

**Department of Health and Human Services**

**OFFICE OF  
INSPECTOR GENERAL**

**MEDICARE BENEFICIARY  
SATISFACTION WITH DMERC SERVICES**



**JUNE GIBBS BROWN  
Inspector General**

**JUNE 1997  
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# EXECUTIVE SUMMARY

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## PURPOSE

To determine the knowledge, experiences and satisfaction of Medicare beneficiaries who use durable medical equipment, prosthetics, orthotics and supplies with services provided by the Durable Medical Equipment Regional Carriers (DMERCs).

This inspection will complement a larger study, currently planned, which will ascertain whether the establishment of the DMERCs has met its intended objectives. The Health Care Financing Administration (HCFA) established these in 1993 to improve processing of medical equipment and supply claims. Determining beneficiary satisfaction with DMERC services will help to evaluate how well these carriers are meeting their goals.

## BACKGROUND

In October 1993, HCFA began processing medical equipment and supply claims through four regional carriers called the DMERCs. The DMERCs were given specific responsibilities for educating Medicare beneficiaries and responding to their questions and concerns. They must have staff available to respond to written, telephone, and in-person inquiries, and are required to meet certain standards of timeliness, accuracy, and clarity when responding to these beneficiary contacts. They must also have a beneficiary outreach program and are responsible for the first two of five stages of beneficiary appeals.

We surveyed a stratified random sample of 2,000 Medicare beneficiaries who had at least one medical equipment or supply claim processed by the DMERCs during the first 6 months of 1996. We sent each of these a mail questionnaire asking about their knowledge, experiences and satisfaction with beneficiary services provided by the DMERC. We received responses from 1,487 beneficiaries, 187 of whom had contacted their carrier in the past 12 months. We also conducted structured telephone interviews with DMERC staff from all four regions to gather information about their outreach activities and beneficiary services.

## FINDINGS

### **Most Beneficiaries Who Have Had Contact With Their DMERC Are Satisfied With The Service They Received**

Twelve percent of beneficiaries report some contact with their DMERC in the past 12 months. Of these, most (81 percent) called. A majority (86 percent) of these beneficiaries who report contacting their DMERC are very or somewhat satisfied with how their carrier has served them overall. However, overall satisfaction rates vary among the four regions. In three regions, over 80 percent of beneficiaries (83 percent, 91 percent, and 98 percent, respectively) who have contacted their DMERC are satisfied. Just 65 percent report being satisfied in the fourth region.

Beneficiaries in all four regions who report discourteous staff and long waiting times are most likely to be dissatisfied. Additionally, beneficiaries with denied claims are less satisfied and those who wrote their DMERC are least likely to rate their contact favorably. Finally, most beneficiaries who have appealed a claim are satisfied with the appeals process.

### **However, Beneficiaries Who Use Medical Equipment And Supplies Have Limited Knowledge Of Their DMERC, And Few Know Where To Go For More Information About Their Medicare Benefits**

Thirty-nine percent of Medicare users of equipment and supplies know they have a DMERC. Of this group, only 9 percent are able to correctly identify the name of their carrier, 41 percent do not know the name, and 50 percent wrongly identify a different company as their DMERC.

Not surprisingly, most beneficiaries do not use their DMERC as a source of information. Only 17 percent say they would contact the DMERC with questions about their Medicare benefits for equipment and supplies, and just 15 percent would contact the DMERC if they wanted to appeal a Medicare decision.

### **Ten Percent Of Beneficiaries Who Use Medical Equipment And Supplies Report Having Some Experience With Possible Fraud And Abuse**

Five percent of beneficiaries have suspected fraud or abuse related to their medical equipment and supplies. Of these, 38 percent did not contact anyone about their suspicions, and nearly one-quarter contacted their supplier. Another 5 percent of beneficiaries, while saying they have never actually suspected fraud or abuse, report some other experience that strongly suggests that one or the other occurred. These beneficiaries report never receiving equipment or supplies, receiving equipment or supplies they did not need, or being charged more than they were told they would have to pay.

### **While All Four DMERCs Conduct Beneficiary Outreach, They Do So Only To A Limited Extent And Report Difficulties In Their Efforts**

Staff at the four DMERCs devoted to outreach varies from one to 20; however, only one person in each DMERC works on outreach on a full-time basis. All four publish and distribute literature and also participate in conferences, health fairs, and other public events. Nevertheless, DMERC staff cite obstacles to conducting outreach, ranging from resolving scheduling conflicts with other organizations which also conduct outreach, to locating the most appropriate and effective individuals and organizations to disseminate information to.

## **RECOMMENDATIONS**

Our findings of high satisfaction among beneficiaries who have had contact with their DMERC suggest that HCFA's initiative to use only four regional carriers to process Medicare claims for medical equipment and supplies is having some success so far. However, we believe HCFA can take additional steps to improve the education and service

of Medicare beneficiaries who use medical equipment and supplies. These steps would support wider HCFA initiatives to involve beneficiaries in managing their own health care and in detecting and reporting fraud and abuse.

