

Department of Health and Human Services

**OFFICE OF  
INSPECTOR GENERAL**

**MEDICARE COULD SAVE MILLIONS BY  
ELIMINATING THE LUMP-SUM  
PURCHASE OPTION FOR ALL POWER  
MOBILITY DEVICES**

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## EXECUTIVE SUMMARY

*Medicare could save millions by eliminating the lump-sum purchase option for all power mobility devices and requiring that all power mobility devices be provided to beneficiaries on a monthly rental basis.*

### WHY WE DID THIS REVIEW

Medicare Part B covers power mobility devices (PMDs). PMDs include power-operated vehicles (POVs) and standard and complex rehabilitative power wheelchairs (PWCs). Effective January 1, 2011, the Affordable Care Act (ACA) eliminated the lump-sum purchase option for standard PWCs, requiring suppliers to provide these devices on a monthly rental basis. From 2011 through 2014, we determined that Medicare saved up to an estimated \$86 million by eliminating the lump-sum purchase option for standard PWCs. However, the lump-sum purchase option remained available for POVs and complex PWCs. (In this report, we refer to POVs and complex PWCs as nonstandard PMDs.) From 2011 through 2014, Medicare payments for nonstandard PMDs totaled \$264,376,368. To determine whether Medicare could have saved money during this time period if the rental-only basis had been extended to nonstandard PMDs, we compared lump-sum payments for nonstandard PMDs to what those payments would have been using the rental-only basis.

The objective of this review was to determine whether Medicare could save money by eliminating the lump-sum purchase option for nonstandard PMDs.

### BACKGROUND

Medicare Part B covers durable medical equipment (DME), including prosthetics, orthotics, supplies, and PMDs. The Centers for Medicare & Medicaid Services (CMS) administers the Medicare program. Before the ACA, suppliers were required to give Medicare beneficiaries the option of obtaining PMDs on a purchase or rental basis at the time the PMDs were furnished to the beneficiaries. Medicare currently makes payments for standard PWCs only on a monthly rental basis. However, the lump-sum purchase option remains available for nonstandard PMDs.

In addition to eliminating the lump-sum purchase option for standard PWCs, the ACA changed the monthly fee schedule amounts for the rental of both standard and complex rehabilitative PWCs. For PWCs furnished on or after January 1, 2011, the monthly fee schedule amount for rental equipment equals 15 percent of the purchase price for each of the first 3 months and 6 percent of the purchase price for each of the remaining months. The monthly fee schedule for POVs remains at 10 percent of the purchase price for the first 3 months and 7.5 percent of the purchase price for the remaining months. Suppliers must offer beneficiaries the option of converting the PWCs to purchased equipment during the 10th rental month. For all PMDs, after Medicare makes 13 consecutive monthly rental payments, the supplier must transfer the equipment title to the beneficiary.

## **HOW WE CONDUCTED THIS REVIEW**

Our audit covered Medicare payments totaling \$264,376,368 for PMDs obtained by 85,761 beneficiaries choosing the lump-sum purchase option during calendar years (CYs) 2011 through 2014. These PMDs were new and used nonstandard PMDs provided to Medicare beneficiaries during this 4-year period. We calculated the potential savings to the Medicare program by comparing the lump-sum purchase payments to what the rental payments would have been over a 13-month rental period.

## **WHAT WE FOUND**

In the future, Medicare could save millions of dollars if CMS seeks legislation to eliminate the lump-sum payment option and requires all PMDs be provided to beneficiaries on a monthly rental basis. In this regard, Medicare could have saved an additional \$10,245,539 from CYs 2011 through 2014 if it had eliminated the lump-sum payment option for all PMDs.

## **WHAT WE RECOMMEND**

We recommend that CMS seek legislation to eliminate the lump-sum payment option for all PMDs. If such legislation had been in place during CYs 2011 through 2014, Medicare could have saved at least an additional \$10,245,539.

