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Press Release

FOR IMMEDIATE RELEASE: May 6, 2009

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American Association for Homecare Supports Applauds Senate “STOP” Act, which Aims to Prevent Medicare Fraud and Abuse

Proposed Bill Includes Provisions that Reflect Recommendations from American Association for Homecare Anti-Fraud Legislative Plan

ARLINGTON, VA, May 6, 2009 – The American Association for Homecare applauds Senators Mel Martinez (R-Fla.), John Cornyn (R-Tex.), and several others for introducing the “STOP” Act (S. 975) which targets Medicare waste, fraud, and abuse. The Seniors and Taxpayers Obligation Protection (STOP) Act is designed to reduce the billions of dollars lost to waste and fraud every year by creating additional prevention and detection systems for the Medicare program.

The STOP Act will give the Centers for Medicare and Medicaid Services (CMS), the Department of Health and Human Services (HHS), and the Social Security Administration (SSA) more tools needed to prevent waste, fraud, and abuse in the Medicare system before it starts. The bill is co-sponsored by Senators Lamar Alexander (R-Tenn.), Susan Collins (R-Maine), Bill Nelson (D-Fla.), David Vitter (R-La.), Jim DeMint (R-S.C.), Lindsey Graham (R-S.C.), and Bob Corker (R-Tenn).

“The American Association for Homecare has been working closely with Senator Martinez and his staff over the past year to help identify the most effective and direct measures to stop waste, fraud, and abuse in the Medicare program,” said American Association for Homecare President Tyler J. Wilson. “We applaud the Senators’ efforts to protect patients, seniors, and taxpayers, and we appreciate the fact that provisions in this bill reflect recommendations from our Association’s Medicare Anti-Fraud Legislative Action Plan. We also strongly support President Obama’s goal of preventing Medicare fraud, which he has identified as a priority in his 2010 budget.”

Earlier this year, the American Association for Homecare urged members of Congress to adopt the Medicare Anti-Fraud Legislative Plan. This legislative action plan outlines tough, effective steps to stop waste, fraud, and abuse in Medicare’s home medical equipment (HME) sector *before* it starts. Among the provisions detailed in the legislative proposal are more rigorous quality standards, increased penalties for fraud, mandated site inspections for new providers, and real-time claims analysis. For more information about the Medicare Anti-Fraud Legislative Action Plan, please visit www.aahomecare.org/stopfraud.

The recently introduced STOP Act includes provisions that mirror recommendations from the American Association for Homecare Anti-Fraud Legislative Plan, such as mandates for:

- Pre-enrollment site visits and unannounced site visits for new home medical equipment providers;
- Site visits for current providers that are re-enrolling, as well as an unannounced site visit after re-enrollment;

- Real-time data analysis (like that used to identify credit card charging patterns) to identify and investigate unusual billing and ordering practices that could indicate fraud or abuse; and
- Checks to ensure that the provider is qualified and enrolled to bill the type of item or service that is on the claim for reimbursement.

As Ranking Member of the U.S. Senate Special Committee on Aging, Sen. Martinez will hold a hearing later today to discuss legislative solutions aimed at eliminating Medicare and Medicaid waste, fraud, and abuse. In a statement submitted to the Committee, the American Association for Homecare expressed its support for the Committee's efforts to fight waste in Medicare:

“The Association and its members want to work with Congress, the Administration, and CMS to enact these new steps to prevent criminals from abusing Medicare.... While HME fraud only constitutes a small fraction of overall Medicare fraud, we firmly believe that any abuse of the Medicare system is a disgraceful waste of taxpayers’ dollars and represents theft of resources needed by patients, seniors, and individuals with disabilities.”

Included in this formal statement was the AAHomecare Medicare Anti-Fraud Legislative Plan that proposes the following 13 specific recommendations to stop fraud and abuse in the homecare sector:

1) Mandate Site Inspections for All New Home Medical Equipment Providers

A July 2008 GAO report underscored the need for CMS to ensure that its contractors are conducting effective site inspections for all new applicants for a Medicare supplier number.

2) Require Site Inspections for All HME Provider Renewals

All renewal applications should require an in-person visit by the National Supplier Clearinghouse (NSC), the contractor that CMS uses to ensure integrity in the Medicare program.

3) Improve Validation of New Homecare Providers

Additional validation of new providers should be included in a comprehensive and effective application process for obtaining a Medicare supplier number.

4) Require Two Additional Random, Unannounced Site Visits for All New Providers

Two unannounced site visits should be conducted by NSC during the first year of operation for new HME providers.

5) Require a Six-Month Trial Period for New Providers

The NSC should issue a provisional, non-permanent supplier number to new suppliers for a six-month trial period. After six months of demonstrated compliance, the provider would receive a “regular” supplier number.

6) Establish an Anti-Fraud Office at Medicare

CMS should establish an office with the sole mandate of coordinating detection and deterrence of fraud and improper payments across the Medicare and Medicaid programs.

7) Ensure Proper Federal Funding for Fraud Prevention

Increase federal funding to ensure that NSC completes site inspection and other anti-fraud measures.

8) Require Post-Payment Audit Reviews for All New Providers

Medicare's program safeguard contractors should conduct post-payment sample reviews for six months worth of claims submitted to Medicare by new providers.

9) Conduct Real-Time Claims Analysis and a Refocus on Audit Resources

Medicare must analyze billings of new and existing providers in real time to identify aberrant billing patterns more quickly.

10) Ensure All Providers Are Qualified to Offer the Services They Bill

A cross-check system within Medicare databases should ensure that homecare providers are qualified and accredited for the specific equipment and services for which they are billing.

11) Establish Due Process Procedures for Suppliers

CMS should develop written due process procedures for the Medicare supplier number process, including issuance, denial and revocation of the Medicare supplier number. The procedures must include, for example, an administrative appeals process and timelines.

12) Increase Penalties and Fines for Fraud

Congress should establish more severe penalties for instances of buying or stealing beneficiaries' Medicare numbers or physicians' provider numbers that may be used to defraud the government.

13) Establish More Rigorous Quality Standards

Ensure that all accrediting bodies are applying the same set of rigorous standards and degree of inspection to their clients.

The American Association for Homecare represents durable medical equipment providers, manufacturers, and other organizations in the homecare community. Members serve the medical needs of millions of Americans who require oxygen equipment and therapy, mobility assistive technologies, medical supplies, inhalation drug therapy, home infusion, and other medical equipment and services in their homes. The Association's members operate more than 3,000 homecare locations in all 50 states. Visit www.aahomecare.org.
