Common Errors That Lead to Improper Payments for Durable Medical Equipment, Supplies, Devices, and Environmental Modifications

The Centers for Medicare & Medicaid Services (CMS) and the States are increasing educational outreach about Home and Community-Based Services (HCBS) to enhance awareness of and engage providers and beneficiaries in efforts to reduce payment errors and fraud, waste, and abuse in the Medicaid program.

The Medicaid Integrity Program, established under the Deficit Reduction Act of 2005, and the President's November 2009 Executive Order 13520 Reducing Improper Payments and Eliminating Waste in Federal Programs are two comprehensive strategies that protect the integrity of the Medicaid program.

As part of these programs, CMS has analyzed data produced by the Payment Error Rate Measurement (PERM) program to identify areas that may be at high risk for improper payments and to target root causes for errors. Due to these PERM-identified payment errors, CMS implemented a supplemental measure to further assess HCBS. Through its analysis, CMS identified multiple payment errors and root causes.

This fact sheet has been developed to educate beneficiaries and providers about the major causes of payment errors and to maintain program integrity.

These are the key terms used in this document:

- **Beneficiary:** includes the person receiving Medicaid HCBS and their legal guardian, family member, or other support;
- **Provider:** includes physician; nurse practitioner; registered nurse; licensed practical nurse; aide; private or not-for-profit agency; case manager; State Medicaid agency or State sister agency; Medicaid durable medical equipment (DME), supplies, and devices supplier; home modification business; or other providers of HCBS; and
- **Person-centered plan:** synonymous with plan of care, care plan, individual service plan (ISP), individual education plan (IEP), or other terms used to describe a written individual plan that includes HCBS.

This fact sheet summarizes the Medicaid benefit for DME, Supplies, Devices, and Environmental Modifications and common documentation and billing errors identified by PERM analysis. After reading this fact sheet, providers should be able to describe:

- Common DME-related documentation and billing errors as identified by PERM analysis;

- Promising practices to reduce or eliminate errors; and
- Where to go for additional resources.

Overview of Durable Medical Equipment, Supplies, Devices, and Environmental Modifications Under Home and Community-Based Services

When medically necessary, reasonable, and cost effective, Medicaid will purchase or rent DME and medical supplies for beneficiaries living in a community setting, including those provided by a qualified home health provider as part of home health services. DME, supplies, devices, and environmental modifications are offered under HCBS. DME is equipment that:

- Will be used repeatedly;
- Serves a medical purpose;
- Is not generally necessary in the absence of illness or injury; or
- Is appropriate for use in the beneficiary's place of residence.

In some States, DME under HCBS may have a broader definition and different requirements. Check with your State Medicaid agency provider website for additional information.

"Supplies" and "devices" include items primarily used to serve a medical purpose (for example, thromboembolism-deterrent stocking) and time-limited disposable supplies (for example, sterile gauze pads).[1]

"Environmental modifications" are adaptations to a beneficiary's living environment that are necessary for their health and safety or that enable the beneficiary to function with greater independence.

DME, supplies, devices, and environmental modifications must be certified as necessary, identified in the person-centered plan, and properly documented. Some DME, like a Continuous Positive Airway Pressure or Bi-level Positive Airway Pressure ventilator, may have to be rented for a specific period of time before it can be purchased. DME, devices, and supplies may be provided through the home health agency if they are directly related to the services provided; otherwise the equipment and supplies are furnished by a Medicaid-approved DME supplier.[2]

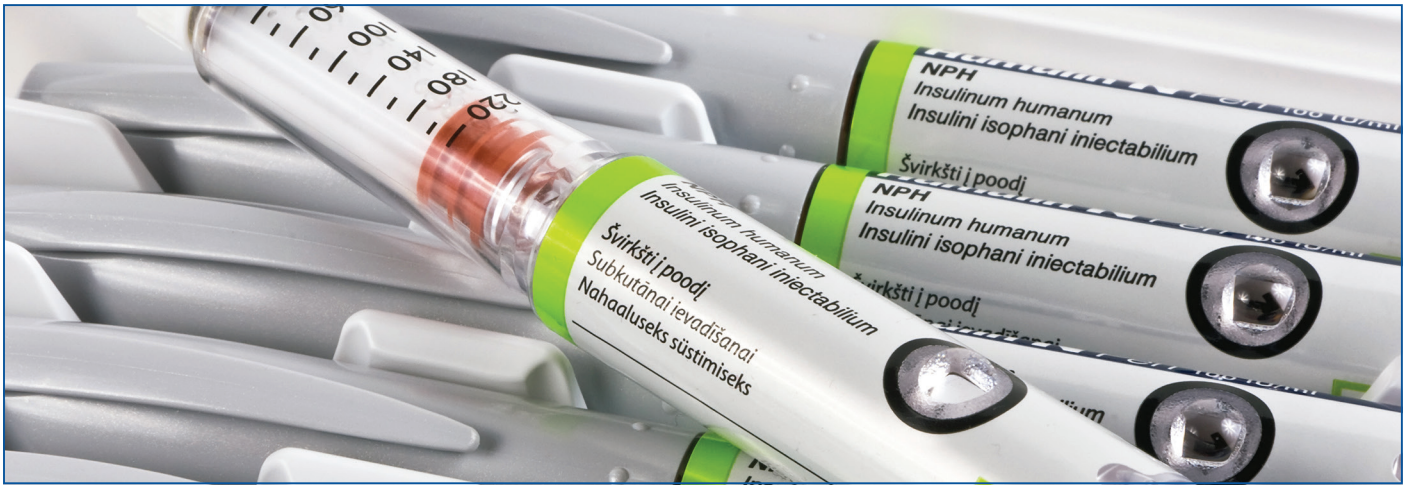
Overview of Common Errors

Improper payments for DME may occur when Medicaid funds are paid to the wrong entity, are paid in the wrong amount, are not supported by documentation or policy, or are used for services other than those identified in the person-centered plan. PERM data was analyzed to determine the root cause of payment errors for DME. The analysis identified three common errors: policy violations, insufficient documentation, and number of units error.