## **CENTERS FOR MEDICARE & MEDICAID SERVICES COMMENTS AND OUR RESPONSE**

In written comments on our draft report, CMS stated that it continually evaluates its payment policies, including those for DME. CMS is also in the process of setting its legislative priorities. CMS will consider the recommendation as part of these processes but is not in the position to concur to seeking legislation at this time.

We continue to recommend that CMS draft and submit for review a legislative proposal that would eliminate the lump-sum payment option for all PMDs and to include it in its legislative priorities. Considering the potential savings identified in our report and the estimated savings of up to \$86 million for CYs 2011 through 2014 identified since the elimination of the lump-sum payment option for standard PWCs, we maintain that CMS should take the necessary steps to implement our recommendation.

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## INTRODUCTION

### WHY WE DID THIS REVIEW

Medicare Part B covers power mobility devices (PMDs).<sup>1</sup> PMDs include power-operated vehicles (POVs) and standard and complex rehabilitative power wheelchairs (PWCs).<sup>2</sup> Effective January 1, 2011, the Affordable Care Act (ACA)<sup>3</sup> eliminated the lump-sum purchase option for standard PWCs, requiring suppliers to provide these devices on a monthly rental basis.<sup>4</sup> From calendar years (CYs) 2011 through 2014, we determined that Medicare saved up to an estimated \$86 million by eliminating the lump-sum purchase option for standard PWCs. However, the lump-sum purchase option remained available for POVs and complex PWCs. (In this report, we refer to POVs and complex PWCs as nonstandard PMDs.) From 2011 through 2014, Medicare payments for nonstandard PMDs totaled \$264,376,368. To determine whether Medicare could have saved money during this time period if the rental-only basis had been extended to nonstandard PMDs, we compared lump-sum payments for nonstandard PMDs to what those payments would have been using the rental-only basis.

### OBJECTIVE

Our objective was to determine whether Medicare could save money by eliminating the lump-sum purchase option for nonstandard PMDs.

### BACKGROUND

Medicare Part B covers durable medical equipment (DME), including prosthetics, orthotics, supplies, and PMDs.<sup>5</sup> The Centers for Medicare & Medicaid Services (CMS) administers the Medicare program. Before the ACA, suppliers were required to give Medicare beneficiaries the option of obtaining PMDs on a purchase or rental basis at the time the PMDs were furnished to the beneficiaries. Medicare currently makes payments for standard PWCs only on a monthly rental basis. However, the lump-sum purchase option remains available for nonstandard PMDs.

In addition to eliminating the lump-sum purchase option for standard PWCs, the ACA changed the monthly fee schedule amounts for the rental of both standard and complex rehabilitative PWCs.<sup>6</sup> For PWCs furnished on or after January 1, 2011, the monthly fee schedule amount for rental equipment equals 15 percent of the purchase price for each of the first 3 months and

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<sup>1</sup> 42 CFR §§ 410.38(a) and 410.38(c)(1).

<sup>2</sup> 42 CFR § 410.38(c)(1).

<sup>3</sup> The Patient Protection and Affordable Care Act, P.L. No. 111-148 (Mar. 23, 2010), as amended by the Health Care and Education Reconciliation Act of 2010, P.L. No. 111-152 (Mar. 30, 2010), is known as the Affordable Care Act.

<sup>4</sup> ACA § 3136; *Medicare One-Time Notification Manual* (the Manual), Pub. No. 100-20, Change Request 7116.

<sup>5</sup> 42 CFR §§ 410.38(a) and 410.38(c)(1).

<sup>6</sup> ACA § 3136.

6 percent of the purchase price<sup>7</sup> for each of the remaining months.<sup>8</sup> The monthly fee schedule for POVs remains at 10 percent of the purchase price for the first 3 months and 7.5 percent of the purchase price for the remaining months. Suppliers must offer beneficiaries the option of converting the PWCs to purchased equipment during the 10th rental month.<sup>9</sup> For all PMDs, after Medicare makes 13 consecutive monthly rental payments,<sup>10</sup> the supplier must transfer the equipment title to the beneficiary.<sup>11</sup>

## **HOW WE CONDUCTED THIS REVIEW**

Our audit covered Medicare payments totaling \$264,376,368 for PMDs provided to 85,761 beneficiaries using the lump-sum purchase option during calendar years (CYs) 2011 through 2014. These PMDs included new and used nonstandard PMDs provided to Medicare beneficiaries during this 4-year period. We calculated the potential savings to the Medicare program by comparing the lump-sum purchase payments to what the rental payments would have been over a 13-month rental period.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Appendix A contains the details of our audit scope and methodology, Appendix B details the Federal requirements related to Part B payments for PMDs, Appendix C shows our mathematical calculation methodology, and Appendix D contains the results of our calculations.