Specifically, HCFA should:

1. Evaluate ways to increase beneficiary satisfaction with the one DMERC region with the lowest overall satisfaction rating;
2. Instruct the DMERCs to emphasize the importance of courteous staff and timeliness in responding to beneficiary inquiries, since these two variables appear to be strongly related to overall beneficiary satisfaction;
3. Look more carefully at effective ways to educate beneficiaries on what constitutes fraud and abuse and what to do if they suspect that one or the other occurs.

## COMMENTS

We received comments on the draft report from HCFA and the Assistant Secretary for Planning and Evaluation (ASPE). They concur with our recommendations. The ASPE also provided suggestions for clarifications of the text which have for the most part been incorporated into the final report.

The ASPE expressed some concern with our findings on the appeals process which suggest that almost 50 percent of beneficiary appeals are successful and that 50 percent take more than 2 months to be resolved, indicating that some beneficiaries may be waiting for necessary equipment and supplies. The ASPE therefore recommends that HCFA routinely examine DMERC denials and the outcomes of beneficiary appeals. We believe the number of beneficiaries in our survey who appealed a claim (34) is too small on which to base such a recommendation. While our data may be suggestive of procedural weaknesses, it is too limited to draw any general conclusions. However, we do believe that this is an important issue and we currently plan to undertake a broader review of the appeals process.

The ASPE also recommends that HCFA encourage the DMERCs to look for more effective ways to conduct general outreach. We agree with the need for additional outreach, which could be conducted along with the more specific fraud and abuse outreach already planned by HCFA.

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# INTRODUCTION

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## PURPOSE

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This inspection will complement a larger study, currently planned, which will ascertain whether the establishment of the DMERCs has met its intended objectives. The Health Care Financing Administration (HCFA) established these in 1993 to improve processing of medical equipment and supply claims. Determining beneficiary satisfaction with DMERC services will help to evaluate how well these carriers are meeting their goals.

## BACKGROUND

### *Medicare Program*

Medicare provides health insurance for approximately 37 million elderly and disabled beneficiaries under two parts. Part A, hospital insurance, covers services furnished by providers, such as hospitals, home health agencies, and skilled nursing facilities. Part B, supplementary medical insurance, covers physician services, outpatient hospital services, and other medical services and supplies. The Health Care Financing Administration (HCFA) administers the Medicare program and contracts with carriers and fiscal intermediaries to process, review, and pay claims for covered services.

One group of items covered under Medicare Part B is durable medical equipment, prosthetics, orthotics and supplies. Examples of these include wheelchairs, blood glucose monitors, hospital beds, neck braces, artificial limbs, and some anticancer and immunosuppressive drugs.

In October 1993, HCFA began processing claims for these items through four regional carriers called the DMERCs. Their establishment was intended to help eliminate the inconsistency of coverage and reimbursement for DME that had been problematic in the past. The DMERCs are divided into regions A, B, C, and D, and cover the entire country. They were given specific responsibilities for educating Medicare beneficiaries and responding to their questions and concerns. However, the DMERCs have primary responsibility for providing such services for users of medical equipment and supplies.

### *HCFA Beneficiary Services*

The HCFA publishes various literature for public distribution. One of its most important publications, the Medicare Handbook, includes a description of the DMERCs and how to contact them. Beneficiaries also learn about the DMERCs from their Explanation of Medicare Benefits forms, which they are sent after receiving Part B services. The form lists

the name and telephone number of the carrier they should contact with any questions or problems with their claim. Finally, staff from HCFA also deal directly with the public by responding to beneficiary questions and complaints.

### ***DMERC Beneficiary Services***

The four DMERCs are required to provide the following beneficiary services.

Beneficiary Inquiries. The DMERCs must have staff available to respond to written, telephone, and in-person inquiries, problems and complaints. They are required to meet certain standards of timeliness, accuracy, and clarity when responding to these beneficiary contacts. More specifically, the carriers must provide a toll-free telephone service which operates during normal business hours for telephone inquires. This number must be separate from any numbers established for providers and be widely advertised, including being listed on Explanation of Medicare Benefits forms. The carriers must also have the capacity to deal with written correspondence and beneficiary visits. Timeliness standards include an interim or final response within 30 calendar days from receipt of a beneficiary's letter, a telephone response within 2 minutes after acknowledgement of a beneficiary call, and a meeting with a carrier representative within 10 minutes of visiting an office in person.

Beneficiary Outreach and Education. The DMERCs are required to have a beneficiary outreach program. To meet this mandate, all four employ staff to conduct educational activities. These activities include participating in conferences, publishing and disseminating literature such as pamphlets and newsletters, and coordinating outreach efforts with local and State agencies such as the State Departments of Aging. Two DMERC ombudsmen also conduct beneficiary outreach activities.

Fraud and Abuse Units. The DMERC fraud and abuse units are also active in enlisting the help of the public in combatting fraud and abuse. Beginning June 1, 1996, one Medicare fraud and abuse information specialist, operating out of region D, began coordinating all of the beneficiary outreach activities related to fraud and abuse in the four DMERCs.

