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**TO:** Deborah Taylor  
Acting Director, Office of Financial Management  
Centers for Medicare & Medicaid Services

**FROM:** Stuart Wright /S/  
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for Evaluation and Inspections

**SUBJECT:** Memorandum Report: "Miscoded Claims for Power Wheelchairs in the Medicare Program," OEI-04-07-00403

The Office of Inspector General (OIG) is conducting a series of evaluations of Medicare's payments for power wheelchairs supplied to beneficiaries in the first half of 2007. This report provides information on the extent to which Medicare suppliers used correct procedure codes to bill for standard and complex rehabilitation power wheelchairs during the first half of 2007. This information should be viewed in the context of our other recent reports on power wheelchairs and may also be included as part of an aggregate error rate in an OIG report on the medical necessity of power wheelchairs. To ensure that we provide timely information, we are providing this report on coding errors at this time.<sup>1</sup>

We discovered the coding errors identified in this report while reviewing power wheelchair model information on manufacturer invoices, as part of a separate evaluation, to determine suppliers' costs to purchase these chairs. Because power wheelchairs are assigned to procedure codes based on the manufacturers' model information, we defined miscoded claims as those for which the suppliers billed Medicare using procedure codes that did not match the model information on the invoices of power wheelchairs supplied to beneficiaries.

We found that suppliers miscoded 8 percent of standard and complex rehabilitation power wheelchair claims from the first half of 2007. Three percent of standard and complex rehabilitation power wheelchair claims were upcoded, resulting in the Centers for Medicare & Medicaid Services (CMS) overpayments to the suppliers, and 4 percent were downcoded, resulting in underpayments to the suppliers. One percent of claims were miscoded, but the manufacturers' invoices had insufficient model information to categorize the claims as either upcoded or downcoded. Complex rehabilitation power wheelchair claims were miscoded more often than standard power wheelchair claims (23 percent and 7 percent, respectively). Complex

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<sup>1</sup> The medical necessity reviews will be completed in 2010.

rehabilitation power wheelchair claims were also upcoded more often than standard power wheelchair claims (12 percent and 3 percent, respectively). In the first half of 2007, suppliers submitted over 13 times more standard than complex rehabilitation power wheelchair claims. Therefore, the greater number of standard power wheelchair claims strongly influenced the combined error rates.

## **BACKGROUND**

Medicare beneficiaries are eligible to receive power wheelchairs under Medicare Part B coverage of durable medical equipment (DME). In 2007, approximately 173,300 Medicare beneficiaries received power wheelchairs at a total cost to Medicare and its beneficiaries of \$686 million.<sup>2</sup>

Power wheelchairs are medically necessary for beneficiaries who cannot effectively perform mobility-related activities of daily living using other mobility-assistive equipment, such as a cane, manual wheelchair, or power-operated scooter.<sup>3 4</sup> Most beneficiaries who require power wheelchairs are unable to walk and have severe upper body weakness because of a neurologic or muscular condition.<sup>5</sup>

Beneficiaries receive power wheelchairs from DME suppliers, which bill the Medicare program for reimbursement. The prescribing physician provides the supplier with documentation from the beneficiary's medical record to support the medical necessity of the power wheelchair, along with the power wheelchair prescription.<sup>6</sup> Based on the prescription, the supplier recommends a specific power wheelchair for the beneficiary. The physician must then review and approve the supplier's recommendation.

Medicare beneficiaries may choose to rent or purchase their power wheelchairs, although most choose to purchase them.<sup>7</sup> In the first half of 2007, new power wheelchair purchases accounted for

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<sup>2</sup> OIG analysis of 2007 CMS claims data, July 2008.

<sup>3</sup> CMS, "Medicare National Coverage Determinations Manual," Pub. No. 100-03, ch.1, § 280.3. Last modified in August 2005. Available online at [http://www.cms.hhs.gov/manuals/downloads/ncd103c1\\_Part4.pdf](http://www.cms.hhs.gov/manuals/downloads/ncd103c1_Part4.pdf). Accessed on March 17, 2009.

<sup>4</sup> Based on Medicare's National Coverage Determination for Power Mobility Devices, mobility-related activities of daily living include toileting, feeding, dressing, grooming, and bathing in customary locations within the home.

<sup>5</sup> CMS's Medicare Learning Network, "Medicare Coverage of Power Mobility Devices: Power Wheelchairs and Power Operated Vehicles," April 2006.

