

Report in Brief

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Report No. A-09-22-03003

U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES
OFFICE OF INSPECTOR GENERAL



Why OIG Did This Audit

From January 2016 through December 2021 (audit period), Medicare paid \$91.1 million to durable medical equipment (DME) suppliers nationwide for repairs made to capped-rental wheelchairs (wheelchairs) that were within their 5-year reasonable useful lifetime (RUL) and owned by Medicare enrollees. Two prior OIG reviews found that Medicare paid DME suppliers for repairs made to capped-rental DME items after the accumulated costs of repairs had exceeded 60 percent of the cost to replace the items (federally recommended cost limit), which may have resulted in unallowable payments. Therefore, we conducted this nationwide audit to determine the extent to which the issue identified in the prior OIG reviews occurred for wheelchairs during our audit period.

Our objective was to determine whether the accumulated costs of repairs paid by Medicare for enrollee-owned wheelchairs that were within their 5-year RUL exceeded the federally recommended cost limit.

How OIG Did This Audit

Our audit covered Medicare Part B claim lines, totaling \$91.1 million, for repairs made to 77,774 enrollee-owned wheelchairs during our audit period that were within their 5-year RUL and were purchased during the same period. We analyzed claims data to determine the amount paid for repairing each enrollee's wheelchair and the portion of the accumulated costs of repairs that exceeded the federally recommended cost limit.

Medicare Paid \$30 Million for Accumulated Repair Costs That Exceeded the Federally Recommended Cost Limit for Wheelchairs During Their 5-Year Reasonable Useful Lifetime

What OIG Found

The accumulated costs of repairs paid by Medicare for some enrollee-owned wheelchairs that were within their 5-year RUL exceeded the federally recommended cost limit. For 504,794 of the 688,948 repairs (73 percent) that we reviewed, Medicare paid suppliers before the accumulated costs of repairing 77,200 wheelchairs had exceeded the federally recommended cost limit. However, the remaining 184,154 repairs (27 percent) were paid after the accumulated costs of repairing 16,962 wheelchairs had exceeded the federally recommended cost limit, resulting in \$30.1 million in potentially unallowable Medicare payments. Enrollee coinsurance associated with the potentially unallowable payments totaled \$7.6 million. Suppliers' billing of these wheelchair repairs may reflect noncompliance with Medicare requirements. Specifically, the excessive costs for repairing these wheelchairs may indicate that the repairs were not reasonable or that enrollees were furnished substandard wheelchairs that would not remain serviceable for their entire 5-year RUL.

What OIG Recommends and CMS Comments

We recommend that CMS work with the DME Medicare administrative contractors (DME MACs) to: (1) strengthen Medicare requirements to ensure that DME MACs review accumulated costs of repairs made to wheelchairs during their 5-year RUL that exceed a certain cost limit and use this cost limit as a basis for determining when wheelchairs furnished by suppliers will not remain serviceable for their entire RUL, (2) implement system edits to identify for review claims for repairs made to wheelchairs during their 5-year RUL when the accumulated costs of repairs have exceeded a certain cost limit, and (3) take appropriate action for suppliers that consistently bill for repairs made to wheelchairs during their 5-year RUL that exceed the federally recommended cost limit or the cost limit used as the basis for determining when wheelchairs furnished by suppliers will not remain serviceable for their entire RUL (e.g., by educating suppliers on proper billing and recovering improper payments). The report contains one other recommendation.

CMS concurred with all of our recommendations and described its corrective actions for addressing our recommendations, including exploring opportunities to strengthen Medicare requirements and notifying DME MACs of our audit so that they may evaluate the risk associated with claims for wheelchair repairs.