

Competitive Bidding is Not a Tool to Fight Medicare Fraud and Abuse

The American Association for Homecare and companies in the Durable Medical Equipment, Prosthetics, Orthotics, and Suppliers (DMEPOS) sector fully support stronger measures to address fraud, waste and abuse, to ensure that bad actors cannot access the Medicare system.

Medicare has an immediate opportunity to leverage rapidly advancing technologies that can quickly identify and prevent fraudulent claim activity and deter criminals from attempting to use the Medicare benefit to defraud the government. This tech-forward approach, in conjunction with other programmatic changes championed by the DMEPOS community, will save time and resources for the government while improving the Medicare program for patients, prescribers, and providers alike.

Instead of targeting criminal elements and improper claims, the proposed changes to the Competitive Bidding Program will dramatically disrupt the legitimate DMEPOS supplier infrastructure. AAHomecare urges CMS to expeditiously shift the focus to implementing these anti-fraud measures:

- Utilize Artificial Intelligence and Other Pattern Recognition/Predictive Modeling Technologies: These technologies can enhance monitoring of significant increases or spikes in claims submissions for a specific product category over a short period of time. This approach can also identify and analyze anomalies in claims from suppliers without extensive experience and billing history.
- Increase prior authorization for DMEPOS items: Prior authorization currently only applies to a limited number of DMEPOS items; expanding categories covered under prior authorization would effectively address fraud, waste and abuse.
- Enhance Program Integrity: Targeting fraud, waste, and abuse through data analytics and oversight can generate significant savings independent of broad-based price reductions. For example, CMS' WISer model could be expanded to include items that have been the subject of perceived fraud, waste and abuse.
- Accelerate ePrescribing adoption: Strengthening the use of electronic prescribing between physicians and suppliers (ePrescribing) to enhance the legitimacy and verifiability of prescriptions, improving patient safety and enabling Medicare and other payers to quickly identify and prevent abusive billing practices.
- Strengthen Quality and Supplier Standards: Tightening requirements for supplier service quality and accountability can weed out bad actors while maintaining a healthy marketplace.

- Encourage Value-Based Purchasing: Linking payments to benchmarks for quality, patient satisfaction, or clinical outcomes rather than lowest cost alone will incentivize suppliers to focus on patient-centered care.
- AAHomecare supports CMS' proposal to require DMEPOS suppliers going through a change in majority ownership (CIMO) to enroll as a new supplier and be newly accredited and surveyed if the CIMO occurs within the first 36 months of initial enrollment or last CIMO.
- AAHomecare also supports passage and adoption of the Medicare Transaction Fraud Prevention Act (H.R. 3996 and S. 2006), legislation to establish a pilot program to test the use of predictive risk-scoring algorithms to evaluate DMEPOS and clinical laboratory transactions.

AAHomecare and the DMEPOS community call on CMS to adopt these anti-fraud measures and pause finalizing the DMEPOS Competitive Bidding provisions included in the CY 2026 proposed rule to prevent irreversible harm to the DMEPOS supplier infrastructure and Medicare beneficiary access.

This approach will allow CMS and the Administration more time to collaborate with DME stakeholders and patient advocacy groups to produce an effective framework to improve fraud prevention, re-establish important Bidding Program guardrails implemented by the Trump Administration in 2019, and improve the DMEPOS Medicare benefit for all stakeholders.

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