

Department of Health and Human Services

**OFFICE OF
INSPECTOR GENERAL**

**LIMITED SUPPLIER
SOLICITATION OF PRESCRIBING
PHYSICIANS UNDER MEDICARE
DMEPOS COMPETITIVE
BIDDING PROGRAM**



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EXECUTIVE SUMMARY: LIMITED SUPPLIER SOLICITATION OF PRESCRIBING PHYSICIANS UNDER THE MEDICARE DMEPOS COMPETITIVE BIDDING PROGRAM OEI-06-11-00081

WHY WE DID THIS STUDY

Section 302(e) of the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (MMA), as amended by section 154(c)(2)(C) of the Medicare Improvements for Patients and Providers Act of 2008 (MIPPA), directed the Office of Inspector General (OIG) to review supplier solicitation of physicians under the Medicare Durable Medical Equipment, Prosthetics, Orthotics, and Supplies (DMEPOS) Competitive Bidding Program. The Round 1 Rebid of the Medicare DMEPOS Competitive Bidding Program began in nine competitive bidding areas (CBA) on January 1, 2011, and made significant changes to the amount that Medicare pays for items included in the program and to the suppliers that Medicare will pay to furnish these items. Although a prescription change in the product brand or mode of delivery would not typically result in a different Medicare payment amount, suppliers might solicit physicians to make changes.

HOW WE DID THIS STUDY

To examine supplier solicitation regarding brand and mode of delivery, we surveyed a sample of 294 physicians selected randomly among physicians who prescribed competitive-bid items for Medicare beneficiaries in the 9 CBAs during the first 6 months of 2011. We asked prescribing physicians whether suppliers asked them to change the specific brand or mode of delivery of competitive-bid items, the frequency of such requests, reasons for requests, and whether they approved the requested changes. We also examined calls related to the Medicare DMEPOS Competitive Bidding Program received by three hotlines during the same 6-month period.

WHAT WE FOUND

Most physicians were not solicited by DMEPOS suppliers to change the prescribed brand or mode of delivery for competitive-bid items. Many physicians did not prescribe brand (58 percent) or mode of delivery (35 percent) for any competitive-bid items and, therefore, had no reason to be solicited by suppliers. Further, most physicians who prescribed a specific brand or mode of delivery received no solicitation from suppliers for changes regarding brand (69 percent) or mode of delivery (78 percent). Within our sample, most physicians who received requests from suppliers described such requests as rare or occasional and typically approved the changes. Physicians in our sample reported that supplier reasons for change requests included the supplier's belief that a different brand or mode of delivery would better meet patient needs, the supplier's not carrying the prescribed brand, and requests from patients. Finally, none of the nearly 37,000 hotline calls related to the Medicare DMEPOS Competitive Bidding Program involved concerns about supplier solicitation of physicians regarding brand or mode of delivery.

WHAT WE CONCLUDE

These results from the early months of the program suggest limited supplier solicitation of physicians. The Medicare DMEPOS Competitive Bidding Program is an important new initiative for controlling costs and reducing fraud, waste, and abuse in Medicare's medical equipment benefit program; OIG has other ongoing work regarding the Medicare DMEPOS Competitive Bidding Program and will continue to monitor this important initiative.

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OBJECTIVE

To assess the extent to which suppliers solicited physicians regarding the brand or mode of delivery of items covered under the Medicare Durable Medical Equipment, Prosthetics, Orthotics, and Supplies (DMEPOS) Competitive Bidding Program.

BACKGROUND

Statutory Mandate to Examine Supplier Solicitation

Section 302(e) of the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (MMA), as amended by section 154(c)(2)(C) of the Medicare Improvements for Patients and Providers Act of 2008 (MIPPA), directs the Office of Inspector General (OIG) to review the Medicare DMEPOS Competitive Bidding Program that began January 1, 2011. Specifically, OIG is to “determine the extent to which (if any) suppliers of covered items of durable medical equipment that are subject to the competitive acquisition program... are soliciting physicians to prescribe certain brands or modes of delivery of covered items based on profitability.”¹

Under the Medicare DMEPOS Competitive Bidding Program, physicians can prescribe a specific brand if they determine that it is needed to avoid an adverse medical outcome for the beneficiary.² When a physician prescribes a specific brand, the contract supplier must furnish the item as prescribed, ask the physician to approve a change to an alternative brand, or assist the beneficiary in finding another contract supplier to furnish the prescribed brand. Although a change in the product brand would not result in a different Medicare payment amount, suppliers might still have financial motivation to solicit physicians to change the prescribed brand. For example, if the supplier does not carry the prescribed brand or does not have the brand in stock, the supplier might ask for a change in brand rather than send the patient to a different supplier.

If a physician does not prescribe a specific brand on the basis of medical necessity, Medicare allows suppliers to choose which brand to provide

¹ In a letter dated June 30, 2010, Inspector General Daniel Levinson informed the committees of jurisdiction in Congress that by July 1, 2011, OIG would issue an initial report describing our work to date and plans for completing the study. In *Congressional Letter—Status of Mandated Review of the Competitive Bidding Program*, issued June 29, 2011, OIG described our work to date. This report provides the full results of the mandated review.

