

**Memorandum**

Date **MAR 22 1996**
Michael Mangano
From *for* June Gibbs Brown
Inspector General

Subject Office of Inspector General's Partnership Plan--State of Ohio Office of the Auditor
Report on Clinical Laboratory Services (A-05 -96-00019)

To Bruce C. Vladeck
Administrator
Health Care Financing Administration

We are transmitting for your information and use, the attached final report on an audit of Medicaid clinical laboratory services in Ohio for Calendar Years (CY) 1993 and 1994. This review was conducted by the State of Ohio Office of the Auditor (OOA). The objective of the review was to determine the adequacy of Ohio's Department of Human Services (ODHS) procedures and controls over the processing of Medicaid payments to providers of certain clinical laboratory services.

This work was conducted as part of our partnership efforts with State Auditors to expand audit coverage of the Medicaid program. As part of the review, the Office of Audit Services assisted OOA by (1) providing guidance for identifying, through computer applications, a universe of potential overpaid claims resulting from certain chemistry, hematology, and urinalysis tests that were improperly grouped or duplicative of each other; (2) selecting a statistical sample of claims for OOA to validate the payments; and (3) appraising the sample results for the OOA to report the estimated overpayments made. In addition, we have performed sufficient work to satisfy ourselves that the attached OOA audit report can be relied upon and used by the Health Care Financing Administration (HCFA) in meeting its program oversight responsibilities.

The OOA determined that ODHS was reimbursing providers for laboratory services that were not properly grouped together or that were duplicated for payment purposes. The OOA estimates that ODHS overpaid these providers by \$5.2 million (Federal share \$3.2 million) in CYS 1993 and 1994. The overpayments occurred because ODHS'S Medicaid processing section did not have adequate edit routines built into the computer programs used to screen provider billings.

The OOA recommended that the State agency develop edit routines that would detect unbundled and duplicate billings prior to payment and install the routines in the programs ODHS uses to screen provider billings. The ODHS declined to provide written comments, but the Chief of Internal Audits of ODHS told the State Auditor that ODHS concurred with the findings and was considering how best to implement the recommendations.

Page 2- Bruce C. Vladeck

The 00A is currently assisting the U.S. Attorney's Office and ODHS'S Surveillance and Utilization Review Office in an ongoing investigation that will seek to recover, through the Federal False Claims Act, overpayments of the type identified in the review. As such, the 00A is not at this time recommending that ODHS pursue separate recovery of the overpayments identified in their review. However, to the extent that the U.S. Attorney's investigation does not address some of the overpayments identified, the State Auditor may initiate another review that could result in recommendations to recover those funds. Further, the State Auditor recommended that as Medicaid funds are recovered, either through the efforts of the 00A or the U.S. Attorney's Office, ODHS should make adjustments for the Federal share of amounts recovered on its Quarterly Report of Expenditures to HCFA.

As we do with all audit reports developed by nonfederal auditors, we provided as an attachment, a listing of the coded recommendations for your staff's use in working with the State to resolve findings and recommendations through our stewardship program. Attachment A provides a summary of the recommendations.

We plan to share this report with other States to encourage their participation in our partnership efforts. If you have any questions about this review, please let me know or have your staff contact George M. Reeb, Assistant Inspector General for Health Care Financing Audits, at (410) 786-7104.

Attachment

<u>Recommendation Code</u>	<u>Page</u>	<u>Amount</u>	<u>Resolution Agency</u>	<u>Recommendation</u>
302922101	3	N/A	HHS/HCFA	The Ohio's Department of Human Services should develop edit routines that would detect unbundled and duplicate billings prior to payment, and install the routines in the programs that scan provider billings.
320916171	3	\$3,169,524	HHS/HCFA	As Medicaid funds are recovered, either through efforts by the Ohio State Auditor or the U.S. Attorney, ODHS should make adjustments for the Federal share on its Quarterly Report of Expenditures to HCFA.



