



Care that Feels Right at Home

Press Release

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American Association for Homecare Proposes Aggressive 13-Point Plan to Stop Medicare Fraud and Recoup Billions; Calls Steps Essential to Medicare's Health

ARLINGTON, VA, October 27, 2008 ---- Tough new steps must be taken to prevent fraud and abuse in Medicare, says the American Association for Homecare, which today announced 13 specific recommendations that could eliminate most of the Medicare fraud attributed to the home medical equipment (HME) sector. The Association has been working with Congress and regulators over the past year to adopt tougher, more effective measures to combat Medicare fraud.

“The homecare sector has zero tolerance for illegal activity, and we are frustrated that the problem seems to be growing rather than shrinking,” said Tyler J. Wilson, president and CEO of the American Association for Homecare. “Taxpayer dollars lost to fraud represent theft of resources needed by seniors and people with disabilities. So, we are sharing these aggressive new recommendations with Medicare and its contractors, Congress, the Department of Justice, and the FBI in the hope that we can keep criminals away from the Medicare program.”

“Because the home is the most cost-effective setting for healthcare, home-based care is a key part of the solution to the nation’s healthcare crisis and to Medicare reform,” Wilson said. “Wise use of home medical equipment and therapies will help rein in spiraling costs.”

The specific recommendations made by the American Association for Homecare include:

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.

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.

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.

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.

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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.

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.

Ensure Proper Federal Funding for Fraud Prevention

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

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.

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.

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.

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.

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.

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.

Earlier this year, the American Association for Homecare recommended to Congress several anti-fraud measures that were incorporated into the Seniors and Taxpayers Obligation Protection (STOP) Act of 2008, S. 3164, a bill to reduce Medicare fraud, which was introduced on June 19, 2008.

On July 15, Congress enhanced fraud prevention by strengthening a statutory mandate for accreditation of home medical equipment providers and by closing a loophole that would have allowed non-accredited providers to provide services to Medicare beneficiaries. The Medicare

Improvements for Patients and Providers Act of 2008 (MIPPA) mandates a September 30, 2009 deadline for accreditation of all home medical equipment providers nationwide.

The Association emphasized that the deeply flawed competitive bidding program for home medical equipment, which was reformed and delayed by MIPPA, is a price-setting mechanism not an anti-fraud measure. The Association believes that the federal government should not arbitrarily limit the number of HME providers who furnish care to seniors and people with disabilities. The number of providers should be determined by the marketplace.

Approximately eight million Americans require some type of medical care in their home, which reduces the length of hospital stays and keeps many Americans out of hospitals and nursing homes. For more information, visit the Newsroom at www.aahomecare.org.

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.