



Highlights of [GAO-05-43](#), a report to the Chairman, Committee on Finance, U.S. Senate

Why GAO Did This Study

Medicare spending for power wheelchairs—one of the program's most expensive items of durable medical equipment (DME)—rose more than fourfold from 1999 through 2003, while overall Medicare spending rose by about 11 percent for the same period, according to the Centers for Medicare & Medicaid Services (CMS). This spending growth has raised concerns that some of the payments may have been improper. In May 2003, the Department of Justice indicted several power wheelchair suppliers in Texas alleged to have fraudulently billed Medicare. GAO was asked to examine the early and more recent steps taken by CMS and its contractors to respond to improper payments for power wheelchairs.

What GAO Recommends

GAO recommends that CMS develop a process to analyze trends in Medicare spending and develop and implement strategies to address possible improper DME payments, implement revisions to provide clearer information for power wheelchair claims adjudication, strengthen the standards that suppliers must meet to obtain or retain their Medicare billing privileges, and direct its contractor to routinely conduct site visits to suppliers that are not predictable in their timing. CMS agreed with the recommendations and noted that it has undertaken several efforts to curb the abuse of the power wheelchair benefit in the last year.

www.gao.gov/cgi-bin/getrpt?GAO-05-43.

To view the full product, including the scope and methodology, click on the link above. For more information, contact Leslie G. Aronovitz at (312) 220-7600.

MEDICARE

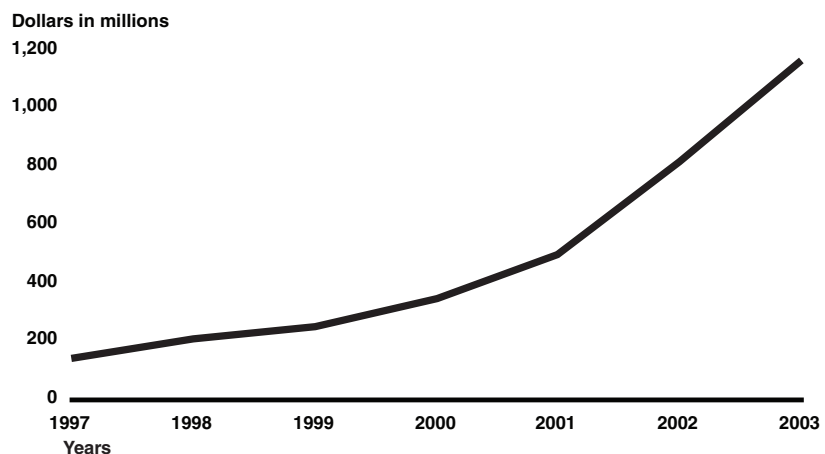
CMS's Program Safeguards Did Not Deter Growth in Spending for Power Wheelchairs

What GAO Found

Starting in 1997 and over the next 6 years, CMS's contractors repeatedly communicated with CMS officials about escalating spending for power wheelchairs, and the contractors took steps to respond to improper payments for this Medicare benefit. In 1997, one contractor warned the agency about rapid increases in power wheelchair spending. In 1998 and in 2000, medical directors at the four contractors that pay DME claims suggested steps that could be taken and sought CMS's help in curbing power wheelchair spending growth. However, while contractors continued to conduct in-depth medical reviews of claims for power wheelchairs and to investigate cases of suspected fraud, CMS did not begin to assume an active role in addressing the identified problems until September 2003. Problems included Medicare supplier standards that did not provide adequate guidance on appropriate marketing practices and the predictability of visits to screen suppliers, which made it relatively easy for illegitimate suppliers to prepare for, and pass, site inspections.

Since September 2003, CMS has taken steps to prevent fraudulent suppliers from entering the Medicare program, clarify coverage policy, ensure appropriate pricing for power wheelchairs, provide education on coverage rules, conduct detailed claims reviews where power wheelchair fraud was prevalent, and coordinate with law enforcement agencies. Although CMS has made progress, it has not implemented a revised form to collect better information for power wheelchair claims review, clarified guidance for suppliers on appropriate marketing, or required its contractor to routinely conduct less predictably timed site visits. Further, CMS's response to power wheelchair spending highlighted the lack of a process within the agency to rapidly address indications of potentially improper DME payments.

National Medicare Power Wheelchair Spending



Source: CMS.

Note: Medicare spending includes federal payments and beneficiary cost sharing.