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

CLINICAL LABORATORY ODHS AUDIT
COLUMBUS REGION, FRANKLIN COUNTY
FRAUD, WASTE, AND
ABUSE PREVENTION DIVISION
JANUARY 1, 1993- DECEMBER 31, 1994



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January 18, 1996

Mr. Arnold R. Tompkins, Director
Ohio Department of Human Services
30 East Broad Street, 32nd Floor
Columbus, Ohio 43266-0423

RE: Clinical Laboratory Services
January 1, 1993 through December 31, 1994

Dear Director Tompkins:

This letter summarizes the results of our review of Ohio Department of Human Services (ODHS) reimbursements for selected clinical laboratory services for calendar years (CY) 1993 and 1994 under the Medicaid program. Our review was conducted in cooperation with the Office of Inspector General, U.S. Department of Health and Human Services. A copy of the report we are providing to the Office of Inspector General is attached as Exhibit A. The objective of our review was to determine the adequacy of ODHS' procedures and controls over the processing of Medicaid payments to providers of certain clinical laboratory services.

To accomplish our objective we evaluated that **part** of the claims processing **function** that relates to the processing of claims for clinical laboratory services involving chemistry, hematology, and urinalysis tests. Specifically, we reviewed ODHS policies, procedures, and instructions to providers related to the billing of these clinical laboratory services. We also reviewed ODHS documentation relating to manual and automated edits for bundling and duplicate claims of chemistry, hematology, and urinalysis tests.

Based on information in the Medicaid Management Information System, the State of Ohio processed a total of 4,347,332 Medicaid transactions in **calendar** years 1993 and 1994, amounting to \$81,578,003 in payments, for clinical laboratory **services** involving chemistry, hematology, and urinalysis tests. From this total, we identified 1,441,848 transactions (33 percent of the total transactions), amounting to \$28,915,874 (35 percent of total payments) that contained potential overpayments because the laboratory services were not properly grouped together (bundled) or were duplicated for payment purposes.

We then reviewed a random sample of the transactions that contained potential overpayments to determine whether overpayments occurred and, if so, the amount of the overpayment. Ou

sample totaled 150 transactions, including 50 each for chemistry, hematology, and urinalysis tests. Our methodology is detailed in Appendix A of Exhibit A. Appendix B of Exhibit A contains the Current Procedural Terminology (CPT) codes that were included within the scope of our review.

Our review was conducted in accordance with generally accepted government auditing standards and was performed between May 1, 1995, and December 31, 1995. On December 21, 1995, we met with the ODHS Chief of the Medicaid Claims Services Bureau, the ODHS Chief of the Internal Audits Bureau, and their staffs to discuss the results of our audit. A copy of our draft report was left with them and they were invited to provide written comments. ODHS declined to provide written comments, but the Chief of Internal Audits told us that ODHS concurred with our findings and was considering how best to implement our recommendation. We also made several minor technical corrections to the report in response to suggestions made by the Chief of Internal Audits.

RESULTS OF REVIEW

Our audit determined that ODHS was reimbursing providers for **laboratory** services that were not properly grouped together (bundled) or that were duplicated for payment purposes. Based on our sample results, we estimate that ODHS overpaid these providers by \$5.2 million in calendar years 1993 and 1994. At the 90 percent confidence level, the precision of our estimate is plus or minus 18.6 percent. The following table breaks out our sample results and our projected overpayments for the chemistry, hematology, and urinalysis tests.

Number of Sampled Transactions with Overpayments
and Projected Overpayments for Calendar Years 1993 and 1994

Clinical Service	Sample Size	Number with Overpayments	Projected Overpayment (\$000)
Chemistry	50	49	\$4,503
Hematology	50	48	\$ 471
Urinalysis	50	50	\$ 265
Total	150	147	\$5,239

RECOMMENDATION

With the proper edit routines built into programs that scan provider billings, ODHS' Medicaid Claims Processing Section could prevent future overpayments due to unbundling and duplicated payments. Therefore, we are recommending that ODHS develop and install the edit routines that would detect unbundled and duplicate billings prior to payment. These edits could be patterned after the procedures we followed to identify potential overpayments. (See Appendix A of Exhibit A.)

