Durable Medical Equipment Fraud Costs Medicare Billions of Dollars
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Durable Medical Equipment (DME) is an area that we as taxpayers lose billions of dollars to fraud, waste and abuse. Wheelchairs, scooters, walkers, oxygen supplies, nebulizers, incontinence supplies, hospital beds and other equipment are considered DME.

Examples of fraud in DME can include the following:

- Shipping more than the amount ordered or what is reasonably necessary
- Not giving credit when a patient returns items
- Upcoding - billing for more expensive items than the items actually shipped
- Billing Medicare for duplicate orders
- Forging documents that only a doctor is permitted to sign
- Stealing Medicare numbers to falsely bill Medicare for DME never provided

It is illegal for a medical supplier to make unsolicited telephone calls to Medicare recipients with certain exceptions, such as, you have given written permission for the supplier to call you or the call is about DME the supplier has already supplied to you. If you receive any such unsolicited calls, hang up and report these calls to Medicare at 1-800-Medicare.

**Remember:** always review your Medicare Summary Notice (MSN) to see if there are any charges for DME that you never received or that you do not need. If you suspect possible fraud, report it to SMP NJ. We are here to assist you.

Rather than wait the 90 days before you receive your MSN, set up a MyMedicare account to review your MSNs at any time. New charges appear as soon as they are posted, usually in about a week. To set up an account, visit www.Medicare.gov. In the MyMedicare.gov box on the right, click on “Create an Account” and follow the instructions. You will be prompted to create a password which you can use to login and review your statements.

While SMP NJ is here to assist you in fighting DME fraud, Medicare is also taking steps to fight DME fraud. The Centers for Medicare and Medicaid Services (CMS), the agency that operates and oversees Medicare and Medicaid, launched a new competitive bidding program for DME. The program, which was mandated by Congress, requires Medicare to replace the current fee schedule for a competitive bidding process, resulting in a reduction of out-of-pocket costs for beneficiaries and access to quality items and services.

Suppliers in competitive areas submit bids on selected products. Not every item is subject to competitive bidding. Medicare awards contracts to suppliers who offer the lowest prices on quality items. The price is determined by the median amount collected from all the winning bids.
When a contract is awarded the supplier must agree to accept assignment for all claims. They are obligated to comply with Medicare rules and be licensed, accredited, and meet certain financial standards. In addition, in order to minimize the risk from fraudulent equipment providers, some DME suppliers will have to post a surety bond.

The competitive bidding program has been implemented in stages, beginning with nine metropolitan areas and includes nine DME product categories. According to CMS the competitive bidding program has reduced prices significantly for beneficiaries and analysis of claims from 2010 to 2011 indicate that the program has reduced DME spending by $202.1 million, representing a reduction of 42%. The biggest savings were in the product categories; oxygen and oxygen supplies, mail-order diabetic supplies, and power wheelchairs.

CMS has carefully monitored complaints since the program’s implementation and has found the majority of questions are regarding locating a contract supplier. DME suppliers have complained that the new bidding program will limit access to supplies and result in unnecessary risks to Medicare beneficiaries. By 2013 the program will be expanded to an additional 91 metropolitan areas and a national mail order program for diabetic testing supplies.

Once this new program is instituted nationally, all Medicare beneficiaries will be required to purchase DME from an accredited supplier in their area or be personally liable for the cost. SMP NJ will keep you advised on the ongoing efforts in this area and any changes that might occur. Keep an eye out for future articles in The SMP New Jersey Advocate.