

Report in Brief

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



Why OIG Did This Review

For calendar years 2014 and 2015 (audit period), Medicare paid approximately \$1.3 billion for inhalation drugs provided to Medicare beneficiaries nation-wide. For the audit period, the Centers for Medicare & Medicaid Services' Comprehensive Error Rate Testing program, which measures improper Medicare fee-for-service payments, found that nebulizers and related drugs (i.e., inhalation drugs) were among the top 20 durable medical equipment, prosthetics, orthotics, and supplies with the highest improper payment rates. After analyzing Medicare claim data for our audit period, we selected three suppliers for review. This report covers one of those suppliers, Lincare Pharmacy Services Inc. (Lincare), which received approximately 26 percent of the total Medicare payments for inhalation drugs.

Our objective was to determine whether Lincare complied with Medicare requirements when billing for inhalation drugs.

How OIG Did This Review

Our review covered 2.6 million claim lines for inhalation drugs, for which Lincare received Medicare payments of \$338.1 million. We reviewed a random sample of 100 of these claim lines. For the sampled items, we provided copies of the supporting documentation, including beneficiary medical records, to a medical review contractor to determine whether inhalation drugs were properly billed.

Lincare Pharmacy Services Inc. Generally Complied With Medicare Requirements When Billing for Inhalation Drugs

What OIG Found

Of the 100 sampled claim lines for inhalation drugs, 97 complied with Medicare requirements. However, the remaining three sampled claim lines did not comply with the requirements. Specifically, the beneficiaries' medical records did not support that the beneficiaries had conditions for which the use of inhalation drugs was considered reasonable and necessary. As a result, Lincare received \$48 in unallowable Medicare payments.

These overpayments occurred because Lincare did not review the beneficiaries' medical records before billing Medicare. However, Lincare informed us that, beginning in May 2016, its practice was to review the medical records for each inhalation drug order to verify that the drug being prescribed was considered reasonable and necessary for the beneficiary's diagnosis. Because the change in Lincare's practice occurred after our audit period, we did not verify that the practice was effectively implemented.

Lincare provided us a copy of its employee training materials, which included general information on reviewing medical records. However, the training materials focused primarily on reviewing medical records for compliance with Medicare requirements for oxygen therapy and did not have information on the specific requirements for inhalation drugs.

What OIG Recommends and Lincare Comments

We recommend that Lincare ensure that the medical necessity of inhalation drugs is adequately supported in beneficiaries' medical records before billing Medicare. For example, Lincare could update its employee training materials to include the requirement for reviewing medical records to verify that the inhalation drug being prescribed is considered reasonable and necessary for the beneficiary's diagnosis.

Lincare concurred with our recommendation and provided information on actions that it had taken or planned to take to implement our recommendation.