

Medicare Provider Enrollment Demonstration for Suppliers of Durable Medical Equipment, Prosthetics, Orthotics and Supplies (DMEPOS) in High-Risk Areas

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FREQUENTLY ASKED QUESTIONS

1. What is CMS trying to accomplish in this demonstration?

The goal of this demonstration is to develop improved methods for the investigation and prosecution of fraud involving suppliers of durable medical equipment, prosthetics, orthotics, and supplies (DMEPOS).

2. What brought about this demonstration?

There has been an inordinate amount of fraudulent activity among DMEPOS suppliers in certain areas of the country. This project is designed to, in the end, better enable CMS to detect and deter such conduct.

3. Where will this demonstration take place? Why are these areas being targeted?

South Florida and the Los Angeles metropolitan area will be the sites of this demonstration. The Florida counties that will be involved are Miami-Dade, Broward, and Palm Beach; the subject California counties will be Los Angeles, Orange, Riverside, and San Bernadino. These areas have experienced particularly large amounts of DMEPOS fraud. CMS therefore determined that these jurisdictions (the “demonstration locales”) would be appropriate starting points for the activities of this demonstration.

4. What activities will be involved in this demonstration?

The project consists of several components. Each DMEPOS supplier in the demonstration locales will:

- Be required to submit a CMS-855S Medicare enrollment application (CMS-855S) in response to a reenrollment request from the National Supplier Clearinghouse (NSC). **DMEPOS suppliers that fail to submit the requested enrollment application within the given timeframe will have their Medicare billing privileges revoked. The application, moreover, must contain complete and accurate information, and all required supporting documentation must be submitted.**

- Be subject to criminal background checks for both the DMEPOS owners and managing employees;
- Receive an onsite visit;
- Be subject to an enhanced review process.

Any failure by the DMEPOS supplier to comply with any of the provisions of this demonstration or any existing Medicare requirements will result in the revocation of the supplier's billing privileges.

At the conclusion of the demonstration, CMS will evaluate the results thereof to determine whether additional tools are needed to combat fraudulent behavior by DMEPOS suppliers and/or whether to implement the tasks used in this demonstration in other areas of the country.

5. How will the provider enrollment procedures of this demonstration differ from current procedures?

There are several regulatory provisions that will be “waived” as part of this demonstration. These include:

- **Immediate submission of CMS-855S reenrollment application** – This involves a waiver of the reenrollment requirements set forth in 42 C.F.R. § 424.57(e), which provide for the resubmission of a CMS-855S application every three years.
- **Submission of CMS-855S reenrollment application within 30 days** - This involves a waiver of the revocation of billing privileges rule set forth in 42 C.F.R. § 424.535(a)(1)(ii), which requires that suppliers provide additional requested information within 60 calendar days of the request.
- **Report of ownership or address change** – DMEPOS suppliers in the demonstration locales will be required to report a change of ownership or address at least 30 days prior to the effective date of the change. This involves an addition to the special payment rules for DMEPOS suppliers set forth in 42 C.F.R. § 424.57(c)(2), which provide that a DMEPOS supplier must report to CMS any changes in information supplied on its enrollment application within 30 days of the change.
- **Managing employee has felony conviction** – The revocation of a DMEPOS supplier's billing privileges in cases where a managing employee (including a director) thereof has had a Federal or State felony conviction within the last 10 years involves the inclusion of managing employees within the purview of 42 C.F.R. § 424.535(a)(3). This regulatory provision currently only addresses felony convictions against providers, suppliers, and the owners thereof.

6. What is CMS's legal authority for conducting this demonstration?

Section 402(a)(1)(J), 42 U.S.C. § 1395b-1(a)(1)(J), of the Social Security Amendments of 1967 permits the Secretary of the Department of Health and Human Services to “develop or demonstrate improved methods for the investigation and prosecution of fraud in the provision of care or services under the health programs established by the Social Security Act.”

7. When will the demonstration start and how long will it last?

The demonstration will commence sometime in September or October of 2007 and will last for a two-year period.

8. I am a DMEPOS supplier in one of the demonstration locales. Should I submit a CMS-855S reenrollment application right now?

With respect to this demonstration, you should not submit a reenrollment application until notified by the NSC to do so. Of course, you are still required in the meantime to submit to the NSC any changes to your CMS-855S enrollment information. (Please see FAQ #5 for information regarding the submission of changes of ownership or address.)

9. What does CMS mean by the term “enhanced review?”

DMEPOS suppliers that do not have their Medicare billing privileges revoked based on the information contained in their updated enrollment application will be subject to an enhanced review. Under this process, the NSC will assign a fraud level indicator to each DMEPOS supplier based on a number of considerations. In general, DMEPOS suppliers with higher fraud level indicators will receive more frequent onsite compliance visits and greater overall scrutiny from the NSC.