HHS Office of Inspector General

REPORT HIGHLIGHTS

October 2025 | OAS-24-09-005

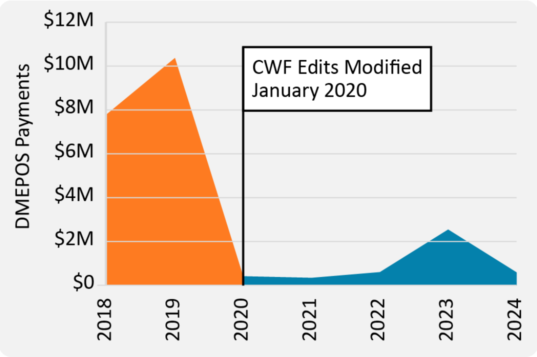
Medicare Improperly Paid Suppliers $22.7 Million Over 7 Years for Durable Medical Equipment, Prosthetics, Orthotics, and Supplies Provided to Enrollees During Inpatient Stays

Why OIG Did This Audit

- A prior OIG audit found that Medicare improperly paid suppliers $34 million for durable medical equipment, prosthetics, orthotics, and supplies (DMEPOS) items provided to enrollees during inpatient stays from 2015 through 2017.
- Generally, Medicare should not pay a supplier for DMEPOS items provided to an enrollee during an inpatient stay. Instead, all items must be provided directly by the inpatient facility or under arrangements between the facility and the supplier.
- Because of the large overpayment amount identified in our prior audit, we conducted this followup audit to determine whether Medicare payments to suppliers for DMEPOS items provided to enrollees during inpatient stays from 2018 through 2024 complied with Medicare requirements.

What OIG Found

Medicare payments to suppliers for DMEPOS items provided to enrollees during inpatient stays did not comply with Medicare requirements:



- None of the $22.7 million in payments for DMEPOS items covered by this audit should have been paid. In addition, suppliers may have incorrectly collected up to $5.9 million in deductible and coinsurance amounts from enrollees or from someone on their behalf.
- Prior to January 2020, the system edits were not working properly. However, after CMS modified the edits in January 2020, improper payments substantially decreased. From January 2020 through December 2024, $4.5 million was improperly paid (about 20 percent of the $22.7 million). Because improper payments continue to be made, further review of the edits may be necessary to determine whether refinements are needed.

What OIG Recommends

We made five recommendations, including that CMS direct the DME Medicare contractors to recover from suppliers up to $22.7 million in identified improper payments and recommend that the suppliers refund to enrollees up to $5.9 million in deductible and coinsurance amounts. We also recommend that CMS review its system edits to determine whether any refinements are necessary to prevent improper payments to suppliers for DMEPOS items provided to enrollees during inpatient stays. The full recommendations are in the report.

CMS concurred with four recommendations. CMS did not concur with the recommendation to review system edits.