Beneficiary Appeals Process. The DMERCs are responsible for the first two of five stages of beneficiary appeals. When appealing a claim decision, a beneficiary can request a first stage of review by the DMERC reconsideration department within 6 months of the initial decision. Should the beneficiary wish to continue to a second stage of appeal, he or she can request a hearing with a hearing officer, an independent arbitrator working for the DMERC who adjudicates the claim. Appeals taken beyond these first two stages are no longer adjudicated by the DMERC.

### ***Operation Restore Trust***

This inspection is part of a Department of Health and Human Services anti-fraud initiative called Operation Restore Trust (ORT) designed to target fraud, waste and abuse related to home health agencies, nursing homes and DME suppliers. Recent reports and investigations by the OIG showed that these areas are particularly vulnerable to fraud, waste, and abuse.

The ORT initiative targets California, Florida, New York, Illinois, and Texas. These five States account for 40 percent of the nation's Medicare beneficiaries and program expenditures.

## **METHODOLOGY**

### ***Multiple Data Collection Methods***

We used three methods of data collection to conduct this inspection. First, we sent a mail survey to a stratified random sample of Medicare beneficiaries who had one or more claims submitted for durable medical equipment, prosthetics, orthotics and supplies in the first 6 months of 1996. Second, we conducted structured telephone interviews with DMERC staff to gather information about their outreach activities and experience handling beneficiary inquiries. Third, we requested outreach materials from the DMERCs which we reviewed for content and clarity.

See Appendix A for further discussion of the beneficiary sample selection, Appendix B for confidence intervals for key survey questions, and Appendix C for a non-respondent analysis.

### ***Beneficiary Survey***

We surveyed a stratified random sample of 2,000 Medicare beneficiaries, 500 from each of the four DMERCs, who had at least one claim processed by the DMERCs during the first 6 months of 1996. Beneficiaries filed claims for a wide variety of medical equipment and supplies. Some of the most common included: oxygen equipment, blood glucose test strips, lancets, and wheelchairs. Thirty-four percent of these beneficiaries had at least one denied claim during this time.

A questionnaire was then mailed to each of these beneficiaries which included questions about their awareness of the DMERCs; exposure to their literature and other outreach activities; satisfaction with DMERC performance; and experiences with fraud or abuse. The survey instructions allowed for a caregiver, family member, or friend to assist in filling out the items.

After 6 weeks of data collection, during which time we conducted a second mailing to non-respondents, 1,487 questionnaires were returned to us. We therefore achieved an overall response rate of 74.4 percent. Response rates between the strata were very similar: 72 percent for Region A; 77 percent for Region B; 74 percent for Region C; and 74 percent for Region D.

Upon reviewing the returned surveys, it became apparent that some beneficiaries were confused about the difference between their medical equipment supplier and their DMERC. Although the DMERC was clearly defined numerous times in the questionnaire, some respondents clearly answered questions about contact with the DMERC by referring to their medical equipment supplier. For example, some beneficiaries listed the name of a supplier when asked for the name of their DMERC, and indicated that the nature of their contact with



the "DMERC" was to pick up supplies. To prevent a potential distortion of study findings, we were careful to exclude answers that were obviously referring to medical equipment suppliers from questions about contact with the DMERC.

After excluding these questionable cases, we were left with 185 beneficiaries who had contacted their DMERC by telephone, by mail or in-person, within the past 12 months. Of these 185 beneficiaries, 48 were from region A, 37 from region B, 46 from region C, and 54 from region D. Thirty-seven percent of beneficiaries who have contacted their DMERC had at least one denied claim during the sampling time frame.

For the purposes of this inspection, we will refer to all durable medical equipment, prosthetics, orthotics and supplies as "medical equipment and supplies." All differences reported between subgroups are statistically significant at the 95 percent level unless otherwise noted.

### *DMERC Interviews and Outreach Literature Review*

We conducted structured telephone interviews with two staff members from each of the four DMERCs, for a total of eight interviews. Within each DMERC, one interview focused on outreach activities, while the other focused on beneficiary inquiries.

Staff from the DMERCs were also asked to send us copies of materials used by their company for beneficiary outreach. We received outreach materials, including brochures, newsletters, and business cards, from three of the four DMERCs. We reviewed all of these materials for content and clarity.

This inspection was conducted in accordance with the **Quality Standards for Inspections** issued by the President's Council on Integrity and Efficiency.

# FINDINGS

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## **MOST BENEFICIARIES WHO HAVE HAD CONTACT WITH THEIR DMERC ARE SATISFIED WITH THE SERVICE THEY RECEIVED**

### *Twelve Percent of Beneficiaries Report Contacting Their DMERC In the Past 12 Months*

Twelve percent of Medicare beneficiaries report some contact with their DMERC in the past 12 months. Of these beneficiaries, 81 percent called, 12 percent wrote, and 18 percent visited the DMERC in person. These percentages vary little among the four regions.