² Social Security Act (SSA) § 1847(a)(5). Centers for Medicare & Medicaid Services (CMS), *Medicare Claims Processing Manual*, Pub. 100-04, ch. 36, § 30.4.

when filling a DMEPOS prescription.³ In this situation, a supplier would have no need to solicit the prescribing physician to approve a change. For example, if a physician prescribes diabetic test strips for measuring a beneficiary's blood glucose level but does not prescribe a particular brand, the supplier has discretion to provide any brand of test strips.

Physicians may also prescribe specific modes of delivery for two product types covered under the Medicare DMEPOS Competitive Bidding Program: oxygen and enteral nutrients.⁴ "Mode of delivery" refers to the specific way in which these products are administered to the patient. For example, patients can receive oxygen through a stationary or portable gaseous oxygen system, liquid oxygen system, or oxygen concentrator. DMEPOS suppliers can request changes regarding the prescribed mode of delivery.⁵ Changes in mode of delivery could change the supplier billing code for the product, resulting in a change in the amount that Medicare pays (e.g., Medicare pays different amounts for stationary and portable oxygen supplies).

Medicare DMEPOS Competitive Bidding Program

To participate in the Medicare DMEPOS Competitive Bidding Program, DMEPOS suppliers competed to become Medicare contract suppliers for selected DMEPOS items within nine specific geographic areas known as competitive bidding areas (CBA).⁶ Each CBA includes ZIP Codes in the associated metropolitan statistical area. The nine CBAs are:

³ *Medicare Claims Processing Manual*, Chapter 36 § 30.4.

⁴ Enteral nutrients are liquid food supplied to the stomach or small intestines through a feeding tube. National Institutes of Health, National Digestive Diseases Information Clearinghouse, *Short Bowel Syndrome*. Accessed at <http://digestive.niddk.nih.gov/ddiseases/pubs/shortbowel/index.aspx> on September 12, 2012.

⁵ Centers for Medicare & Medicaid Services (CMS), *Medicare Claims Processing Manual*, Pub. 100-04, ch. 36, § 30.4.

⁶ For all metropolitan statistical areas not included in a CBA, the Centers for Medicare & Medicaid Services (CMS) continues to administer the Medicare DMEPOS benefit as before. CMS announced on August 19, 2011, that the Medicare DMEPOS Competitive Bidding Program will expand to an additional 91 major metropolitan areas and that new prices in those areas are targeted to go into effect on July 1, 2013. CMS, *Medicare to Save Taxpayers and Beneficiaries \$28 Billion with an Expanded Competitive Bidding Program—Program To Purchase Durable Medical Equipment Beginning Second Phase*. Accessed at <http://www.cms.gov/apps/media/press/release.asp?Counter=4064> on September 6, 2012. In addition, CMS will expand the Medicare DMEPOS Competitive Bidding Program for diabetic supplies to include all ZIP Codes in all parts of the United States. CMS, *Facts about the Durable Medical Equipment, Prosthetics, Orthotics, and Supplies (DMEPOS) Competitive Bidding Program—Competitive Bidding Areas (CBAs) Round 2 and National Mail-Order Competition*. Accessed at [http://www.dmecompetitivebid.com/Palmetto/Cbic.Nsf/files/Rd2_Bidding_CBAs0811.pdf/\\$File/Rd2_Bidding_CBAs0811.pdf](http://www.dmecompetitivebid.com/Palmetto/Cbic.Nsf/files/Rd2_Bidding_CBAs0811.pdf/$File/Rd2_Bidding_CBAs0811.pdf) on November 7, 2012.

- Charlotte, Gastonia, and Concord (North Carolina and South Carolina);
- Cincinnati and Middletown (Indiana, Ohio, and Kentucky);
- Cleveland, Elyria, and Mentor (Ohio);
- Dallas, Fort Worth, and Arlington (Texas);
- Kansas City (Kansas and Missouri);
- Miami, Fort Lauderdale, and Pompano Beach (Florida);
- Orlando and Kissimmee (Florida);
- Pittsburgh (Pennsylvania); and
- Riverside, San Bernardino, and Ontario (California).⁷

CMS and its Competitive Bidding Implementation Contractor (CBIC) evaluated suppliers' bids based on several criteria, including the bidder's compliance with quality standards and accreditation requirements, compliance with State licensure requirements, financial stability, estimated capacity to provide DMEPOS products, and bid amount.⁸ CMS awarded contracts to the winning bidders, known as "contract suppliers," in November 2010.⁹ Starting on January 1, 2011, beneficiaries with Medicare who obtain items that that were subject to the competitive bid process in the Round 1 Rebid¹⁰ CBAs had to obtain these items from a contract supplier for Medicare to pay, unless an exception applies. Using the bids submitted by suppliers, CMS set a single payment amount for

⁷ CMS, *Facts about the Durable Medical Equipment, Prosthetics, Orthotics, and Supplies (DMEPOS) Competitive Bidding Program—Competitive Bidding Areas (CBAs)*. Accessed at

[http://www.dmecompetitivebid.com/Palmetto/Cbic.nsf/files/Fact_Sheet_Competitive_Bidding_Areas.pdf/\\$File/Fact_Sheet_Competitive_Bidding_Areas.pdf](http://www.dmecompetitivebid.com/Palmetto/Cbic.nsf/files/Fact_Sheet_Competitive_Bidding_Areas.pdf/$File/Fact_Sheet_Competitive_Bidding_Areas.pdf) on June 18, 2012.

