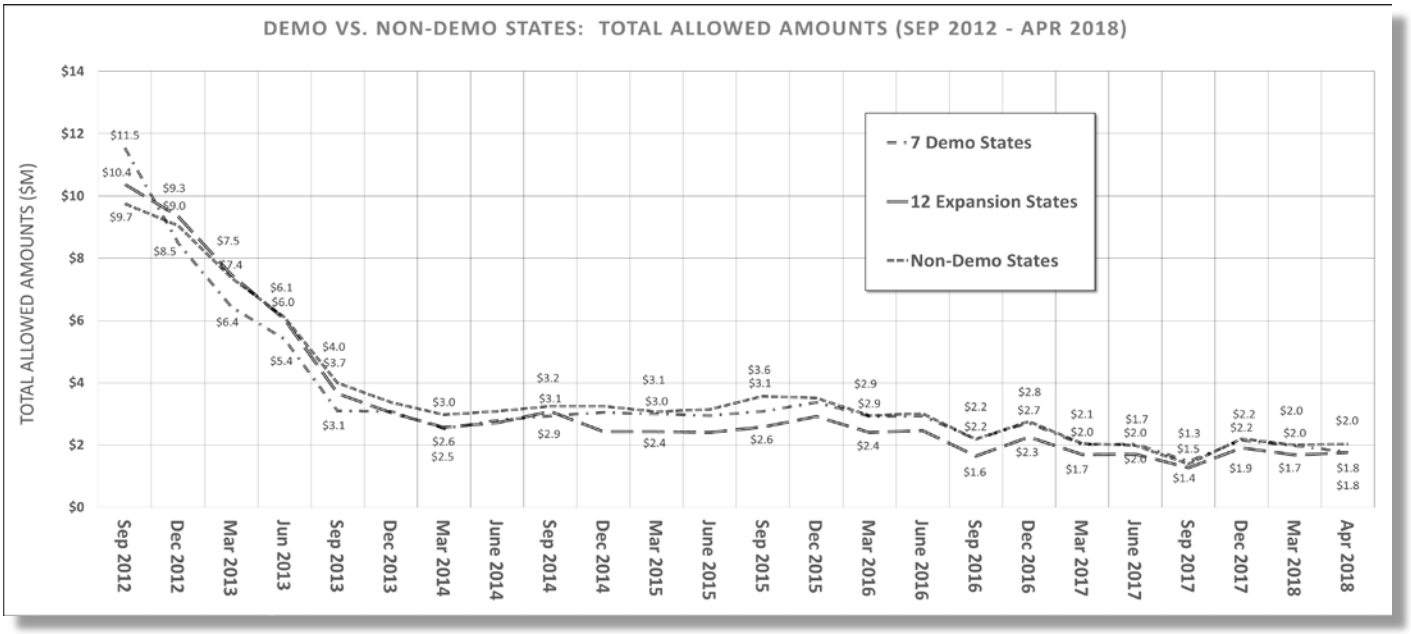
Medicare Prior Authorization of Power Mobility Devices Demonstration
Status Update
(Posted 10-29-2018)

The Medicare Prior Authorization of Power Mobility Devices (PMDs) Demonstration began on September 1, 2012 in California, Illinois, Michigan, New York, North Carolina, Florida and Texas. On October 1, 2014 the demonstration was expanded to include Maryland, New Jersey, Pennsylvania, Indiana, Kentucky, Ohio, Georgia, Tennessee, Louisiana, Missouri, Washington, and Arizona.

Preliminary Data

Since implementation, the Centers for Medicare & Medicaid Services (CMS) observed a decrease in expenditures for power mobility devices in the demonstration states and non-demonstration states. Based on claims processed from the inception of the pilot on September 1, 2012 through April 30, 2018, monthly expenditures for the power mobility device codes included in the PMD demonstration decreased from $11.5 million in September 2012 to $1.8 million in April 2018 in the original 7 demonstration states, $10.4 million in September 2012 to $1.8 million in April 2018 in the 12 additional expansion states, and $9.7 million in September 2012 to $2.0 million in April 2018 in the non-demonstration states.[1]



Data based on claims processed from the inception of the pilot on 09/01/2012 through 04/30/2018
Monthly data refresh date: 10/03/2018 (STARS IDR)
Partial Final Quarter due to 6-Month delay in data to allow for claims processing

We believe the decrease in spending is due in part to national Durable Medical Equipment, Prosthetics, Orthotics, and Supplies (DMEPOS) suppliers adjusting their billing practices nationwide (not just in the demonstration states) and reflects suppliers complying with CMS policies based on their experiences with prior authorization in the demonstration states.

