our statistical sampling methodology and Appendix C for our sample results and estimates.

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: STATISTICAL SAMPLING METHODOLOGY

POPULATION

The population consisted of Medicare claim lines submitted by Parkland Hospital for outpatient dental services provided during the period January 1, 2010, through December 31, 2011.

SAMPLING FRAME

The sampling frame consisted of 1,002 Medicare claim lines for hospital outpatient dental services totaling \$1,200,587 for the period January 1, 2010, through December 31, 2011.

SAMPLE UNIT

The sample unit was a Medicare claim line for a hospital outpatient dental service for which Medicare reimbursed Parkland Hospital.

SAMPLE DESIGN

We selected a stratified random sample.

Stratum	No. of Items	Dental Payments
1	30	\$36,208
2	972	1,164,379
Total	1,002	\$1,200,587

SAMPLE SIZE

We selected a sample of 100 claim lines, 30 from stratum 1 and 70 from stratum 2.

SOURCE OF RANDOM NUMBERS

We used the Office of Inspector General (OIG), Office of Audit Services (OAS), statistical software to generate the random numbers.

METHOD OF SELECTING SAMPLE ITEMS

We consecutively numbered the sample units in stratum 1 from 1 to 1,002. After generating 30 random numbers, we selected the corresponding frame items. We removed the 30 audited sample units from the sampling frame and consecutively numbered the sample units in stratum 2 from 1 to 972. After generating 70 random numbers, we selected the corresponding frame items.

ESTIMATION METHODOLOGY

We used the OIG/OAS statistical software to estimate the total amount of inappropriate Medicare payments for unallowable hospital outpatient dental services.

APPENDIX C: SAMPLE RESULTS AND ESTIMATES

Sample Details and Results

Stratum	Sampling Frame Size	Value of Frame	Sample Size	Value of Sample	Number of Unallowable Sampled Claim Lines	Value of Unallowable Sampled Claim Lines
1	30	\$36,208	30	\$36,208	29	\$36,184
2	972	1,164,379	70	68,473	69	68,473
Total	1,002	\$1,200,587	100	\$104,681	98	\$104,657

Estimated Value of Unallowable Services
(Limits Calculated for a 90-Percent Confidence Interval)

Point estimate	\$986,985
Lower limit	\$743,582
Upper limit	\$1,230,388

APPENDIX D: PARKLAND HEALTH AND HOSPITAL SYSTEM COMMENTS



Mary S. Findley
Senior Vice President
Chief Compliance and Ethics Officer

October 15, 2013

Ms. Patricia Wheeler
Regional Inspector General for Audit Services
Department of Health & Human Services
Office of Inspector General
Office of Audit Services, Region VI
1100 Commerce Street, Room 632
Dallas, Texas 75242

Re: Parkland Health & Hospital System
OIG Report Number A-06-13-00003

Dear Ms. Wheeler:

We have reviewed the Office of Inspector General's ("OIG") draft report entitled "Parkland Health and Hospital System Claimed Unallowable Medicare Reimbursement for Hospital Outpatient Dental Services." The OIG determined that for calendar years 2010 and 2011, Parkland Health & Hospital System ("Parkland"), based upon an extrapolated amount, was overpaid \$743,582 for Medicare outpatient dental services. Parkland has prepared the comments herein in response to the recommendations and finding in the draft report.

Discussion of Recommendations

Recommendation 1.

The OIG recommended that Parkland refund \$743,582 to the Medicare administrative contractor.

Response

Parkland concurs with this recommendation and will refund \$743,582 to the Medicare administrative contractor.

Recommendation 2.

The OIG recommended that Parkland establish written policies and procedures and implement system billing edits to ensure that dental services are claimed in accordance with Medicare requirements.

Parkland Health & Hospital System
Office of Compliance & Ethics
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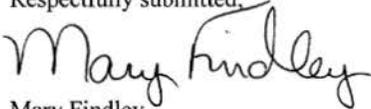
Ms. Patricia Wheeler
October 15, 2013
Page 2

Response

Parkland concurs with this recommendation. Parkland will establish written policies and procedures regarding submitting Medicare claims with dental services. In addition, in February 2013, an edit, based upon CPT/HCPCS codes, was placed on the billing system to identify claims with dental services. These claims are routed to a work queue and then reviewed by Patient Financial Services and Health Information Management to determine whether the dental services provided are covered services and whether it is appropriate to submit the claim for payment. If the service is not covered, the charges are moved to the non-covered charges column on the claim and a GY modifier is appended to the code. The GY modifier indicates that the service is statutorily excluded or does not meet the definition of any Medicare benefit. Parkland is in the process of appending the GY modifier to all of the codes identified above on the Charge Description Master. As a result, all dental services will be billed as non-covered. This will eliminate the work queue and fully automate the reclassification process.

We appreciate the opportunity to respond to the OIG draft report. If you have any questions regarding this matter, please do not hesitate to call me at (214) 590-2156 or Kevin Pierce at (214) 590-2871.

Respectfully submitted,



Mary Findley
Sr. Vice President/Chief Compliance and Ethics Officer

cc: Felicia Heimer, HHS OIG