

# Partners in Integrity

## Preventing Fraud, Waste, and Abuse in Medicaid Home Health Services and Durable Medical Equipment



## Content Summary

Fighting the inappropriate loss of Medicaid health care dollars through fraud, waste, abuse, and other improper payments is a high government priority. Home health agencies and durable medical equipment (DME) providers offer services and supplies vulnerable to fraud. Physicians have the potential to play a significant role in the fight against fraud, waste, and abuse in all areas of Medicaid, including home health and DME. While the specific requirements for home health and DME can vary from State to State, all States require furnished services to be medically necessary. Physicians have a responsibility to know the rules for home health and DME services as required by State Medicaid programs.

Physicians should be aware of practices that are fraudulent or determined to be abusive or wasteful. Examples of home health fraud include attesting falsely to the medical necessity of home health services, accepting compensation for ordering specific services irrespective of medical necessity, or physicians signing plans of care for Medicaid beneficiaries not under their care. Examples of DME fraud, waste, and abuse include physicians selling medically unnecessary prescriptions and DME companies recruiting patients and then billing Medicaid for more expensive equipment than what is delivered.

## Preventing Fraud, Waste, and Abuse

**“Every year we lose tens of billions of dollars in Medicare and Medicaid funds to fraud. Those billions represent health care dollars that could be spent on medicine, elder care, or emergency room visits, but instead are wasted on greed.” [1]**

**– Eric Holder  
Attorney General of the United States**



Medicaid has been designated a high-risk program “particularly vulnerable” to fraud, waste, abuse, and improper payments.[2] Fighting the inappropriate loss of health care dollars is a high government priority, and physicians have the potential to play a significant role in the fight against it in all areas of Medicaid, including home health and durable medical equipment (DME). As integral partners protecting public health care programs and benefits, all physicians should be aware of practices that are fraudulent, abusive, or wasteful.

## Medicaid Home Health Services

Medicaid home health services are a mandatory service under Section 1902(a)(10)(D) of the Social Security Act.[3] These home health services include:

- Skilled nursing services;
- Home health aides; and
- Medical supplies, medical equipment, and appliances suitable for use in the home.

A State may also furnish optional therapeutic services through its Medicaid home health State plan benefit.[4] Most States furnish services through Federal waivers. The services included in a waiver must not duplicate services that are furnished under the State plan. However, through a waiver a State may augment the services furnished under the State plan.[5] Physicians should be sure to understand the specific requirements for furnishing services in the States where they practice.

Each State Medicaid program has the flexibility to determine the amount, scope, and duration of the home health services it furnishes to meet the needs of its beneficiaries.[6] All furnished home health services must be medically necessary, as provided in each State's plan for medical assistance and supporting guidelines. Physicians play a vital role in assuring the medical necessity of Medicaid home health services. They are responsible for developing a plan of care for the services patients receive.[7] Supporting documentation verifying medical need and clinical rationale must be recorded in the beneficiary's medical record.[8]

Home health services must be reviewed by a physician every 60 days.[9] Prior to reauthorizing ongoing services or authorizing additional services, the physician should review the beneficiary's plan of care and determine the medical need for certification of continued or additional services.[10]

## Home Health Fraud, Waste, and Abuse

Physicians should be aware of home health activities that are considered fraudulent, abusive, or wasteful. They can include:

1. Knowingly signing a plan of care or other document falsely verifying the medical necessity of home health services;[11]
2. Accepting compensation (for example, bribes or kickbacks) for ordering services whether they are medically necessary or not;[12] and
3. Authorizing home health services without verifying the medical necessity of a current plan of care for a beneficiary not under the physician's care.[13]

## Durable Medical Equipment Services

Mandatory benefits under Medicaid home health services include the coverage of “medical supplies, equipment, and appliances suitable for use in the home.”[14] These services can be referred to as DME. Just as physicians play an important role in certifying that home health services are medically necessary, they play an equally important role in certifying the need for DME.

All DME benefits furnished to a Medicaid beneficiary must be necessary and ordered by a physician. Each State requires documentation justifying the medical need for DME and supplies ordered. States may have a prior authorization process for some equipment, such as an oximeter or electronic nebulizer. States may also require a Certificate of Medical Necessity (CMN) containing additional clinical justification for certain kinds of equipment, such as a customized wheelchair or air fluidized bed.[15] It is important for physicians to know and understand the requirements for the States where they practice so they meet criteria and can assist in the fight against fraud, waste, and abuse.

## DME Fraud, Waste, and Abuse

The following are examples of DME fraud, waste, and abuse:

1. A physician received kickbacks from a DME company for providing false prescriptions for purchased power wheelchairs;[16]
2. Three individuals recruited patients and then billed Medicare for expensive equipment. The DME companies often received fraudulent prescriptions from a physician involved in the scheme;[17]
3. A physician signed medically unnecessary, fraudulent prescriptions for patients he had never seen, for two DME companies;[18]
4. At the prompting of a DME provider, a physician signed a stack of blank CMNs and prior authorization forms that the DME provider then completed with false information and billed for reimbursement;[19] and
5. A physician wrote prescriptions for the DME provider without verifying medical necessity for the items or medical supplies requested.[20]

## How Physicians and Other Providers Can Promote Program Integrity

Physicians ordering home health services and DME play an important role in promoting integrity to minimize and prevent fraud, waste, and abuse in Medicaid programs. The following are key points for providers to remember.

1. **Confirm eligibility:** Verify the Medicaid eligibility status of patients at the time of service.
2. **Include identifiers:** If required by the State when ordering services or supplies, the ordering provider's signature and National Provider Identifier (NPI) should be included on the CMN or other prior authorization form.[21, 22]
3. **Order appropriately:** Order according to the medical needs of the beneficiary within the limits set by the State.
4. **Maintain organized records:** Keep patient records organized and up-to-date, and confirm that the patient's condition warrants the service requested in the CMN or prior authorization request.
5. **Educate staff:** Providers should educate staff on the issues and schemes that constitute fraud, waste, and abuse.
6. **Practice within scope:** Always document the medical necessity of the service(s) ordered. If a medically unnecessary service is billed or if the documentation does not justify medical necessity, it may be considered a false claim.
7. **Protect yourself:** Be on the alert for other professionals who may make inappropriate requests, such as a "quick signature" on a document for a patient never seen, asking for additional patient services because of convenience rather than medical necessity (for example, ambulance transportation instead of a medivan), asking for beneficiary medical identifiers when there is no specific need, or offering to provide remuneration for beneficiary referrals.

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## Fraud and Abuse: How Do You Report Them?

To report fraud and abuse:

Contact your State Medicaid Fraud Control Unit or State Medicaid agency. Their contact information can be found at <http://www.cms.gov/Medicare-Medicaid-Coordination/Fraud-Prevention/FraudAbuseforConsumers/Downloads/smafraudcontacts-october2013.pdf>

Contact the U.S. Department of Health and Human Services, Office of Inspector General (HHS-OIG):

Office of Inspector General  
U.S. Department of Health and Human Services  
ATTN: HOTLINE  
P.O. Box 23489  
Washington, D.C. 20026

### Phone

1-800-HHS-TIPS  
(1-800-447-8477)

### TTY

1-800-377-4950

### Fax

1-800-223-8164

### E-mail

[HHSTips@oig.hhs.gov](mailto:HHSTips@oig.hhs.gov)

### Website

<https://forms.oig.hhs.gov/hotlineoperations>



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