## **FINDING**

### **MEDICARE COULD SAVE MILLIONS BY ELIMINATING THE LUMP-SUM PURCHASE OPTION FOR ALL POWER MOBILITY DEVICES**

In the future, Medicare could save millions of dollars if CMS seeks legislation to eliminate the lump-sum payment option and requires all PMDs be provided to beneficiaries on a monthly rental basis. In this regard, Medicare could have saved an additional \$10,245,539 from CYs 2011 through 2014 if it had eliminated the lump-sum payment option for all PMDs.

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<sup>7</sup> 42 CFR § 414.229(b)(2).

<sup>8</sup> 42 CFR § 414.229(b)(3).

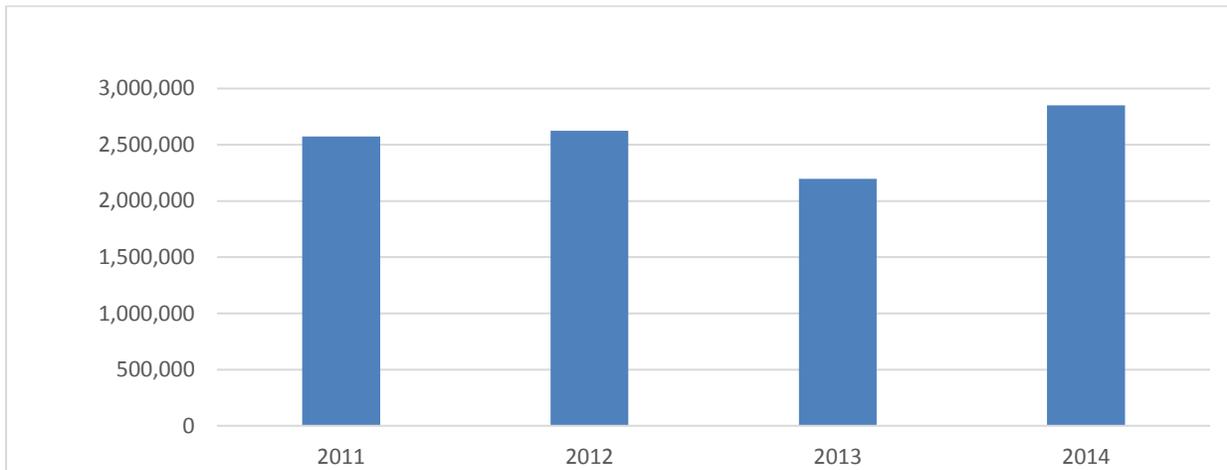
<sup>9</sup> 42 CFR § 414.229(d).

<sup>10</sup> 42 CFR § 414.229(f). For items furnished on or after January 1, 2006, payment is made based on a monthly rental fee schedule amount during the period of medical need but for no longer than 13 months of continuous use.

<sup>11</sup> Social Security Act (the Act) § 1834(a)(7)(A)(ii), 42 CFR § 414.229(d)(2)(ii), and the Manual, chapter 20, § 30.5.

Medicare could have saved at least \$2 million per year for CYs 2011 through 2014 if beneficiaries had rented PMDs instead of purchasing them (Figure 1). During this time period, the number of PMDs purchased varied each year, along with the cost savings.