⁸ CMS, *Durable Medical Equipment, Prosthetics, Orthotics, and Supplies (DMEPOS) Bid System (DBidS) Application—Getting Started: Checklist*. Accessed at [http://www.dmecompetitivebid.com/cbic/cbicrd1.nsf/files/DBidS_Getting_Started_Checklist.pdf/\\$File/DBidS_Getting_Started_Checklist.pdf](http://www.dmecompetitivebid.com/cbic/cbicrd1.nsf/files/DBidS_Getting_Started_Checklist.pdf/$File/DBidS_Getting_Started_Checklist.pdf) on June 6, 2011. See also 42 CFR § 414.414 and SSA § 1847(b)(2).

⁹ CMS, *Contract Suppliers Selected Under New Medicare Program*. Accessed at <http://www.cms.gov/apps/media/press/release.asp?Counter=3861> on June 18, 2012.

¹⁰ CMS conducted two "rounds" of bidding in the nine CBAs, Round 1 and the Round 1 Rebid. Only the Round 1 Rebid went in to effect. See *Round 1 Rebid: Home*. Accessed at http://www.dmecompetitivebid.com/palmetto/cbicrd1rebid.nsf/vMasterDID/8TARY3716_1 on November 9, 2012.

each DMEPOS item in each CBA, replacing the prior Medicare fee schedule amount.¹¹

Competitive Bidding Product Categories

The 253 DMEPOS items included in the Round 1 Rebid of the Medicare DMEPOS Competitive Bidding Program (hereafter referred to as “competitive-bid items”) are generally high-cost or high-volume products and are grouped into the following 9 product categories, with each product category consisting of multiple related items:^{12, 13}

- oxygen, oxygen equipment, and supplies;
- standard power wheelchairs, scooters, and related accessories;
- complex rehabilitation power wheelchairs and related accessories (Group 2 only);¹⁴
- mail-order diabetic supplies;
- enteral nutrients, equipment, and supplies;
- continuous positive airway pressure (CPAP) devices, respiratory assist devices, and related supplies and accessories;
- hospital beds and related accessories;
- walkers and related accessories; and
- (in the Miami CBA only) support surfaces (Group 2 mattresses and overlays only).¹⁵

¹¹ SSA § 1847(b)(5); 42 CFR § 414.416. For a list of single payment amounts, see CMS, *Single Payment Amounts Per CBA*. Accessed at [http://www.dmecompetitivebid.com/Palmetto/cbicrd1rebid.nsf/files/SPA_All_Product_Categories.pdf/\\$File/SPA_All_Product_Categories.pdf](http://www.dmecompetitivebid.com/Palmetto/cbicrd1rebid.nsf/files/SPA_All_Product_Categories.pdf/$File/SPA_All_Product_Categories.pdf) on September 6, 2012.

¹² CMS, *General Overview of the Final Rule for Competitive Acquisition for Certain Durable Medical Equipment, Prosthetics, Orthotics, and Supplies*. Accessed at <https://www.cms.gov/DMEPOSCompetitiveBid/Downloads/DMEPOSRegSumm.pdf> on June 10, 2011. See also 72 Fed. Reg. 17992, 18021 (Apr. 10, 2007).

¹³ In addition to expanding to more metropolitan areas, CMS also announced changes to the competitive bidding product categories, such as expanding the standard mobility device category to include more products, adding a category for negative pressure wound therapy pumps and related supplies and accessories, and eliminating the complex rehabilitation power wheelchairs category. CMS, *Round 2 Items & Services*. Accessed at [http://www.dmecompetitivebid.com/Palmetto/Cbic.Nsf/files/Rd2_Bidding_ItemsServices0811.pdf/\\$File/Rd2_Bidding_ItemsServices0811.pdf](http://www.dmecompetitivebid.com/Palmetto/Cbic.Nsf/files/Rd2_Bidding_ItemsServices0811.pdf/$File/Rd2_Bidding_ItemsServices0811.pdf) on July 31, 2012.

¹⁴ CMS classifies power wheelchairs into six groups on the basis of performance characteristics.

¹⁵ Group 2 support surfaces include powered pressure-reducing mattress overlays and replacement mattresses. CMS, *DMEPOS Competitive Bidding—Round 1 Rebid: Product Categories and HCPCS Codes*. Accessed at [http://www.dmecompetitivebid.com/Palmetto/Cbic.nsf/files/HCPCS_Codes.pdf/\\$File/HCPCS_Codes.pdf](http://www.dmecompetitivebid.com/Palmetto/Cbic.nsf/files/HCPCS_Codes.pdf/$File/HCPCS_Codes.pdf) on June 18, 2012.