The most common reason cited by beneficiaries for calling and writing their DMERC was to discuss billing problems (19 and 20 percent, respectively). Other reasons given for calling include wanting more information about how Medicare covers medical equipment and supplies (17 percent) and wanting general information (17 percent). Nineteen percent of beneficiaries who wrote their DMERC wrote to appeal a claim decision.

The most common reason given by beneficiaries for visiting the DMERC was to obtain information about different suppliers or types of medical equipment and supplies (24 percent). Other common reasons for these visits were to obtain general information, to discuss billing problems, and to find out about Medicare coverage of medical equipment and supplies.

### *Eighty-six Percent of Beneficiaries Who Say They Have Contacted Their DMERC Rate Overall Satisfaction With DMERC Service Positively*

A majority (86 percent) of the 185 beneficiaries who have contacted their DMERC are very or somewhat satisfied with how their carrier has served them overall. More specifically, 68 percent are very satisfied and 18 percent are somewhat satisfied. Another 2 percent are neither satisfied nor dissatisfied, while 12 percent are somewhat or very dissatisfied. Of those who are satisfied, 15 percent of beneficiaries are able to correctly identify their DMERC by name.

The main variables contributing to beneficiaries' dissatisfaction in all four regions include being served by discourteous carrier staff, long waiting times to get through to the carrier, and having a claim denied. These variables are discussed in greater detail below.

Overall satisfaction rates with services vary among the four DMERCs. In three regions, over 80 percent of beneficiaries (83 percent, 91 percent, and 98 percent, respectively) who have contacted their DMERC are satisfied. Just 65 percent are satisfied in the fourth region. However, beneficiaries rate DMERC telephone staff courtesy lowest in this region, and many of those who are dissatisfied report a lack of response or explanation from the DMERC as to why their claim was denied.

### ***Beneficiaries Who Report Discourteous Staff and Long Waiting Times Are Least Likely To Be Satisfied***

Beneficiaries' satisfaction with the DMERC is associated with how they perceive staff courtesy. Ninety-one percent of beneficiaries who contacted their DMERC by telephone found the staff to be courteous; 97 percent of beneficiaries who visited found the staff to be so (the remaining 3 percent were neutral). Of those beneficiaries who say staff were courteous during their most recent telephone call, 89 percent are satisfied overall; however, of beneficiaries who say staff were not courteous, only 50 percent were satisfied overall. These findings linking staff courtesy to overall satisfaction are similar to prior beneficiary satisfaction surveys conducted by the OIG.

Staff courtesy ratings vary among the four DMERC regions. More than 91 percent of beneficiaries report that staff were courteous during their most recent telephone contact in three of the four regions (92 percent, 94 percent, and 96 percent respectively). However, only 77 percent of beneficiaries in the fourth region say staff were courteous. This is also the region with the lowest overall satisfaction rate amongst its beneficiaries.

Also consistent with findings from past studies, beneficiaries' waiting time for a response to an inquiry is related to their overall satisfaction with the DMERC. Three-quarters (75 percent) of beneficiaries calling their DMERC got through right away, while almost half (48 percent) who had written to their DMERC and had received a response did so within 30 days. Finally, three-quarters (75 percent) of beneficiaries who visited their DMERC office in person were able to meet with a staff member within 10 minutes.

Eighty-nine percent of beneficiaries who got through right away when they called their DMERC are satisfied overall, compared to only 60 percent of those for whom it took more than half an hour to get through.

### ***Beneficiaries With Denied Claims are Less Satisfied***

Having at least one medical equipment or supply claim denied is negatively related to overall beneficiary satisfaction with DMERC service. Of those beneficiaries who have had no denied claims, 90 percent are satisfied overall. In comparison, just 79 percent of those who had at least one denied claim are satisfied overall.

### ***Beneficiaries Who Wrote Their DMERC Are Least Likely To Rate Their Contact Favorably***

Of those beneficiaries who called their DMERC, three-quarters say the DMERC did a very good or good job handling their inquiry; just 12 percent say the carrier did a poor job. A majority (89 percent) also found the information they got from their call helpful. Similarly, 79 percent of beneficiaries who visited their DMERC say staff there did a very good or good job in handling their visit, with almost all (92 percent) saying the information they got as a result of their visit was helpful.

Of the 25 beneficiaries who wrote their DMERC, however, only nine say the DMERC did a

very good or good job. Another nine say the DMERC did a poor job, five gave a neutral response, and two offered no opinion. The reasons given most often by these beneficiaries for their poor rating are either a negative decision from the DMERC (such as stopping a benefit) or the lack of a response from the DMERC. Furthermore, in comparison to beneficiaries who called or visited their DMERC, beneficiaries who wrote the carrier were less likely to say the information they received from the DMERC was helpful.

