Department of Health and Human Services

OFFICE OF INSPECTOR GENERAL

CHRISTUS SAINT VINCENT REGIONAL MEDICAL CENTER INCORRECTLY BILLED MEDICARE INPATIENT CLAIMS WITH KWASHIORKOR

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

Stephen Virbitsky
Regional Inspector General

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Office of Inspector General

https://oig.hhs.gov

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EXECUTIVE SUMMARY

Christus Saint Vincent Regional Medical Center incorrectly billed Medicare inpatient claims with Kwashiorkor, resulting in overpayments of $147,000 over 3 years.

WHY WE DID THIS REVIEW

Kwashiorkor is a form of severe protein malnutrition. It generally affects children living in tropical and subtropical parts of the world during periods of famine or insufficient food supply. Cases in the United States are rare. The Medicare program provides health insurance coverage primarily to people aged 65 or older; however, for calendar years (CYs) 2010 and 2011, Medicare paid hospitals $711 million for claims that included a diagnosis code for Kwashiorkor. Therefore, we are conducting a series of reviews of hospitals with claims that include this diagnosis code.

Our objective was to determine whether Christus Saint Vincent Regional Medical Center (the Hospital) complied with Medicare billing requirements for Kwashiorkor.

BACKGROUND

The Centers for Medicare & Medicaid Services (CMS) pays inpatient hospital costs at predetermined rates for patient discharges. The rates vary according to the diagnosis-related group (DRG) to which a beneficiary's stay is assigned and the severity level of the patient's diagnosis. The DRG payment is, with certain exceptions, intended to be payment in full to the hospital for all inpatient costs associated with the beneficiary's stay.

The Hospital is a 195-bed acute-care not-for-profit teaching hospital located in Santa Fe, New Mexico. The Hospital is part of the Christus Health System. The Hospital received $3,124,326 in Medicare payments for inpatient hospital claims that included a diagnosis code for Kwashiorkor during our audit period (CYs 2010 through 2012). We reviewed $3,056,224 for 115 of these claims.

WHAT WE FOUND

The Hospital did not comply with Medicare requirements for billing Kwashiorkor on any of the 115 claims that we reviewed. The Hospital used diagnosis code 260 for Kwashiorkor but should have used codes for other forms of malnutrition. For 86 of the inpatient claims, correcting the diagnosis code resulted in no change in the DRG payment. However, for the remaining 29 inpatient claims, the errors resulted in overpayments of $147,262. The Hospital did not bill any claims with the diagnosis code for Kwashiorkor in CY 2012.

Hospital officials attributed these errors to the medical coding software program used to code the diagnoses.

WHAT WE RECOMMEND

We recommend that the Hospital:

- refund to the Medicare program $147,262 for the incorrectly coded claims and
- strengthen controls to ensure full compliance with Medicare billing requirements.

CHRISTUS SAINT VINCENT REGIONAL MEDICAL CENTER COMMENTS AND OUR RESPONSE

In written comments, the Hospital agreed with our finding that the 115 claims that we reviewed were incorrectly billed with a diagnosis code for Kwashiorkor. The Hospital described the action it planned to take to address the overpayments and stated that the coding software had been updated to strengthen controls over the billing of Kwashiorkor. However, for two claims in our finding, the Hospital disagreed that the errors resulted in overpayments and provided medical records documenting that the patients had severe malnutrition.

Based on the documentation provided for the two claims, we determined that correcting the diagnosis code resulted in no change in the DRG or the payment amount. We modified our finding accordingly. Three of the 34 claims discussed in the Hospital's comments were not a part of our audit and therefore are not included in our finding.

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WHY WE DID THIS REVIEW

Kwashiorkor is a form of severe protein malnutrition. It generally affects children living in tropical and subtropical parts of the world during periods of famine or insufficient food supply. Cases in the United States are rare. The Medicare program provides health insurance coverage primarily to people aged 65 or older; however, for calendar years (CYs) 2010 and 2011, Medicare paid hospitals $711 million for claims that included a diagnosis code for Kwashiorkor. Therefore, we are conducting a series of reviews of hospitals with claims that include this diagnosis code.

OBJECTIVE

Our objective was to determine whether Christus Saint Vincent Regional Medical Center (the Hospital) complied with Medicare billing requirements for Kwashiorkor.

BACKGROUND

The Medicare Program

Medicare Part A provides inpatient hospital insurance benefits and coverage of extended care services for patients after hospital discharge. The Centers for Medicare & Medicaid Services (CMS) administers the Medicare program. CMS contracts with Medicare contractors to, among other things, process and pay claims submitted by hospitals.

