



FOR IMMEDIATE RELEASE

March 28, 2013

Contact: Sean Neary/Meaghan Smith (Baucus), 202-224-4515

Julia Lawless/Antonia Ferrier (Hatch), 202-224-4515

Emily Spain (Carper), 202-224-2441

Aaron Fobes (Coburn), 202-228-5358

HHS REPORT SHOWS TENS OF MILLIONS LOST TO MEDICARE OVERPAYMENTS

Baucus, Hatch, Carper, Coburn Look for HHS to Plug Leaks in Payments to Medical Equipment Suppliers

WASHINGTON – Senate Finance Committee Chairman Max Baucus (D-Mont.), Ranking Member Orrin Hatch (R-Utah), Homeland Security and Governmental Affairs Committee Chairman Tom Carper (D-Del.) and Senator Tom Coburn (R-Okla.) today highlighted [a new report](#) from the Department of Health and Human Services (HHS) Inspector General showing nearly \$70 million lost in Medicare overpayments to suppliers of durable medical equipment – most of which will go unrecovered. The report demonstrates the need for HHS to recover overpayments using surety bonds, which are issued by companies as guarantees that health care providers will pay the Centers for Medicare & Medicaid Services (CMS) any money they owe.

Since 2009, CMS has required suppliers of durable medical equipment to obtain at least \$50,000 in surety bond coverage per location in order to recover debts owed to Medicare and protect against fraudulent suppliers. But the report showed that only \$263,000 out of \$50 million backed by surety bonds had been recovered, and CMS had inaccurate and incomplete bond information for many suppliers. It also found many overpayments to suppliers exceeded \$50,000, the maximum amount CMS can collect on a surety bond. Because of the \$50,000 limit per bond, as much as \$42 million of that total will go uncollected. One supplier alone was overpaid by \$5 million, but had carried bonds that only covered a fraction of that amount. Another \$20 million in overpayments were made to suppliers who took out no surety bonds at all and therefore will not likely be recovered.

As part of the Affordable Care Act, CMS was given the authority to increase the minimum amount covered by surety bonds. It has the option of setting the bond minimum at an amount matching the supplier's total billings, which would make all overpayments eligible for recovery.

"At a time when we're scouring every nook and cranny of the federal budget for savings, we can't afford to let tens of millions of Medicare dollars go to waste without a serious effort to recover it," Chairman Baucus said. **"The reason medical suppliers carry surety bonds is to prevent lost Medicare overpayments, but that's clearly failing. The administration needs to do all it can to plug the leaks, and that includes making surety bonds a more effective tool of recovering lost funds."**

"It's unacceptable that lax oversight has allowed tens of millions of taxpayer dollars to fall by the wayside," said Senator Hatch. **"As this report demonstrates, utilizing tools, like surety bonds, will help curb Medicare overpayments and eliminate waste. I look forward to working with my colleagues to ensure HHS implements these common-sense recommendations."**

"This report shows that thanks to the Affordable Care Act, we have a powerful new tool to prevent and recover waste and fraud from Medicare supply and equipment providers," said Chairman Carper. "Already, surety bonds will help Medicare officials collect millions of dollars in overpayments from providers and this report has laid out a roadmap to make the program even stronger. I commend Medicare officials for taking action to address the problems identified by the inspector general and expect them to move quickly to recover the millions of dollars in funds already available for collection from the surety bonds. I look forward to seeing a plan detailing next steps to build upon the early success of the program. I will continue to work with the Administration and my Congressional colleagues as we pursue programs to improve efficiency and better protect taxpayer dollars in these critical safety net programs like Medicare that millions of Americans depend on."

"The Inspector General has issued a pointed critique of the Medicare program's inability to fully collect overpayments to suppliers who were paid too much by the program," Dr. Coburn said. "Medicare officials must do a better job of protecting taxpayer dollars from errant payments, and Congress should continue to conduct oversight to ensure Medicare officials are using efficient and effective practices."

The full report is available online [here](#).

###