

Report in Brief

Date: May 2021

Report No. A-04-18-04066

U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES
OFFICE OF INSPECTOR GENERAL



Why OIG Did This Audit

A previous OIG review found that medical equipment suppliers could bill Medicare for a noninvasive home ventilator (NHV) as if it were being used as a ventilator, when use of a lower cost respiratory assist device or basic continuous positive airway pressure device was indicated by the patient's medical condition.

Sleep Management, LLC (Sleep Management), was among the top three suppliers of NHVs in calendar years (CYs) 2016 and 2017. Medicare paid Sleep Management \$36.8 million for NHVs during our audit period.

Our objective was to determine whether Medicare claims submitted by Sleep Management for the monthly rental of NHVs complied with Medicare requirements.

How OIG Did This Audit

We selected a random sample of 100 claim lines for the monthly rental of NHVs submitted by Sleep Management that Medicare paid in CYs 2016 and 2017 (audit period). An independent medical review contractor reviewed supporting documentation to determine whether the claim lines complied with Medicare coverage and payment requirements.

Sleep Management, LLC: Audit of Claims for Monthly Rental of Noninvasive Home Ventilators

What OIG Found

Most Medicare claims submitted by Sleep Management for the monthly rental of NHVs did not comply with Medicare requirements. Of the 100 sampled claim lines with payments totaling \$75,694, 2 complied with Medicare requirements; however, 98 claim lines with payments totaling \$74,288 did not. Based on our sample results, we estimated that Medicare made overpayments to Sleep Management of at least \$29.1 million for the monthly rental of NHVs that did not comply with Medicare requirements.

These overpayments occurred because Sleep Management did not follow its policies and procedures to ensure that it obtained sufficient documentation to support the medical necessity of the NHV or discontinued service for lack of beneficiary usage.

What OIG Recommends and Sleep Management Comments

We recommend that Sleep Management: (1) refund the portion of the estimated \$29.1 million in Medicare overpayments for claim lines incorrectly billed that are within the 4-year reopening period; (2) exercise reasonable diligence to identify, report, and return any similar overpayments in accordance with the 60-day rule; and (3) follow existing policies and procedures to help ensure that it complies with Medicare requirements.

Sleep Management did not concur with our recommendation to refund the estimated overpayments contending that: (1) its NHV claims were medically necessary, (2) we applied clinical standards not required by CMS and improperly applied clinical guidance, (3) our sampling methodology and extrapolation were improper, (4) our medical reviewer was not independent, and (5) it was not liable for the overpayments. Additionally, Sleep Management stated that it recognized its responsibility under the 60-day rule and had exercised more than reasonable diligence in determining and quantifying any overpayments owed as a result of this audit. Finally, Sleep Management did not concur with our recommendation to follow its existing policies and procedures to ensure compliance with Medicare requirements maintaining that its compliance programs were adequate.

After reviewing Sleep Management's comments, we maintain that our findings and recommendations are valid. However, to avoid potential confusion, we removed a finding related to a beneficiary's continued need for an NHV. Removing this finding did not change our estimated overpayments or recommendations.