

Reps. Thompson and Braley call for Inspector General to Investigate Medicare Competitive Bidding Program

Medicare plans to move forward with multi-billion dollar program despite identified failures

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Washington, D.C. – U.S. Representatives Glenn ‘GT’ Thompson (R-PA) and Bruce Braley (D-IA) [today requested](#) that U.S. Department of Health and Human Services’ Inspector General (IG), Daniel R. Levinson, investigate issues surrounding the Centers for Medicare and Medicaid Services’ (CMS) intentions to move forward with Round 2 of the Durable Medical Equipment, Prosthetics, Orthotics, and Supplies (DMEPOS) Competitive Bidding Program, on July 1, 2013, despite indication that CMS has awarded contracts to suppliers in hundreds of bidding areas nationwide that have not been compliant with the established program guidelines.

The Office of Inspector General for the U.S. Department of Health and Human Services is charged with identifying and combating waste, fraud, and abuse in more than 300 programs, including Medicare.

“Medicare’s reaction to admitted misconduct in the program has been lackluster. There was improper vetting of suppliers and the public deserves to know that measures will be taken to guarantee program failures will not continue,” said Thompson. “We have asked the Inspector General to look into the shortfalls, but also investigate the possibility that officials at Medicare intentionally ignored their own rules when problems began to arise,” he added.

Thompson and Braley make reference to a [letter they initiated](#) to CMS on June 12, 2013, signed by 227 members of the House of Representatives, requesting an administrative delay for Round 2 of the DMEPOS Competitive Bidding Program due to several irregularities with regard to contract winners not having the appropriate licensure and accreditation, despite CMS guidelines requiring that all suppliers have all state and local licenses in order to perform the services identified in the request for bids.

The Tennessee Congressional delegation had previously sent a letter to CMS outlining a similar set of concerns. On July 14, 2014, the CMS Administrator, Marilyn Tavenner, responded to the Tennessee delegation, indicating the agency had violated its guidelines for the program. The [Administrator’s response](#) failed to address how the abuses occurred and offered no specific plan for corrective action, other than the agency voiding contracts in violation of the licensure requirement.

“CMS did not appropriately vet 30 suppliers in Tennessee, which led to awards for suppliers that did not hold appropriate licensure, as admitted by CMS..,” the letter states. “Administrator Tavenner suggests that CMS will take steps to void 30 of the 98 contracts for suppliers in the Tennessee competitive bidding areas.

Administrator Tavenner expresses confidence in the ability for beneficiaries to have appropriate access to items and services in Tennessee. If CMS believes 68 suppliers are adequate for the state of Tennessee, why were 98 suppliers awarded contracts? This raises serious questions as to how CMS determines demand in a given competitive bidding area and the capacity of suppliers to adequately service the area.”

“With Round 2 of DMEPOS Competitive Bidding scheduled for July 1, 2013, there have not been adequate assurances made that a situation where unlicensed or unaccredited suppliers would be identified and removed from the program prior to receiving a contract. Additionally, based upon the methodology used by CMS to calculate pricing of items, the 30 suppliers had an impact on setting the single payment amount. Not only should the bids be removed, but it remains unclear to us how CMS can move forward with additional contracts because they do not have accurate pricing.”

“The issues we have touched upon are not isolated to just Tennessee. Our June 12, 2013 letter to Administrator Tavenner indicated that similar problems have been identified in Maryland and Ohio. Since then we have received indication that unlicensed suppliers have been awarded contracts in Michigan. For these many reasons, we respectfully request the OIG immediately begin an investigation into whether CMS intentionally awarded contracts to these unlicensed companies, in an attempt to set a predetermined price point for DMEPOS categorized products.”

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