

Report in Brief

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Why OIG Did This Review

Since 2010, the Centers for Medicare & Medicaid Services' (CMS's) Comprehensive Error Rate Testing (CERT) program has identified nebulizers and related drugs (i.e., inhalation drugs) among the top 20 supplies with the highest improper Medicare payments. Prior OIG reviews (for calendar years (CYs) 2014 and 2015) found that the top two suppliers of inhalation drugs complied or generally complied with Medicare requirements. However, our review of a third supplier (for CYs 2015 and 2016) found similar billing issues to those identified by the CERT program. These three suppliers received 56 percent of total Medicare payments for inhalation drugs during CY 2017 (audit period). We conducted this nation-wide review to determine whether the issues identified by the CERT program were primarily caused by suppliers that received the remaining 44 percent of payments, which we had not previously reviewed.

Our objective was to determine whether the suppliers covered by our review complied with Medicare requirements when billing for inhalation drugs.

How OIG Did This Review

Our review covered 2.3 million claim lines, totaling \$259.5 million, for inhalation drugs that 7,868 suppliers provided to Medicare beneficiaries during our audit period. We reviewed a stratified random sample of 120 of these claim lines, for which Medicare paid 65 suppliers \$121,185.

Medicare Improperly Paid Suppliers an Estimated \$92.5 Million for Inhalation Drugs

What OIG Found

Not all suppliers complied with Medicare requirements when billing for inhalation drugs. For 81 of the 120 sampled claim lines, suppliers complied with the requirements; however, for the remaining 39 claim lines, 22 suppliers did not comply with documentation requirements (the total below exceeds 39 because 2 claim lines had 2 deficiencies).



On the basis of our sample results, we estimated that \$92.5 million paid to suppliers was unallowable for Medicare reimbursement. Medicare contractor oversight was not sufficient to ensure that suppliers complied with documentation requirements.

What OIG Recommends and CMS Comments

We recommend that CMS instruct the Medicare contractors to recover \$36,825 in overpayments for the 39 unallowable claim lines and notify the 22 suppliers associated with the 39 claim lines with potential overpayments of \$36,825 so that those suppliers can exercise reasonable diligence to investigate and return any identified overpayments. We also made three procedural recommendations to CMS (detailed in the report), including working with the Medicare contractors to expand their review of inhalation drug claims and to provide additional training, which could have saved Medicare an estimated \$92.5 million for CY 2017.

CMS concurred with our recommendations and described actions that it had taken or planned to take to address our recommendations.