We are presently assisting an ongoing investigation of provider unbundling and duplicate payment practices that is being conducted by the U.S. Attorney's Office for the Northern District of Ohio. The Chief, Surveillance and Utilization Review Office of ODHS is also participating in this investigation. Among other things, the investigation, through the Federal False Claims Act, is seeking to recover overpayments of the type identified by our review. As such, we are not at this time recommending that GDHS pursue separate recovery of the overpayments identified above. However, to the extent that the U.S. Attorney's investigation does not address some of the overpayments we identified (such as Ohio Medicaid overpayments made to **out-of-state** providers), we may initiate another review that could result in recommendations to recover these funds. As Medicaid funds are recovered, either through our efforts or those of the U.S. Attorney's, ODHS should make adjustments for the Federal share of amounts recovered on its Quarterly Report of Expenditures to the Health Care Financing Administration.

In addition to our normal distribution, we are providing copies of this report to the Office of Inspector General, U.S. Department of Health and Human Services, and to Mr. James Bickett, Assistant U. S. Attorney, Northern District of Ohio. Copies will also be made available to other parties upon request.

Sincerely,



JIM PETRO
Auditor of State

REPORT TO THE OFFICE OF INSPECTOR GENERAL
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

CLINICAL LABORATORY SERVICES PROVIDED
UNDER THE OHIO MEDICAID PROGRAM
January 1, 1993 through December 31, 1994

This report presents the results of our review of Ohio Department of Human Services (ODHS) reimbursement for clinical laboratory services under the Medicaid program. The objective of our review was to determine the adequacy of procedures and controls over the processing of Medicaid payments to providers for clinical laboratory tests. Our review was limited to clinical laboratory services involving chemistry, hematology, and urinalysis tests.

Our review disclosed that the ODHS was reimbursing providers for laboratory services that were not properly grouped together (bundled into a panel) or duplicated for payment purposes. Specifically, we found that edits were not used to prevent overpayments to the providers. This caused the Medicaid System to reimburse providers for unbundled (tests billed individually) or duplicated services.

BACKGROUND

During calendar years 1993 and 1994, the State of Ohio processed 4,347,332 Medicaid transactions, amounting to \$81,578,003, for clinical laboratory services involving chemistry, hematology, and/or urinalysis tests. Using criteria detailed in Appendix A, we identified 1,441,848 of the 4,347,322 transactions, amounting to \$28,915,874 and involving 539,928 Medicaid recipients, that contained potential overpayments due to unbundling or duplicate payments.

Clinical laboratory services include chemistry, hematology and urinalysis tests. Laboratory tests are performed on a patient's specimen to help physicians diagnose and treat ailments. The testing may be performed in a physician's office, a hospital laboratory, or by an independent laboratory.

Chemistry tests involve the measurement of various chemical levels in the blood while hematology tests are performed to count and measure blood cells and their content. Chemistry tests frequently performed on automated equipment are grouped together (as a battery of tests) and reimbursed at a panel rate. Chemistry tests are also combined under problem-oriented classifications (referred to as organ panels). Organ panels were developed for coding purposes and are to be used when all of the component tests are performed. Many of the component tests of organ panels are also chemistry panel tests.

Hematology tests that are grouped and performed on an automated basis are classified as profiles. Automated **profiles** include hematology component tests such as **hematocrit**, hemoglobin, red and white blood cell counts, platelet count, differential white blood cell counts and a **number** of additional indices. Indices are measurements and ratios calculated from the results of hematology tests. Examples of indices are red blood cell width, red blood cell volume and platelet volume.

