Department of Health and Human Services

**OFFICE OF INSPECTOR GENERAL**

# MEDICARE COULD HAVE SAVED MILLIONS OF DOLLARS IN PAYMENTS FOR SEPARATELY BILLED THREE-DIMENSIONAL CONFORMAL RADIATION THERAPY PLANNING SERVICES

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June 2019
A-09-18-03026

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**Report in Brief**
Date: June 2019
Report No. A-09-18-03026

U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES
OFFICE OF INSPECTOR GENERAL

# Medicare Could Have Saved Millions of Dollars in Payments for Separately Billed Three-Dimensional Conformal Radiation Therapy Planning Services

## Why OIG Did This Review

Three-dimensional conformal radiation therapy (3D-CRT) allows doctors to sculpt radiation beams to the shape of a patient's tumor. Medicare makes a single payment to hospitals for development of a 3D-CRT treatment plan. Automated prepayment edits generally prevent additional payments for separately billed radiation planning services if they are billed on the same date of service as the 3D-CRT treatment plan. However, Medicare billing requirements do not prohibit and system edits do not prevent additional payments if the services are billed on a different date of service (e.g., 1 to 14 days before).

Our objective was to determine the potential savings to Medicare if billing requirements and system edits had been implemented to prevent additional payments for separately billed 3D-CRT planning services.

## How OIG Did This Review

From calendar years (CYs) 2008 through 2017, Medicare made $576.9 million in payments to 1,454 hospitals for development of 3D-CRT treatment plans. We matched payments for separately billed radiation planning services against these payments and identified an additional $125.4 million in payments made to 1,379 of these hospitals. These services were billed up to 14 days before the procedure code for the 3D-CRT treatment plan was billed by the same hospital for the same beneficiary.

## What OIG Found

Medicare could have saved $125.4 million from CYs 2008 through 2017 by implementing billing requirements and system edits to prevent additional payments for separately billed 3D-CRT planning services. These services were primarily billed on a different date of service from the procedure code for development of a 3D-CRT treatment plan. As of January 9, 2019, Medicare had paid $13.6 million for separately billed 3D-CRT planning services performed in CY 2018.

For a form of radiation therapy similar to 3D-CRT, intensity-modulated radiation therapy (IMRT), Medicare makes a bundled payment to hospitals to cover a range of radiation planning services that may be performed to develop an IMRT treatment plan. Medicare billing requirements prohibit and system edits prevent additional payments for separately billed planning services, regardless of when they are billed. The billing requirements have been in effect since January 1, 2008; the system edits have been in effect since April 1, 2018 (as the result of a prior OIG review). Our finding reflects how much Medicare could have saved if similar billing requirements and system edits had been implemented for 3D-CRT when the billing requirements for IMRT went into effect.

## What OIG Recommends and CMS Comments

We recommend that the Centers for Medicare & Medicaid Services (CMS) implement billing requirements (including, for example, a bundled payment similar to that for IMRT) and system edits to prevent additional payments for 3D-CRT planning services that are billed before (e.g., up to 14 days before) the procedure code for the 3D-CRT treatment plan is billed, which could have saved Medicare as much as $125.4 million during CYs 2008 through 2017 and as much as $13.6 million in CY 2018.

CMS concurred with our recommendation and stated that it will consider whether implementing billing requirements in the future to prevent payments for additional planning services when reported with 3D-CRT would be appropriate.

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# INTRODUCTION

## WHY WE DID THIS REVIEW

Three-dimensional conformal radiation therapy (3D-CRT) allows doctors to sculpt radiation beams to the shape of a patient's tumor. Medicare makes a single payment to hospitals for development of a 3D-CRT treatment plan. Automated prepayment edits generally prevent additional payments for separately billed radiation planning services if they are billed on the same date of service as the 3D-CRT treatment plan. However, Medicare billing requirements do not prohibit and system edits do not prevent additional payments if the services are billed on a different date of service (e.g., 1 to 14 days before).

