CMS FRAUD HOT SPOT CMS.GOV/FRAUD

DMEPOS Suppliers

About DMEPOS Suppliers

Medicare Part B covers medically necessary Durable Medical Equipment, Prosthetics, Orthotics, and Supplies (DMEPOS) that are furnished by Medicare-enrolled DMEPOS suppliers. Suppliers are tasked with submitting the claim and supplying the item. For some items, CMS requires prior authorization or a face-to-face encounter with a health care provider and a written order prior to delivery.

DMEPOS is a frequent target of fraud and has a high improper payment rate. In Fiscal Year (FY) 2024, CMS identified **$1.9 billion** (21.4%) in improper payments related to DMEPOS.* As noted below, CMS is taking significant actions to crush fraud conducted by DMEPOS suppliers.

Primary DMEPOS Items Targeted by Fraud Include:

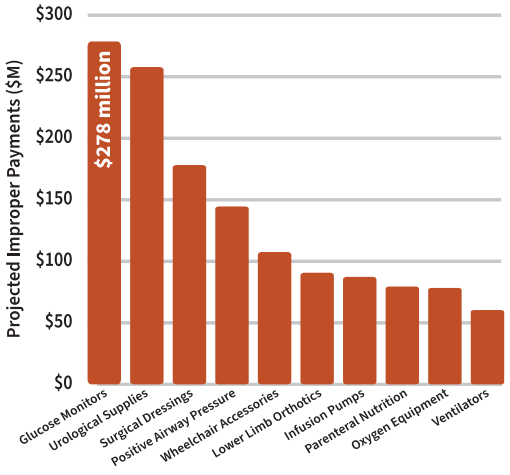
- Glucose Monitors
- Orthotic Braces
- Positive Airway Pressure Devices
- Surgical Dressings

Glucose Monitors

Continuous Glucose Monitors (CGMs) continuously transmit a patient's glucose levels to a software program wirelessly and maintain a digital record of glucose values that can be shared with a health care provider. Some suppliers have billed Medicare for CGMs that **were never provided to the patients**, often without the beneficiary's knowledge or consent. Suppliers have also received kickbacks to bill for CGMs when the beneficiary had **no history of diabetes**, and the device was, therefore, not medically necessary.

In FY 2024, CGMs had the **highest** projected improper payments of all DMEPOS items (approximately **$278 million**).

The Improper Payment Rate was **25.2%** with the majority of errors related to missing or insufficient documentation.



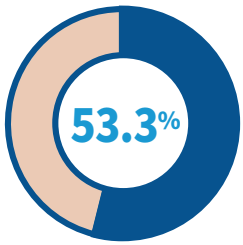
Orthotic Braces

Orthotics include external, rigid and semi-rigid devices used to provide support for a weak or deformed body member or restrict motion in a diseased or injured part of the body (leg, arm, back, and neck). The FY 2024 improper payment rates for orthotics ranged between **35.2 - 54.4%**.

Bad actors have billed for orthotics that were **not medically necessary**, lacked sufficient documentation, or were furnished by personnel who were **not licensed or certified** by the State in which they practiced.

Custom-Fabricated

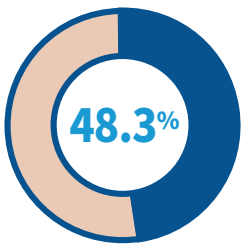
A product individually made for a specific beneficiary by cutting, bending, molding, or sewing.



Claims Found in Error in 2023**

Custom-Fitted

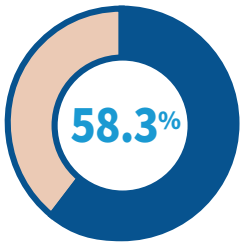
A prefabricated product that requires substantial modification by an expert to provide an individualized fit.



Claims Found in Error in 2023**

Off-the-Shelf

A prefabricated product that requires minimal self-adjustments to fit the individual.



Claims Found in Error in 2023**

* The improper payment rate is not a fraud rate. Fraud is one cause of improper payments.

** Data.CMS.GOV. Medicare Fee-for-Service Comprehensive Error Rate Testing. Percentages shown are the sample error rate.

Positive Airway Pressure Devices and Supplies

Positive Airway Pressure (PAP) devices include both single-level continuous PAP (CPAP) and bi-level PAP devices (also referred to as respiratory assist devices). Medicare covers PAP devices for beneficiaries with specific diagnoses, such as obstructive sleep apnea (OSA). These devices are also subject to specific requirements such as evidence of a sleep test and education on how to use the device.

In FY 2024, the improper payment amount for CPAP devices was over **$146 million** with an improper payment rate of **12.5%**.

Top Reasons for Errors in PAP Claims*

- Medical record documentation missing clinical evaluation by treating practitioner
- Clinical evaluation does not include assessment of beneficiary for OSA
- Medical record documentation does not indicate that a sleep test was conducted
- Additional documentation was not received when requested by CMS auditors
- Supplier did not provide proof of delivery of the device or supplies
- Beneficiary was already receiving a related device

Fraud Spotlight

In 2020, a DMEPOS manufacturer paid over $37.5 million to resolve alleged False Claims Act violations for paying kickbacks to DMEPOS suppliers, sleep labs, and health care providers.** The company allegedly provided free 1) patient call center services, 2) PAP masks and diagnostic machines, including installation, to sleep labs, and 3) home sleep testing devices to non-sleep specialist health care providers.

Surgical Dressings

Surgical dressings are covered for as long as they are medically necessary and are limited to primary and secondary dressings required for the treatment of a wound caused by, or treated by, a surgical procedure or after debridement of a wound or lesion on the skin.

In 2024, surgical dressings had an improper payment rate of **57.6%**, with a projected improper payment amount of nearly **$177 million**.

Surgical dressings include a primary protective covering of a wound and the materials used to secure the primary dressing such as adhesive tape, roll gauze, or bandages.

CMS has identified the following characteristics typically indicative of inappropriate billing of surgical dressings:

- Billing for an excessive number of surgical dressings compared to what was provided to patients
- Surgical dressings billed for but not rendered
- No prior relationship between beneficiary receiving surgical dressing and health care provider
- Billing for a higher surgical dressing HCPCS code than allowed
- Billing for large numbers of surgical dressings shortly after enrolling in Medicare

Preventing DMEPOS Fraud

Inappropriate DMEPOS billing could affect available benefits, increase out-of-pocket costs, or indicate stolen health information. Keep an eye out for unfamiliar DMEPOS charges or solicitation schemes. **If you suspect DMEPOS fraud, contact your provider or supplier or report it at cms.gov/fraud or by calling 1-800-MEDICARE**.

What You Can Do

- Protect your Medicare Beneficiary Identifier (MBI) and Medicare card like a credit card
- If you rent and return equipment, get a dated receipt
- Do not accept products from strangers who call, approach in public, or knock on your door
- Do not accept money or gifts in exchange for your MBI or unnecessary equipment
- Review your Medicare Summary Notice to ensure you needed and received each service listed
- Never sign a blank form from your provider or equipment supplier

For additional information on how CMS is crushing fraud or for resources on reporting suspected fraud, visit **www.cms.gov/fraud**.

* **OIG**: Most Medicare claims for replacement positive airway pressure device supplies did not comply with Medicare requirements. A-04-17-04056. June 2018.

** **DOJ**: ResMed Corp. to pay the United States $37.5 million for allegedly causing the filings of false claims related to the sale of equipment for sleep apnea and other sleep-related disorders. January 2020.