



*Caring that Feels Right at Home*

## Press Release

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**American Association for Homecare Supports President Obama in His  
Commitment to Stop Waste, Fraud and Abuse in Medicare**  
*American Association for Homecare & Members Urge Congress to Adopt the Medicare Anti-  
Fraud Legislative Action Plan*

ARLINGTON, VA, February 26, 2009 – In his first address to a joint session of Congress, President Barack Obama declared that his administration would “root out the waste, fraud, and abuse in our Medicare program that doesn’t make our seniors any healthier.” The American Association for Homecare and its members applaud this goal and have developed a legislative solution specifically designed to help solve this growing problem.

Earlier this month, the American Association for Homecare presented the “Medicare Anti-Fraud Legislative Action Plan” to members of Congress. The 13-point legislative action plan, developed by the Association, outlines tough, effective measures that would eliminate most of the Medicare fraud attributed to the home medical equipment sector (HME). The HME sector provides oxygen therapy, wheel chairs, diabetic supplies, and other equipment and services to seniors and people with disabilities. It is the most cost-effective and slowest-growing portion of Medicare spending, increasing only 0.75 percent per year according to the most recent federal data.

“We support and commend President Obama for addressing this critical issue,” said Tyler J. Wilson, president of the American Association for Homecare. “Fraud in the HME sector is only a small portion of total Medicare losses to fraud, but by any yardstick, it is an unacceptable waste of taxpayers’ dollars and theft of resources that should go to the elderly and disabled. The American Association for Homecare and its members are eager to work with President Obama, Congress and CMS to take tough new steps to prevent fraud and abuse in the Medicare homecare sector, and we are confident that this legislative action plan will provide an effective solution,” said Wilson.

The targeted, proactive legislative action plan stops fraud and abuse where it starts in the Medicare system. The plan calls for increased penalties for fraud, more site inspections, more rigorous quality standards, and real-time claims analysis, among other steps.

In the Medicare Anti-Fraud Legislative Plan, the American Association for Homecare proposes the following 13 specific recommendations to stop fraud and abuse in the home medical 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.

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- 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.

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*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](http://www.aahomecare.org).*

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