<sup>6</sup> Local coverage determinations issued by Medicare contractors require a physician or other treating practitioner to conduct a beneficiary examination to assess the beneficiary's need for a power wheelchair before prescribing it. The supplier must also conduct an assessment of the beneficiary's home to determine whether it is conducive to power wheelchair usage. A beneficiary who receives a complex rehabilitation power wheelchair must have an additional specialty evaluation.

<sup>7</sup> Medicare covers power wheelchairs under a capped rental arrangement. Suppliers must give beneficiaries the option of purchasing the power wheelchairs when they first provide them. If the beneficiary declines to purchase in the first month, Medicare will pay for the power wheelchair on a rental basis through the 13<sup>th</sup> month. The supplier must transfer ownership to the beneficiary after the 13<sup>th</sup> month.

95 percent of all Medicare power wheelchair expenditures.<sup>8</sup> Medicare pays 80 percent of the supplier's reimbursement and the beneficiary is responsible for the remaining 20 percent.

### **Medicare Procedure Codes and Program Requirements**

Suppliers submit Medicare claims for power wheelchairs using Healthcare Common Procedure Coding System codes ("procedure codes"). Medicare determines the highest dollar amount that suppliers may be reimbursed for each procedure code ("fee schedule amount").

Accurate coding is critical to ensuring that Medicare makes proper payments. CMS's "National Correct Coding Policy Manual for Part B Medicare Carriers" (the Coding Manual) provides guidance for the use of procedure codes. The Coding Manual requires that when submitting claims, suppliers should "report the [procedure] code that describes the procedure performed to the greatest specificity possible."<sup>9</sup>

### **Power Wheelchair Procedure Code Assignment**

As of January 2007, Medicare covered more than 500 different power wheelchair models under 42 procedure codes on its power wheelchair fee schedule.<sup>10 11</sup> Medicare's Pricing, Data Analysis, and Coding (PDAC) contractor conducts coding reviews of each power wheelchair model submitted by manufacturers to assign the model to a specific procedure code.<sup>12</sup> Each model is assigned a procedure code based on the power wheelchair's performance, patient weight capacity, seat type, portability, and power seating system capability.<sup>13</sup> As of January 2007, a minimum of 2 and a maximum of 75 models were reimbursable under individual power wheelchair procedure codes.<sup>14</sup>

Each power wheelchair's model information includes a product name assigned by the manufacturer. Power wheelchairs may be further differentiated by a model number. When multiple model numbers are associated with one product name, Medicare assigns each model number to a procedure code, although the same product name may appear under multiple procedure codes.

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<sup>8</sup> OIG analysis of 2007 CMS claims data, January 2009.

<sup>9</sup> CMS, "National Correct Coding Policy Manual for Part B Medicare Carriers," Version 14.3, p. XII-1, 2007. Available online at <http://www.cms.hhs.gov/NationalCorrectCodInitEd/>. Accessed on March 20, 2009.

<sup>10</sup> Power wheelchair procedure codes are K0813–K0816, K0820–K0831, K0835–K0843, and K0848–K0864.

<sup>11</sup> Since January 2007, additional models have been assigned to power wheelchair procedure codes. As of April 2008, Medicare covered 685 power wheelchair models.

<sup>12</sup> Until August 2008, the Statistical Analysis DME Regional Carrier contractor performed the activities that PDAC now performs.

<sup>13</sup> "Power Mobility Device Coding Guidelines," Statistical Analysis DME Regional Carrier, August 3, 2006. Available online at [https://www.dmepdac.com/resources/articles/2006/08\\_14\\_06.pdf](https://www.dmepdac.com/resources/articles/2006/08_14_06.pdf). Accessed on April 1, 2009.

<sup>14</sup> Two power wheelchair models were reimbursable under procedure code K0863 and 75 models were reimbursable under procedure code K0823 as of January 2007.

When submitting a power wheelchair claim, a supplier can use the manufacturer's model information to identify the correct procedure code to bill Medicare. The PDAC provides resources to assist manufacturers, distributors, and suppliers with DME product coding questions. In addition to publishing educational articles and maintaining a call center, the PDAC posts results of coding decisions for power wheelchairs and other DME on the Internet through its DME Coding System (DMECS).<sup>15</sup><sup>16</sup> Using the DMECS, suppliers can search the power wheelchair Product Classification List by manufacturer, product name, or model number to identify the correct procedure code to bill Medicare.

### **Power Wheelchair Groups**

Power wheelchairs are divided into three groups based on their reported testing performance in categories such as speed, range, and height of vertical obstructions they can climb. Group 3 power wheelchairs must meet the highest performance requirements, while Group 2 chairs and Group 1 chairs must meet intermediate and the lowest performance requirements, respectively. For example, Group 3 power wheelchairs must be able to travel at least 12 miles on a single charge of batteries, while the minimum distances for power wheelchairs in Groups 2 and 1 are 7 and 5 miles, respectively. Appendix A compares the performance requirements of the three groups.

