



## **Medicare's Audit Process Hampers Access to At-Home Care**

*American Association for Homecare Calls on Congress to Review a Process that Inflates Error Rates*

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ARLINGTON, Va., July 5, 2011 --- Over-reaching by federal audit contractors in Medicare is restricting the ability of legitimate providers to supply medically required care and equipment to patients. The American Association for Homecare is working with policy makers to ensure that [fraud prevention efforts](#) are effective at stopping fraud without limiting access to care.

At a June fraud prevention summit conducted by the U.S. Department of Health and Human Services and the Justice Department, the administrator of the federal Centers for Medicare and Medicaid Services (CMS) admitted that audits designed to detect fraud are a "blunt instrument." After hearing several complaints from healthcare providers participating in the fraud prevention summit, another CMS official stated that federal officials will conduct an "audit audit" to ensure that audit contractors do not needlessly hamper legitimate providers.

"The [current auditing strategy](#) is expensive, inefficient, and distorts the Medicare claims error rate for at-home care products," said Tyler Wilson, president of the American Association for Homecare. "The burdensome process disrupts the service and care provided to patients in need of these at-home services and severely taxes providers' resources."

In 2008, the Medicare homecare claims error rate was approximately nine percent. However, in 2009 CMS adopted its new auditing criteria, which resulted in a claims error rate of 52 percent. In 2010, the claims error rate jumped to an astonishing 75 percent, incorrectly suggesting that three out of four Medicare claims for at-home equipment and services are paid improperly or are the result of fraud or abuse.

"When 75 percent of Medicare HME claims are considered to be improper, we believe that this shows a breakdown in the system. The American Association for Homecare is working to inject common sense and accountability into the audit process and address the complexity of Medicare at-home coverage policies to ensure that beneficiaries are receiving medically necessary items and services. Both these steps are necessary to make the program work better for all stakeholders," said Wilson.

[Current audit standards](#) employed by Medicare contractors are having the following unintended consequences:

- Data regarding fraud is being distorted;
- Eligible Medicare beneficiaries are not receiving medically necessary and covered benefits;

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- Auditors for CMS misinterpret and then misapply Medicare rules and regulations, sometimes on a retroactive basis, leading to inaccurate error-rate data;
- Legitimate providers furnishing medically necessary items and services are being hurt by unjustified monetary recoupments; and
- CMS will not be able to achieve the Administration's goal of reducing the error rate until it modifies its current audit policies.

***The American Association for Homecare** represents durable medical equipment providers, manufacturers, and others in the homecare community that serve the medical needs of millions of Americans who require oxygen equipment and therapy, mobility assistive technologies, medical supplies, inhalation drug therapy, and other medical equipment and services in their homes. Members operate more than 3,000 homecare locations in all 50 states. Please visit [www.aahomecare.org/athome](http://www.aahomecare.org/athome).*

***The New England Medical Equipment Dealers Association** is the regional trade association representing providers of home medical equipment and supplies, home oxygen therapy and respiratory equipment, custom wheelchairs and assistive technology, and home infusion therapy in the six New England states. Approximately 80% of Medicare and Medicaid beneficiaries receive their home medical equipment and related services from a NEMED member. Visit [www.nemed.org](http://www.nemed.org).*

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