Hospital Inpatient Prospective Payment System

CMS pays inpatient hospital costs at predetermined rates for patient discharges under the inpatient prospective payment system. The rates vary according to the diagnosis-related group (DRG) to which a beneficiary's stay is assigned and the severity level of the patient's diagnosis. The DRG payment is, with certain exceptions, intended to be payment in full to the hospital for all inpatient costs associated with the beneficiary's stay. The DRG and severity level are determined according to diagnoses codes established by the *International Classification of Diseases, Ninth Revision, Clinical Modification* (coding guidelines). The coding guidelines establish diagnosis code 260 for Kwashiorkor. Because Kwashiorkor is considered a high severity diagnosis using diagnosis code 260 may increase the DRG payment.

Christus Saint Vincent Regional Medical Center

The Hospital, which is part of the Christus Health System, is a 195-bed acute-care not-for-profit teaching hospital located in Santa Fe, New Mexico. The Hospital received $3,124,326 in Medicare payments for inpatient hospital claims that included diagnosis code 260 for Kwashiorkor during our audit period (CYs 2010 through 2012) based on CMS's National Claims History data.

HOW WE CONDUCTED THIS REVIEW

Our audit covered $3,056,224 of Medicare payments to the Hospital for 115 claims that contained diagnosis code 260 for Kwashiorkor. The Hospital did not bill any claims with diagnosis code 260 for Kwashiorkor in CY 2012. We did not review managed care claims or claims that were under separate review. We evaluated compliance with selected Medicare billing requirements, but did not use medical review to determine whether the services were medically necessary. This report does not represent an overall assessment of all claims submitted by the Hospital for Medicare reimbursement.

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.

See Appendix A for the details of our scope and methodology.

FINDING

The Hospital did not comply with Medicare requirements for billing Kwashiorkor on any of the 115 claims we reviewed. The Hospital used diagnosis code 260 for Kwashiorkor but should have used codes for other forms of malnutrition. For 86 of the inpatient claims, correcting the diagnosis code resulted in no change in the DRG payment. However, for the remaining 29 inpatient claims, the errors resulted in overpayments of $147,262. The Hospital did not bill any claims with the diagnosis code for Kwashiorkor in CY 2012.

The Hospital attributed these errors to the medical coding software program used to code the diagnoses.

FEDERAL REQUIREMENTS AND GUIDANCE

Medicare payments may not be made for items and services that "are not reasonable and necessary for the diagnosis or treatment of illness or injury or to improve the functioning of a malformed body member" (The Social Security Act (the Act), § 1862(a)(1)(A)). In addition, the Act precludes payment to any provider of services or other person without information necessary to determine the amount due the provider (§ 1833(e)).

In addition, the *Medicare Claims Processing Manual* requires providers to complete claims accurately so that Medicare contractors may process them correctly and promptly (Pub. No. 100-04, chapter 1, § 80.3.2.2).

INCORRECT USE OF THE DIAGNOSIS CODE FOR KWASHIORKOR

The Hospital did not comply with Medicare billing requirements for Kwashiorkor on any of the 115 claims that we reviewed, resulting in overpayments of $147,262. The coding guidelines

establish diagnosis code 260 for Kwashiorkor. However, our review of the documentation provided did not support the billing of this diagnosis code. For 86 of the inpatient claims, the Hospital included multiple diagnosis codes, at least one of which had a similar or greater severity level. Therefore, removing diagnosis code 260 or replacing it with a more appropriate diagnosis code resulted in no change in the DRG payment. However, for the remaining 29 inpatient claims, the errors resulted in overpayments of $147,262. Hospital officials attributed these errors to the medical coding software program used to code the diagnoses.

RECOMMENDATIONS

We recommend that the Hospital:

- refund to the Medicare program $147,262 for the incorrectly coded claims and
- strengthen controls to ensure full compliance with Medicare billing requirements.

CHRISTUS SAINT VINCENT REGIONAL MEDICAL CENTER COMMENTS AND OFFICE OF INSPECTOR GENERAL RESPONSE

In written comments, the Hospital agreed with our finding that the 115 claims that we reviewed were incorrectly billed with a diagnosis code for Kwashiorkor. The Hospital described the action it planned to take to address the overpayments and stated that the coding software had been updated to strengthen controls over the billing of Kwashiorkor. However, for two claims in our finding, the Hospital disagreed that the errors resulted in overpayments and provided medical records documenting that the patients had severe malnutrition.

The Hospital's comments are included as Appendix B. We did not include the attachment because it contained personally identifiable information.

