Part B Insider (Multispecialty) Coding Alert

DME ERRORS :CERT Error Rate Creates Difficulties for DME Suppliers -- Again

2008 error rate for DME is 70 percent, contractor maintains.

Durable medical equipment suppliers who hoped the brouhaha over Medicares durable medical equipment payment rate errors had died down after last years political firestorm have unpleasant news.

At the request of the Senate Finance Committee, the OIG reviewed Medicares Comprehensive Error Rate Testing rate for fiscal year 2008. The Committees request came after the OIG last year accused CMS of lowballing the DME CERT rate for 2006, with considerable political commentary.

This time around, CMS already had hired contractor Palmetto GBA to double-check a sample of the DME claims that CERT contractor AdvanceMed reviewed. The OIGs job was to come in after Palmetto and triple-check the results, the watchdog agency says in a new report, entitled, Independent Contractors Review of Durable Medical Equipment Claims From the Fiscal Year 2008 Comprehensive Error Rate Testing Program, released on May 12. CMS directed Palmetto to conduct the 250-claim review based on the same criteria and using the same documentation AdvanceMed used.

But Palmetto got startlingly different results.

Palmetto claimed Medicare paid 175 claims, or 70 percent, in error.

Thats in contrast to AdvanceMeds error rate of just 23 erroneously paid claims in the sample -- 9 percent.

After reviewing Palmettos work, Advance agreed that Medicare paid an additional 17 claims in error, bringing the CERT contractors error rate up to 16 percent for the sample.

Suppliers fear Palmettos claim of incredibly high error rates will paint the entire industry with a broad fraud and abuse brush just when it is trying to make gains in this years congressional wrangling over health reform and Medicare payment.

The difference: Most of the discrepancy hinges on AdvanceMeds use of clinical inference in the review, the OIG explains. The CERT contractor used supplier documents, beneficiary claim histories, and limited medical records for the reviews.

Palmetto insisted it couldnt clear the claims unless they also had sufficient medical records.

Palmetto determined that 160 of the 175 erroneous claims had insufficient documentation to establish medical necessity, the report explains. The remaining 15 claims had sufficient documentation to establish that the DME items were not medically necessary.

Whereas Palmetto required sufficient medical records to support medical necessity determinations, the CERT contractor stated that it could infer medical necessity and compliance with applicable NCD and LCD requirements using the other documents it had, the OIG says.

Palmettos error rate doesnt mean those claims werent valid, the OIG points out. If the CERT contractor had obtained sufficient medical records to determine medical necessity, Palmetto would likely have had fewer error determinations.

Recommendations: The OIG recommends that CMS require a corrective action plan from its CERT contractor and perform complex medical review to determine medical necessity.

CMS is already changing its program integrity manuals to reduce the differences between contractors in interpretation of clinical judgment, it says in comments on the report.

The agency is also considering beefing up its 2009 CERT review with tools like beneficiary and provider interviews, it adds. Those tools would be used for DME items highly vulnerable to fraud like oxygen and power mobility devices, the agency says.

Note: The report is at www.oig.hhs.gov/oas/reports/region1/10900500.pdf.