For a form of radiation therapy similar to 3D-CRT, intensity-modulated radiation therapy (IMRT), Medicare makes a bundled payment to hospitals to cover a range of radiation planning services that may be performed to develop an IMRT treatment plan. Automated prepayment edits also apply to separately billed radiation planning services if they are billed on the same date of service as an IMRT treatment plan. However, unlike for 3D-CRT, Medicare billing requirements prohibit payments for separately billed IMRT planning services, regardless of when they are billed. A prior Office of Inspector General (OIG) review found that Medicare improperly paid hospitals as much as $31.2 million for separately billed IMRT planning services over a 5-year period (calendar years (CYs) 2013 through 2017).[1] As a result of our review, the Centers for Medicare & Medicaid Services (CMS) implemented a system edit to prevent payments for separately billed IMRT planning services when they are billed on a different date of service from an IMRT treatment plan. (See Appendix B for a list of related OIG reports.) We conducted this review to determine how much Medicare could have saved if similar billing requirements and system edits had been implemented for 3D-CRT planning services.

## OBJECTIVE

Our objective was to determine the potential savings to Medicare if billing requirements and system edits had been implemented to prevent additional payments for separately billed 3D-CRT planning services.

## BACKGROUND

### The Medicare Program

The Medicare program provides health insurance coverage to people aged 65 and over, people with disabilities, and people with end-stage renal disease. Medicare Part B provides

[1] *Medicare Improperly Paid Hospitals Millions of Dollars for Intensity-Modulated Radiation Therapy Planning Services* (A-09-16-02033), issued August 15, 2018. This report identified $25.8 million in improper payments during CYs 2013 through 2015 and $5.4 million in improper payments during CYs 2016 and 2017.

supplementary medical insurance for medical and other health services, including coverage of hospital outpatient services. CMS administers Medicare.

CMS contracts with Medicare contractors to, among other things, process and pay Medicare claims submitted for services, conduct reviews and audits, and safeguard against fraud and abuse.

### Hospital Outpatient Prospective Payment System and Healthcare Common Procedure Coding System Codes

Under the outpatient prospective payment system, Medicare pays for hospital outpatient services on a rate-per-service basis that varies according to the assigned ambulatory payment classification (APC). CMS uses Healthcare Common Procedure Coding System (HCPCS) codes and descriptors to identify and group the services within each APC group.[2] All services and items within an APC group are comparable clinically and require comparable resources.

HCPCS codes are divided into two groups: level I and level II. Level I HCPCS codes consist of Current Procedural Terminology (CPT[3]) codes, a numeric coding system maintained by the AMA, and are used primarily to identify medical services and procedures furnished by physicians and other healthcare professionals. Level II HCPCS codes are based on a standardized coding system and are used primarily to identify products, supplies, and services not included in the CPT codes. Hospitals bill radiology services, including 3D-CRT services, using the CPT codes listed in the 70000 series of the level I HCPCS codes.

### Medicare Requirements for Hospital Claims and Payments

Medicare payments may not be made for items or 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, payments may not be made to any provider of services or other person without information necessary to determine the amount due the provider (the Act § 1833(e)). Providers must complete claims accurately so that Medicare contractors may process them correctly and promptly (CMS's *Medicare Claims Processing Manual,* Pub. No. 100-04 (the Manual), chapter 1, § 80.3.2.2).

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[2] HCPCS codes are used throughout the healthcare industry to standardize coding for medical procedures, services, products, and supplies.

[3] **The five character codes and descriptions included in this report are obtained from Current Procedural Terminology (CPT®), copyright 2008–2017 by the American Medical Association (AMA). CPT is developed by the AMA as a listing of descriptive terms and five character identifying codes and modifiers for reporting medical services and procedures. Any use of CPT outside of this report should refer to the most current version of the Current Procedural Terminology available from AMA. Applicable FARS/DFARS apply.**

## National Correct Coding Initiative and Procedure-to-Procedure Claim Processing Edits

To promote correct coding by providers and to prevent Medicare payments for improperly coded services, CMS developed the National Correct Coding Initiative (NCCI).[4] Medicare contractors implemented NCCI edits within their claim processing systems for dates of service on or after January 1, 1996.[5] The NCCI edits include procedure-to-procedure (PTP) edits that define pairs of HCPCS codes and CPT codes (i.e., code pairs) that generally should not be reported together for the same beneficiary on the same date of service.