### ***Most Beneficiaries Who Have Appealed A Claim Are Satisfied With The Appeals Process***

Of the 185 respondents who had contacted their DMERC, 68 had at least one denied claim, 34 of whom appealed their denial. Of these, 13 won their appeal, 12 lost, and the remainder are still awaiting a decision. Of those beneficiaries whose claims have been decided, almost half report that the entire appeals process took 2 months or less. Fourteen of the 25 beneficiaries who have had a decision reached on their appeal report being satisfied with the process, nine are dissatisfied, and two gave no opinion.

### ***All Four DMERCs Have Similar Procedures In Place To Handle Beneficiary Inquiries***

All four of the DMERCs have similar procedures in place for responding to telephone calls from beneficiaries. They receive from 25,000 to 60,000 beneficiary calls in an average month, with volume varying across the regions. All four have staff devoted exclusively to responding to beneficiary calls, as well as a toll-free number for beneficiary use. Once a call is made, DMERC staff determine the nature of the inquiry and answer any questions immediately. If more research is necessary, they try to call back the beneficiary within 24 hours. All calls are logged into a computer system, with records kept on the nature of each call made.

Beneficiary inquiries by mail are made much less frequently than phone inquiries. Three of the DMERCs report having 500 or fewer inquiries by mail per month. Region C, however, reports receiving 7,800 inquiries each month by mail. Staff members available to handle mail inquiries vary among the four DMERCs from one to 42. All regions try to respond to beneficiary mail within 2 weeks.

All four report having fewer than 10 beneficiary visits per month. Respondents from three regions say that these visits are handled by the correspondence or telephone staff. Two have a special area for staff to meet with beneficiaries.

### **HOWEVER, BENEFICIARIES WHO USE MEDICAL EQUIPMENT AND SUPPLIES HAVE LIMITED KNOWLEDGE OF THEIR DMERC, AND FEW KNOW WHERE TO GO FOR MORE INFORMATION ABOUT THEIR MEDICARE BENEFITS**

### ***Less Than One-Half of Medicare Users of Equipment and Supplies Know About Their DMERC***

Thirty-nine percent of the 1,487 survey respondents say they know they have a DMERC. However, many of these beneficiaries appear confused about who this is, perhaps because the

DMERCs were only recently established. Of these beneficiaries who claim to know about their DMERC, only 9 percent are able to correctly identify the name of their DMERC, 41 percent do not know the name of their DMERC, and the remaining 50 percent wrongly identify a different company as their DMERC. Of this latter group, beneficiaries often give the name of another Medicare carrier, their medical equipment supplier, or private insurance company.

These results do not generally differ among the four regions, with beneficiaries from all four reporting similar levels of awareness about the existence of the DMERC. However, 12 percent of beneficiaries in region D and 14 percent in region A are able to correctly identify the name of their DMERC, compared to just 5 percent in regions B and C.

Long term users of medical equipment and supplies (that is, those who have had them for more than 12 months) are somewhat more likely to know they have a DMERC than more recent users (those who have had their equipment and supplies for 12 months or less). Forty-five percent of the former know they have a DMERC, compared to 38 percent of the latter.

### *Most Beneficiaries Do Not Use Their DMERC As a Source of Information*

Medicare beneficiaries appear to be using a variety of information sources for matters related to their equipment and supplies. For most, this is not the DMERC. Being able to obtain information related to their Medicare benefits is especially important, considering that two-thirds (66 percent) do not know what percentage Medicare pays for their equipment and supplies. Furthermore, 35 percent do not know that their medical equipment supplier is required to meet certain customer service standards, such as honoring warranties and taking back bad equipment.

Of the beneficiaries with questions about their Medicare benefits for equipment and supplies, one quarter state they would contact their physician and another quarter state they would contact somebody in "the Federal Government's Medicare program." Only 17 percent say they would contact their DMERC, while 12 percent would contact their supplier. Seventeen percent would not know who to contact.

Furthermore, 36 percent of beneficiaries would contact the Medicare program if they wanted to appeal a Medicare decision related to their equipment and supplies. One quarter would not know who to contact if they wanted to appeal a Medicare decision, while only 15 percent state they would contact their DMERC. An additional 14 percent say they would contact their physician. Of those beneficiaries in the sample who have had at least one denied claim in 1996 (34 percent), only 15 percent would know to contact the DMERC to appeal their denial.

Despite the fact that few Medicare beneficiaries are contacting their DMERC with matters related to their benefits for equipment and supplies, 10 percent say they would have contacted their DMERC had they known it existed.

## **TEN PERCENT OF BENEFICIARIES WHO USE MEDICAL EQUIPMENT AND SUPPLIES REPORT HAVING SOME EXPERIENCE WITH POSSIBLE FRAUD AND ABUSE**

### ***Five Percent of Beneficiaries Have Suspected Fraud or Abuse Related To Their Equipment and Supplies***

Five percent of 1,487 survey respondents answered positively when asked if they had ever suspected fraud or abuse related to their equipment and supplies. Of these, 38 percent say they did not contact anyone about their suspicions. Another quarter contacted their medical equipment supplier, and 16 percent called their physician. Fourteen percent say they contacted the Medicare program, while 13 percent said they called their DMERC. Finally, just 1 percent of those who suspected fraud and abuse contacted the Inspector General's hotline.