Urinalysis tests involve physical, chemical or microscopic analysis or examination of urine. Urinalysis tests involve the measurement of certain components of the sample. A urinalysis may be ordered by the physician as a complete test which includes a microscopy, a urinalysis without the microscopy, or the microscopy only.

Within broad federal guidelines, states design and administer the Medicaid program under the general oversight of Health Care Financing Administration (**HCFA**). Claims processing is the responsibility of a designated Medicaid agency in each state. Many states use outside **fiscal** agents to process claims. States may elect to participate in the HCFA Medicaid Statistical Information System (**MSIS**). The MSIS is operated by HCFA to collect Medicaid eligibility and claims data from participating states. States participating in MSIS provide HCFA with two quarterly computer files consisting of an eligibility and a paid claims files. The eligibility file contains specified data for persons covered by Medicaid and the paid claims file contains adjudicated claims for medical services reimbursed by Title XIX funds.

The State Medicaid Manual, Section 6300.1 states that federal matching funds will not be available to the extent a state pays more for outpatient clinical laboratory tests performed by a physician, independent laboratory, or hospital than the amount Medicare recognizes for such tests. In addition, section 6300.2 states that payment for clinical laboratory tests under the Medicaid program cannot exceed the amount recognized by the Medicare **program**. Under Medicare, clinical laboratory services are reimbursed at the lower of the fee schedule amount or the actual charge. Under Medicare, the carrier (the contractor that administers Medicare payments to physicians and independent laboratories) maintains the fee schedule and provides it to the state Medicaid agency in its locality.

SCOPE AND METHODOLOGY

Our review was conducted in cooperation with the Office of Inspector General, U.S. Department of Health and Human Services, using methodology and guidance provided under the auspices of the "Partnership Plan [for] Federal/State Joint Audits of the Medicaid Program." The objective of this plan is to focus on issues that will result in program improvements and reduce the cost of providing needed services to Medicaid recipients.

Our review was conducted in accordance with generally accepted government auditing standards. The objective of our review was to determine the adequacy of procedures and controls over the processing of Medicaid payments to providers by the State agency for clinical

Laboratory services. **Our review was limited to clinical laboratory services involving chemistry, hematology, and urinalysis tests.**

To accomplish our objective, we did the following.

- o We reviewed ODHS policies and procedures for processing Medicaid claims from providers for clinical laboratory services.
- o We extracted payments totaling \$81,578,003 for chemistry, hematology, and urinalysis tests from the Medicaid Management Information System (**MMIS**) Paid Claims file for Calendar Years 1993 and 1994.¹ Of that amount, \$28,915,874 represented instances involving claims that contained potentially unbundled or duplicate charges for chemistry, hematology, and urinalysis tests. The chemistry panel consisted of 927,441 transactions with a value of \$2 1,404,888; the hematology profile consisted of 356,632 transactions valued at \$5,502,753, and the urinalysis tests consisted of 157,775 transactions valued at \$2,008,233. (See Appendices A and B). We tested the reliability of the computer generated output by comparing data to source documents for our sampled items. We did not, however, assess the completeness of **data** in MMIS files nor did we evaluate the adequacy of the input controls.
- o We selected a random statistical sample of 50 instances involving chemistry claims from Medicaid recipients who received chemistry tests valued at \$2 1,404,888; 50 instances involving hematology claims from recipients who received hematology tests valued at \$5,502,753; and 50 instances involving urinalysis claims from recipients who received urinalysis tests valued at \$2,008,233. These instances were taken from a universe of payments representing claims for more than one panel, or for a **panel and** individual tests provided to the same recipient, on the same date, and by the same provider. Our sample had a total value at \$2,420.59 from the sample population of **CY** 1993 and 1994 paid claims file valued at \$28,915,874.
- o We reviewed the randomly selected instances and supporting documentation from the State agency to determine the propriety of the payment;
- o We utilized a variable sample appraisal methodology to estimate the amount of overpayment for chemistry, hematology and urinal ysis tests for calender years 1993 and 1994. Our estimate of potential savings for **CY'S** 1990 through 1994 is based on extrapolating our results for **CY** 1993 and 1994.