**Figure 1: Annual Medicare Savings Opportunity of Renting Rather Than Purchasing Nonstandard Power Mobility Devices (in dollars)**

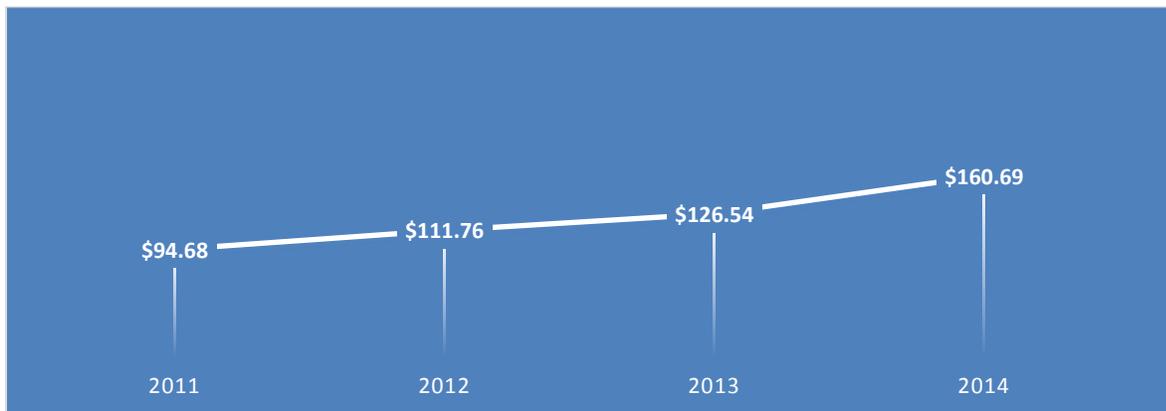


Using the lump-sum purchase option for PMDs cost Medicare more money than the rental option when a beneficiary's need or eligibility for the PMD ends (discontinuation of service) during the 13-month rental period.<sup>12</sup> For our audit period, 16,626 out of 85,761 (19 percent) purchased PMDs were provided to beneficiaries whose need or eligibility changed during what would have been the 13-month rental period. The lump-sum payments for these 16,626 PMDs were \$20,887,389 more than the rental payments would have been. To determine the net cost savings to Medicare for our 4-year audit period, we calculated the difference between the cost of lump-sum payments and rental payments for PMDs provided to beneficiaries that did not have a discontinuation of service and subtracted that from the \$20,887,389. The net cost savings to Medicare if all the beneficiaries had chosen the rental option for their PMDs would have been \$10,245,539. See Table 3 in Appendix D.

The average amount Medicare could have saved by renting each nonstandard PMD that was purchased increased from \$94.68 in CY 2011 to \$160.69 in CY 2014. Even though the number of PMDs purchased each year varies, the Medicare average savings per PMD increased over time (Figure 2 on the next page).

<sup>12</sup> There are four reasons why a beneficiary would no longer need or be eligible for a PMD: (1) the beneficiary's death, (2) the beneficiary's admission to a long-term care facility, (3) the beneficiary's termination of Medicare Part B benefits, or (4) the beneficiary's transfer to a Medicare Advantage Plan.

**Figure 2: Annual Medicare Savings Per Nonstandard Power Mobility Device for Renting Rather Than Purchasing**



### **RECOMMENDATION**

We recommend that CMS seek legislation to eliminate the lump-sum payment option for all PMDs. If such legislation had been in place during CYs 2011 through 2014, Medicare could have saved at least an additional \$10,245,539.

### **CENTERS FOR MEDICARE & MEDICAID SERVICES COMMENTS AND OFFICE OF INSPECTOR GENERAL RESPONSE**

In written comments on our draft report, CMS stated that it continually evaluates its payment policies, including those for DME. CMS is also in the process of setting its legislative priorities. CMS will consider the recommendation as part of these processes but is not in the position to concur to seeking legislation at this time. CMS's comments are included in their entirety as Appendix E.

We continue to recommend that CMS draft and submit for review a legislative proposal that would eliminate the lump-sum payment option for all PMDs and to include it in its legislative priorities.

Considering the potential savings identified in our report and the estimated savings of up to \$86 million for CYs 2011 through 2014 identified since the elimination of the lump-sum payment option for standard PWCs, we maintain that CMS should take the necessary steps to implement our recommendation.