### ***Despite Never Suspecting Fraud and Abuse, Another 5 Percent of Beneficiaries Report Some Other Problem Which Strongly Suggests That One or the Other Occurred***

In addition to the 5 percent of beneficiaries who reported having suspected fraud or abuse, another 5 percent report having had one or more experiences which strongly suggest that one or the other occurred. Surprisingly, these beneficiaries say they have never actually suspected fraud and abuse. Two percent say they were billed for equipment or supplies that they never received, 2 percent report being charged more than they were told they would have to pay, and another 2 percent report receiving equipment or supplies that they did not need.

### ***Just Over Half of All Beneficiaries Would Call The Medicare Program If They Suspected Fraud and Abuse, But One-fifth Would Not Know Whom to Call, and Only 7 Percent Would Call the DMERC***

Fifty-four percent of all beneficiaries say they would call the "Federal Government's Medicare program" to report suspected fraud or abuse. Another 22 percent report they would not know whom to contact to report suspected fraud or abuse. Ten percent say they would contact their physician, and only 7 percent would call their DMERC. Interestingly, 3 percent would contact their medical equipment supplier to report abuse or fraud.

## **WHILE ALL FOUR DMERCs CONDUCT BENEFICIARY OUTREACH, THEY DO SO ONLY TO A LIMITED EXTENT AND REPORT DIFFICULTIES IN THEIR EFFORTS**

### ***DMERC Staff Devoted to Outreach Varies Between Regions***

The number of staff members handling outreach varies from one to 20 across the four DMERC regions. These numbers do not, however, represent the number of staff devoted to outreach activities on a full-time basis. In the region with 20 staff members working on outreach, only one does so full-time, while the rest are volunteers from within other

components of the company. In another region, three of the four individuals involved in outreach activities also do public relations. Finally, one region's legislative specialist is also the sole staff person conducting outreach activities.

### ***All Four DMERCs Conduct Similar Outreach Activities***

All four of the DMERCs publish and distribute literature, such as pamphlets, newsletters and flyers, as an integral part of their outreach program. This literature cover topics such as Medicare coverage and non-coverage of DME, secondary payers, and combatting fraud. The DMERCs also publish newsletters which deal with specific issues, such as particular groups of supplies and capped rentals.

These printed materials are distributed through mailing lists, consisting mostly of suppliers, advocacy groups for the elderly, and local and State Governments. Two DMERCs also routinely send out their pamphlets with all beneficiary correspondence. All four also distribute their printed materials at conferences and other public events.

Overall, the outreach materials sent to us by the DMERCs provided useful information in simple terms. Each DMERC had a basic informational brochure with their name, address, and phone number clearly listed. The brochures discussed the basics of Medicare coverage, definitions and examples of durable medical equipment, prosthetics, orthotics and supplies, and the purpose of DMERCs. They also had information about how to appeal a claim and how to report suspicions of fraud or abuse. In addition to this basic brochure, the DMERCs had other types of materials, such as newsletters and flyers. Some of these items were also available in Spanish.

All of the DMERCs also participate in conferences, seminars, or other public events. These events include trade shows and health fairs or expos, and are sponsored by local governments, hospital associations, and advocacy groups. The DMERCs' participation at these events consists of giving presentations, setting up informational booths, and answering beneficiary inquiries.

### ***Few Beneficiaries Report Any Experience With Outreach Efforts***

One-quarter of beneficiaries (27 percent) have seen or read printed information, such as pamphlets and brochures, about Medicare coverage of equipment and supplies. Almost all (97 percent) say this information was helpful. Forty-four percent of these beneficiaries say this literature was published by the Federal Government's Medicare program; just 15 percent report the literature was published by their DMERC. Almost half (46 percent) of the beneficiaries who have seen some literature related to medical equipment and supplies say it was sent to them without requesting it, mostly by the Federal Government's Medicare program. Another 20 percent picked it up themselves.

More than one-third (37 percent) of Medicare beneficiaries say they would like to receive more information about their Medicare benefits. Most of these beneficiaries would like general information on Medicare coverage and reimbursement.

Only 3 percent of Medicare beneficiaries report ever having attended any meeting, seminar or other public event about Medicare coverage of their medical equipment and supplies. All of this small group believe the meeting was helpful.

***DMERC Staff Cite Obstacles To Conducting Outreach, But Also Report Some Practices That Appear To Be Effective***

Staff at each of the four DMERCs report obstacles which hinder their outreach efforts. A staff person at one region believes it is difficult to locate the most appropriate and effective individuals and organizations within each of his region's States to disseminate his information to; he is not sure that his information is actually reaching the beneficiaries. In another region, the outreach staff member cites scheduling conflicts due to the many different groups he coordinates his outreach activities with. A staff member at a third region identifies the cost associated with this type of work as the main obstacle to conducting outreach. He also believes that it is difficult to assess the effectiveness of outreach efforts. Finally, one employee cites a general lack of knowledge among beneficiaries about who the DMERC is, as well about Medicare benefits in general. She also believes that lack of attendance at the advertised events is a major obstacle to conducting effective outreach.