¹ODHS provides MMIS data to the AOS in the form of quarterly Medicaid Payment History Files. Our extract was taken from these files.

Our review of internal controls was limited to an evaluation of that part of the claims processing function that related to the processing of claims for clinical laboratory services. Specifically, we reviewed ODHS policies and procedures and instructions to providers related to the billing of clinical laboratory services. We also reviewed ODHS documentation relating to manual and automated edits for bundling of chemistry and urinalysis tests and the detection of duplicate claims for both hematology and urinalysis tests. We limited our review to claims paid by ODHS during **CY** 1993 and 1994. Details of the **methodology** used in selecting and appraising the sample are contained in Appendix A to this report.

We found that the items tested were in compliance with applicable laws and regulations except for the matters discussed in the **RESULTS OF REVIEW** section of this report.

We performed our review between May 1, 1995 through December 1995. The results of our review were discussed with State agency officials.

RESULTS OF REVIEW

Our sample results showed that 147 of the 150 sampled items were overpaid. Each instance represents a potential payment error in which ODHS (1) paid a provider for clinical laboratory tests (on behalf of the same recipient on the same date of service) on an individual test basis instead of as part of a group, or (2) made duplicate payments. Projecting the results of our statistical sample over the population using standard statistical methods, we estimate that ODHS overpaid providers \$5,278,882 for chemistry, hematology and urinalysis tests. If an assumption is made that calendar years 1993 and 1994 are representative of calendar years 1990 through 1992, potential Medicaid savings over a five-year period could be \$13,097,202. The Federal share of the potential savings would be about 60 percent or \$7,858,321. At the 90 percent confidence **level**, the precision of these estimates is plus or minus 18.6 percent.

The overpayments occurred because ODHS' Medicaid Processing Section lacked adequate controls to prevent overpayments for the type of clinical laboratory services addressed by our review. Controls such as edit routines that can be built into computer programs used to screen provider billings allowed the Medicaid System to reimburse providers for unbundled or duplicated services.

Chemistry Tests

Section 5114. 1.L.2 of the Medicare Carriers Manual states that if the carrier receives claims for laboratory services in which the physician or laboratory has separately billed for tests that are available as part of an automated battery test, and, in the carrier's judgement, such battery tests are frequently performed and available for physicians' use, the carrier should make payment at the lesser amount for the battery.

The limitation that payment for individual tests not exceed the payment allowance for the battery

is applied whether a particular **laboratory** has or does not have the automated equipment.

Our review of 50 instances involving claims containing unbundled charges for **chemistry** tests disclosed that 49 instances contained overpayments. Based on our sample results, we estimate that the ODHS overpaid providers \$4,502,818 for unbundled or duplicated chemistry tests.

The Chemistry test overpayments occurred because the providers in our sample (1) billed for individual tests that should have been bundled and billed at a lesser charge, or (2) submitted duplicate billings for the same service. ODHS'S Medicaid Claims Processing Section lacks the computer edit routines that could have detected the erroneous billings and prevented the overpayments.

Hematology Tests

Section 7103 of the Medicare Carriers Manual states that a provider is liable for overpayments it receives. In addition, Section 7103.1 B states that the provider is liable in situations when the error is due to overlapping or duplicate bills.

Hematology tests are performed and billed in groups or combinations of tests known as profiles. The hematology tests are grouped into profiles of specific hematology tests; however, hematology tests can also be performed individually. Duplicate billings occur when individual hematology tests are billed for the same patient for the same date of service as a hematology profile which includes the individual test. Duplicate billings also occur when two hematology profiles are billed for the same patient and same date of service. Another situation which creates a duplicate billing occurs when hematology indices are billed with a hematology profile. Hematology indices are calculations and ratios calculated from the results of hematology tests. Since hematology indices are calculated along with the performance of each hematology profile, a separate billing for hematology indices results in a duplicate billing.

