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HHS Fights Durable Medical Equipment Fraud
*Demonstration Project Targets Fraudulent Business Practices
in South Florida and Southern California*

HHS Secretary Mike Leavitt today announced a two-year effort designed to further protect Medicare beneficiaries from fraudulent suppliers of durable medical equipment, prosthetics and orthotics supplies (DMEPOS). The initiative is focused on preventing deceptive companies from operating in South Florida and Southern California.

“Eliminating fraudulent suppliers in Medicare protects America’s seniors and enhances their quality of care,” Secretary Leavitt said. “This initiative is aimed at doing just that – stopping durable medical equipment fraud before it happens.”

Miami and Los Angeles have been identified as high-risk areas when it comes to fraudulent billing by DMEPOS suppliers. HHS, working with the Department of Justice (DOJ), formed a Medicare Fraud Strike Force to combat fraud through the use of real-time analysis of Medicare billing data. In just three months, 56 individuals have been charged in the Southern District of Florida with fraudulently billing Medicare for more than \$258 million. The strike force is made up of federal, state and local investigators.

Last December federal officials contracted with the National Supplier Clearinghouse to conduct visits to 1,472 South Florida DMEPOS suppliers. Through on site investigations, 634 supplier billing numbers were revoked, saving Medicare a projected \$317 million. Examples of products that are being billed at higher than normal rates are motorized wheelchairs; nebulizers and aerosol medications; artificial limbs; and wound therapy treatments. A similar initiative happened in the Los Angeles area last year. Investigations of 2,000 DMEPOS suppliers resulted in 770 having their billing privileges revoked. Like South Florida, Los Angeles has been a hotbed of fraudulent activity.

Under the initiative announced today, the Centers for Medicare & Medicaid Services (CMS) will implement a demonstration project requiring DMEPOS suppliers in South Florida and Southern California to reapply for participation in Medicare in order to maintain their billing privileges.

Letters will be sent out to suppliers asking that they resubmit applications to be a qualified Medicare DMEPOS supplier. Those who fail to reapply within 30 days of receiving a letter from CMS; fail to report a change in ownership or address; or fail to report having owners, partners, directors or managing employees who have committed a felony within the past 10 years; will have their billing privileges revoked.

“The concept is straight forward and will be effective,” CMS Acting Administrator Leslie Norwalk said. “Enhancing our review of these suppliers will go a long way to ferret out those who do not meet the needs of beneficiaries and the promises of Medicare. CMS hopes to expand this effort nationwide.”

Assistant Secretary for Aging Josefina G. Carbonell added, “The financial independence and security of older people through the identification and prevention of Medicare fraud is vitally important. Senior Medicare Patrol volunteers across the country have played and continue to play a crucial, frontline role in educating our older Americans and their caregivers on how to avoid and, if necessary, report suspected health care fraud.”

HHS has several programs to help Medicare beneficiaries protect themselves against fraud. The Senior Medicare Patrol program, established by the Administration on Aging, educates and assists beneficiaries in protecting their Medicare information, detecting Medicare billing errors and reporting potential health care fraud and abuse. Instances of potential Medicare fraud can be reported to the HHS Office of the Inspector General at 1-800-HHS-TIPS (800-447-8477) or HHSTips@oig.hhs.gov.

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