The DMERC staff we interviewed reported what they viewed as effective practices in conducting outreach. These different practices ranged from using alternative methods of educating beneficiaries, such as using business cards to advertise their toll-free number, to promoting beneficiary involvement in outreach activities. One innovative approach being used involves having Medicare beneficiaries themselves present educational information at outreach events. Another DMERC distributed an informational video to libraries and cable companies. Several staff members stated that creative and persistent dissemination of outreach materials helps to overcome the obstacles they face in educating the Medicare population.



# RECOMMENDATIONS

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Our findings of high satisfaction among beneficiaries who have had contact with their DMERC suggest that HCFA's initiative to use only four regional carriers to process Medicare claims for medical equipment and supplies is having some success so far. However, we believe HCFA can take additional steps to improve the education and service of Medicare beneficiaries who use medical equipment and supplies. These steps would support wider HCFA initiatives to involve beneficiaries in managing their own health care and in detecting and reporting fraud and abuse.

Specifically, HCFA should:

1. Evaluate ways to increase beneficiary satisfaction with the one DMERC region with the lowest overall satisfaction rating;
2. Instruct the DMERCs to emphasize the importance of courteous staff and timeliness in responding to beneficiary inquiries, since these two variables appear to be strongly related to overall beneficiary satisfaction;
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## COMMENTS

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The ASPE expressed some concern with our findings on the appeals process which suggest that almost 50 percent of beneficiary appeals are successful and that 50 percent take more than 2 months to be resolved, indicating that some beneficiaries may be waiting for necessary equipment and supplies. The ASPE therefore recommends that HCFA routinely examine DMERC denials and the outcomes of beneficiary appeals. We believe the number of beneficiaries in our survey who appealed a claim (34) is too small to base on which to base such a recommendation. While our data may be suggestive of procedural weaknesses, it is too limited to draw any general conclusions. However, we do believe that this is an important issue and we currently plan to undertake a broader review of the appeals process.

The ASPE also recommends that HCFA encourage the DMERCs to look for more effective ways to conduct general outreach. We agree with the need for additional outreach, which could be conducted along with the more specific fraud and abuse outreach already planned by HCFA.

# APPENDIX A

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## SAMPLE SELECTION

The universe for this inspection was selected by identifying all line items processed by the DMERCs and posted to HCFA's 1996 National Claims History 1 percent sample file as of 6/30/96. These 224,098 records were then summarized by DMERC and Medicare identification number to eliminate multiple billings for a beneficiary to the same DMERC. After limiting the line items to those for living beneficiaries, our universe consisted of 31,283 records for 31,159 beneficiaries (several beneficiaries had claims submitted to multiple DMERCs).

Pre-inspection research indicated that approximately 10 percent of Medicare beneficiaries who file claims for medical equipment or supplies contact their DMERC. To ensure that we captured a large enough number of these beneficiaries, we chose a sample size of 2,000 records. This sample size was also based on the assumption of a 70 percent response rate, which we believed to be attainable based on past beneficiary survey inspections.

From the identified universe, we selected a stratified random sample of 500 beneficiaries (one was sampled twice) from each of the four DMERCs as follows:

STRATA (DMERC)	UNIVERSE	SAMPLE
1 (B)	7,277	500
2 (C)	12,055	500
3 (D)	6,165	500
4 (A)	5,786	500
<b>TOTAL</b>	31,283	2,000

## **APPENDIX B**

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### **CONFIDENCE INTERVALS FOR KEY QUESTIONS**

We calculated confidence intervals for 13 key questions from the beneficiary mail questionnaire. The response estimate and 95 percent confidence interval are given for each of the following:

1. Before you started to answer this questionnaire, did you know that you have a Medicare medical equipment carrier (the private insurance company that contracts with the Federal Government to process Medicare claims for your medical equipment and/or supplies)?  
"Yes" response estimate: 39%  
Lower interval: 36%  
Upper interval: 42%
2. What is the name of your Medicare medical equipment carrier?  
"I don't know" response estimate: 41%  
Lower interval: 37%  
Upper interval: 45%
3. Have you ever seen or read any printed information, such as pamphlets or brochures, about Medicare coverage of medical equipment and supplies?  
"Yes" response estimate: 27%  
Lower interval: 25%  
Upper interval: 29%
4. Do you know what percentage Medicare pays for your medical equipment and/or supplies?  
"Yes" response estimate: 34%  
Lower interval: 31%  
Upper interval: 37%
5. Who would you call if you had a question about your Medicare benefits for medical equipment and/or supplies?  
"My Medicare medical equipment carrier" response estimate: 17%  
Lower interval: 15%  
Upper interval: 19%
6. Who would you call if you wanted to appeal a Medicare decision on your medical equipment and/or supplies claim?  
"My Medicare medical equipment carrier" response estimate: 15%  
Lower interval: 13%  
Upper interval: 17%