### **Power Wheelchair Types**

Standard power wheelchairs: Group 2 includes the most frequently reimbursed procedure code (K0823). In this report, we refer to K0823 power wheelchairs as “standard power wheelchairs.” Standard power wheelchairs feature an automotive-style seat and are designed to provide basic, daily mobility for persons weighing less than 300 pounds. These power wheelchairs cannot be upgraded with power options (e.g., a powered seating system) or other electronic features (e.g., a device to enable the user to control the chair by sipping and puffing through a straw).

Medicare's 2007 fee schedule amount for standard power wheelchairs was \$4,024. Standard power wheelchairs accounted for nearly three-quarters of Medicare's power wheelchair claims and expenditures in the first half of 2007.<sup>17</sup> Seventy-five power wheelchair models were reimbursable under the standard power wheelchair procedure code as of January 2007.<sup>18</sup>

Complex rehabilitation power wheelchairs: Complex rehabilitation procedure codes include all Group 3 power wheelchairs and Group 2 power wheelchairs that can be upgraded with power options. To receive a complex rehabilitation power wheelchair, a beneficiary must meet criteria beyond those required to receive a standard power wheelchair. For example, the beneficiary's mobility limitation must be because of a neurological condition, muscle disease, or skeletal

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<sup>15</sup> Available online at <https://www.dmepdac.com/dmecs/index.html>. Accessed on March 27, 2009.

<sup>16</sup> “DMECS Guide.” Available online at <https://www.dmepdac.com/docs/search/2-DMECS%20Guide.pdf>. Accessed on March 5, 2009.

<sup>17</sup> OIG analysis of claims from the National Claims History File with dates of service from January 1 to June 30, 2007, processed as of June 30, 2007.

<sup>18</sup> Motorized Wheelchair Product Classification List, as published by the Statistical Analysis DME Regional Carrier, January 2, 2007.

deformity. Complex rehabilitation power wheelchairs can be upgraded with power options and other electronic features to accommodate beneficiaries' specific mobility needs.

The 2007 fee schedule amounts for complex rehabilitation power wheelchair procedure codes ranged from \$4,132 to \$11,965. Medicare payments for complex rehabilitation power wheelchairs accounted for less than 7 percent of power wheelchair claims and expenditures in the first half of 2007.<sup>19</sup> Medicare covered 276 complex rehabilitation power wheelchair models under 26 procedure codes as of January 2007.<sup>20 21</sup>

### **Measures Employed To Prevent Improper Payments**

Medicare utilizes contractors to ensure that claims meet requirements and to prevent fraud, waste, and abuse. To identify potential coverage and coding errors, contractors use automated computer edits at the time a claim is submitted, as well as targeted prepayment and postpayment claims reviews.

The DME Medicare Administrative Contractors (MAC) use automatic computer edits to ensure that claims that suppliers submit include all required information. The edits may deny an erroneous claim or suspend it for further review.<sup>22</sup> When submitting a claim, a supplier must provide information pertaining to the beneficiary, the prescribing physician, place of service, and type of service, among other information. However, suppliers are not required to provide the equipment's model information.

Both DME MACs and Zone Protection Integrity Contractors (ZPIC) conduct targeted claims reviews.<sup>23</sup> Medicare's "Program Integrity Manual" directs contractors to "request appropriate medical documentation and review cases for coverage and correct coding."<sup>24</sup> Medical reviews by DME MACs focus on compliance with coverage criteria through provider feedback. Notification and medical reviews by ZPICs focus on identifying potential fraud, waste, and abuse. Beneficiary medical records do not include information about the power wheelchair models that beneficiaries receive. Because power wheelchairs are assigned to procedure codes based on model information, Medicare contractors' reviews of medical records will not identify power wheelchairs billed with incorrect procedure codes.

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<sup>19</sup> OIG analysis of claims from the National Claims History File submitted under procedure codes K0835–K0864 with dates of service from January 1 to June 30, 2007, processed as of June 30, 2007.

<sup>20</sup> Complex rehabilitation procedure codes are K0835–K0864.

<sup>21</sup> Motorized Wheelchair Product Classification List, as published by the Statistical Analysis DME Regional Carrier, January 2, 2007.

<sup>22</sup> CMS, "Medicare Program Integrity Manual," Pub. No. 100-08, ch. 3.4. Available online at <http://www.cms.hhs.gov/manuals/downloads/pim83c03.pdf>. Accessed on March 20, 2009.

