

Department of Health and Human Services

**OFFICE OF  
INSPECTOR GENERAL**

**TYLER PROSTHETICS, INC.,  
GENERALLY MET MEDICARE  
DOCUMENTATION REQUIREMENTS  
FOR LOWER LIMB PROSTHETIC  
CLAIMS**

*Inquiries about this report may be addressed to the Office of Public Affairs at  
[Public.Affairs@oig.hhs.gov](mailto:Public.Affairs@oig.hhs.gov).*



Patricia Wheeler  
Regional Inspector General  
for Audit Services

August 2014  
A-06-13-00049

# *Office of Inspector General*

<https://oig.hhs.gov>

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The mission of the Office of Inspector General (OIG), as mandated by Public Law 95-452, as amended, is to protect the integrity of the Department of Health and Human Services (HHS) programs, as well as the health and welfare of beneficiaries served by those programs. This statutory mission is carried out through a nationwide network of audits, investigations, and inspections conducted by the following operating components:

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## **OFFICE OF AUDIT SERVICES FINDINGS AND OPINIONS**

The designation of financial or management practices as questionable, a recommendation for the disallowance of costs incurred or claimed, and any other conclusions and recommendations in this report represent the findings and opinions of OAS. Authorized officials of the HHS operating divisions will make final determination on these matters.

***Tyler Prosthetics, Inc., received \$23,080 in inappropriate Medicare payments for lower limb prostheses during the period January 1, 2012, through June 30, 2013.***

## **INTRODUCTION**

### **WHY WE DID THIS REVIEW**

Previous Office of Inspector General (OIG) reviews found that lower limb prosthetic claims did not always meet Medicare Part B coverage requirements.<sup>1</sup> Tyler Prosthetics, Inc. (Tyler Prosthetics), a durable medical equipment (DME) supplier in Tyler, Texas, received a high amount of Medicare payments for lower limb prosthetic claims.

### **OBJECTIVE**

Our objective was to determine whether Medicare payments to Tyler Prosthetics for lower limb prosthetic services were appropriate.

### **BACKGROUND**

#### **Medicare Coverage of Durable Medical Equipment**

Title XVIII of the Social Security Act (the Act) established Medicare Part B, which provides supplementary insurance for medical and other health services. Part B pays for DME, which includes prosthetics.<sup>2</sup> A lower limb prosthetic is an artificial replacement for any or all parts of the leg and provides an individual who has an amputated limb with the opportunity to perform functional tasks, particularly walking, which may not be possible without the device.

The Centers for Medicare & Medicaid Services (CMS) administers the Medicare program and contracts with four DME Medicare administrative contractors to process and pay DME claims. Chapter 5 of the CMS *Medicare Program Integrity Manual* (Medicare Manual) identifies requirements that suppliers must meet to receive payment for lower limb prosthetic claims.<sup>3</sup>

#### **Tyler Prosthetics**

Tyler Prosthetics is a DME supplier in Tyler, Texas, that supplies lower limb prostheses to Medicare beneficiaries.

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<sup>1</sup> See Appendix A for a list of previous OIG reviews on lower limb prosthetics.

<sup>2</sup> The Act, §§ 1832(a)(1) and 1861(s)(6)(8)(9).

<sup>3</sup> CMS Publication 100-08.

## **HOW WE CONDUCTED THIS REVIEW**

We reviewed 120 lower limb prosthetic claims totaling \$1,558,904 in Part B payments received by Tyler Prosthetics during the period January 1, 2012, through June 30, 2013. We examined documentation that Tyler Prosthetics maintained to determine whether it met the requirements set forth in the Medicare Manual. We did not conduct a medical review to determine whether the services were medically necessary.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Appendix B contains the details of our audit scope and methodology.

## **FINDING**

Chapter 5 of the Medicare Manual identifies requirements that suppliers must meet to receive payment for lower limb prosthetic claims. Section 5.2.3 requires that suppliers obtain a detailed written order that is signed by the beneficiary's physician.

Medicare payments to Tyler Prosthetics for lower limb prosthetic services were not always appropriate. Specifically, Tyler Prosthetics inappropriately received Medicare payment for two lower limb prosthetic claims totaling \$23,080. Tyler Prosthetics did not have the required detailed written orders to support these claims. Tyler Prosthetics officials could not explain why the orders were missing.

## **RECOMMENDATION**

We recommend that Tyler Prosthetics refund \$23,080 to the Federal Government.

