

## Report in Brief

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U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES  
**OFFICE OF INSPECTOR GENERAL**



### Why OIG Did This Review

Previous OIG reviews found that Medicare allows replacement of positive airway pressure (PAP) device supplies more frequently than what is reasonable and necessary and that durable medical equipment (DME) suppliers often do not have the documentation required to support the need for replacement supplies.

During our audit period, the Centers for Medicare & Medicaid Services (CMS) contracted with four Medicare contractors to process and pay supplier claims for DME. The contractors' responsibilities also included responding to supplier inquiries, educating suppliers about billing requirements, and reviewing DME claims.

Our objective was to determine whether Medicare claims that DME suppliers submitted for replacement PAP device supplies complied with Medicare requirements.

### How OIG Did This Review

We selected a statistical sample of 110 claims for replacement PAP device supplies that Medicare paid in 2014 and 2015. We reviewed supporting documentation from the supplier to determine whether that documentation complied with Medicare requirements.

## Most Medicare Claims for Replacement Positive Airway Pressure Device Supplies Did Not Comply With Medicare Requirements

### What OIG Found

Most Medicare claims that DME suppliers submitted for replacement PAP device supplies did not comply with Medicare requirements. Of the 110 claims in our sample, 24 complied with Medicare requirements; however, 86 claims with payments totaling \$13,414 did not. On the basis of our sample results, we estimated that Medicare made overpayments of almost \$631.3 million for replacement PAP device supply claims that did not meet Medicare requirements.

These overpayments occurred because CMS oversight of replacement PAP device supplies was not sufficient to ensure that suppliers complied with Medicare requirements or to prevent payment of claims that did not meet those requirements. Without periodic reviews of claims for replacement supplies, Medicare contractors were unable to identify suppliers that consistently billed claims that did not meet Medicare requirements or to take remedial action.

### What OIG Recommends and CMS Comments

We recommend that CMS recover the portion of the overpayments of \$13,414 associated with the 86 sample claims that are within the 4-year reopening period. We also make several recommendations for CMS to work more closely with the four Medicare contractors, which could have saved Medicare an estimated \$631.3 million over a 2-year period.

In written comments on our draft report, CMS concurred with our recommendations and described actions that it planned to take to address them.