7. Have you ever contacted your Medicare medical equipment carrier about any matter related to your medical equipment and/or supplies?  
"Yes" response estimate: 12%  
Lower interval: 10%  
Upper interval: 14%
8. Overall, how satisfied have you been with how your Medicare medical equipment carrier has served you?  
"Satisfied" response estimate: 86%  
Lower interval: 81%  
Upper interval: 91%
9. In general, how courteous or discourteous were the Medicare medical equipment carrier staff during this call?  
"Courteous" response estimate: 91%  
Lower interval: 85%  
Upper interval: 97%
10. What happened when you called?  
"I got through right away" response estimate: 75%  
Lower interval: 68%  
Upper interval: 82%
11. Does the beneficiary report having some experience with possible fraud or abuse?  
"Yes" response estimate: 10%  
Lower interval: 8%  
Upper interval: 12%
12. Have you ever suspected Medicare fraud or abuse related to your medical equipment and/or supplies?  
"Yes" response estimate: 5%  
Lower interval: 4%  
Upper interval: 6%
13. Which of the following did you contact about your suspicions?  
"Nobody" response estimate: 38%  
Lower interval: 24%  
Upper interval: 52%

# APPENDIX C

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## NON-RESPONDENT ANALYSIS

When surveys are used to collect data, the results may be biased if non-respondents differ from respondents. For this inspection, a beneficiary for whom a survey was not received is a non-respondent. To test for the presence of any bias, we first obtained information from HCFA's 1 percent Common Working File for all 2,000 beneficiaries who were sent a mail questionnaire. A total of 1,487 surveys were returned, for a response rate of 74.4 percent. The following table illustrates the number of responses and the response rate by strata:

<u>STRATA (DMERC)</u>	<u>NUMBER</u>	<u>RESPONSE RATE</u>
1 (B)	384	77%
2 (C)	372	74%
3 (D)	371	74%
4 (A)	360	72%
Total Respondents	1,487	74%

The survey data are analyzed as a whole and not by strata. However, we did exceed the desired minimum 70 percent response rate for each strata.

To test for the presence of any non-response bias, we analyzed the variables that might influence whether an individual would respond to the survey or that might affect his or her responses. For the 2,000 beneficiaries in our sample, we looked at sex, claim status (i.e., whether or not the beneficiary had one or more claims denied during our study period), and DMERC region. These categorical variables were tested using Chi-square with the appropriate degrees of freedom.

The results of this analysis are presented in tables A, B and C. The Chi-square values given in the tables provide a test of the difference between the distribution of the respondents and that of the non-respondents for the variable of interest. Also provided in the tables are the response rates by the different values of the variables.

These tables show no statistically significant differences between respondents and non-respondents for any of the variables tested. Given the results of this analysis, we believe that the inspection findings fairly represent the experience and opinions of beneficiaries to whom the questionnaires were sent. We therefore believe that our survey results can be generalized to the universe of Medicare beneficiaries who had a medical equipment or supplies claim processed during the first 6 months of 1996.

**TABLE A**

<b>SEX</b>						
	<b>Respondents</b>		<b>Non-respondents</b>		<b>Total</b>	<b>Response Rate</b>
<b>Male</b>	608	41%	187	36%	795	76%
<b>Female</b>	879	59%	326	64%	1,205	73%
<b>Total</b>	<b>1,487</b>		<b>513</b>		<b>2,000</b>	<b>74%</b>
CHI-SQ = 3.133 Degrees of Freedom = 1						

**TABLE B**

<b>CLAIM STATUS</b>						
	<b>Respondents</b>		<b>Non-respondents</b>		<b>Total</b>	<b>Response Rate</b>
<b>At least one claim denied</b>	511	34%	191	37%	702	73%
<b>No claims denied</b>	976	66%	322	63%	1,298	75%
<b>Total</b>	<b>1,487</b>		<b>513</b>		<b>2,000</b>	<b>74%</b>
CHI-SQ = 1.377 Degrees of Freedom = 1						

**TABLE C**

<b>DMERC REGION</b>						
	<b>Respondents</b>		<b>Non-respondents</b>		<b>Total</b>	<b>Response Rate</b>
<b>A</b>	360	24%	140	27%	500	72%
<b>B</b>	384	26%	116	23%	500	77%
<b>C</b>	372	25%	128	25%	500	74%
<b>D</b>	371	25%	129	25%	500	74%
<b>Total</b>						
	<b>1,487</b>		<b>513</b>		<b>2,000</b>	<b>74%</b>
CHI-SQ = 3.028						
Degrees of Freedom = 3						

# **APPENDIX D**

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## **COMMENTS ON THE DRAFT REPORT**

In this appendix, we present in full the comments from the Health Care Financing Administration and the Assistant Secretary for Planning and Evaluation.