<sup>23</sup> In 2008, CMS began to replace program safeguard contractors with ZPICs, which will operate in seven zones. Program safeguard contractors were charged with benefit integrity functions for Medicare Parts A and B. ZPICs' scope of work includes Medicare Parts A, B, C, and D, including DME, home health, hospice, and dually eligible beneficiaries.

<sup>24</sup> CMS, "Medicare Program Integrity Manual," Pub. No. 100-08, ch. 3.2. Available online at <http://www.cms.hhs.gov/manuals/downloads/pim83c10.pdf>. Accessed on April 1, 2009.

### **OIG Power Wheelchair Evaluation Series**

OIG is conducting a series of evaluations of Medicare’s payments for power wheelchairs supplied to beneficiaries in the first half of 2007. In addition to issuing this report, OIG plans to issue separate reports on (1) suppliers’ costs to purchase power wheelchairs and the services that suppliers performed in conjunction with providing the chairs; (2) suppliers’ costs to purchase power wheelchair batteries; (3) compliance with documentation requirements; and (4) the appropriateness (e.g., the medical necessity) of power wheelchair claims. We discovered the coding errors identified in this report while reviewing power wheelchair model information on manufacturer invoices, as part of a separate evaluation, to determine suppliers’ costs to purchase these chairs.

## **METHODOLOGY**

### **Scope**

We reviewed the model information on manufacturer invoices for a random sample of power wheelchair claims that we selected to conduct the series of power wheelchair evaluations. We determined whether suppliers billed Medicare using correct procedure codes based on the model information on the invoices.<sup>25</sup> This evaluation focuses on standard and complex rehabilitation power wheelchairs supplied to Medicare beneficiaries in the first half of 2007.

### **Sample Selection**

Our population consisted of new, nonrental power wheelchair claims from CMS’s National Claims History DME Standard Analytical File with dates of service during the first half of 2007.<sup>26</sup> Before selecting our sample, we removed claims associated with suppliers that were not actively enrolled in Medicare and claims associated with suppliers or prescribing physicians that were under OIG investigation.<sup>27 28</sup> After removing these claims, the population from which we sampled included 93 percent of standard and 91 percent of complex rehabilitation power wheelchair claims.

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<sup>25</sup> The invoice is the itemized bill from the manufacturer or distributor, containing individual prices, the total charge, and sales terms.

<sup>26</sup> The final date to submit claims with dates of service during the first half of 2007 was December 31, 2008. We analyzed claims CMS processed, as of June 30, 2007. Suppliers had submitted 79 percent of claims with dates of service during the first half of 2007 at the time we selected our sample.

<sup>27</sup> Pursuant to 42 CFR § 424.520(a), to maintain Medicare billing privileges after initial enrollment, suppliers must comply with Medicare regulations and relevant Federal and State requirements. Pursuant to 42 CFR § 424.535, Medicare may revoke a supplier’s billing privileges because of a felony, noncompliance with enrollment requirements, etc. Pursuant to 42 CFR § 424.540, Medicare also may deactivate a supplier’s billing privileges when the supplier does not submit a claim for a full year or when the supplier fails to report a change to the information provided on the enrollment application.

<sup>28</sup> We removed 3,430 standard and 301 complex rehabilitation power wheelchair claims because of suppliers’ Medicare enrollment status or an ongoing investigation. After removing these, our population consisted of 43,133 standard and 3,001 complex rehabilitation power wheelchair claims.

We grouped the resulting population into three strata:

1. standard power wheelchair claims submitted by low-volume suppliers (those that submitted fewer than 10 standard power wheelchair claims in the first half of 2007),
2. standard power wheelchair claims submitted by high-volume suppliers (those that submitted 10 or more standard power wheelchair claims in the first half of 2007), and
3. complex rehabilitation power wheelchair claims.<sup>29</sup>

We selected 375 total claims by selecting simple random samples of 125 claims from each stratum. Appendix B provides the number of claims, Medicare expenditures, and number of suppliers for the population and sample, by stratum.

### **Data Collection and Analysis**

We obtained suppliers' addresses from the National Supplier Clearinghouse and, for each claim, requested the manufacturer's invoice for the supplier's purchase of the power wheelchair.<sup>30</sup> We mailed up to three requests and telephoned nonresponding suppliers to ensure that they received the requests.