## Three-Dimensional Conformal Radiation Therapy

Using 3D-CRT, doctors sculpt radiation beams to the shape of a patient's tumor. This technique is typically used on tumors that have irregular shapes or that lie close to healthy tissues and organs, because it may limit radiation exposure to surrounding healthy tissue.

There are two treatment phases for 3D-CRT: planning and delivery. During the planning phase, digital datasets and 3D computer images of a beneficiary's treatment site (i.e., a tumor) are used to develop a complex treatment plan to deliver highly conformed (focused) radiation while sparing normal adjacent tissue. During the delivery phase, radiation is delivered to the treatment site at the various intensity levels prescribed in the 3D-CRT treatment plan.

## Billing for 3D-CRT Planning Services and Automated Prepayment Edits

Hospitals bill Medicare for developing a 3D-CRT treatment plan using CPT code 77295. The NCCI PTP automated prepayment edits apply to CPT code 77295 and list radiation planning services that may not be separately billed on the same date of service. These services are not specific to 3D-CRT and include common radiology procedures. (Appendix C lists the radiation planning services included in the NCCI PTP code pairs for 3D-CRT planning CPT code 77295.) These edits generally prevent improper payments when the services are billed on the same date of service as CPT code 77295 but do not prevent these payments when the services are billed on a different date of service.

[4] The NCCI coding policies are based on coding conventions defined in AMA's *Current Procedural Terminology (CPT) Manual* and on national and local policies and edits, coding guidelines developed by national societies, a review of current coding practices, and an analysis of standard medical and surgical practices.

[5] An edit is programming within the standard claim processing system that selects certain claims; evaluates or compares information on the selected claims or other accessible sources; and, depending on the evaluation, takes action on the claims, such as paying them in full, paying them in part, denying payment for them, or suspending them for manual review.

**CMS Billing Requirements and System Edits for a Form of Radiation Therapy Similar to 3D-CRT**

For IMRT, a form of radiation therapy similar to 3D-CRT, Medicare makes a bundled payment to hospitals for planning services.[6] Separately billed IMRT planning services are also subject to the NCCI PTP edits, which generally prevent improper payments when those services are billed on the same date of service as the CPT code for developing an IMRT treatment plan (CPT code 77301).

However, unlike the case for 3D-CRT planning services, billing requirements in the Manual also prohibit payment for separately billed IMRT planning services when they are billed on a different date of service from IMRT planning CPT code 77301 (e.g., 1 to 14 days before). This requirement has been in effect since January 1, 2008 (the Manual, chapter 4, §§ 200.3.1 and 200.3.2).

**Prior Office of Inspector General Review**

For our prior review of Medicare payments for IMRT planning services (see footnote 1), we reviewed IMRT planning services billed up to 14 days before IMRT planning CPT code 77301 was billed (i.e., separately billed planning services) and estimated that CMS overpaid hospitals as much as $31.2 million for CYs 2013 through 2017. In its comments on our report, CMS concurred with our recommendations and stated that it had implemented an edit effective April 1, 2018, to prevent improper payments for separately billed IMRT planning services.

**HOW WE CONDUCTED THIS REVIEW**

Our review covered Medicare Part B outpatient payments of $125,377,027 for separately billed 3D-CRT planning services. These payments were made to 1,379 hospitals during CYs 2008 through 2017 (audit period).[7]

We identified these planning services by matching payments for 3D-CRT planning CPT code 77295 with payments for the individual radiation planning services listed in the NCCI PTP edits (i.e., the services listed in Appendix C). These 3D-CRT planning services were billed up to 14 days before CPT code 77295 was billed by the same hospital for the same beneficiary. (For example, an additional payment would exist if an individual 3D-CRT planning service was billed between the 1st and the 15th of the month, and CPT code 77295 was billed on the 15th of the month.)

[6] IMRT uses advanced computer programs to plan and deliver radiation to tumors with high precision. The intensity of the radiation can be adjusted to deliver higher doses to a treatment area while reducing exposure to surrounding healthy tissue.