Our review of 50 instances involving claims containing hematology **profiles** disclosed that 48 of these instances contain duplicate charges. In another instance, the provider billed less than the allowable charge. The overpayments occurred when providers submit claims for duplicate hematology profiles or for a profile and an individual test which is included in the profile. Based on our sample results, we estimate that the ODHS overpaid providers \$470,648 for duplicated hematology tests.

The Hematology overpayments occurred because the providers in our sample billed for individual tests that were part of another **profile**. ODHS' Medicaid Claims processing Section lacks the computer edit routines that could have detected the erroneous billings and prevented the overpayments.

Urinalysis Tests

Section 5114.1 F of the Medicare Carriers Manual states that if a urinalysis examination that does not include microscopy (CPT code 81002) and a urinalysis microscopy examination (81015) are both billed, payment should be as though the combined service (CPT codes 81000-urinalysis with microscopy) had been billed.

A complete urinalysis includes testing for components and a microscopic examination; however, providers can perform and bill different levels of urinalysis testing. In this regard, providers can perform a urinalysis with microscopic examination, a urinalysis without microscopic examination or a microscopic examination only. Based on the test performed and billed, unbundling or duplication of billing can occur among these tests.

Our review of 50 instances involving urinalysis claims disclosed that all 50 instances contained urinalysis tests which were unbundled or duplicated for payment purposes. Based on our sample results, we estimate that the ODHS overpaid providers \$265,416 for unbundled or duplicated urinalysis tests.

The Urinalysis overpayments occurred because the providers in our sample(1) billed for individual tests that should have been bundled and billed at a lesser charge, or (2) submitted duplicate billings for the same services. ODHS' Medicaid Claims Processing Section lacks the computer edit routines that could have detected the erroneous billings and prevented the overpayments.

RECOMMENDATION

With the **proper edit routines** built into program> that scan provider billings, ODHS' Medicaid Processing Section could prevent future overpayments due to unbundling and duplicated payments. Therefore, we are recommending that ODHS develop and install the edit routines that would detect unbundled and duplicate billings prior to payment. These edits could be patterned after the procedures we followed to identify potential overpayments. (See Appendix A.)

We are presently assisting an ongoing investigation of provider unbundling and duplicate payment practices that is being conducted by the U.S. Attorney's Office for the Northern District of Ohio. The Chief, Surveillance and Utilization Review Office of ODHS is also participating in this investigation. Among other things, the investigation, through the Federal False Claims Act, is seeking to recover overpayments of the type identified by our review. As such, we are not at this time recommending that ODHS pursue separate recovery of the overpayments identified above. However, to the extent that the U.S. Attorney's investigation does not address some of the overpayments we identified (such as Ohio Medicaid overpayments made to **out-of-state** providers), we may initiate another review that could result in recommendations to recover these funds. As Medicaid funds are recovered, either through our efforts or those of the U.S. Attorney's, ODHS should make adjustments for the Federal share of amounts recovered on its Quarterly Report of Expenditures to the Health Care Financing Administration.

SAMPLE METHODOLOGY

From the **MMIS** System paid claims file for calendar years (CY) 1993 and 1994, we utilized computer applications to extract all claims containing:

1. automated multichannel chemistry panels and panel tests for chemistry procedure codes listed in the Physician's Current Procedural Terminology (**CPT**) handbook. (See Appendix B),
2. hematology profiles and component tests normally included as part of a hematology profile for hematology procedure codes listed in the **CPT** handbook. (See Appendix B), and
3. urinalysis and component tests listed in the **CPT** handbook. (See Appendix B)

The above file extract yielded a total of \$81,578,003 in payments for chemistry, hematology, and urinalysis tests in CY 1993 and 1994. This total consisted of 1,510,260 transactions totaling \$40,112,069 relating to chemistry panel tests, 1,763,272 transactions totaling \$30,374,622 relating to hematology profile tests, and 1,073,800 transactions totaling \$11,091,312 relating to urinalysis tests.