Telephone Hotlines

Three telephone hotlines are available for beneficiaries, providers, or other concerned parties to lodge complaints, ask questions, or refer potentially fraudulent Medicare provider practices. The 1-800-Medicare hotline provides general assistance and answers questions about Medicare coverage.¹⁶ If 1-800-Medicare operators are unable to answer a question about the Medicare DMEPOS Competitive Bidding Program, the operator will arrange for the caller to be assisted by the CBIC or by CMS regional office staff. The CBIC Ombudsman's office is staffed by local ombudsmen with specialized training to assist beneficiaries, suppliers, and health care providers. The CBIC Ombudsman also tracks beneficiary complaints or concerns about specific suppliers and works to resolve those complaints. Lastly, OIG operates the 1-800-HHS-TIPS hotline, which is available to anyone who wants to report a concern about fraud, waste, or abuse in any program run by the Department of Health and Human Services, including the Medicare DMEPOS Competitive Bidding Program.

METHODOLOGY

Scope

This review focuses on the first 6 months of the Round 1 Rebid of the Medicare DMEPOS Competitive Bidding Program (January–June 2011) in the initial nine CBAs. For this time period and these locations, we surveyed a random sample of physicians to learn whether they were solicited by DMEPOS suppliers regarding prescribed brands or modes of delivery of competitive-bid items. We also examined data from three hotlines for the same timeframe and geographic locations to learn about any calls that the hotlines might have received regarding supplier solicitation of physicians regarding brand or mode of delivery under the Medicare DMEPOS Competitive Bidding Program.

Sample

Using CMS's Durable Medical Equipment Standard Analytic file, we identified 12,431 physicians who were listed as the prescribing physician on at least 5 claims for competitive-bid items in the nine CBAs during the first 6 months of 2011. From this population, we selected a stratified, random sample of 300 physicians who prescribed competitive-bid items to beneficiaries living in the nine CBAs.

¹⁶ CMS, *1-800-Medicare*. Accessed at <https://www.cms.gov/1800medicare> on October 22, 2012.

To ensure representation of physicians who prescribed different volumes of competitive-bid items, we stratified the sample by the physician's volume of claims. The population of physicians in the sample frame consisted of:

- 7,747 physicians who prescribed 5–19 items for 17,899 beneficiaries (Stratum 1)
- 4,117 physicians who prescribed 20–89 items for 34,444 beneficiaries (Stratum 2)
- 567 physicians who prescribed 90 or more items for 18,384 beneficiaries (Stratum 3)

We randomly selected 100 physicians for each stratum. After we eliminated 6 ineligible physicians, the sample consisted of 294 physicians.¹⁷

Survey of Prescribing Physicians

We surveyed each physician in the sample to learn whether DMEPOS suppliers had asked them to change prescribed brands or modes of delivery of competitive-bid items during the first 6 months of the Medicare DMEPOS Competitive Bidding Program. Specifically, we asked physicians about:

- whether they prescribed specific brands or modes of delivery of competitive-bid items;
- the types of products that suppliers asked them to change, the frequency of such requests, and the reasons for these requests; and
- whether they approved the requested changes.

To distribute the survey, we telephoned physicians' offices to inform them of the survey and sent a link to a Web-based survey. Most respondents completed the survey online; the other respondents completed the survey by telephone with OIG staff or on paper. We made multiple attempts to follow up with physicians who did not initially respond, including contacting physicians by telephone and mailing hard copies of the survey. We conducted data collection during October 2011 through February 2012.

Overall, 214 physicians completed the survey, a 73 percent response rate.¹⁸ Many physicians were difficult to reach and their staffs often indicated

¹⁷ We deemed six physicians to be ineligible for the survey due to physician death or billing error or because of law enforcement request. These included two physicians from Stratum 1, three from Stratum 2, and one from Stratum 3.

¹⁸ The weighted response rate, based on responses within each stratum, was 68 percent.

that they were too busy to complete the survey. Table 1 shows survey response rates.

Table 1: Physician Survey Response Rates

Stratum: Number of Competitive-bid Items Prescribed	Sample	Survey Respondents	Response Rate
1: 5–19 items	98	63	64%
2: 20–89 items	97	72	74%
3: 90 or more items	99	79	80%
Total	294	214	73%*

Source: OIG analysis of survey respondents, 2012.

*The weighted response rate, based on responses within each stratum, was 68 percent.

Analysis of Survey Responses

To assess whether DMEPOS suppliers asked physicians to change the prescribed brand or mode of delivery, we analyzed the responses from 214 physician surveys. For both brand and mode of delivery, we projected the percentage of physicians who prescribed a specific brand or mode of delivery and physicians who received change requests from DMEPOS suppliers for at least one competitive-bid item. Because of small sample sizes in each stratum, for physicians who reported receiving requests to change brand or mode of delivery, we did not make projections on the basis of their further responses about the requests, such as the type of competitive-bid items involved.

Appendix A contains the point estimates and 95-percent confidence intervals based on this analysis, and Appendix B contains survey responses from physicians in the sample.