[7] We chose this audit period because the billing requirements for IMRT planning services in the Manual were effective starting January 1, 2008. This report shows how much Medicare could have saved if it had implemented similar billing requirements for 3D-CRT planning services when the IMRT billing requirements went into effect.

We did not review entire claims; rather, we reviewed specific line items on the claims. (A line item represented a 3D-CRT planning service billed by a hospital on a claim that included one or more planning services). We did not perform medical review to determine the medical necessity of the services.

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 A contains the details of our audit scope and methodology.

## FINDING

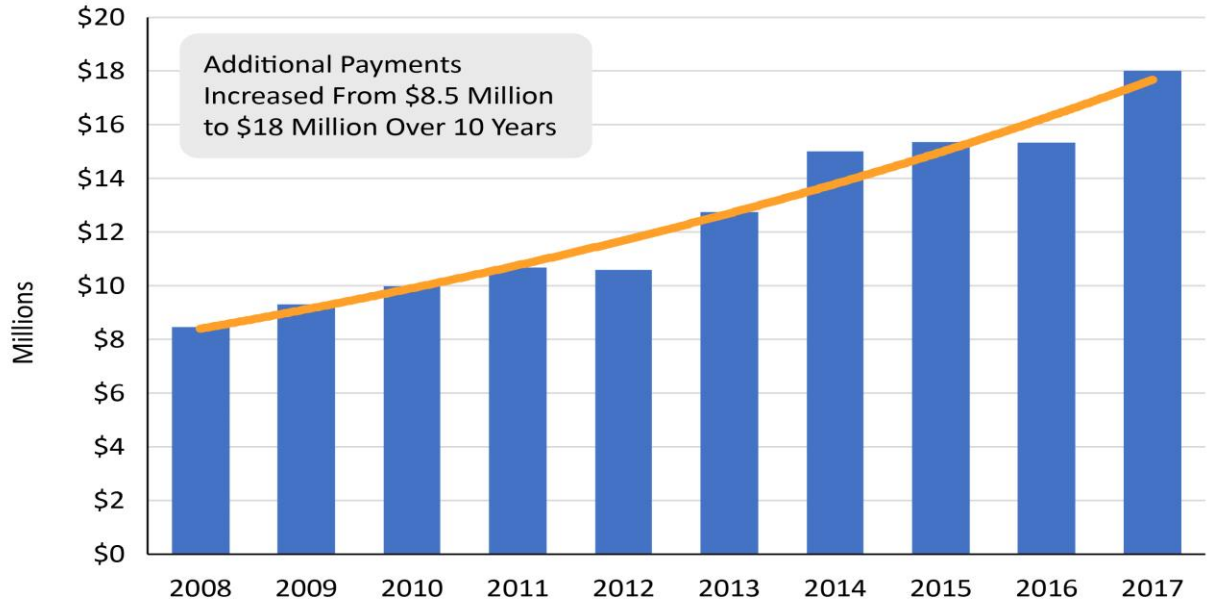
Medicare could have saved $125.4 million over 10 years by implementing billing requirements and system edits to prevent additional payments for separately billed 3D-CRT planning services.[8] These services were primarily billed on a different date of service from 3D-CRT planning CPT code 77295.

### MEDICARE COULD HAVE SAVED MILLIONS BY IMPLEMENTING BILLING REQUIREMENTS AND SYSTEM EDITS TO PREVENT ADDITIONAL PAYMENTS FOR SEPARATELY BILLED 3D-CRT PLANNING SERVICES

From CYs 2008 through 2017, Medicare made $576.9 million in payments to 1,454 hospitals for 3D-CRT planning CPT code 77295, and we identified an additional $125.4 million in payments for separately billed 3D-CRT planning services that were made to 1,379 of these hospitals. Over that period, the total payments per year for separately billed planning services increased 113 percent, or an average yearly increase of 9 percent. (See Figure 1 on the following page.)