We then performed computer applications to extract all records for the same individual for the same date of service with **MMIS** System line item charges for:

1. more than one different chemistry panel, a chemistry panel and at least one individual panel tests; or two or more panel tests.
2. more than one automated hematology profile under different profile codes; more than one unit of the same profile; a component normally included as part of a profile in addition to the profile; or hematology indices and a profile.
3. a complete urinalysis test and microscopy; a urinalysis without microscopy; or a microscopy only.

The above file extract yielded a total of \$28,915,874 in payments for chemistry, hematology, and urinalysis tests in **CY** 1993 and 1994. This **total** consisted of 927,441 transactions totaling \$21,404,888 relating to chemistry panel tests, 356,632 transactions totaling \$5,502,753 relating to hematology profile tests, and 157,775 transactions totaling \$2,008,233 relating to urinalysis tests.

On a scientific stratified random selection basis, we examined 150 instances involving claims from three strata. The first stratum consisted of a randomly generated statistical sample of 50 potentially unbundled instances involving chemistry panel tests totaling \$1,379.62. The second

stratum consisted of a randomly generated statistical sample of 50 potentially duplicate instances involving hematology profile or profile component tests totaling \$631.84. The third stratum consisted of a randomly generated statistical sample of 50 potentially duplicate instances involving urinalysis tests totaling \$409.13.

For the sample items, we requested and reviewed supporting documentation from the ODHS consisting of copies of physician, hospital or independent laboratory claims, electronic paid claims detail for claims submitted electronically, explanation of benefits paid, and related paid claims history.

We utilized a standard scientific estimation process to quantify overpayments for unbundled chemistry panel tests and duplicate hematology profile tests, and unbundled or duplicate urinalysis tests as shown in the following table.

Stratum	Number of Items	Number Sampled	Examined Value	Number with Overpayments	Error in Sample	Estimated Recovery
Chemistry Tests	927,441	50	\$1,379.62	49	\$782.87	\$4,502,818
Hematology Tests	356,632	50	\$631.84	48	\$134.44*	\$470,648
Urinalysis Tests	157,775	50	\$409.13	50	\$171.67	\$265,416

* Represents net overpayment, because it includes \$2.38 subtracted out for one instance in which the provider billed for less than the allowable charge.

The results of the scientific sample of stratum 1 (chemistry tests) disclosed that 49 of 50 instances we reviewed represented overpayments for unbundled chemistry panel tests. Projecting the results of the statistical sample over the population using standard statistical methods, we estimate that \$4,502,818 paid for unbundled chemistry panel tests can be recovered. At the 90 percent confidence level, the precision of this estimate is plus or minus 21.9 percent.

The results of the scientific sample of stratum 2 (hematology tests) disclosed that 48 (excluding the underpayment) of the instances we reviewed contained duplicate payments for hematology profiles and profile component tests. Projecting the results of the statistical sample over the population using standard statistical methods, we estimate that \$470,648 in duplicate payments for hematology profile tests can be recovered. At the 90 percent confidence level, the precision

of this estimate is plus or minus 16.8 percent.

The results of the scientific sample of stratum 3 (urinalysis tests) disclosed that **all** 50 of the instances we reviewed represented overpayments for unbundled and duplicate urinalysis tests. Projecting the results of the statistical sample over the population using standard statistical methods, we estimate that \$265,416 paid for unbundled and duplicate urinalysis tests can be recovered. At the 90 percent confidence level, the precision of this estimate is plus or minus 10.6 percent.