We removed 17 claims for which the suppliers did not submit invoices.<sup>31</sup> We also removed five claims because the invoices suppliers submitted had insufficient information about the model to determine whether the claims were miscoded. Finally, we removed 14 claims for power wheelchairs that the manufacturer supplied directly to the beneficiaries because no manufacturer invoices existed for our review. After removing these claims, our sample consisted of 339 claims, a response rate of 90 percent.

We determined whether power wheelchairs were miscoded using the manufacturers' model information (i.e., product name and model number) on the invoices.<sup>32</sup> We defined miscoded claims as those for which the supplier billed Medicare using a procedure code that did not match the model information listed on the manufacturer's invoice (i.e., the correct procedure code). In addition, we ensured that the power wheelchair serial numbers for miscoded claims matched the serial numbers on the power wheelchair delivery records, when this information was available.<sup>33</sup>

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<sup>29</sup> We chose to divide the standard power wheelchair population at a supplier volume of 10 claims based on the distribution of suppliers and claims. Only 25 percent of suppliers had 10 or more claims, and these accounted for 83 percent of all standard power wheelchair claims.

<sup>30</sup> We also requested supplier documentation related to other evaluations in our series of power wheelchair evaluations.

<sup>31</sup> We will forward a list of nonresponding suppliers to CMS.

<sup>32</sup> We used Medicare's Motorized Wheelchair Product Classification List from January 2007. We also confirmed that the sample claims' models were not reassigned to different procedure codes during the first half of 2007, using the "effective date" field on a 2008 Product Classification List.

<sup>33</sup> We had serial numbers, which are unique to individual power wheelchairs, from both the invoice and the delivery record for 29 out of 45 miscoded claims identified.

We categorized miscoded claims as either upcoded or downcoded. Upcoded claims were those for which Medicare allowed more than the fee schedule amount for the correct procedure code. Upcoded claims resulted in CMS overpayments to the suppliers. Downcoded claims were those for which Medicare allowed less than the fee schedule amount for the correct procedure code. Downcoded claims resulted in CMS underpayments to the suppliers.

We were unable to categorize miscoded claims that had insufficient documentation. For these claims, the models' product names, but not the specific model numbers, were listed on the invoices. The claims were miscoded because the product names were not reimbursable under the procedure codes the suppliers used to bill Medicare. However, we could not determine whether they were upcoded or downcoded because the product names were reimbursable under multiple procedure codes, with fee schedule amounts that were both higher and lower than the billed procedure codes.

We calculated error rates by power wheelchair type and, for standard power wheelchair claims, by supplier volume and projected the results.<sup>34</sup> See Appendix C for the confidence intervals for these estimates.

We calculated Medicare's average and maximum overpayments and underpayments ("improper payments") for upcoded and downcoded sample claims. We calculated overpayments and underpayments based on the difference between the amounts Medicare allowed and the fee schedule amounts for the correct procedure codes. We used the highest fee schedule amount to calculate improper payments for upcoded and downcoded sample claims with multiple potentially correct procedure codes. This approach was conservative because it resulted in the lowest overpayment for upcoded claims and the highest underpayment for downcoded claims. We did not calculate improper payments associated with miscoded claims that had insufficient documentation to categorize as upcoded or downcoded.

### **Limitations**

We did not contact the beneficiaries associated with miscoded claims to verify that the power wheelchairs they received matched the model information from the manufacturer invoices that suppliers submitted. However, we ensured that the power wheelchair serial numbers for miscoded claims matched the serial numbers on the power wheelchair delivery records, when this information was available.

We do not know why suppliers submitted miscoded claims. For all miscoded claims, we do not know whether the power wheelchairs that suppliers provided were medically necessary.

We did not project improper payment estimates because the sample sizes associated with miscoded claims were not large enough to produce these estimates reliably. Therefore, this report does not address the impact of miscoded power wheelchair claims on Medicare and beneficiary payments.

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<sup>34</sup> We used SAS and Survey Data Analysis software to project our sample results to the population.



**Standards**

This study was conducted in accordance with the “Quality Standards for Inspections” issued by the President’s Council on Integrity and Efficiency and Executive Council on Integrity and Efficiency (now Council of the Inspectors General on Integrity and Efficiency).

**RESULTS**

**Eight Percent of Standard and Complex Rehabilitation Power Wheelchairs Were Miscoded in the First Half of 2007**

Medicare reimbursed suppliers for 46,134 new, nonrental standard and complex rehabilitation power wheelchair claims in the first half of 2007.<sup>35 36</sup> Based on the power wheelchair model information on the manufacturer invoices that suppliers submitted, 8 percent of these claims were miscoded. Suppliers billed Medicare for these claims using procedure codes that did not match the power wheelchairs they provided to beneficiaries.

