

Department of Health and Human Services

**OFFICE OF  
INSPECTOR GENERAL**

**REVIEW OF MEDICARE  
OUTPATIENT BILLING FOR  
A SELECTED DRUG AT  
COMMUNITY HOSPITAL  
LONG BEACH MEMORIAL**

*Inquiries about this report may be addressed to the Office of Public Affairs at  
[Public.Affairs@oig.hhs.gov](mailto:Public.Affairs@oig.hhs.gov).*



Lori A. Ahlstrand  
Regional Inspector General

November 2012  
A-09-12-02065

# ***Office of Inspector General***

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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.

## **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.

Community Hospital Long Beach Memorial (Hospital) is an acute-care hospital located in Long Beach, California. Based on data analysis, we reviewed \$32,683 in Medicare payments to the Hospital for 19 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 adenosine, a drug used to treat supraventricular tachycardia.

### **OBJECTIVE**

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

### **SUMMARY OF FINDING**

For the 19 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 \$30,422. The Hospital attributed the overpayments to a billing system error.

### **RECOMMENDATIONS**

We recommend that the Hospital:

- refund to the Medicare administrative contractor \$30,422 in identified overpayments and
- ensure compliance with Medicare billing requirements.

### **COMMUNITY HOSPITAL LONG BEACH MEMORIAL COMMENTS**

In written comments on our draft report, the Hospital 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

	<u>Page</u>
<b>INTRODUCTION</b> .....	1
<b>BACKGROUND</b> .....	1
Medicare Requirements for Outpatient Claims .....	1
Adenosine .....	1
Community Hospital Long Beach Memorial.....	1
<b>OBJECTIVE, SCOPE, AND METHODOLOGY</b> .....	1
Objective .....	1
Scope.....	1
Methodology.....	2
<b>FINDING AND RECOMMENDATIONS</b> .....	2
<b>FEDERAL REQUIREMENTS</b> .....	3
<b>INCORRECT BILLING</b> .....	3
<b>RECOMMENDATIONS</b> .....	3
<b>COMMUNITY HOSPITAL LONG BEACH MEMORIAL COMMENTS</b> .....	3
<b>APPENDIX</b>	
<b>COMMUNITY HOSPITAL LONG BEACH MEMORIAL COMMENTS</b>	

## 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.<sup>1</sup>

#### 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].”

#### Community Hospital Long Beach Memorial

Community Hospital Long Beach Memorial (Hospital) is an acute-care hospital located in Long Beach, California. The Hospital’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 the Hospital billed Medicare for adenosine injections in accordance with Federal requirements.

#### Scope

We reviewed \$32,683 in Medicare payments to the Hospital for 19 line items for adenosine that we selected as potentially at risk for billing errors during our audit period (May 1, 2008, through August 31, 2011). We identified these payments through data analysis.

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<sup>1</sup> HCPCS codes are used throughout the health care industry to standardize coding for medical procedures, services, products, and supplies.

We did not review the Hospital's internal controls applicable to the 19 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 Long Beach, 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 adenine 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 19 line items totaling \$32,683 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 the correct payments for those claims requiring adjustments; 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 finding and conclusions based on our audit objective.

## **FINDING AND RECOMMENDATIONS**

For the 19 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 \$30,422. The Hospital attributed the overpayments to a billing system error.

## **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 19 line items for adenosine, the Hospital billed Medicare for the incorrect number of units of service. Rather than billing 2 service units, the Hospital billed 20 or 40 service units. The incorrect billing resulted in overpayments totaling \$30,422. The Hospital attributed the overpayments to a billing system error.

## **RECOMMENDATIONS**

We recommend that the Hospital:

- refund to the Medicare administrative contractor \$30,422 in identified overpayments and
- ensure compliance with Medicare billing requirements.

## **COMMUNITY HOSPITAL LONG BEACH MEMORIAL COMMENTS**

In written comments on our draft report, the Hospital 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: COMMUNITY HOSPITAL LONG BEACH MEMORIAL COMMENTS



September 13, 2012

Ms. Lori A. Ashland  
HHS/OIG/OAS Region IX  
90- 7<sup>th</sup> Street  
Suite 3-650  
San Francisco, CA 94103

RE: *Community Hospital Long Beach Memorial  
DRAFT Report Number:A-09-12-02065*

Dear Ms. Ashland,

Please accept this letter in response to the draft report indicated above. Community Hospital Long Beach Memorial ("CHLBM") has reviewed the audit and our responses are provided below:

- Recommendation 1: Refund to the Medicare administrative contractor \$30,422 in identified overpayments
  - Response- CHLBM reprocessed all claims identified in the audit. As of September 11<sup>th</sup>, 2012 all claims have been confirmed by Palmetto GBA J1 MAC as being reprocessed or in process.
- Recommendation 2: Ensure compliance with Medicare billing requirements
  - Response- Please note we take this issue seriously and are working to ensure this does not occur in the future. Once the situation was detected with the pharmacy billing system, the CHLBM Pharmacy Department quickly corrected the system to ensure the appropriate quantity was being calculated for proper billing.

It should be note that the overpayments addressed by HHS in the draft report indicated above occurred prior to the acquisition of the hospital assets of Community Hospital of Long Beach by Long Beach Memorial Medical Center on April 29, 2011. Since the transaction, additional billing audits have been implemented to ensure correct billing.

If you or your office requires further explanation or if I can answer additional questions, please feel free to contact me at 714-377-3218 or via e-mail at [cfinch@memorialcare.org](mailto:cfinch@memorialcare.org)

Sincerely,

A handwritten signature in blue ink, appearing to read "Chris Finch", is written over the word "Sincerely,".

Chris Finch, RN  
Chief Compliance and Audit Officer  
Compliance Department