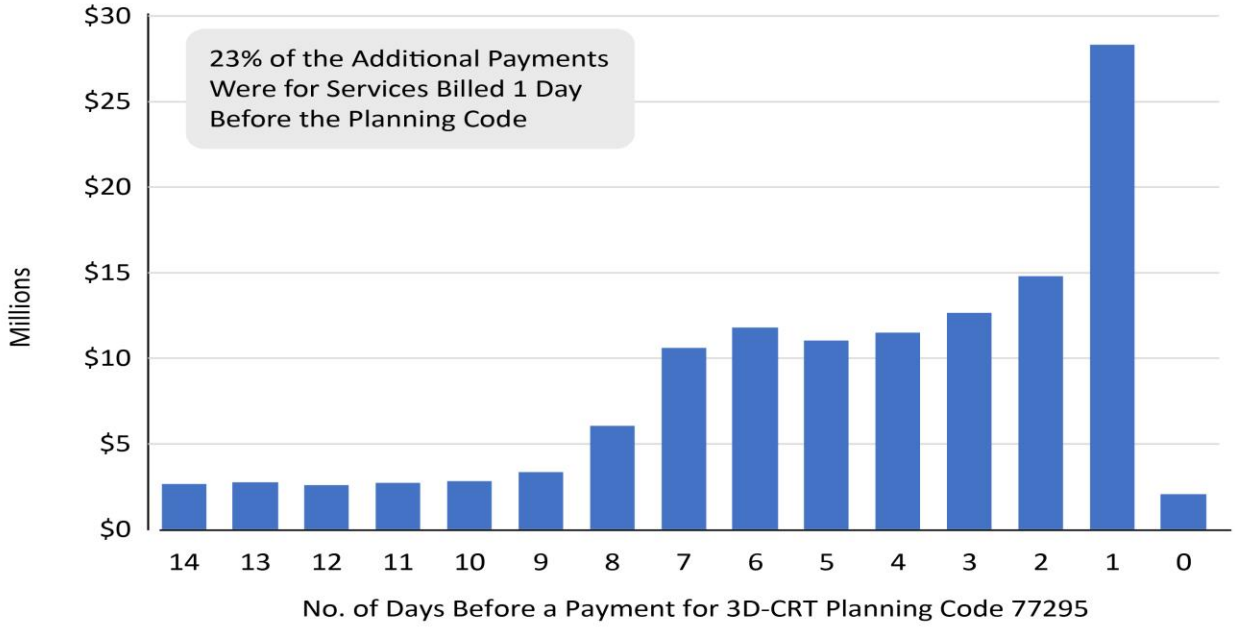
[8] The total amount of savings is $125,377,027.

**Figure 1: Payments for Separately Billed 3D-CRT Planning Services by Year**




Most of these payments were for services billed within 1 week before CPT code 77295 was billed. In fact, 23 percent of the payments ($28.3 million) were for services billed just 1 day before CPT code 77295 was billed. If the services had been billed on the same day as CPT code 77295, the NCCI PTP edits would likely have prevented payment for these services (Figure 2).[9]

**Figure 2: Payment for 3D-CRT Planning Services Billed Up to 14 Days Before CPT Code 77295**




[9] We identified approximately $2 million in payments for separately billed 3D-CRT planning services that were billed on the same date of service (i.e., 0 days before) as CPT code 77295. The NCCI PTP edits generally prevent these payments from occurring; however, without specific billing requirements, hospitals may bypass an NCCI PTP edit using a clinically appropriate NCCI-associated modifier.

We contacted CMS to determine whether there were any specific billing requirements or system edits, similar to those for IMRT planning services, that applied to 3D-CRT planning services. CMS stated that there are no specific billing requirements that address 3D-CRT planning services. CMS also stated that the only system edits that apply to these planning services are the NCCI PTP edits, which generally prevent improper payments only when the services are billed on the same date of service as CPT code 77295. There are no billing requirements or system edits to prevent additional payments for separately billed 3D-CRT planning services when they are billed on a different date of service from a 3D-CRT treatment plan.