CPT CODES INCLUDED WITHIN SCOPE OF AUDIT

The following CPT codes from the Health Care Financing Common Procedural Coding System were reviewed for unbundling and duplicate charges.

AUTOMATED MULTICHANNEL CHEMISTRY PANEL CPT CODES

Chemistry Panel CPT Codes

- 80002 1 or 2 clinical chemistry automated multichannel test(s)
- 80003 3 clinical chemistry automated multichannel tests
- 80004 4 clinical chemistry automated multichannel tests
- 80005 5 clinical chemistry automated multichannel tests
- 80006 6 clinical chemistry automated multichannel tests
- 80007 7 clinical chemistry automated multichannel tests
- 80008 8 clinical chemistry automated multichannel tests
- 80009 9 clinical chemistry automated multichannel tests
- 80010 10 clinical chemistry automated multichannel tests
- 80011 11 clinical chemistry automated multichannel tests
- 80012 12 clinical chemistry automated multichannel tests
- 80016 13-16 clinical chemistry automated multichannel tests
- 80018 17-18 clinical chemistry automated multichannel tests
- 80019 19 or more clinical chemistry automated multichannel tests
- 80050 General Health Panel
- 80058 **Hepatic** Function Panel

Individual Chemistry Tests Subject to Paneling CPT Codes

- | | | |
|-----|-----------------------------------|----------------------------------|
| 1. | Albumin | 82040 |
| 2. | Albumin/globulin ratio | 84170 |
| 3. | Bilirubin Total OR Direct | 82250 |
| 4. | Bilirubin Total AND Direct | 82251 |
| 5. | Calcium | 82310, 82315, 82320,82325 |
| 6. | Carbon Dioxide Content | 82374 |
| 7. | Chlorides | 82435 |
| 8. | Cholesterol | 82465 |
| 9. | Creatinine | 82565 |
| 10. | Globulin | 82942 |
| 11. | Glucose | 82947 Deleted (not used in test) |
| 12. | Lactic Dehydrogenase (LDH.) | 83610, 83615, 83620,83624 |
| 13. | Alkaline Phosphatase | 84075 |
| 14. | Phosphorus | 84100 |
| 15. | Potassium | 84132 |

16.	Total Protein	84155,84160
17.	Sodium	84295
18.	Transaminase (SGOT)	84450,84455
19.	Transaminase (SGPT)	84460,84465
20.	Blood Urea Nitrogen (BUN)	84520
21.	Uric Acid	84550
22.	Triglycerides	84478
23.	Creatinine Phosphokinase (CPK)	82550,82555
24.	Glutamyl transpetidase, gamma	82977

AUTOMATED HEMATOLOGY PROFILE AND COMPONENT TEST CODES

Hematology Profile CPT Codes

Hemogram (RBC, WEC, Hgb, Hct and Indices)	85021
Hemogram and Manual Differential	85022
Hemogram and Platelet and Manual Differential	85023
Hemogram and Platelet and Partial Automated Differential	85024
Hemogram and Platelet and Complete Automated Differential	85025
Hemogram and Platelet	85027

Hematology Component Test CPT Codes

Red Blood Cell Count (RBC) only	85041
White Blood Cell Count (WBC) only	85048
Hemoglobin, Calorimetric (Hgb)	85018
Hematocrit (Hct)	85014
Manual Differential WBC count	85007
Platelet Count (Electronic Technique)	85595

Additional Hematology Component Tests - Indices

Automated Hemogram Indices (one to three)	85029
Automated Hemogram Indices (four or more)	85030

URINALYSIS TEST CPT CODES

Urinalysis	81000
Urinalysis without microscopy	81002,81003
Urinalysis microscopic only	81015



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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CLERK'S CERTIFICATION

A true **and correct** copy of **this** report is filed in the Office of the Auditor of State in Columbus, Ohio.

By *Julie M Burch*
Clerk of the Bureau

Date JAN 25 1996