Medicare Hotline Calls

To identify other potential problems related to supplier solicitation regarding brand or mode of delivery of items in the Medicare DMEPOS Competitive Bidding Program, we analyzed calls received by 1-800-Medicare, 1-800-HHS-TIPS, and the CBIC Ombudsman during the first 6 months of 2011. We first identified the calls that related to the

Medicare DMEPOS Competitive Bidding Program.¹⁹ We then determined the extent to which these calls related to supplier solicitation of physicians regarding brand or mode of delivery.

Limitations

Limitations in the memories of individual physicians could have affected their survey responses and, therefore, our findings. For example, a physician could have reported an instance of supplier solicitation that actually occurred prior to the beginning of the Medicare DMEPOS Competitive Bidding Program, or that was related to noncovered products or patients not covered by Medicare. Although we could not eliminate the chance of receiving such responses, we attempted to avoid potential problems by reminding physicians to focus their responses solely on Medicare patients, items covered under the Medicare DMEPOS Competitive Bidding Program, and their experiences during the first 6 months of the program. In addition, because of the relatively low survey response rate, the findings in this report project only to the population represented by the survey respondents. It is possible that nonrespondents had different experiences with supplier solicitation regarding brand and mode of delivery of competitive-bid items than survey respondents, thus potentially biasing our results.

Standards

This study was conducted in accordance with the *Quality Standards for Inspection and Evaluation* issued by the Council of the Inspectors General on Integrity and Efficiency.

¹⁹ For 1-800-Medicare, we included calls categorized under 11 specific customer service “call scripts” related to the Medicare Competitive Bidding Program items, i.e., those for the following category codes: 220.10.205 (oxygen, oxygen equipment, and supplies); 220.10.210 (complex rehabilitation power wheelchairs and related accessories); 220.10.215 (standard power wheelchairs, scooters, and related accessories); 220.10.220 (mail-order diabetic supplies—this single code had three call-script versions: 1.8, 1.9, and 2.0), 220.10.225 (enteral nutrients, equipment, and supplies); 220.10.230 (CPAP devices, respiratory assist devices, and related supplies and accessories); 220.10.235 (hospital beds and related accessories); 220.10.245 (walkers and related accessories); and 220.10.250 (support surfaces (Group 2 mattresses and overlays in the Miami CBA only)). The 1-800-Medicare data about these calls indicated the number of times that customer service representatives used each call script to address beneficiary inquiries.

FINDINGS

Physicians reported limited solicitation by DMEPOS suppliers to change the prescribed brand for competitive-bid items

During the first 6 months of the Medicare DMEPOS Competitive Bidding Program, 58 percent of physicians did not prescribe brand-specific products and therefore had no reason to be solicited by suppliers regarding brand changes. When a physician did not prescribe a specific brand, suppliers could choose which brand of competitive-bid items to provide to beneficiaries.

The remaining 42 percent of physicians prescribed a specific brand for at least one competitive-bid item. Of the 94 physicians in our sample who prescribed specific brands, reasons cited for prescribing specific brands included: the patients' treatment needs (66), the physicians' prior experience with specific brands (66), and patient requests (64). (See Appendix Table B-1 for physician reasons for prescribing brand, by sample stratum.)

Physician prescribing rates varied across the nine product categories. For example, 36 percent of physicians who prescribed diabetic supplies prescribed a specific brand; 25 percent of physicians who prescribed enteral nutrients, equipment, and supplies prescribed a specific brand.²⁰ (See Appendix A for brand prescribing point estimates for all product categories.)

About two-thirds of physicians who prescribed specific brands did not receive requests for brand changes from suppliers

An estimated 69 percent of physicians who prescribed a specific brand for competitive-bid items did not receive any requests for brand changes; the remaining 31 percent of physicians received a change request for at least one competitive-bid item. In the sample, 33 physicians received a request for brand change, with over half (22 of 33) involving suppliers of diabetic-related items. (See Appendix Table B-2 for requests for brand changes, by product category and sample stratum.) Most physicians in the sample who received a request for brand change (25 of 33) described requests as rare or occasional. (See Appendix Table B-3 for physician responses on frequency of requests for brand changes, by sample stratum.)

Although physicians in the sample could not know whether financial motivations influenced suppliers to request brand changes, they described

²⁰ The 95-percent confidence interval for the 25 percent estimate is 13.6–36.4 percent.

the reasons that suppliers indicated for the requests and whether they approved changes. Among the 33 physicians in our sample who received a request for brand change, the physician-reported reasons for change requests included the supplier's not carrying the prescribed brand (16), the supplier's belief that a different brand might be better for the patient (12), and the patient's having asked for a different brand (11). (See Appendix Table B-4 for reasons for supplier requests for brand changes, by sample stratum.) Most physicians in the sample (24 of 33) who received requests for brand changes approved the requested changes. (See Appendix Table B-5 for physician responses to supplier requests for brand changes, by sample stratum.)

Physicians reported limited solicitation by DMEPOS suppliers to change the prescribed mode of delivery for competitive-bid items

Thirty-five percent of physicians did not prescribe a specific mode of delivery for any competitive-bid items during the first 6 months of the Medicare DMEPOS Competitive Bidding Program and therefore had no reason to be solicited by suppliers regarding mode of delivery. When a physician did not prescribe a specific mode of delivery for competitive-bid items, suppliers could choose the mode of delivery to provide to beneficiaries.