[1] By law [Patient Protection and Affordable Care Act (PPACA) Section 6404], practitioners have up to one calendar year after the date of service to submit claims. Consequently, it will take over 12 months for claims figures to reach 100% completeness. Therefore, the figures for recent months (2018) will likely rise as more claims are submitted and processed in the coming months.

The decrease in spending can also be attributed to the continuous DMEPOS supplier education and outreach mechanisms implemented by the Durable Medical Equipment Medicare Administrative Contractors (DME MACs) and CMS, as well as other initiatives[2] to prevent fraud and reduce expenditures for medically unnecessary PMDs.

While we recognize that multiple factors contributed to the decrease in PMD expenditures, there was also a significant decrease in the number of beneficiaries receiving PMDs in the demonstration states after the start of the demonstration. We believe this decrease is because prior authorization is ensuring that only beneficiaries who meet Medicare requirements receive a PMD.

Between September 1, 2012 and April 30, 2018 the number of beneficiaries receiving a PMD decreased by:

- 74.0% in the non-demonstration states,
- 62.5% in the 7 original demonstration states, and
- 70.4% in the 12 expansion states.

As of April 30, 2018, prior authorization requests were submitted for over 230,265 Medicare beneficiaries. The requests were provisionally affirmed for all beneficiaries who met all the requirements. Roughly 53% of requests were non-affirmed because the beneficiaries do not qualify for the benefit based on the documentation submitted, which illustrates the importance of this demonstration. The prior authorization provides more assurance to the beneficiary that the PMD will be covered by Medicare and thus they may have minimal out of pocket costs, such as the usual copay.

Preliminary demonstration data on requests received, as of April 30, 2018, indicate:

- The DME MACs are conducting the prior authorization reviews timely (within 10 business days for initial submissions and 20 business days for resubmissions).
- Overall, estimated spending for PMDs has decreased by at least $1.5 billion since the inception of the demonstration (presuming that the monthly expenditures for PMDs would have remained constant at $32 million per month).

Feedback

Overall the industry's feedback has been positive. Several DMEPOS suppliers have suggested prior authorization helps their business by providing a more predictable cash flow and improved relationships with the ordering physician. These DMEPOS suppliers have expressed support for the demonstration and would like it to be expanded to other states and items.

Feedback from beneficiaries has been largely positive. Prior to implementation, CMS spoke to numerous Medicare beneficiary groups that expressed support for the demonstration. Also, the DME MAC customer service representatives were well informed and prepared to handle Medicare beneficiaries' questions prior to the implementation of the demonstration.

2 Another factor contributing to the ongoing reduction in expenditures for PMDs would be the reduction in payment amounts associated with implementation of the DMEPOS competitive bidding program in 9 of the largest metropolitan areas in January 2011 and an additional 100 large metropolitan areas in July 2013. This program is reducing expenditures for approximately half of the beneficiaries receiving PMDs nationwide. The reduction can also be attributed to the elimination of the lump sum purchase option for standard power wheelchairs, which took effect on January 1, 2011. This change reduces expenditures for power wheelchairs used on a short term basis.

Further Efforts

The CMS will continue to monitor and evaluate the effectiveness of the demonstration and analyze demonstration data to assist in the investigation and prosecution of fraud.

End of Demonstration

The Prior Authorization of Power Mobility Devices (PMDs) Demonstration ended as scheduled on August 31, 2018. Beginning nationwide on September 1, 2018, CMS added 31 items currently included in the PMD Demonstration to the Required Prior Authorization List as defined in 42 CFR 414.234(c)(1) as a condition of payment under the Prior Authorization Process for Certain Durable Medical Equipment, Prosthetic, Orthotics, Supplies (DMEPOS) Items.