Table 1 compares the miscoded error rates for two power wheelchair types, standard and complex rehabilitation, and presents the combined error rates. In the first half of 2007, suppliers submitted over 13 times more standard than complex rehabilitation power wheelchair claims. Therefore, the greater number of standard power wheelchair claims strongly influenced the combined error rates. Appendix C provides the confidence intervals for all estimates.

<b>Table 1: Error Rates for Miscoded Standard and Complex Rehabilitation Power Wheelchair Claims, First Half of 2007</b>			
Miscoded Error Type	Miscoded Error Rate (Percentage)		
	Standard Power Wheelchairs	Complex Rehabilitation Power Wheelchairs	Standard and Complex Rehabilitation Power Wheelchairs
Upcoded	3%	12%	3%
Downcoded	4%	4%	4%
Insufficient documentation to categorize	0%	7%	1%
<b>Total</b>	<b>7%</b>	<b>23%</b>	<b>8%</b>

Source: OIG analysis of power wheelchair manufacturer invoices, 2009.

<sup>35</sup> This figure excludes claims we removed from the population because the suppliers did not have active Medicare enrollment status or were under OIG investigation.

<sup>36</sup> We analyzed claims CMS processed as of June 30, 2007. Suppliers had submitted 79 percent of claims with dates of service during the first half of 2007 at the time we selected our sample.

Three percent of standard and complex rehabilitation power wheelchair claims were upcoded and 4 percent were downcoded. Complex rehabilitation power wheelchair claims were miscoded and upcoded more often than standard power wheelchair claims in the first half of 2007.<sup>37</sup>

Seven percent of standard power wheelchair claims were miscoded in the first half of 2007.

Medicare reimbursed suppliers for 43,133 new, nonrental standard power wheelchair claims in the first half of 2007.<sup>38 39</sup> Based on manufacturers’ invoices, 7 percent of these claims were miscoded. Eleven percent of standard power wheelchair claims submitted by low-volume suppliers and 6 percent of those submitted by high-volume suppliers were miscoded. Suppliers that submitted these miscoded claims provided Medicare beneficiaries with power wheelchairs other than a standard power wheelchair.

Table 2 compares the miscoding error rates for standard power wheelchair claims by supplier volume.

<b>Table 2: Error Rates for Miscoded Standard Power Wheelchair Claims, by Supplier Volume, First Half of 2007</b>			
Miscoded Error Type	Miscoded Error Rate (Percentage)		
	High-Volume Suppliers	Low-Volume Suppliers	All Standard Power Wheelchair Claims
Upcoded	2%	5%	3%
Downcoded	4%	4%	4%
Insufficient documentation to categorize	0%	1%	0%
<b>Total</b>	6%	11%*	7%

\* Column does not add to total because of rounding.

Source: OIG analysis of power wheelchair manufacturer invoices, 2009.

Three percent of all standard power wheelchair claims were upcoded. Five percent of standard power wheelchair claims submitted by low-volume suppliers and 2 percent of those submitted by high-volume suppliers were upcoded.

In the first half of 2007, Medicare allowed up to \$4,024 for standard power wheelchairs.<sup>40</sup> Based on the sample, suppliers that submitted upcoded standard power wheelchair claims received an average of \$437 more than the fee schedule amount to which they were entitled. Medicare’s

<sup>37</sup> The miscoded and upcoded error rates for standard and complex rehabilitation power wheelchair claims are statistically different at a 95-percent confidence level, based on a chi-square test.

<sup>38</sup> This figure excludes claims we removed from the population because the suppliers did not have active Medicare enrollment status or were under OIG investigation.

<sup>39</sup> We analyzed claims CMS processed as of June 30, 2007. Suppliers had submitted 79 percent of claims with dates of service during the first half of 2007 at the time we selected our sample.

<sup>40</sup> In January 2009, the fee schedule amount was reduced to \$3,641.

maximum overpayment for a single claim was \$936. Many beneficiaries associated with upcoded standard power wheelchair claims received less expensive Group 1 power wheelchairs.

Four percent of all standard power wheelchair claims were downcoded. Standard power wheelchair claims submitted by low- and high-volume suppliers were downcoded at approximately the same rate (4 percent).

Based on the sample, suppliers that submitted downcoded standard power wheelchair claims received an average of \$977 less than the fee schedule amount to which they were entitled. Medicare's maximum underpayment for a single claim was \$3,252. Most beneficiaries associated with downcoded sample claims received more expensive power wheelchairs in the same group as standard power wheelchairs (Group 2). However, two beneficiaries received Group 3 complex rehabilitation power wheelchairs instead of standard power wheelchairs.

