



MAR 20 1998

CIN:A-01-98-00506

Ms. Elizabeth Powers
First Vice President Medicare Claims Administration
Mutual of Omaha Insurance Company
8th Floor
Mutual of Omaha Plaza
Omaha, NE 68175

Dear Mrs. Powers:

Enclosed for your information is a copy of the Office of Inspector General (OIG), Office of Audit Services' final report entitled "Psychiatric Outpatient Services: The Newton-Wellesley Hospital". This is one of a series of OIG reviews of outpatient psychiatric services.

If you have any questions or comments related to this final report, please contact Michael Armstrong of our staff at (617) 565-2684.

Sincerely,

A handwritten signature in black ink that reads "William J. Hornby".

William J. Hornby
Regional Inspector General
for Audit Services

Enclosure - as stated

Department of Health and Human Services

**OFFICE OF
INSPECTOR GENERAL**

**PSYCHIATRIC OUTPATIENT SERVICES:
THE NEWTON-WELLESLEY HOSPITAL**



**JUNE GIBBS BROWN
Inspector General**

**MARCH 1998
A-01-98-00506**



MAR 20 1998

Office of Audit Services
Region I
John F. Kennedy Federal Building
Boston, MA 02203
(617) 565-2684

CIN:A-01-98-00506

Mr. John Bihldorff
President
Newton-Wellesley Hospital
2014 Washington Street
Newton, Massachusetts 02162

Dear Mr. Bihldorff:

This report provides you with the results of our review of outpatient psychiatric services provided by the Newton-Wellesley Hospital (Hospital) during Calendar Year (CY) 1996. The objective of our review was to determine whether psychiatric services rendered on an outpatient basis were billed for and reimbursed in accordance with Medicare regulations.

Medicare regulations require that each medical record contain sufficient documentation to justify the treatment provided.

In CY 1996 the Hospital submitted for reimbursement about \$367,000 in charges for outpatient psychiatric services. To determine whether controls were in place regarding outpatient charges, we reviewed the medical and billing records for five beneficiaries, selected judgmentally, whose outpatient psychiatric charges totaled \$12,991. Our analysis showed that \$1,120 or about 9 percent of these charges were either not covered by Medicare (7 percent) or not documented in the medical records (2 percent). Specifically, these charges were either for a smoking cessation class or there was no evidence that the beneficiary attended the number of therapy sessions that was indicated on the bill submitted to Medicare. As a result, charges on the Medicare cost report are overstated.

9 percent of services reviewed were either not covered by Medicare or not documented in the medical records

We recommend that the Hospital strengthen its procedures to ensure that outpatient psychiatric services are covered by Medicare, rendered and supported in the medical records. We will also provide the results of our review to Mutual of Omaha (the Fiscal Intermediary) so that it can apply the appropriate adjustment to the Hospital's Fiscal Year (FY) 1996 cost report.

In its response the Hospital concurred with our recommendation.

INTRODUCTION

BACKGROUND

Medicare regulations state that for benefits to be paid:

- ◇ “...No payment may be made under part A or part B for any expenses incurred for items and services...which, except for items and services described in a succeeding subparagraph, are not reasonable and necessary for the diagnosis or treatment of illness or injury or to improve the functioning of a malformed body member...” [Social Security Act §1862 (a)(1)(A)]
- ◇ “The medical record must contain information to justify admission and continued hospitalization, support the diagnosis, and describe the patient’s progress and response to medications and services.” [Title 42 Code of Federal Regulation, §482.24(c)]

The Hospital, a 306 bed acute care facility, reported \$366,868 in total outpatient psychiatric services in CY 1996.

OBJECTIVES, SCOPE AND METHODOLOGY

Our review was made in accordance with generally accepted government auditing standards. The objective of our review was to determine whether outpatient psychiatric services were billed for and reimbursed in accordance with Medicare regulations. Our review included services provided during CY 1996.

We limited consideration of the internal control structure to those controls concerning claims submission because the objective of our review did not require an understanding or assessment of the complete internal control structure at the Hospital.

To accomplish our objective, we:

- ☞ reviewed criteria related to outpatient psychiatric services,
- ☞ judgmentally selected five beneficiaries who received outpatient psychiatric services totaling \$12,991 from the Hospital,
- ☞ obtained and reviewed the medical records supporting the outpatient psychiatric services provided to the five beneficiaries and
- ☞ interviewed appropriate Hospital staff concerning internal controls over Medicare claims submission.

Our field work was performed in October and November, 1997 at the Hospital in Newton, Massachusetts.

The Hospital's response to the draft report is appended to this report (see Appendix) and is addressed on page 4.

FINDINGS AND RECOMMENDATIONS

Services Not Covered By Medicare Or Not Supported By Medical Records

The results of our review indicated a weakness in the Hospital's system of internal controls regarding claims submission and claims documentation. We determined that of the \$12,991 in services reviewed, \$1,120 or about 9 percent were either not covered by Medicare or not supported by the medical records. Medicare regulations allow payment only for those services used to diagnose or treat an illness or injury or improve the functioning of a malformed body member. Further, these regulations also require that providers maintain records sufficient to justify the treatment provided.