The remaining 65 percent of physicians specified mode of delivery on at least one prescription for either of the two competitive-bid items that can have mode of delivery specifications, i.e. (1) oxygen and (2) enteral nutrients, equipment, and supplies. (See Appendix A for point estimates for physician prescribing of a specific mode of delivery for each product category.) Among the 151 physicians in our sample who prescribed a specific mode of delivery, reasons cited included wanting to follow generally accepted standards of care for the prescribed products (119), wanting to gain better patient compliance with treatment (97), and wanting to respond to patient requests (71). (See Appendix Table B-6 for physician reasons for prescribing a specific mode of delivery, by sample stratum.)

About three-quarters of physicians who prescribed a specific mode of delivery did not receive change requests from suppliers

An estimated 78 percent of physicians who prescribed a specific mode of delivery did not receive change requests; the remaining 22 percent of physicians received a request to change the prescribed mode of delivery for at least one competitive-bid item. In the sample, 32 physicians received such requests, nearly all with regard to oxygen supplies. (See

Appendix Table B-7 for requests in our sample to change the prescribed mode of delivery, by product category and sample stratum.) All 32 physicians described requests to change the prescribed mode of delivery as rare or occasional. (See Appendix Table B-8 for physician responses on frequency of requests to change the prescribed mode of delivery, by sample stratum.)

Although physicians in our sample could not know whether financial motivations influenced suppliers to request changes in the prescribed mode of delivery, they described the reasons that suppliers indicated for the requests and whether they approved the changes. Among the 32 physicians in our sample who received a request to change the prescribed mode of delivery, the physician-reported reasons for requests included the supplier's belief that the patient would be better served by a different mode of delivery (26) and the patient's having requested a different mode of delivery (19). (See Appendix Table B-9 for supplier reasons for requests to change the prescribed mode of delivery, by sample stratum.) Almost all physicians in the sample approved the requested changes (29 of 32 physicians). (See Appendix Table B-10 for physician responses to requests to change the prescribed mode of delivery, by sample stratum.)

Hotline call data did not indicate problems with supplier solicitation of physicians regarding brand or modes of delivery

During the first 6 months of the Medicare DMEPOS Competitive Bidding Program, Medicare received almost 37,000 calls about competitive bidding, but none indicated supplier solicitation of physicians to change a prescribed brand or mode of delivery.²¹ Rather, almost all of these calls involved hotline customer services representatives assisting beneficiaries in finding a supplier to fill their DMEPOS prescriptions under the new program. Although some of the calls related to the brand of DMEPOS products—especially in helping beneficiaries to locate suppliers that carried specific brands of diabetic testing supplies—none referenced supplier solicitation of prescribing physicians.

²¹ We reviewed a total of 36,941 calls related to the Medicare DMEPOS Competitive Bidding Program: 36,508 to 1-800-Medicare, 343 to 1-800-HHS-TIPS, and 90 to the CBIC Ombudsman.

CONCLUSION

This report addresses the statutory mandate for OIG to examine the extent to which DMEPOS suppliers solicited physicians regarding either the brand or the mode of delivery of items competitive-bid under the Medicare DMEPOS Competitive Bidding Program. To examine supplier solicitation regarding brand and mode of delivery, we surveyed a sample of 294 physicians selected randomly among physicians who prescribed competitive-bid items for Medicare beneficiaries in the 9 CBAs during the first 6 months of 2011. We also examined calls related to the Medicare DMEPOS Competitive Bidding Program received by three hotlines during the same 6-month period.

We found that most physicians were not solicited by DMEPOS suppliers to change the prescribed brand or mode of delivery for competitive-bid items. Many physicians did not prescribe a specific brand (58 percent) or mode of delivery (35 percent) for any competitive-bid items and therefore had no reason to be solicited by suppliers. Further, most physicians who prescribed a specific brand or mode of delivery received no solicitation from suppliers for changes regarding brand (69 percent) or mode of delivery (78 percent). Within our sample, most physicians who received requests from suppliers described such requests as rare or occasional and typically approved the changes. Physicians in our sample reported that supplier reasons for change requests included the supplier's belief that a change would better meet patient needs, the supplier's not carrying the prescribed brand, and requests from patients. Finally, none of the nearly 37,000 hotline calls involved concerns about supplier solicitation of physicians under the Medicare DMEPOS Competitive Bidding Program.

Our study results found limited supplier solicitation and general agreement between physicians and suppliers when solicitation took place, indicating that supplier solicitation does not appear to pose a problem for the Medicare DMEPOS Competitive Bidding Program. However, our results do not rule out the possibility of some supplier solicitation based on profit. Indeed, a small number of physicians in our sample received brand or mode of delivery change requests that they did not approve, presumably because they did not judge the changes to be in the best interest of patients. OIG has other ongoing work regarding the Medicare DMEPOS Competitive Bidding Program and will continue to monitor the program as it expands.