In addition, less than 1 percent of standard power wheelchair claims were miscoded, but the manufacturers' invoices had insufficient model information to categorize the claims as either upcoded or downcoded. For each of these claims, the chair's product name was not reimbursable under the procedure code the supplier used to bill Medicare. However, because the invoices did not include the model numbers for each of these claims, we could not determine which of several possible procedure codes was correct.

Twenty-three percent of complex rehabilitation power wheelchair claims were miscoded in the first half of 2007. Medicare reimbursed suppliers for 3,001 new, nonrental complex rehabilitation power wheelchair claims in the first half of 2007.<sup>41 42</sup> Based on the manufacturers' invoices, 23 percent of these claims were miscoded. Twelve percent of complex rehabilitation power wheelchair claims were upcoded and 4 percent were downcoded. Suppliers that submitted these claims billed Medicare using complex rehabilitation procedure codes that did not match the model information on the invoices for power wheelchairs they provided to Medicare beneficiaries.

In the first half of 2007, Medicare fee schedule amounts for complex rehabilitation power wheelchairs ranged from \$4,132 to \$11,965.<sup>43</sup> Based on the sample, suppliers that submitted upcoded complex rehabilitation power wheelchair claims received an average of \$1,081 more than the fee schedule amount to which they were entitled. Medicare's maximum overpayment for a single claim was \$2,087. Beneficiaries associated with upcoded complex rehabilitation power wheelchair claims from the sample received less expensive power wheelchairs, including Group 1 power wheelchairs, standard power wheelchairs, and less expensive complex rehabilitation power wheelchairs.

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<sup>41</sup> This figure excludes claims we removed from the population because the suppliers did not have active Medicare enrollment status or were under OIG investigation.

<sup>42</sup> We analyzed claims CMS processed as of June 30, 2007. Suppliers had submitted 79 percent of claims with dates of service during the first half of 2007 at the time we selected our sample.

<sup>43</sup> In January 2009, fee schedule amounts for complex rehabilitation power wheelchairs were reduced by 9.5 percent, to between \$3,739 and \$10,828.

Based on the sample, suppliers that submitted downcoded complex rehabilitation power wheelchair claims received an average of \$881 less than the fee schedule amount to which they were entitled. Medicare's maximum underpayment for a single claim was \$1,363.

In addition, 7 percent of complex rehabilitation power wheelchair claims were miscoded, but the manufacturers' invoices had insufficient model information to categorize the claims as either upcoded or downcoded. For each of these claims, the chair's product name was not reimbursable under the procedure code the supplier used to bill Medicare. However, because the invoices did not include the model numbers for each of these claims, we could not determine which of several possible procedure codes was correct.

## CONCLUSION

Medicare reimbursed suppliers for 46,134 new, nonrental standard and complex rehabilitation power wheelchair claims in the first half of 2007.<sup>44</sup> Suppliers billed Medicare for 8 percent of these claims using procedure codes that did not match the model information on the invoices for the power wheelchairs provided to beneficiaries. Three percent of standard and complex rehabilitation power wheelchair claims were upcoded and 4 percent were downcoded. One percent of claims were miscoded, but the invoices had insufficient model information to categorize the claims as either upcoded or downcoded. Complex rehabilitation power wheelchair claims were miscoded more often than standard power wheelchair claims (23 percent and 7 percent, respectively). Complex rehabilitation power wheelchair claims were also upcoded more often than standard power wheelchair claims (12 percent and 3 percent, respectively).

We will forward information on the miscoded claims identified in our sample to CMS for appropriate action. In addition, our analysis indicates that suppliers may need further education to determine the correct power wheelchair procedure codes to bill Medicare. Our analysis also demonstrates that opportunities exist to improve CMS's review of power wheelchair claims. If suppliers provided model information when submitting claims, CMS contractors could use this information to automatically determine whether the models are reimbursable under the billed procedure codes. In addition, if contractors included manufacturers' invoices in their targeted reviews, they could determine whether billed procedure codes match the model information on the invoices.

This report is being issued directly in final form because it contains no recommendations. If you have comments or questions about this report, please provide them within 60 days. Please refer to report number OEI-04-07-00403 in all correspondence.

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<sup>44</sup> This figure excludes claims we removed from the population because the suppliers did not have active Medicare enrollment status or were under OIG investigation.