## **APPENDIX A: AUDIT SCOPE AND METHODOLOGY**

### **SCOPE**

Our audit covered Medicare payments totaling \$264,376,368 for new and used nonstandard PMDs obtained by 85,761 beneficiaries using the lump-sum purchase option from CYs 2011 through 2014. We established reasonable assurance of the authenticity and accuracy of the data obtained from CMS's National Claims History file and the CMS Enrollment Database, but we did not assess the completeness of the files.

Our audit determined the potential savings Medicare could have realized if the ACA provision eliminating the lump-sum purchase option for standard PWCs had been extended to all PMDs.

We did not review the overall internal control structure of CMS as it relates to the Medicare payment of PMD claims. Rather, we limited our internal control review to those controls that related to the objective of our audit.

We conducted our audit from January 2014 to February 2016.

### **METHODOLOGY**

To accomplish our audit objective, we:

- reviewed applicable Federal laws, regulations, and guidance;
- used CMS's National Claims History file to obtain a list of Medicare Part B DME claims for CYs 2011 through 2014;
- extracted all claims for new and used purchased nonstandard PMDs;
- determined the estimated savings to Medicare during CYs 2011 through 2014 due to the elimination of the lump-sum purchase option for standard PWCs;
- identified the Medicare beneficiaries associated with the claims;
- obtained Medicare eligibility, Part B, and Medicare Advantage Plan data from the CMS Enrollment Database;
- extracted hospice, inpatient, and skilled nursing facility claims from CMS's National Claims History file to determine if beneficiaries had an interruption of service;
- calculated what the monthly rental payments would have been for each purchased nonstandard PMD (Appendix C) by:
  - applying the appropriate percentages to the purchase price to determine the monthly rental payments;

- adjusting the payment totals for beneficiaries with dates of death during the 13-month rental period;
- adjusting the payment totals for beneficiaries with admissions to a long-term facility (such as an inpatient or skilled nursing facility or hospice) that exceeded the temporary interruptions<sup>13</sup> allowed by Medicare; and
- adjusting the payment totals for beneficiaries who terminated Medicare Part B coverage or transferred to a Medicare Advantage Plan during the 13-month rental period;
- determined the potential savings to Medicare during CYs 2011 through 2014 if the monthly rental payment method had been exercised rather than the lump-sum payment option (Appendix D); and
- discussed the results of our audit with CMS officials.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

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<sup>13</sup> 42 CFR § 414.230(c)(2).

## **APPENDIX B: FEDERAL REQUIREMENTS FOR POWER MOBILITY DEVICE PAYMENT OPTIONS**

### **FEDERAL REQUIREMENTS FOR MEDICARE PAYMENT OF POWER MOBILITY DEVICES**

Section 1834(a)(7)(A) of the Act covers payment requirements for power-driven wheelchairs.<sup>14</sup> Federal regulations explain that rental payments for power-driven wheelchairs are 15 percent of the purchase price for the first 3 months and 6 percent of the purchase price for the remaining months. After 13 continuous months of payment for the rental, the supplier shall transfer title to the beneficiary. For complex rehabilitative power-driven wheelchairs, the supplier may continue to offer the lump-sum purchase option.

Federal regulations state “Medicare Part B pays for the rental or purchase of durable medical equipment, including ... wheelchairs, if the equipment is used in the patient’s home or in an institution that is used as a home” (42 CFR § 410.38(a)).

Federal regulations (42 CFR § 410.38(c)(1)) define the following:

Power mobility device means a covered item of durable medical equipment that is in a class of wheelchairs that includes a power wheelchair (a four-wheeled motorized vehicle whose steering is operated by an electronic device or a joystick to control direction and turning) or a power-operated vehicle (a three or four-wheeled motorized scooter that is operated by a tiller) that a beneficiary uses in the home.

Federal regulations state: “For power-driven wheelchairs furnished on or after January 1, 2011, the monthly fee schedule amount for rental equipment equals 15 percent of the purchase price recognized as determined under paragraph (c) of this section for each of the first 3 months and 6 percent of the purchase price for each of the remaining months” (42 CFR § 414.229(b)(3)).