Policy Violations

Policy violations occur when billing or payment for services provided is not consistent with documented policy. Common policy violations for DME include:

- Claims for DME submitted to Medicaid instead of Medicare or other primary insurance. Medicaid is considered the payer of last resort, therefore payment should be sought from other insurance first;
- Documentation without proper beneficiary or caregiver signature that certifies the authorized environmental modifications were completed and property was in satisfactory condition; and
- No documentation to support the claim. The person-centered plan with authorizations was not submitted, and delivery logs and receipts were missing.



Insufficient Documentation

Insufficient documentation errors occur when the documentation submitted by a provider does not fully support the procedure code billed. Common documentation errors for DME claims include:

- Dates on the documentation provided do not match the dates of service or date of delivery on the claim; and
- Documentation did not support the billed services; physician orders, if required, delivery tickets, and invoices are missing; coding on documentation did not match the code submitted on the claim.

Number of Units Error

Number of units errors occur when a provider bills for an incorrect number of units for a procedure code. Common errors for DME include:

- The number of units billed does not match the number of units received by the beneficiary as identified in the documentation; and
- The number of units was not calculated correctly.

  For example, procedure code A4520-Incontinence garment, any type, one unit equals one item. However items are delivered in a case of multiple units (for adult diapers, the number of units in a case may depend on the size of the garment). A provider billed for 360 units (60 units per case times 6 cases), but the delivery ticket indicated delivery of 288 units (48 units per case times 6 cases).

Promising Practices

There are some promising practices that can be integrated into daily practice to correct most of the errors found. They include:

- Quality control on services:
  - Check to make sure that the equipment or supplies provided are consistent with documented policy;
  - Check to make sure the delivery of equipment or supplies is properly verified with beneficiary or representative signature; or
  - Completion of environmental modification is properly verified with beneficiary or representative signature.

- Quality control on beneficiary records:
  - Check to see if beneficiary has other insurance as a primary payer;
  - Check for beneficiary identifier on each document; or
  - Check that documentation reflects the type of DME and correct quantity provided.
- Quality control for claims processing:
  - Check the number of units billed;
  - Check the procedure or service code;
  - Check to make sure the service dates entered match the dates of service on the documentation; and
  - Check to make sure the number of units and product description on the claim matches the number of units and product description on the documentation.

Conclusion

DME is equipment that serves a medical purpose, is not generally necessary in the absence of illness or injury, and is appropriate for use in the beneficiary's place of residence (or community). Environmental modifications are adaptations to a beneficiary's living environment that are necessary for their health and safety or that enable the beneficiary to function with greater independence. Both DME and environmental modifications must be certified, as necessary, and identified in the person-centered plan to be covered by Medicaid HCBS. Improper payments for DME may occur when Medicaid funds are paid to the wrong entity, are paid in the wrong amount, are not supported by documentation or policy, or are used for services other than those identified in the person-centered plan.

Providers can play a significant role in the fight against Medicaid fraud, waste and abuse. CMS hopes you share its commitment to eliminate payment errors and fraud, waste and abuse in the Medicaid program. By increasing your awareness of common errors and applying remedies in your daily practice, you will help strengthen the integrity of the Medicaid program and reduce improper payments. For further information, review the toolkits about HCBS at https://www.cms.gov/Medicare-Medicaid-Coordination/Fraud-Prevention/Medicaid-Integrity-Education/edmic-landing.html on the CMS website.

Additional Resources

Links to State Medicaid agency websites are available at http://www.medicaid.gov/Medicaid-CHIP-Program-Information/By-State/By-State.html on the Medicaid website.

Information about Medicaid HCBS is available at http://www.medicaid.gov/Medicaid-CHIP-Program-Information/By-Topics/Long-Term-Services-and-Supports/Home-and-Community-Based-Services/Home-and-Community-Based-Services.html on the Medicaid website.

Information about payment accuracy and improper payments is available at https://paymentaccuracy.gov/about-improper-payments on the Internet.

Information about the PERM program is available at https://www.cms.gov/Research-Statistics-Data-and-Systems/Monitoring-Programs/Medicaid-and-CHIP-Compliance/PERM on the CMS website.

To see the electronic version of this fact sheet and the other products included in the "Home and Community-Based Services" Toolkit, visit the Medicaid Program Integrity Education page at https://www.cms.gov/Medicare-Medicaid-Coordination/Fraud-Prevention/Medicaid-Integrity-Education/edmic-landing.html on the CMS website.

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References

1 State of New York. Department of Health. (2011, January 1). 2007 Managed Long-Term Care (MLTC)Model Contract Miscellaneous Consultant Services. Appendix J, page 93. Retrieved September 10, 2015, from http://www.health.ny.gov/health_care/managed_care/mltc/pdf/mltc_contract.pdf

2 State of New York. Department of Health. (2011, January 1). 2007 Managed Long-Term Care (MLTC) Model Contract Miscellaneous Consultant Services. Appendix J, page 93. Retrieved September 10, 2015, from http://www.health.ny.gov/health_care/managed_care/mltc/pdf/mltc_contract.pdf

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