**APPENDIX A**

<b>Power Wheelchair Performance Requirements, by Group</b>				
<b>Performance Category</b>	<b>Description of Performance Category</b>	<b>Group 1 Requirement</b>	<b>Group 2 Requirement</b>	<b>Group 3 Requirement</b>
Length		40 inches	48 inches	48 inches
Width		24 inches	34 inches	34 inches
Obstacle height	Vertical height of a solid obstruction that can be climbed	0.79 inches	1.57 inches	2.36 inches
Minimum top-end speed	The minimum speed acceptable on a flat, hard surface	3 miles per hour	3 miles per hour	4.5 miles per hour
Range	The minimum distance acceptable on a single charge of the batteries	5 miles	7 miles	12 miles
Dynamic stability incline	The minimum degree of slope at which the power wheelchair in the most common seating and positioning configuration(s) remains stable at the required patient weight capacity	6 degrees (1:12)	6 degrees (1:12)	7.5 degrees (1:10)

Source: "Power Mobility Device Coding Guidelines," August 3, 2006. From the Statistical Analysis Durable Medical Equipment Regional Carrier.

**APPENDIX B**

<b>Population and Sample Sizes for Standard and Complex Rehabilitation Power Wheelchairs, First Half of 2007</b>							
<b>Stratum</b>	<b>Definition</b>	<b>Population</b>			<b>Sample</b>		
		<b>Claims</b>	<b>Expenditures</b>	<b>Suppliers</b>	<b>Claims</b>	<b>Expenditures</b>	<b>Suppliers</b>
1	Standard power wheelchair claims by low-volume suppliers	7,223	\$28,949,132	2,352	125	\$499,152	124
2	Standard power wheelchair claims by high-volume suppliers	35,910	\$144,354,060	716	125	\$502,989	94
1 and 2	All standard power wheelchair claims	43,133	\$173,303,192	3,068	250	\$1,002,141	218
3	Complex rehabilitation power wheelchair claims*	3,001	\$16,010,906	1,064	125	\$665,200	113
Total		46,134	\$189,314,098	3,362**	375	\$1,667,341	325**

\* Procedure codes K0835–K0864.

\*\* Supplier figures do not sum to totals because of overlap (some suppliers in our sample provided both standard and complex rehabilitation power wheelchairs).

Source: Office of Inspector General analysis of Medicare power wheelchair claims with dates of service from January 1 to June 30, 2007.

**APPENDIX C**

<b>Estimates and Confidence Intervals for Miscoded Error Rates Among Standard and Complex Rehabilitation Power Wheelchair Claims, First Half of 2007</b>			
<b>Estimate Description</b>	<b>Sample Size</b>	<b>Point Estimate</b>	<b>95-Percent Confidence Interval</b>
<b>Standard and Complex Rehabilitation Power Wheelchairs</b>			
Miscoded claims	339	7.7%	4.8%–12.1%
Upcoded claims	339	3.2%	1.6%–6.2%
Downcoded claims	339	3.9%	1.9%–8.1%
Miscoded claims for which invoices had insufficient documentation to categorize the claims as upcoded or downcoded	339	0.6%	0.1%–2.2%
<b>Standard Power Wheelchairs: All Suppliers</b>			
Miscoded claims	219	6.6%	3.6%–11.6%
Upcoded claims	219	2.5%	0.8%–6.0%
Downcoded claims	219	3.9%	1.8%–8.5%
Miscoded claims for which invoices had insufficient documentation to categorize the claims as upcoded or downcoded	219	0.2%	0.0%–2.0%
<b>Standard Power Wheelchairs: High-Volume Suppliers</b>			
Miscoded claims	105	5.7%	2.6%–12.3%
Upcoded claims	105	1.9%	0.2%–6.7%
Downcoded claims	105	3.8%	1.4%–9.8%
Miscoded claims for which invoices had insufficient documentation to categorize the claims as upcoded or downcoded	105	0.0%	0.0%–0.0%
<b>Standard Power Wheelchairs: Low-Volume Suppliers</b>			
Miscoded claims	114	10.5%	6.1%–17.7%
Upcoded claims	114	5.3%	2.4%–11.3%
Downcoded claims	114	4.4%	1.8%–10.2%
Miscoded claims for which invoices had insufficient documentation to categorize the claims as upcoded or downcoded	114	0.9%	0.0%–4.8%
<b>Complex Rehabilitation Power Wheelchairs</b>			
Miscoded claims	120	22.5%	15.9%–30.8%
Upcoded claims	120	11.7%	7.1%–18.7%
Downcoded claims	120	4.2%	1.8%–9.6%
Miscoded claims for which invoices had insufficient documentation to categorize the claims as upcoded or downcoded	120	6.7%	3.4%–12.7%