Medicare-Allowed Charges for Noninvasive Ventilators Are Substantially Higher Than Payment Rates of Select Non-Medicare Payers

What OIG Found
For CYs 2016 through 2018, we estimated that Medicare and beneficiaries could have saved $86.6 million if Medicare-allowed charges were comparable with payment rates of select non-Medicare payers on HCPCS code E0466. Of this payment difference, we estimated that Medicare paid $69.3 million and Medicare beneficiaries paid $17.3 million. Generally, Medicare-allowed charges are higher than select non-Medicare payer payment rates because the Centers for Medicare & Medicaid Services (CMS) does not routinely evaluate pricing trends for noninvasive ventilators or payment rates of select non-Medicare payers. Rather, CMS uses statutorily mandated fee schedule payments that have an economic update factor applied to them annually. In 2016, CMS was required to adjust certain fee schedule amounts for durable medical equipment, prosthetics, orthotics, and supplies using information from the competitive bidding program. But this change did not affect the noninvasive ventilator HCPCS code reviewed for this report.

What OIG Recommends and CMS Comments
We recommend that CMS review Medicare-allowed charges for noninvasive ventilators HCPCS code E0466, for which Medicare and beneficiaries could have potentially saved an estimated $86.6 million in CYs 2016 through 2018, and add noninvasive ventilators HCPCS code E0466 to the competitive bidding program as soon as practicable.

In written comments on our draft report, CMS confirmed that it had been evaluating noninvasive ventilators for potential inclusion in the competitive bidding program. CMS also confirmed that noninvasive ventilators had initially been included in Round 2021 of the program. However, the product category was removed on April 9, 2020, because of the COVID-19 pandemic, limited access to ventilators, and other factors. CMS stated that it will consider whether to include noninvasive ventilators in future rounds of the program.

The full report can be found at https://oig.hhs.gov/oasreports/region5/52000008.asp.