APPENDIX A

Point Estimates and Confidence Intervals

We computed estimates and corresponding 95-percent confidence intervals using appropriate statistical methods based on the stratified sample design.

Table A-1: Point Estimates and Confidence Intervals

Analysis	Sample Size	Point Estimate	95-Percent Confidence Interval	
			Lower Bound	Upper Bound
Brand Analysis				
Physicians who did not prescribe a specific brand	214	57.8%	49.5%	66.1%
Physicians who prescribed a specific brand	214	42.2%	33.9%	50.5%
Physicians who prescribed a specific brand and were solicited	94	30.9%	19.1%	42.7%
Physicians who prescribed a specific brand and were not solicited	94	69.1%	57.3%	80.9%
Physician Prescribing by Product Category				
Physicians who prescribed diabetic supplies	214	82.6%	75.2%	88.5%
Physicians who prescribed enteral nutrients, equipment, and supplies	214	41.7%	33.5%	49.9%
Physicians who prescribed continuous positive airway pressure (CPAP) devices, respiratory assist devices, and related supplies and accessories	214	64.6%	56.5%	72.7%
Physicians who prescribed support surfaces	214	32.7%	25.0%	40.4%
Physicians who prescribed standard power wheelchairs	214	66.3%	58.4%	74.3%
Physicians who prescribed oxygen, oxygen equipment, and supplies	214	84.7%	77.5%	90.3%
Physicians who prescribed complex rehabilitation power wheelchairs	214	26.1%	18.7%	33.5%
Physicians who prescribed walkers and related accessories	214	85.9%	79.2%	91.0%
Physicians who prescribed hospital beds and related accessories	214	63.7%	55.6%	71.8%
Physician Prescribing of Brand by Product Category				
Physicians who prescribed diabetic supplies, specifying brand	161	36.1%	27.2%	45.0%
Physicians who prescribed enteral nutrients, equipment, and supplies, specifying brand	87	25.0%	13.6%	36.4%
Physicians who prescribed CPAP devices, respiratory assist devices, and related supplies and accessories, specifying brand	150	13.5%	7.6%	21.7%
Physicians who prescribed standard power wheelchairs, specifying brand	138	9.4%	4.1%	17.7%
Physicians who prescribed oxygen, oxygen equipment, and supplies, specifying brand	185	4.6%	1.9%	9.1%
Physicians who prescribed walkers and related accessories, specifying brand	171	0.7%	0.02%	3.3%
Physicians who prescribed hospital beds and related accessories, specifying brand	131	0.3%	0.0001%	3.4%

Table A-1: Point Estimates and Confidence Intervals (continued)

Mode of Delivery Analysis				
	Sample Size	Point Estimate	95-Percent Confidence Interval	
			Lower Bound	Upper Bound
Physicians who did not prescribe mode of delivery	214	35.0%	26.9%	43.0%
Physicians who prescribed a specific mode of delivery	214	65.0%	57.0%	73.1%
Physicians who prescribed a specific mode of delivery and were not solicited	151	78.1%	68.3%	86.0%
Physicians who prescribed a specific mode of delivery and were solicited	151	21.9%	14.0%	31.7%
Physicians who prescribed oxygen, oxygen equipment, and supplies, specifying mode of delivery	185	69.4%	60.9%	78.0%
Physicians who prescribed enteral nutrients, equipment, and supplies, specifying mode of delivery	87	76.4%	63.9%	86.2%

Source: Office of Inspector General analysis of survey responses from 214 physicians, 2012.

Note: Due to small sample sizes in each stratum, we were unable to project (1) the percentage of physicians who prescribed support surfaces, specifying brand and (2) the percentage of physicians who prescribed complex rehabilitation power wheelchairs, specifying brand.

APPENDIX B

Survey Responses from Physicians in Sample

Table B-1: Number of Physicians in Sample, by Reasons for Prescribing Brand (n = 94)

Reason	Stratum 1: 5–19 items	Stratum 2: 20–89 items	Stratum 3: 90 or more items	Total Number of Physicians
Patient needs	15	20	31	66
Physician's prior experience with brand	19	21	26	66
Patient request	18	20	26	64
Brand features	12	18	25	55
Better patient compliance	11	14	26	51
Brand reputation	9	16	19	44
Recommended by other health professional	9	4	6	19
Recommended by sales representative	1	3	0	4
Other	10	9	11	30

Source: Office of Inspector General (OIG) analysis of survey responses from 214 physicians, 2012.

Note: Physicians are represented in more than one reason category because physicians could select multiple reasons for prescribing a product brand.

Table B-2: Number of Physicians in Sample Who Received Requests for Brand Changes, by Product Category (n = 33)

Product Category	Stratum 1: 5–19 items	Stratum 2: 20–89 items	Stratum 3: 90 or more items	Total Number of Physicians
Diabetic supplies	7	6	9	22
Continuous positive airway pressure (CPAP) devices, respiratory assist devices, and related supplies and accessories	0	2	4	6
Oxygen, oxygen equipment, and supplies	0	1	4	5
Enteral nutrients, equipment, and supplies	1	0	1	2
Support surfaces	2	0	0	2
Hospital beds and related accessories	0	0	1	1
Standard power wheelchairs	0	0	1	1
Walkers and related accessories	0	0	1	1
Complex power rehabilitation wheelchairs	0	0	0	0

Source: OIG analysis of survey responses from 214 physicians, 2012.