Federal regulations state: “Suppliers must offer a purchase option to beneficiaries during the 10th continuous rental month and, for power-driven wheelchairs, the purchase option must also be made available at the time the equipment is initially furnished” (42 CFR § 414.229(d)).

Federal regulations state: “If the beneficiary accepts the purchase option, payment continues on a rental basis not to exceed a period of continuous use of longer than 13 months. On the first day after 13 continuous rental months during which payment is made, the supplier must transfer title to the equipment to the beneficiary” (42 CFR § 414.229(d)(2)(ii)).

Federal regulations state: “A period of continuous use allows for temporary interruptions in the use of equipment. An interruption of not longer than 60 consecutive days plus the days remaining in the rental month in which use ceases is temporary, regardless of the reason for the interruption” (42 CFR §§ 414.230(c)(1)–(2)).

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<sup>14</sup> For the purposes of this report, “power-driven wheelchair” is another term for PWC.

## **AFFORDABLE CARE ACT RULE ELIMINATING LUMP SUM PURCHASE FOR STANDARD POWER WHEELCHAIRS**

The ACA, section 3136, “Revision of Payment for Power-Driven Wheelchairs,” amends section 1834(a)(7)(A) of the Act and explains that the amendments took effect on January 1, 2011, and apply to power-driven wheelchairs furnished on or after that date.

## **MEDICARE CLAIMS PROCESSING MANUAL**

The Manual states: “In the tenth month of rental, the beneficiary is given a purchase option. If the purchase option is exercised, contractors continue to pay rental fees not to exceed a period of continuous use of 13 months and ownership of the equipment passes to the beneficiary” (chapter 20, section 30.5).

The Manual, chapter 20, section 30.5.4, states:

For the month of death or discontinuance of use, contractors pay the full month rental.... A period of continuous use allows for temporary interruptions in the use of equipment. Interruptions may last up to 60 consecutive days plus the days remaining in the rental month in which use ceases, regardless of the reason the interruption occurs.... Also, when an interruption continues beyond the end of the rental month in which the use ceases, contractors will not make payment for additional rental ....

The Manual states: “In general, the DMEPOS [Durable Medical Equipment, Prosthetics, Orthotics, and Supplies] benefit is meant only for items a beneficiary is using in his or her home. For a beneficiary in a Part A inpatient stay, an institutional provider (e.g., hospital) is not defined as a beneficiary’s home for DMEPOS, and so Medicare does not make separate payment for DMEPOS when a beneficiary is in the institution. The institution is expected to provide all medically necessary DMEPOS during a beneficiary’s covered Part A stay” (chapter 20, section 210).

The Manual “provides instructions for ... changes in payment for standard power wheelchairs due to Section 3136 of the Affordable Care Act of 2010.” Attachments to the Manual have lists of codes that providers use to claim payment for Standard and nonstandard PWCs.

## **MEDICARE GENERAL INFORMATION, ELIGIBILITY, AND ENTITLEMENT MANUAL**

*Medicare General Information, Eligibility, and Entitlement Manual*, chapter 2, section 40.5, states: “If not terminated sooner, coverage ends with the beneficiary’s death.”

**APPENDIX C: MATHEMATICAL CALCULATION METHODOLOGY:  
MEDICARE SAVINGS FOR 2011 THROUGH 2014**

We determined the cost savings that could have been realized if nonstandard PMD purchases had followed rental item regulations for CYs 2011 through 2014. We calculated the cost savings by comparing the calculated rental cost to the original DME purchase price. The savings calculation accounted for four categories of events that would have led to the discontinuation of rental payments before 13 months of rental (death, long-term facility stays, Part B enrollment, and Medicare Advantage Plan enrollment).

