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White Paper: The Nation's Challenge to Combat Durable Medical Equipment Fraud in Medicare

Each year, bad actors defraud Medicare and taxpayers of millions of dollars by billing for durable medical equipment that enrollees do not need or never receive. Despite efforts to combat this fraud, bad actors continually devise new schemes. **Bold action is needed to address the underlying problems that allow durable medical equipment fraud to persist.**

[CMS](#) has recently taken steps to increase its fraud-fighting efforts. For example, CMS has created a new Fraud Defense Operations Center to more proactively identify suspect billing and suspend payments.¹ However, given the extent of durable medical equipment fraud in Medicare and the continuously evolving nature of durable medical equipment fraud schemes, more specific attention is needed to understand and prevent this type of fraud.

This white paper presents actions that CMS and others can take to stop bad actors from exploiting Medicare. It focuses on three elements that bad actors need to commit fraud: a Medicare-enrolled supplier, a physician order, and an enrollee identification number.

Elements Needed to Commit Fraud	Fraud Method	Calls to Action to Combat Fraud
 Medicare-enrolled supplier Before a supplier is permitted to bill Medicare, it must enroll in the program.	Bad actors are evading enrollment safeguards , e.g., by hiding the owner's true identity.	Block fraud at the front door by strengthening Medicare enrollment. ○ Improve detection of unreported changes of ownership and straw owners; and ○ Increase oversight of newly enrolled suppliers.
 Physician orders To bill Medicare, suppliers must have physician orders verifying that the enrollee needs the equipment or supply.	Bad actors are creating—or paying for—fake physician orders and using them to submit fraudulent claims.	Catch fake physician orders and claims to stop fueling fraud. ○ Engage ordering physicians in fraud-fighting efforts; and ○ Harness new technologies and analytic tools to better detect and stop payments for fraudulent claims.
 Medicare enrollee identification numbers Suppliers need enrollee identification numbers to bill Medicare.	Bad actors are stealing or purchasing stolen Medicare enrollee identification numbers to submit fraudulent claims.	Stop the use of stolen enrollee identification numbers to shut down fraud. ○ Partner with social media companies to prevent the sale of enrollee numbers on their platforms; and ○ Change the way Medicare protects enrollee identification numbers.