

Eli's Hospice Insider

Reimbursement: OIG Thinks Hospices Need To Cover More DME

Hospices shirking equipment coverage cost Medicare tens of millions, watchdog agency insists.

A new HHS Office of Inspector General report provides more ammunition for federal officials who want to tighten up hospice bundling - and thus increase what hospices cover.

The OIG audited claims from 2015 to 2019 for 200 items billed by durable medical equipment, prosthetics, orthotics, and supplies (DMEPOS) suppliers, the OIG details in the report. One sample was for 115 items billed without the GW modifier and the other sample was for 85 items billed with the GW modifier.

(Reminder: That modifier indicates that an item is not related to the beneficiary's terminal illness and related conditions.)

"For each sample, we contacted the hospices that provided care to the beneficiaries to have them assess whether the items palliated or managed the beneficiaries' terminal illnesses and related conditions," the OIG says in its report.

Findings: "For 121 of 200 sampled DMEPOS items, Medicare improperly paid suppliers for DMEPOS items they provided to hospice beneficiaries," the OIG claims. For 58 percent of the items billed without the GW modifier (67 of 115) and 63 percent of the items billed by suppliers with the GW modifier (54 of 85), "the items were provided to palliate or manage the beneficiaries' terminal illnesses and related conditions," according to the report.

"Medicare pays the hospices for the DMEPOS items provided to the beneficiaries as part of the hospices' per diem payments," the OIG maintains. "These items should have been provided directly by the hospices or under arrangements between the hospices and the suppliers."

A number of reasons contributed to the improper billing, including suppliers not being aware beneficiaries were on hospice; edits not catching DMEPOS claims without modifiers for hospice patients; and suppliers using the modifier inappropriately, the OIG lists.



Cost: "Medicare could have saved \$116.9 million in payments during our audit period, and beneficiaries could have saved \$29.8 million in deductibles and coinsurance," the OIG estimates.

The OIG urges the Centers for Medicare & Medicaid Services to tighten up its prepayment edits and to implement postpayment edits for claims with the GW modifier and for claims submitted without a GW modifier and processed before a Notice of Election.

First, CMS emphasizes in its letter responding to the report that its election statement revamp and election statement addendum, both implemented in 2020, address and help alleviate these problems.

But CMS does then agree with beefing up prepay edits, noting that it put system changes in place to do so in December 2020.

However, CMS shoots down postpay edits for pre-NOE claims without GW modifiers. "Before the hospice election is received by Medicare systems, a supplier who did due diligence by checking Medicare eligibility records would have no indication of a need to submit claims with the GW modifier," protests CMS in its letter.

Meanwhile, the somewhat routine audit includes a fairly revolutionary idea from the OIG - to include curative services in the hospice benefit too. While the OIG is rather fuzzy on the details, presumably that would include a bumped-up per

diem amount.

CMS rejects the suggestion in any case. "This change would require additional legislative authority and would substantially change the meaning and scope of the hospice benefit," CMS says in its letter.

Note: See the 41-page report at <https://oig.hhs.gov/oas/reports/region9/92003026.pdf>.