

## Report in Brief

Date: August 2020

Report No. A-09-19-03021

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



### Why OIG Did This Audit

From July 1, 2016, through December 31, 2018 (audit period), Medicare paid approximately \$4 billion for 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 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 Desoto Home Health Care, Inc. (Desoto), an orthotic braces supplier in Wauchula, Florida.

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

### How OIG Did This Audit

For our audit period, Desoto received approximately \$3.2 million in Medicare Part B payments for orthotic braces provided to 2,659 Medicare beneficiaries. After excluding certain claims, we grouped the remaining claims by beneficiary, selected a stratified random sample of 100 beneficiaries, and reviewed 183 claims associated with the sampled beneficiaries. We provided copies of Desoto's supporting documentation to an independent medical review contractor to determine whether the claims met Medicare requirements.

## Desoto Home Health Care, Inc.: Audit of Medicare Payments for Orthotic Braces

### What OIG Found

Desoto did not comply with Medicare requirements when billing for orthotic braces. For all 100 sampled beneficiaries, with payments totaling \$143,714, Desoto billed for orthotic braces that were not medically necessary.

These deficiencies occurred because Desoto did not obtain sufficient information from the beneficiaries' medical records to assure itself that the claims for orthotic braces met Medicare requirements for medical necessity. On the basis of our sample results, we estimated that Desoto received at least \$2.8 million in unallowable Medicare payments for orthotic braces.

### What OIG Recommends and Desoto Comments

We recommend that Desoto: (1) refund to the durable medical equipment Medicare administrative contractors \$2.8 million in estimated overpayments for orthotic braces; (2) based upon the results of this audit, exercise reasonable diligence to identify, report, and return any overpayments in accordance with the 60-day rule and identify any of those returned overpayments as having been made in accordance with this recommendation; 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.

Desoto stated that our recommendation of a refund was not appropriate and that it may decide to appeal. Desoto did not address our other two recommendations. Desoto stated that our findings were not accurately reflective of the data gathered during the audit process. It also stated that the audit team preliminarily concluded that 38 sampled beneficiaries did have sufficient documentation to support medical necessity and stated that our independent medical review contractor later reversed these determinations. Desoto stated that it worked only with a beneficiary's primary care doctor and furnished products to the beneficiary under that doctor's medical supervision.

We maintain that our finding and recommendations remain valid. During the audit process, we obtained Desoto's documentation for the sampled beneficiaries. We did not make any preliminary conclusions but rather provided the documentation to an independent medical review contractor, which determined whether the orthotic braces were medically necessary. The contractor found that the information in the beneficiaries' medical records did not support medical necessity. In addition, OIG audit recommendations do not represent final determinations by the Medicare program.