As of January 9, 2019, Medicare had paid $13.6 million for separately billed 3D-CRT planning services performed in CY 2018 (after our audit period).[10]

## RECOMMENDATION

We recommend that CMS implement billing requirements (including, for example, a bundled payment similar to that for IMRT planning services) and system edits to prevent additional payments for 3D-CRT planning services that are billed before (e.g., up to 14 days before) 3D-CRT planning CPT code 77295 is billed, which could have saved Medicare as much as $125,377,027 during CYs 2008 through 2017 and as much as $13,601,090 in CY 2018.

## CMS COMMENTS

In written comments on our draft report, CMS concurred with our recommendation and stated that it will consider whether implementing billing requirements in the future to prevent payments for additional planning services when reported with 3D-CRT would be appropriate. CMS's comments are included in their entirety as Appendix D.

[10] The total amount paid was $13,601,090.

## APPENDIX A: AUDIT SCOPE AND METHODOLOGY

### SCOPE

Our audit covered Medicare Part B outpatient payments of $125,377,027 for separately billed 3D-CRT planning services. These payments were made to 1,379 hospitals during CYs 2008 through 2017.[11] We identified these services by matching payments for 3D-CRT planning CPT code 77295[12] with payments for the individual radiation planning services listed in the NCCI PTP edits (i.e., the services listed in Appendix C). These 3D-CRT planning services were billed up to 14 days before CPT code 77295 was billed by the same hospital for the same beneficiary.

We did not review entire claims; rather, we reviewed specific line items on the claims. (A line item represented a 3D-CRT planning service billed by a hospital on a claim that included one or more planning services). We did not perform medical review to determine the medical necessity of the services.

We limited our review of CMS's controls to those applicable to outpatient 3D-CRT services. Our review enabled us to establish reasonable assurance of the authenticity and accuracy of the data obtained from CMS's National Claims History (NCH) file, but we did not assess the completeness of the file.

We conducted our fieldwork, which included contacting CMS in Baltimore, Maryland, from August 2018 through January 2019.

### METHODOLOGY

To accomplish our objective, we:

- reviewed applicable Federal laws, regulations, and guidance;
- interviewed CMS officials to gain an understanding of the billing requirements for outpatient 3D-CRT planning services;
- extracted paid claim data for outpatient 3D-CRT planning services from CMS's NCH file with dates of service during our audit period;

[11] We chose this audit period because the billing requirements for IMRT planning services in the Manual were effective starting January 1, 2008. This report shows how much Medicare could have saved if it had implemented similar billing requirements for 3D-CRT planning services when the IMRT billing requirements went into effect.

[12] **The five character codes and descriptions included in this report are obtained from Current Procedural Terminology (CPT®), copyright 2008–2017 by the American Medical Association (AMA). CPT is developed by the AMA as a listing of descriptive terms and five character identifying codes and modifiers for reporting medical services and procedures. Any use of CPT outside of this report should refer to the most current version of the Current Procedural Terminology available from AMA. Applicable FARS/DFARS apply.**

- used computer matching, data mining, and data analysis techniques to identify 737,894 line items, totaling $125,377,027, for separately billed 3D-CRT planning services during our audit period;

- extracted paid claim data for outpatient 3D-CRT planning services from CMS's NCH file with dates of service after our audit period (for CY 2018 as of January 9, 2019);

- used computer matching, data mining, and data analysis techniques to identify 58,932 line items, totaling $13,601,090, for separately billed 3D-CRT planning services after our audit period (CY 2018); and

- discussed the results of our review with CMS 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: RELATED OFFICE OF INSPECTOR GENERAL REPORTS

| Report Title | Report Number | Date Issued |
|---|---|---|
| *Payments Made by National Government Services, Inc., to Hospitals for Certain Advanced Radiation Therapy Services Did Not Fully Comply With Medicare Requirements* | A-02-16-01007 | 12/6/2018 |
| *Payments Made by Novitas Solutions, Inc., to Hospitals for Certain Advanced Radiation Therapy Services Did Not Fully Comply With Medicare Requirements* | A-02-16-01006 | 11/8/2018 |
| *Medicare Improperly Paid Hospitals Millions of Dollars for Intensity-Modulated Radiation Therapy Planning Services* | A-09-16-02033 | 8/15/2018 |