The Social Security Act §1862 (a)(1)(A) states "...No payment may be made under part A or part B for any expenses incurred for items and services...which, except for items and services described in a succeeding subparagraph, are not reasonable and necessary for the diagnosis or treatment of illness or injury or to improve the functioning of a malformed body member..."

Title 42 Code of Federal Regulation, §482.24(a) states, "The medical record must contain information to justify admission and continued hospitalization, support the diagnosis, and describe the patient's progress and response to medications and services."

In CY 1996 the Hospital submitted for reimbursement about \$367,000 in charges for outpatient psychiatric services. We reviewed the medical and billing records for five beneficiaries, selected judgmentally, whose outpatient psychiatric charges totaled \$12,991 to determine whether these charges were billed for in accordance with Medicare regulations. Our analysis showed that \$1,120 in charges were either for non-covered or undocumented services. Specifically, we noted that:

- ☞ approximately 7 percent (\$900) of these outpatient psychiatric charges were not covered by Medicare. In this regard, the Hospital submitted claims for group therapy services. However, we noted upon further review that these claims were for a smoking cessation class, which is not reimbursed by Medicare.
- ☞ approximately 2 percent (\$220) of these outpatient psychiatric charges were not documented in the medical records. In this regard, the Hospital submitted claims

for individual or group therapy sessions. However, we found upon further review that the claimed individual therapy sessions were not documented in the medical records as required by Medicare regulations.

While we were able to quantify the charges for the non-covered and undocumented services we reviewed, the exact effect of these services on Medicare reimbursement cannot be determined until the Hospital's FY 1996 cost report is settled.

The results of our review indicated a weakness in the Hospital's system of internal controls regarding claims submission and claims documentation. During the course of our audit, we noted that the Hospital had not established sufficient procedures to insure that outpatient psychiatric services were covered by Medicare and supported in the medical records.

Recommendations

We are therefore recommending that the Hospital strengthen its procedures to ensure that outpatient psychiatric services are covered by Medicare, rendered and supported in the medical records. We will also provide the results of our review to the Fiscal Intermediary so that it can apply the appropriate adjustment to the Hospital's FY 1996 cost report.

Auditee Comments

The Hospital officials concur with our recommendation in response to our draft report. Specifically, the Hospital agreed to the adjustment of its FY 1996 cost report and strengthening its procedures to ensure that outpatient psychiatric services are covered by Medicare, rendered and supported in the medical record.

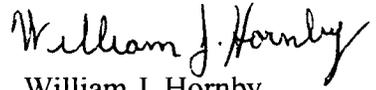
In accordance with the principles of the Freedom of Information Act (Public Law 90-23), Office of Inspector General, Office of Audit Services reports issued to the U.S. Department of Health and Human Services' (DHHS) grantees and contractors are made available, if requested, to members of the press and the general public to the extent information contained therein is not subject to exemptions in the act which the DHHS chooses to exercise. (See 45 CFR Part 5).

Final determination as to actions taken on all matters reported will be made by the DHHS Action Official named below. We request that you respond to the DHHS Action 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.

Page 5 - Mr. John Bihldorff

Please refer to Common Identification Number A-01-98-00506 in all correspondence relating to this report.

Sincerely,

A handwritten signature in black ink, reading "William J. Hornby". The signature is written in a cursive style with a large, stylized initial "W".

William J. Hornby
Regional Inspector General
for Audit Services

Direct reply to DHHS Action Official:
Joseph Tilghman, Regional Administrator, Region VII
Health Care Financing Administration

APPENDIX



NEWTON-WELLESLEY
HOSPITAL

March 3, 1998

Mr. William J. Hornby
Regional Inspector General for Audit Services
Department of Health and Human Services
Office of Audit Services
Region 1
John F. Kennedy Federal Building
Boston, Massachusetts 02203

Re: CIN: A-01-98-00506
Outpatient Psychiatric Services Review

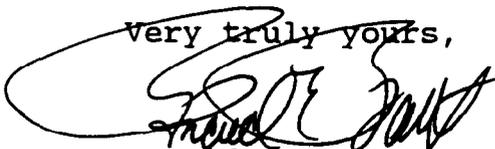
Dear Mr. Hornby:

We have received the report dated February 9, 1998 regarding your review of Psychiatric outpatient services at Newton-Wellesley Hospital.

The hospital has reviewed its procedures to insure that Medicare recipients are not billed for non-covered services (smoking cessation classes in this review) and that proper documents exist to verify services were received. We will also report the adjustment of \$1120 proposed by your review in the FY 1996 Medicare Cost Report.

Should you have any questions, please contact me at 617-243-6381.

Very truly yours,



Ronald E. Bartlett
Sr. Vice President for Finance

REB/aew

cc: John P. Bihldorff
Dr. Kent Boynton
Thomas Creeden
Wendy Fielding
Judith Kapuscinski
Thomas J. Lynch, Jr.