



LOUISIANA LEGISLATIVE AUDITOR  
DARYL G. PURPERA, CPA, CFE

December 30, 2013

## LSU HEALTH SCIENCES CENTER HEALTH CARE SERVICES DIVISION

The University Medical Center in Lafayette, one of the LSU hospitals turned over to a private operator, overcharged patients by almost \$395,000 for services not provided and lacked controls to detect an emergency room nurse who took a controlled substance and charged patients' accounts almost \$26,000 to cover it, according to a report released Monday by Legislative Auditor Daryl Purpera.

The report from the state auditor also found that W.O. Moss Regional Medical Center in Lake Charles, another formerly LSU-run facility, did not maintain adequate documents to properly classify patients as indigents who may have been covered by Medicare, Medicaid or commercial coverage. The report said the lack of the proper documentation could result in incorrect billings to federal or private insurers.

The findings for the two hospitals came in a management letter to the LSU Health Sciences Center's Health Care Service Division (HCSD) for the fiscal year July 1, 2012 to June 30, 2013. The report also recapped the privatization of five of the seven LSU hospitals, resulting in the closure of one in Baton Rouge in 2013, and points out that the Washington-St. Tammany Regional Medical Center is scheduled to be privatized in March. The seventh one, Lallie Kemp Regional Medical Center in Independence, will remain under the LSU system for now.

During the last three years, as a result of privatization, more than 6,500 positions costing more than \$271.2 million at the LSU hospitals have been eliminated, the report said.

On the alleged overcharges, the report said that University Medical Center did not have "procedures in place to identify and correct inaccurate and duplicate information entered or transferred into the billing system," resulting in the patient overcharges of \$394,983. The report said that because of the overcharges, UMC inflated uncompensated care costs for uninsured patients "which may cause the hospital to inappropriately receive federal payments through Medicaid."

UMC also "may have wrongly received payments from Medicaid and a Medicare supplement insurance plan" which may have to be repaid, the report said.

Of 20 overcharges examined, 17 involved errors in the pharmacy's billing system. Twelve of the 20 overcharges, totaling \$290,319, were for uninsured patients; seven were for \$86,017 and



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charged to Medicaid patients; and one overcharge totaled \$18,647 for a Medicare patient with supplemental insurance, the management letter said.

On the finding dealing with the emergency room nurse, the report said the misappropriation charges of \$25,978 to patient accounts took place between October 2012 and March 2013. "The hospital inappropriately charged patients, insurance companies and/or federal programs for the misappropriation," the report said.

Unrelated to the misappropriation, the nurse also failed to submit another \$6,684 in medical service charges for five dates, dating to October 2009. The report said HCSD did not seek restitution for the misappropriated drugs or unbilled services from the nurse, who is now working for Lafayette General Hospital. Management's response to the finding stated that "LSU HCSD will seek restitution from the previously employed UMC nurse."

The report said HCSD "acknowledged there was likely a breakdown in controls over the disposal of drugs and the pharmacy's failure to recognize the excessive volume of controlled substance being disbursed to the emergency room." It said another factor that may have added to the breakdown of controls was "the loss of staff and unstable environment from pending layoffs" and shift from LSU to the private management company.

HCSD has reversed "the inappropriate charges identified and reimbursed payments received on the fraudulent charges," the report said.

On the finding for W.O. Moss in Lake Charles, the state auditor said in a sample of 10 indigent care patients, seven patient files did not include data from the Healthcare Data Exchange System that is needed to determine if the individual had Medicare, Medicaid or private insurance coverage.

"Failure to properly classify patients could result in repayment of funds to the overbilled federal grantor and rebilling to the correct payer," the report said.

**For more information, contact:**

Daryl G. Purpera, CPA, CFE  
Legislative Auditor  
225-339-3800

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