Based on the documentation provided for the two claims, we determined that correcting the diagnosis code resulted in no change in the DRG or the payment amount. We modified our finding accordingly. Three of the 34 claims discussed in the Hospital's comments were not a part of our audit and therefore are not included in our finding.

APPENDIX A: AUDIT SCOPE AND METHODOLOGY

SCOPE

Our audit period (January 1, 2010, through December 31, 2012) covered $3,056,224 in Medicare payments to the Hospital for 115 inpatient claims that contained diagnosis code 260 for Kwashiorkor. The Hospital did not bill any claims with diagnosis code 260 for Kwashiorkor in CY 2012. We did not review managed care claims or claims that were under separate review.

We limited our review of the Hospital's internal controls to those applicable to the coding of inpatient hospital claims because our objective did not require an understanding of all internal controls over the submission and processing of claims. We evaluated compliance with selected Medicare billing requirements, but did not use medical review to determine whether the services were medically necessary. We established 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.

This report does not represent an overall assessment of all claims submitted by the Hospital for Medicare reimbursement.

We conducted our fieldwork from October 2013 through December 2013.

METHODOLOGY

To accomplish our objective, we:

- reviewed Federal laws, regulations, and guidance;
- extracted the Hospital's inpatient paid claims data from CMS's National Claims History file for the audit period;
- selected all paid claims that included the diagnosis code for Kwashiorkor (260);
- removed all managed care claims and any claims that were previously reviewed by a Recovery Audit Contractor;
- reviewed available data from CMS's Common Working File for the selected claims to determine whether the claims had been cancelled or adjusted;
- repriced each selected claim in order to verify that original payment by the CMS contractor was made correctly;
- requested that the Hospital conduct its own review of the 115 claims to determine whether the diagnosis code for Kwashiorkor was used correctly;

- reviewed the medical record documentation that the Hospital provided to support other malnutrition diagnoses;

- discussed the incorrectly coded claims with Hospital officials to determine the underlying causes of noncompliance with Medicare requirements;

- calculated the correct payments for those claims requiring adjustments; and

- discussed the results of our review with Hospital officials.

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: CHRISTUS SAINT VINCENT REGIONAL MEDICAL COMMENTS

CHRISTUS ST. VINCENT
Regional Medical Center

November 15, 2013

Report Number: A-03-13-00035

Mr. Stephen Virbitsky
Regional Inspector General for Audit Services
Office of Audit Services, Region III
Dept of Health & Human Services – Office of Inspector General
Public Ledger Building, Suite 316
150 S. Independence Mall West
Philadelphia, PA 19106

Dear Mr. Virbitsky:

I write to respond to your letter of October 2, 2013 which provided the results of the Office of Inspector General's (OIG) review of CHRISTUS St. Vincent Regional Medical Center's Medicare billing of claims with diagnosis code 260 (Kwashiorkor). The review examined claims filed during calendar years 2010 through 2011. The OIG found that CHRISTUS St. Vincent Regional Medical Center incorrectly billed 115 claims. Of those claims, 34 resulted in an overpayment totaling $158,627.

CHRISTUS St. Vincent Regional Medical Center has completed its review of the claims resulting in overpayment. For two of those claims, the patient did not have Kwashiorkor, but did have mild, moderate or severe malnutrition. Medical documentation supporting these claims is included with this letter. The reimbursement for these claims total $11,364.86. The remainder of the claims at issue were incorrectly billed and CHRISTUS St. Vincent Regional Medical Center intends to refund the overpayment, which it believes is $147,262.14.

The billing errors were due to a software issue with the 3M grouper product which resulted in the incorrect code assignment of 260 (Kwashiorkor). Corrective action was taken by 3M with a software update in early 2010. Unfortunately, as the audit reflects, this correction did not immediately take hold. By 2011 however, these billing errors were reduced to two and neither of those resulted in an overpayment. CHRISTUS St. Vincent Regional Medical Center also conducted a follow up review and verified that there have been no additional inpatient Medicare claims submitted with code 260 (Kwashiorkor) through September 30, 2013. Thus, CHRISTUS St. Vincent Regional Medical Center believes the corrective action taken in 2010 has, in fact, corrected this issue moving forward.

455 St. Michael's Drive Santa Fe, New Mexico 87505

CHRISTUS St. Vincent Regional Medical Center appreciates the opportunity to learn from this review and will continue the monitor the issue to ensure future billing compliance.

Sincerely,

/Bruce J. Tassin/
President/CEO

Enclosures: (2)