## APPENDIX C: RADIATION PLANNING SERVICES INCLUDED IN THE NATIONAL CORRECT CODING INITIATIVE PROCEDURE-TO-PROCEDURE CODE PAIRS FOR 3D-CRT PLANNING CODE 77295[13]

| CPT[14] Code | Description |
|---|---|
| 77014 | CT scan for therapy guide |
| 77280 | Set radiation therapy field[15] |
| 77285 | Set radiation therapy field |
| 77290 | Set radiation therapy field |
| 77305 | Teletx isodose plan simple |
| 77306 | Telethx isodose plan simple |
| 77307 | Telethx isodose plan cplx |
| 77310 | Teletx isodose plan intermed |
| 77315 | Teletx isodose plan complex |
| 77316 | Brachytx isodose plan simple |
| 77317 | Brachytx isodose intermed |
| 77318 | Brachytx isodose complex |
| 77326 | Brachytx isodose calc simp |
| 77328 | Brachytx isodose plan compl |
| 77336 | Radiation physics consult |

[13] We identified these services by reviewing the code pairs listed for CPT code 77295 in the January 2018 NCCI PTP Edit file. The file contains current and legacy code pairs and lists an effective date and deletion date for each code pair. When performing our analysis, we excluded payments for services performed before the effective date or after the deletion date for each code pair.

[14] **The five character codes and descriptions included in this report are obtained from Current Procedural Terminology (CPT®), copyright 2008–2017 by the American Medical Association (AMA). CPT is developed by the AMA as a listing of descriptive terms and five character identifying codes and modifiers for reporting medical services and procedures. Any use of CPT outside of this report should refer to the most current version of the Current Procedural Terminology available from AMA. Applicable FARS/DFARS apply.**

[15] CPT codes 77280, 77285, and 77290 have the same short descriptions but are used to bill for simple, intermediate, and complex simulations, respectively.

## APPENDIX D: CMS COMMENTS

DEPARTMENT OF HEALTH & HUMAN SERVICES

Centers for Medicare & Medicaid Services

*Administrator*
Washington, DC 20201

**DATE:** MAY 16 2019

**TO:** Daniel R. Levinson
Inspector General

**FROM:** Seema Verma
Administrator

**SUBJECT:** Office of Inspector General (OIG) Draft Report: Medicare Could Have Saved Millions of Dollars in Payments for Separately Billed Three-Dimensional Conformal Radiation Therapy Planning Services (A-09-18-03026)

The Centers for Medicare & Medicaid Services (CMS) appreciates the opportunity to review and comment on the Office of Inspector General's (OIG) draft report. CMS is committed to providing Medicare beneficiaries with high quality health care while protecting taxpayer dollars.

Three-dimensional conformal radiation therapy allows providers to sculpt radiation beams to the shape of a patient's tumor, limiting radiation exposure to surrounding healthy tissue. There are two phases of treatment: planning and delivery. During the planning phase of treatment, CMS makes a payment to hospitals for development of a three-dimensional conformal radiation therapy treatment plan.

The OIG's recommendations and CMS' responses are below.

**OIG Recommendation**

The OIG recommends that CMS implement billing requirements (including, for example, a bundled payment similar to that for IMRT planning services) and system edits to prevent additional payments for 3D-CRT planning services that are billed before (e.g., up to 14 days before) 3D-CRT planning CPT code 77295 is billed, which could have saved Medicare as much as $125,377,027 during CYs 2008 through 2017 and as much as $13,601,090 in CY 2018.

**CMS Response**

CMS concurs with this recommendation. Medicare makes a bundled payment to hospitals to cover a range of radiation planning services that may be performed to develop an intensity-modulated radiation therapy treatment plan. Current Medicare billing requirements for intensity-modulated radiation therapy do prohibit and system edits prevent additional payments for separately billed planning services, regardless of when they are billed. However, intensity-modulated radiation therapy and three-dimensional conformal radiation therapy services do have important differences in terms of coding guidance and payment rules. CMS will consider whether implementing billing requirements in the future to prevent payments for additional planning services when reported with three-dimensional conformal radiation therapy would be appropriate.