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Taxpayers on hook for Medicare payments for unnecessary scooters

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Nine out of 10 customers got their Hoveround power scooters at “little to no cost,” but American taxpayers were wrongfully charged tens of millions of dollars for scooters that did not meet Medicare reimbursement requirements.

According to a new audit report from the Department of Health and Human Services’ Office of Inspector General, Hoveround frequently claimed Medicare reimbursements for power wheelchairs and scooters it provided to beneficiaries that did not meet medical-necessity requirements in an apparent scam.

Based on their findings, auditors estimated that Medicare paid Hoveround over \$27 million for power chairs and scooters for beneficiaries that might not have needed the equipment.

Auditors randomly selected 200 beneficiaries who received new, used or rented power scooters from Hoveround in 2010 and found that 154 did not meet medical necessity requirements to receive a federally funded scooter.

For example, for 71 beneficiaries, Hoveround’s records did not specify the beneficiaries’ mobility limitations that would establish significant impairment to their daily living, according to the report. Investigators also noted 46 cases where Hoveround’s records did not indicate whether the mobility limitations could have been resolved with the use of a walker or cane instead of a power scooter.

Auditors recommended that Hoveround refund the \$27 million to the federal government and implement internal controls to ensure beneficiaries meet Medicare requirements before they receive power wheelchairs.

However, investigators did not implicate the Centers for Medicare and Medicaid Services (CMS) in their report.

While Hoveround is largely responsible for the waste highlighted in the report, spending watchdogs say the audit is one of many examples of the Obama administration's failure to crack down on Medicare's improper payments.

"CMS trusting a company selling products to seniors with determining those customers' legal eligibility is the ultimate fox in the henhouse scenario. Hoveround is not hired to protect the public treasury; that is CMS' job," said Richard Manning, president of Americans for Limited Government.

"Medicare's willingness to tackle this type of fraud is seemingly operating at the pace of a scooter, so this report is quite ironic in that respect. This is yet another example of lax safeguards leading to fraudulent behavior," said Curtis Kalin, a spokesman for the nonpartisan spending watchdog Citizens Against Government Waste. "This is yet another example of lax safeguards leading to fraudulent behavior. Until HHS implements real and effective preventative anti-fraud measures, this kind of waste will unfortunately continue."

For handing out "as seen on TV" power scooters to unqualified recipients at the cost of tens of millions of taxpayer dollars, both Hoveround and CMS win this week's Golden Hammer, a weekly distinction awarded by The Washington Times highlighting the most egregious examples of federal waste, fraud and abuse.

In a written response to the report, Hoveround disagreed with the auditors' recommendations and claimed the inspector general's office did not inform them that it was conducting a medical necessity review and, as a result, Hoveround was not able to submit all of the necessary supporting evidence.

Hoveround claimed that the OIG influenced the medical review and biased the results of the report.

The company also claimed that "serious flaws" in the process and methodology of the audit invalidate the report and "undermine the proposed recommendations."

The OIG, after reviewing Hoveround's concerns, said that it stood by its audit methodology, procedures, findings and recommendations.

In an email to The Times, a spokesman for CMS said the center cannot comment on provider-specific OIG reports because the audit is about the provider in question — not CMS or a CMS contractor.

Improper Medicare payments are continually cited by federal investigators and watchdogs. It is estimated that improper payments make up 10 to 20 percent of Medicare expenditures, and much of that misspending is a result of the program's centralized, top-down planning, according to Chris Edwards, a budget analyst with the Cato Institute.

“To get out of the vicious cycle of Medicare waste and fraud, we should move toward a consumer-driven system where benefits go straight to patients, who then shop around for doctors and hospitals in competitive markets.”

Both the legislative and executive branches have tried to gut one of the most useful tools for combatting wasteful Medicare spending: Recovery Audit Contractors.

“During their relatively short lifetime of working in just a small portion of the Medicare system, RACs have returned billions to taxpayers. Yet CMS, as well as some members of Congress, have actually sought to limit their activity. This is a travesty to taxpayers,” said Pete Sepp, president of the National Taxpayers Union.

CMS is currently working on a project to use prior authorization for payments for power wheelchairs and scooters before they are provided. Such a program would prevent the errors cited in the OIG’s report that led to the improper payments.

But spending watchdogs say until CMS can get its expenditures under control, Medicare recipients who deserve those benefits, as well as taxpayers, will pay the price.

“How many more red flags will it take before Congress and administration officials act to stop the waste? Medicare recipients who deserve these benefits should be the most outraged over those who are taking advantage of the system,” Mr. Sepp said.