Note: Physicians are represented in more than one product category because physicians could receive requests for brand changes for multiple product categories.

Table B-3: Number of Physicians in Sample Who Received Requests for Brand Changes, by Frequency of Requests (n = 33)

Frequency of Requests	Stratum 1: 5–19 items	Stratum 2: 20–89 items	Stratum 3: 90 or more items	Total Number of Physicians
Rarely or occasionally	7	7	11	25
Often or very often	1	2	6	9

Source: OIG analysis of survey responses from 214 physicians, 2012.

Note: Physicians are represented in more than one frequency category because physicians could receive requests for brand changes for multiple product categories.

Table B-4: Number of Physicians in Sample Who Received Requests for Brand Changes, by Supplier Reasons for Requests (n = 33)

Reason	Stratum 1: 5–19 items	Stratum 2: 20–89 items	Stratum 3: 90 or more items	Total Number of Physicians
Supplier did not carry the brand	3	4	9	16
Supplier believed patient would be better served by another brand	4	1	7	12
Patient asked supplier for a different brand	3	3	5	11
Brand not in stock	1	2	5	8
Other	4	4	4	12
No reason given	0	4	4	8

Source: OIG analysis of survey responses from 214 physicians, 2012.

Note: Physicians are represented in more than one reason category because physicians could select multiple reasons for prescribing a specific brand of product.

Table B-5: Number of Physicians in Sample Who Received Requests for Brand Changes, by Physician Response to Requests (n = 33)

Response	Stratum 1: 5–19 items	Stratum 2: 20–89 items	Stratum 3: 90 or more items	Total Number of Physicians
Approved requested change	8	5	11	24
Did not approve the requested change	0	3	5	8
Other	2	1	2	5

Source: OIG analysis of survey responses from 214 physicians, 2012.

Note: Physicians are represented in more than one response category because physicians could receive requests for brand changes for multiple product categories.

Table B-6: Number of Physicians in Sample, by Reasons for Prescribing Mode of Delivery (n = 151)

Reason	Stratum 1: 5–19 items	Stratum 2: 20–89 items	Stratum 3: 90 or more items	Total Number of Physicians
Following the standard of care	30	39	50	119
Better patient compliance	21	33	43	97
Patient request	13	26	32	71
Other	8	5	12	25

Source: OIG analysis of survey responses from 214 physicians, 2012.

Note: Physicians are represented in more than one reason category because physicians could select multiple reasons for prescribing a mode of delivery.

Table B-7: Number of Physicians in Sample Who Received Requests to Change Mode of Delivery, by Product Category (n = 32)

Product Category	Stratum 1: 5–19 items	Stratum 2: 20–89 items	Stratum 3: 90 or more items	Total Number of Physicians
Oxygen, oxygen equipment, and supplies	9	9	13	31
Enteral nutrients, equipment, and supplies	1	1	1	3

Source: OIG analysis of survey responses from 214 physicians, 2012.

Note: Physicians are represented in more than one product category because physicians could receive requests for changes in mode of delivery for multiple product categories.

Table B-8: Number of Physicians in Sample Who Received Requests to Change Mode of Delivery, by Frequency of Requests (n = 32)

Response	Stratum 1: 5–19 items	Stratum 2: 20–89 items	Stratum 3: 90 or more items	Total Number of Physicians
Rarely or occasionally	9	10	13	32
Often or very often	0	0	0	0

Source: OIG analysis of survey responses from 214 physicians, 2012.

Note: Physicians are represented in more than one response category because physicians could receive requests for changes in mode of delivery for multiple product categories.

Table B-9: Number of Physicians in Sample Who Received Requests to Change Mode of Delivery, by Suppliers' Reasons for Requests (n = 32)

Reason	Stratum 1: 5–19 items	Stratum 2: 20–89 items	Stratum 3: 90 or more items	Total Number of Physicians
Supplier believed patient would be better served by another mode of delivery	7	10	9	26
Patient asked supplier for different mode of delivery	6	5	8	19
Item not in stock	1	2	2	5
Other	0	0	3	3
No reason given	1	0	0	1

Source: OIG analysis of survey responses from 214 physicians, 2012.

Note: Physicians are represented in more than one reason category because physicians could select multiple reasons for prescribing a mode of delivery.

Table B-10: Number of Physicians in Sample Who Received Requests to Change Mode of Delivery, by Physician Response to Requests (n = 32)

Response	Stratum 1: 5–19 items	Stratum 2: 20–89 items	Stratum 3: 90 or more items	Total Number of Physicians
Made the requested change	9	10	10	29
Did not make the requested change	0	0	1	1
Other	1	0	2	3

Source: OIG analysis of survey responses from 214 physicians, 2012.

Note: Physicians are represented in more than one response category because physicians could receive requests for changes in mode of delivery for multiple product categories.

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