## **TYLER PROSTHETICS, INC., COMMENTS**

In written comments on our draft report, Tyler Prosthetics concurred with our finding and identified measures it has taken to ensure that the errors do not continue to occur. Tyler Prosthetics' comments are included in their entirety as Appendix C.

**APPENDIX A: RELATED OFFICE OF INSPECTOR GENERAL REPORTS:  
LOWER LIMB PROSTHESES**

<b>Report Title</b>	<b>Report Number</b>	<b>Date Issued</b>
<i>Durable Medical Equipment Claims Paid by Noridian Healthcare Solutions, LLC, Did Not Always Meet the Requirements of the Local Coverage Determination for Lower Limb Prostheses</i>	<a href="#"><u>A-07-12-05035</u></a>	08/16/2013
<i>Durable Medical Equipment Claims Paid by National Heritage Insurance Company, Inc., Did Not Always Meet the Requirements of the Local Coverage Determination for Lower Limb Prostheses</i>	<a href="#"><u>A-07-13-05040</u></a>	08/09/2013
<i>CGS Administrators, LLC, Paid Unallowable Lower Limb Prosthetics Claims</i>	<a href="#"><u>A-06-12-00055</u></a>	07/12/2013
<i>Lower Limb Prosthetics Claims Paid to Ozark Prosthetics and Orthotics Were Not Always Supported by Adequate Documentation</i>	<a href="#"><u>A-07-12-05029</u></a>	04/01/2013
<i>Questionable Billing by Suppliers of Lower Limb Prostheses</i>	<a href="#"><u>OEI-02-10-00170</u></a>	08/17/2011

## **APPENDIX B: AUDIT SCOPE AND METHODOLOGY**

### **SCOPE**

We reviewed 120 lower limb prosthetic claims totaling \$1,558,904 in Part B payments received by Tyler Prosthetics during the period January 1, 2012, through June 30, 2013. We examined documentation that Tyler Prosthetics maintained to determine whether it met the requirements set forth in the Medicare Manual. We did not conduct a medical review to determine whether the services were medically necessary.

Our objective did not require a review of the overall internal control structure of Tyler Prosthetics. Therefore, we limited our internal control review to Tyler Prosthetics' procedures related to lower limb prosthetic claims. Our review allowed us to establish reasonable assurance of the authenticity and accuracy of the data obtained from CMS's National Claims History file, but we did not assess the completeness of the file.

We conducted our fieldwork at Tyler Prosthetics' office in Tyler, Texas, in January 2014.

### **METHODOLOGY**

To accomplish our objective, we:

- reviewed applicable Federal laws, regulations, and CMS manuals;
- held discussions with Tyler Prosthetics officials regarding their knowledge of Federal requirements and claims documentation;
- used CMS's National Claims History file to identify Medicare Part B lower limb prosthetic claims paid to Tyler Prosthetics with dates of service from January 1, 2012, through June 30, 2013;
- selected a judgmental sample of lower limb prosthetic claims and analyzed the documentation on file for these claims at Tyler Prosthetics; and
- discussed our results with Tyler Prosthetics.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

**APPENDIX C: TYLER PROSTHETICS, INC., COMMENTS**

**TYLER PROSTHETICS, INC**  
**701 Turtle Creek Drive**  
**TYLER, TX 75701**  
**PH: 903-595-2600 FAX: 903-595-2604**

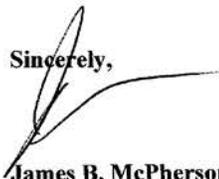
July 31, 2014

U.S. Department of Health and Human Services  
Office of Inspector General

To whom it may concern,

Regarding the (OIG), draft report entitled *Tyler Prosthetics Generally Met Medicare Documentation Requirements for Lower Limb Prosthetic Claims*. We at Tyler Prosthetics Inc. are in concurrence with the findings of the (OIG), and would also like to report that we have taken measures to make sure that we do not make the same mistakes again. These include, but are not limited to, **regular self audits, on a monthly basis in place of quarterly audits, and purchase of software, that has been implemented company wide and has helped with efficiency, and compliance. This software has also allowed us to become as paperless as possible.** Thank you for your consideration, and time. We at Tyler Prosthetics strive to be 100% appropriate, compliant, and professional, while providing the highest level of medically necessary care possible.

Sincerely,



**James B. McPherson sr. CP, LP.**  
**Practitioner in Charge**