



**Statement of the  
American Association for Homecare**

**to the**

**Senate Committee on Homeland Security and Governmental Affairs  
Subcommittee on Federal Financial Management, Government Information,  
Federal Services, and International Security**

**on**

**Elimination of Waste and Fraud in Medicare and Medicaid**

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**American Association for Homecare  
2011 Crystal Drive, Suite 725  
Arlington, Virginia 22202  
Phone: (703) 836-6263 Facsimile: (703) 836-6730**



## **American Association for Homecare 13-Point Anti-Fraud Program**

### Statement by the American Association for Homecare

Mr. Chairman and Ranking Member, on behalf of the American Association for Homecare's more than 4,000 member locations serving Medicare beneficiaries in every state in the nation, we appreciate the opportunity to submit this statement to the Senate Committee on Homeland Security and Governmental Affairs Subcommittee on Federal Financial Management, Government Information, Federal Services, and International Security regarding the elimination of waste and fraud in Medicare and Medicaid.

The American Association for Homecare (AAHomecare) represents durable medical equipment providers, manufacturers, and other organizations in the homecare community. Members serve the medical needs of the millions of Americans who require oxygen equipment and therapy, power wheelchairs and other mobility assistive technologies, oxygen and inhalation drug therapy, home infusion, hospital beds, diabetic supplies, and other medical equipment, supplies, and services in the comfort of their homes. Receiving these services and equipment in the home reduces the need for lengthy, expensive institutional stays, and allows patients to receive the best treatment of all: the company of loving family and friends.

AAHomecare and its members applaud the recent statement by President Obama that his administration would "root out the waste, fraud, and abuse in our Medicare program that doesn't make our seniors any healthier."

The Association has zero tolerance for fraud and remains committed to eliminating fraud and abuse in the Medicare program. We are eager to work with Congress, the White House, the Centers for Medicare and Medicaid Services (CMS), and federal law enforcement agencies in efforts to ensure the integrity of the Medicare program. To that end, we continue to offer suggestions for additional fraud and abuse prevention strategies.

This past February, AAHomecare presented its Medicare Anti-Fraud Legislative Action Plan to Members of Congress. This 13-point legislative action plan lays out tough, effective measures to stop waste, fraud and abuse in Medicare's home medical equipment (HME) sector.

Our legislative action plan is designed to protect these patients and their families—as well as the American taxpayers—by stopping fraud and abuse in the Medicare system before it can start. The plan targets fraud and abuse at the source through proposed policies that will ensure that providers who participate in Medicare are responsible, legitimate businesses, and that disreputable actors are locked out of the system and prevented from abusing the public trust.

Among the provisions detailed in the legislative proposal are more rigorous quality standards, increased penalties for fraud, mandated site inspections for new providers, and real-time claims analysis.

The Association and its members want to work with Congress, the Administration, and CMS to enact these new steps to prevent criminals from abusing Medicare.

While HME fraud only constitutes a small fraction of overall Medicare fraud, we firmly believe that any abuse of the Medicare system is a disgraceful waste of taxpayers' dollars and represents theft of resources needed by patients, seniors, and individuals with disabilities.

It is important to note that the American Association for Homecare welcomes a full and thorough review of reimbursement policies for durable medical equipment to ensure that Medicare payments reflect the true costs of providing home medical care to beneficiaries. We would welcome an opportunity to meet with congressional committee staff and with the Office of Inspector General staff to discuss the cost of services needed to provide proper care for seniors who require medical oxygen therapy, complex rehabilitative equipment, and other forms of home-based care.

It's also worth noting that the most recent National Health Expenditures data show that spending in the durable medical equipment sector grew by a rate of just 0.75 percent between 2006 and 2007, and that rate of growth is probably negative now. Spending in our sector of Medicare represents 1.6 percent of total Medicare spending.

In the Medicare Anti-Fraud Legislative Plan, the American Association for Homecare proposes the following 13 specific recommendations to stop fraud and abuse in the homecare sector. These steps would eliminate most of the Medicare fraud attributed to the home medical equipment sector by attacking the problem at the front of the process rather than relying on the "pay-and-chase" approach to stopping fraud.

**1) Mandate Site Inspections for All New Home Medical Equipment Providers**

A July 2008 GAO report underscored the need for CMS to ensure that its contractors are conducting effective site inspections for all new applicants for a Medicare provider number.

**2) Require Site Inspections for All HME Provider Renewals**

All renewal applications should require an in-person visit by the National Supplier Clearinghouse (NSC), the contractor that CMS uses to ensure integrity in the Medicare program.

**3) Improve Validation of New Homecare Providers**

Additional validation of new providers should be included in a comprehensive and effective application process for obtaining a Medicare provider number.

**4) Require Two Additional Random, Unannounced Site Visits for All New Providers**

Two unannounced site visits should be conducted by NSC during the first year of operation for new HME providers.

**5) Require a Six-Month Trial Period for New Providers**

The NSC should issue a provisional, non-permanent supplier number to new suppliers for a six-month trial period. After six months of demonstrated compliance, the provider would receive a “regular” supplier number.

**6) Establish an Anti-Fraud Office at Medicare**

CMS should establish an office with the sole mandate of coordinating detection and deterrence of fraud and improper payments across the Medicare and Medicaid programs.

**7) Ensure Proper Federal Funding for Fraud Prevention**

Increase federal funding to ensure that NSC completes site inspection and other anti-fraud measures.

**8) Require Post-Payment Audit Reviews for All New Providers**

Medicare’s program safeguard contractors should conduct post-payment sample reviews for six months worth of claims submitted to Medicare by new providers.

**9) Conduct Real-Time Claims Analysis and a Refocus on Audit Resources**

Medicare must analyze billings of new and existing providers in real time to identify aberrant billing patterns more quickly.

**10) Ensure All Providers Are Qualified to Offer the Services They Bill**

A cross-check system within Medicare databases should ensure that homecare providers are qualified and accredited for the specific equipment and services for which they are billing.

**11) Establish Due Process Procedures for Providers**

CMS should develop written due process procedures for the Medicare provider number process, including issuance, denial and revocation of the Medicare supplier number. The procedures must include, for example, an administrative appeals process and timelines.

**12) Increase Penalties and Fines for Fraud**

Congress should establish more severe penalties for instances of buying or stealing beneficiaries’ Medicare numbers or physicians’ provider numbers that may be used to defraud the government.

**13) Establish More Rigorous Quality Standards**

Ensure that all accrediting bodies are applying the same set of rigorous standards and degree of inspection to their clients.

This action plan is a tangible demonstration of the home medical equipment sector’s commitment to stopping fraud and abuse in the homecare sector. More importantly, the plan will ensure that bad actors will no longer manage to enter the system, and those that are unfortunately already in are quickly discovered, removed and harshly punished.

For more information about the Medicare Anti-Fraud Legislative Action Plan, please contact Walter Gorski at 703-535-1894 and visit [www.aahomecare.org/stopfraud](http://www.aahomecare.org/stopfraud).