



DEPARTMENT OF HEALTH AND HUMAN SERVICES

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**OFFICE OF INSPECTOR GENERAL**



March 7, 2014

Report Number: A-06-14-00027

Mr. Iden Martyn  
Cozen O'Connor  
1627 I Street, NW, Suite 1100  
Washington, DC 20006

Dear Mr. Martyn:

This informational report provides you with the consolidated results of our audits conducted at selected hospitals within the Christus Health System.<sup>1</sup> These hospitals are Christus Santa Rosa Hospital, Christus St. Frances Cabrini Hospital, and Christus Hospital – St. Elizabeth (the Hospitals).

### **Why We Did These Reviews**

Prior Office of Inspector General (OIG) audits, investigations, and inspections identified certain payments to hospitals that are at risk for noncompliance with Medicare billing requirements. For calendar year (CY) 2011, Medicare paid hospitals \$151 billion, which represents 45 percent of all fee-for-service payments. Because these payments represent a significant portion of Medicare's expenditures, OIG has focused its oversight efforts in this area. For these reviews we focused on inpatient stays of 1 day or less (short stays). Our previous work at other hospitals found that a significant proportion of inpatient short stays would more appropriately be billed as outpatient or outpatient with observation services, which generally result in lower reimbursement than inpatient stays.

Our objective of these reviews was to determine whether the Hospitals complied with Medicare requirements for billing inpatient short stays.

### **How We Conducted These Reviews**

The reviews covered a total of \$4,981,360 in Medicare payments to the Hospitals for 1,046 inpatient short-stay claims with dates of service from January 1, 2010, through June 30, 2012.

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<sup>1</sup> Christus Health is a not-for-profit health system comprising almost 350 service providers and facilities, including more than 60 hospitals and long-term-care facilities. Christus Health provides services in more than 60 cities in the United States (Texas, Arkansas, Iowa, Louisiana, Missouri, Georgia, and New Mexico) and Mexico.

We selected a stratified random sample of 100 claims for review at each hospital. We submitted all sampled claims to an independent medical review contractor to determine whether the services were medically necessary. The reports focused on inpatient short-stay claims and did not represent an overall assessment of all claims submitted by the hospitals for Medicare reimbursement.

**Table: Office of Inspector General Compliance Reviews of Hospitals in the Christus Health System**

<b>Audit Title and Report Number</b>	<b>Report Issue Date</b>	<b>Hospital Location</b>
<i>Medicare Compliance Review of Christus Santa Rosa Hospital for the Period January 1, 2010, Through June 30, 2012 (A-06-12-00068)</i>	2/25/14	San Antonio, Texas
<i>Medicare Compliance Review of Christus St. Frances Cabrini Hospital for the Period January 1, 2010, Through June 30, 2012 (A-06-13-00019)</i>	2/25/14	Alexandria, Louisiana
<i>Medicare Compliance Review of Christus Hospital – St. Elizabeth for the Period January 1, 2010, Through June 30, 2012 (A-06-13-00020)</i>	2/25/14	Beaumont, Texas

### **What We Found**

The Hospitals complied with Medicare inpatient billing requirements for 84 of the 300 short-stay claims we reviewed. However, the Hospitals did not fully comply with Medicare inpatient billing requirements for the remaining 216 claims. For 205 claims, the Hospitals incorrectly billed Medicare Part A for inpatient beneficiary stays that should have been billed as outpatient or outpatient with observation services. Specifically, our independent medical review contractor determined that inpatient admission was not medically necessary for these beneficiaries. The services planned at the time of admission could have been safely provided at the outpatient level. Additionally, the Hospitals incorrectly billed Medicare for diagnosis-related-group codes that were not supported by the medical records (eight claims), or the medical records did not include a signed and dated physician order (three claims). As a result of these errors, the Hospitals received overpayments of \$1,321,644.

Based on the results of the three separate samples, we estimated that the Hospitals received at least \$3,326,589 in overpayments from Medicare. The Hospitals did not provide a cause for the overpayments because they did not agree that they had made these billing errors. In each of the reviews, we recommended that the Hospitals refund the overpayments to the Medicare contractor and strengthen controls to ensure full compliance with Medicare requirements.

Appendix A contains a summary of results by hospital, and Appendix B contains the sample results and estimates.

## **Conclusion**

This report is being provided to you for informational purposes. Please use these results in any corrective actions you may take to reduce Medicare overpayments for the three hospitals we reviewed and other hospitals in your health care system. We appreciate the opportunity to provide you with these results.

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 informational report will be posted at <https://oig.hhs.gov>.

Sincerely,

/Brian P. Ritchie/  
Assistant Inspector General  
for Audit Services

**APPENDIX A: RESULTS BY HOSPITAL**

<b>Hospital</b>	<b>Number of Claims – Inpatient Stay Not Medically Necessary</b>	<b>Number of Claims – Incorrectly Billed Diagnosis-Related- Group Codes</b>	<b>Number of Claims – Did Not Include Physician Order</b>
Christus Santa Rosa Hospital	61	7	2
Christus St. Frances Cabrini Hospital	62	0	0
Christus Hospital – St. Elizabeth	82	1	1
<b>Total</b>	<b>205</b>	<b>8</b>	<b>3</b>

**APPENDIX B: SAMPLE RESULTS AND ESTIMATES**

**Sample Results**

<b>Hospital</b>	<b>Frame Size</b>	<b>Value of Frame</b>	<b>Value of 100 Sampled Claims</b>	<b>Number of Incorrectly Billed Claims in Sample</b>	<b>Value of Overpayments in Sample</b>
Christus Santa Rosa Hospital	342	\$1,987,423	\$754,583	70	\$446,289
Christus St. Frances Cabrini Hospital	187	1,247,510	687,348	62	517,682
Christus Hospital – St. Elizabeth	517	1,746,427	444,402	84	357,673
<b>Total</b>	<b>1,046</b>	<b>\$4,981,360</b>	<b>\$1,886,333</b>	<b>216</b>	<b>\$1,321,644</b>

**Estimated Overpayments**

*(Limits Calculated for a 90-percent Confidence Interval)*

<b>Hospital</b>	<b>Point Estimate</b>	<b>Lower Limit</b>	<b>Upper Limit</b>
Christus Santa Rosa Hospital	\$1,318,479	\$1,192,275	\$1,444,683
Christus St. Frances Cabrini Hospital	942,312	814,568	1,070,057
Christus Hospital – St. Elizabeth	1,440,602	1,319,746	1,561,459
<b>Total</b>	<b>\$3,701,393</b>	<b>\$3,326,589</b>	<b>\$4,076,199</b>