

Report in Brief

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Report No. A-09-19-03010

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



Why OIG Did This Audit

From January 1, 2016, through May 31, 2018 (audit period), Medicare paid \$1.5 billion for knee, back, and ankle-foot braces (selected orthotic braces) provided to Medicare beneficiaries. Prior OIG audits and evaluations found that some suppliers of durable medical equipment, prosthetics, orthotics, and supplies (DMEPOS) billed for orthotic braces that did not comply with Medicare billing requirements. During our audit period, the Centers for Medicare & Medicaid Services found that orthotic braces were among the top 20 DMEPOS items with the highest improper payment rates. After analyzing Medicare claims data, we selected for audit Visionquest Industries, Inc. (Visionquest), an orthotic braces supplier in Irvine, California.

Our objective was to determine whether Visionquest complied with Medicare requirements when billing for selected orthotic braces.

How OIG Did This Audit

For our audit period, Visionquest received \$4.4 million in Medicare Part B payments for selected orthotic braces provided to 3,259 Medicare beneficiaries. After excluding certain claims, we grouped the remaining claims by beneficiary and reviewed a stratified random sample of 100 beneficiaries. We provided copies of Visionquest's supporting documentation to a medical review contractor (medical reviewer) to determine whether claims for orthotic braces met Medicare requirements.

Visionquest Industries, Inc.: Audit of Medicare Payments for Orthotic Braces

What OIG Found

Visionquest did not fully comply with Medicare requirements when billing for selected orthotic braces. For 33 of the 100 sampled beneficiaries, Visionquest complied with the requirements. However, for the remaining 67 beneficiaries, Visionquest billed for orthotic braces that were not medically necessary. On the basis of our sample results, we estimated that Visionquest received at least \$2.5 million in unallowable Medicare payments for orthotic braces.

What OIG Recommends and Visionquest Comments

We recommend that Visionquest: (1) refund to the durable medical equipment Medicare administrative contractors the portion of the \$2.5 million in estimated overpayments for claims that are within the 4-year reopening period, (2) exercise reasonable diligence to identify and return any additional similar overpayments, and (3) obtain as much information from beneficiary medical records as it determines necessary to assure itself that claims for orthotic braces meet Medicare requirements for medical necessity. The full text of our recommendations is shown in the report.

Visionquest stated that it did not agree with our findings and therefore did not concur with our recommendations. Visionquest stated that our medical reviewer misapplied Medicare coverage criteria and disregarded evidence in the medical records that Visionquest provided to us. Visionquest also stated that it had secured additional medical records or attestations or both from the providers for the majority of the unallowable claims. Visionquest requested that the medical reviewer re-review the sampled beneficiaries' unallowable claims in accordance with Medicare guidelines.

To address Visionquest's concerns related to the medical review decisions, we had our medical reviewer review Visionquest's written comments on our draft report as well as the additional medical records and attestations. Based on the results of this additional medical review, we revised our report to reflect that Visionquest billed for orthotic braces that were not medically necessary for 67 sampled beneficiaries instead of the 87 sampled beneficiaries identified in our draft report. With these actions taken, we revised our first recommendation to recommend that Visionquest refund \$2.5 million in estimated overpayments for orthotic braces. We maintain that our remaining findings and recommendations are valid, although we acknowledge Visionquest's rights to appeal our findings.