

Report in Brief

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



Why OIG Did This Audit

From October 1, 2018, through September 30, 2019 (audit period), Medicare Part B paid approximately \$40.1 million for Power Mobility Device (PMD) repairs for Medicare beneficiaries nationwide. For 2006 through 2008, a prior OIG review of claims for capped rental durable medical equipment (DME), which includes certain PMDs, found that Medicare paid DME suppliers (suppliers) approximately \$26.8 million for DME repair claims that did not meet Medicare requirements.

We conducted this nationwide audit of PMD repairs to determine whether the issues identified in the prior OIG report were still occurring during our audit period.

Our objective was to determine whether suppliers complied with Medicare requirements when billing for PMD repairs.

How OIG Did This Audit

Our audit covered Medicare Part B paid claims for 37,013 beneficiaries for whom suppliers submitted charges for 244,667 claim lines, totaling \$40.1 million, for PMD repairs provided during our audit period. The beneficiary coinsurance associated with these PMD repairs totaled \$10.4 million. (A claim line represented one PMD repair for a beneficiary on a single date of service.) We selected a stratified random sample of 100 beneficiaries, for whom 52 suppliers submitted charges for 922 PMD repairs totaling \$170,776.

Medicare Improperly Paid Durable Medical Equipment Suppliers an Estimated \$8 Million of the \$40 Million Paid for Power Mobility Device Repairs

What OIG Found

Not all suppliers complied with Medicare requirements when billing for PMD repairs. For 637 of the 922 PMD repairs associated with the 100 sampled beneficiaries, suppliers complied with those requirements. However, for 261 PMD repairs, suppliers submitted PMD repair charges that did not comply with those requirements. (We did not review the remaining 24 PMD repairs but treated them as non-errors because they were under contractor review.) Specifically, documentation did not adequately support the charges for PMD repairs, the labor time associated with PMD repairs was not documented, or PMD repair charges were not reasonable and necessary, resulting in \$41,137 in improper Medicare payments and \$10,494 in associated beneficiary coinsurance payments. We also identified questionable charges for 183 PMD repairs associated with 19 sampled beneficiaries. Although the billing of these PMD repairs did not reflect noncompliance with Medicare requirements, suppliers did not meet documentation standards established by guidance or submitted charges that may not have been reasonable and necessary, resulting in \$20,692 in questionable Medicare payments and \$5,278 in associated beneficiary coinsurance payments.

On the basis of our sample results, we estimated that \$7.9 million of the \$40.1 million paid for PMD repairs was improperly paid. We also estimated that Medicare could have saved as much as an additional \$3.7 million for questionably paid PMD repairs. In addition, we estimated that Medicare beneficiaries could have saved as much as \$3 million in coinsurance for the improperly and questionably paid PMD repairs.

What OIG Recommends and CMS Comments

We recommend that the Centers for Medicare & Medicaid Services (CMS) instruct the DME Medicare contractors to: (1) recover \$41,137 in overpayments for PMD repairs; (2) notify suppliers to refund \$10,494 in coinsurance; and (3) based upon the results of this audit, notify appropriate suppliers so that they can exercise reasonable diligence to identify, report, and return any overpayments. We also made four procedural recommendations. The full text of our recommendations is shown in the report.

CMS concurred with five of our seven recommendations, including two procedural recommendations. However, CMS did not concur with one procedural recommendation and did not concur with one part of another procedural recommendation. After reviewing CMS's comments, we maintain that our recommendations are valid.