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Contact: HHS Press Office
(202) 690-6343
CMS Office of Public Affairs
(202) 690-6145

HHS Fights Home Health Agency Fraud

*Demonstration Project Targets Fraudulent Business Practices
in the Greater Los Angeles and Houston Areas*

HHS Secretary Michael Leavitt today announced an initiative designed to protect Medicare beneficiaries from fraudulent Home Health Agency (HHA) providers. This two-year project will focus on preventing deceptive providers from operating in the greater Los Angeles and Houston areas.

“HHS is working to protect the public from fraud by stopping it before it happens,” Secretary Leavitt said. “Our joint effort with the Department of Justice shows that we have zero tolerance for those who would prey on the system. This demonstration project works to bar unlawful Home Health Agencies from entering the Medicare billing system.”

In May, HHS and the Department of Justice announced the establishment of a multi-agency team of federal, state and local investigators designed specifically to combat Medicare fraud through the use of real-time analysis of Medicare billing. The HHA project follows the announcement of a demonstration project targeting another high-risk industry, fraudulent billing by suppliers of durable medical equipment, prosthetics, orthotics and supplies (DMEPOS) in South Florida and Los Angeles. The HHA demonstration is being implemented in the greater Los Angeles and Houston areas, which have shown a high frequency of home health care fraud.

The Centers for Medicare & Medicaid Services (CMS) will now require home health care providers who operate in the greater Los Angeles and Houston areas to immediately resubmit applications to be considered a qualified Medicare HHA. Those who fail to reapply within 60 days of receiving a notice to reapply from CMS will have their Medicare billing privileges revoked. Also, home health care providers that fail to report a change in ownership or change of address; have owners, partners, directors or managing employees who have had a felony conviction within the last 10 years; or, no longer meet each and every provider enrollment requirement; will have their billing privileges revoked. In addition to the reapplication process, the HHA demonstration will require a State survey for any HHA that underwent an ownership change within the last two years.

Over the past year, CMS and the HHS Office of Inspector General (OIG) have identified and documented a significant number of problems involving HHAs in the greater Los Angeles and Houston areas. With HHA billings to Medicare increasing by over 60 percent in some counties and with the number of HHA providers increasing by as much as 150 percent in others, these two geographic areas are in need of immediate scrutiny.

“We are focusing our demonstration projects initially in the areas of highest fraud incidence,” said CMS Acting Administrator Leslie Norwalk. “Enhancing our review of these providers will go a long way to eliminate those who do not meet the needs of beneficiaries and the promises of the program.”

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 play an important role in educating our older Americans and their caregivers on how to identify and 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 OIG at 1-800-HHS-TIPS (800-447-8477) or HHSTips@oig.hhs.gov.

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