For each PMD purchase that had a reason for discontinued rental payments, we calculated the total rental cost by multiplying the purchase price by 15 percent for each of the first 3 rental months and 6 percent for each of the remaining rental months. If the PMD purchase had discontinued rental payments for more than one of the four categories, we used the category with the earliest last-rental date. If the same last-rental date was in more than one category, we used the following order of precedence: (1) date of death, (2) long-term facility stay, (3) Part B termination, and (4) Medicare Advantage Plan enrollment. For all remaining PMD purchases with no reason for discontinued rental payments, the total rental cost was equivalent to 105 percent of the purchase price.

We calculated the overall and category specific cost savings by comparing the calculated rental cost to the original PMD purchase price. See Table 3 in Appendix D.

**APPENDIX D: POTENTIAL SAVINGS**

**Table 1: Potential Medicare Savings for Calendar Years 2011 Through 2014**

| <b>Year</b>  | <b>Total Purchase Price</b> | <b>Total Calculated Rental Payment Price</b> | <b>Potential Savings</b> |
|--------------|-----------------------------|--|--------------------------|
| 2011         | \$77,918,564                | \$75,346,558                                 | \$2,572,006              |
| 2012         | 70,010,747                  | 67,385,452                                   | 2,625,295                |
| 2013         | 55,779,857                  | 53,582,335                                   | 2,197,522                |
| 2014         | 60,667,200                  | 57,816,484                                   | 2,850,716                |
| <b>Total</b> | <b>\$264,376,368</b>        | <b>\$254,130,829</b>                         | <b>\$10,245,539</b>      |

**Table 2: Potential Medicare Savings per Power Mobility Device for Calendar Years 2011 Through 2014**

| <b>Year</b>  | <b>Potential Savings</b> | <b>Number of PMDs</b> | <b>Average Savings Per PMD</b> |
|--------------|--------------------------|-----------------------|--------------------------------|
| 2011         | \$2,572,006              | 27,165                | \$94.68                        |
| 2012         | 2,625,295                | 23,490                | 111.76                         |
| 2013         | 2,197,522                | 17,366                | 126.54                         |
| 2014         | 2,850,716                | 17,740                | 160.69                         |
| <b>Total</b> | <b>\$10,245,539</b>      | <b>85,761</b>         | <b>\$119.47</b>                |

**Table 3: Estimated Medicare Savings by Category for Calendar Years 2011 Through 2014**

| <b>Discontinuation of Service</b> | <b>Purchase Price</b> | <b>Calculated Rental Payment Price</b> | <b>Potential Savings</b> | <b>Number of PMDs</b> |
|-----------------------------------|-----------------------|--|--------------------------|-----------------------|
| Beneficiary Death                 | \$23,193,851          | \$14,154,716                           | \$9,039,135              | 7,922                 |
| Interruption of Service           | 16,685,103            | 9,538,823                              | 7,146,280                | 4,984                 |
| Termination of Part B Coverage    | 11,660,382            | 6,958,408                              | 4,701,974                | 3,720                 |
| No Discontinuation                | 212,837,032           | 223,478,882                            | (10,641,850)             | 69,135                |
| <b>Total</b>                      | <b>\$264,376,368</b>  | <b>\$254,130,829</b>                   | <b>\$10,245,539</b>      | <b>85,761</b>         |

## APPENDIX E: CENTERS FOR MEDICARE & MEDICAID SERVICES COMMENTS



DEPARTMENT OF HEALTH & HUMAN SERVICES

Centers for Medicare & Medicaid Services

APR 25 2017

200 Independence Avenue SW  
Washington, DC 20201

**To:** Daniel R. Levinson  
Inspector General  
Office of the Inspector General

**From:** Seema Verma  
Administrator  
Centers for Medicare & Medicaid Services

A handwritten signature in blue ink that reads "Seema Verma".

**Subject:** Medicare Could Save Millions by Eliminating the Lump-Sum Purchase Option  
for All Power Mobility Devices (A-05-15-00020)

The Centers for Medicare & Medicaid Services (CMS) appreciates the opportunity to review and comment on the Office of the Inspector General's (OIG) report. CMS strives to provide Medicare beneficiaries with access to high quality health care while protecting taxpayer dollars.

Power wheelchairs and Power Operated Vehicles are collectively classified as Power Mobility Devices (PMDs) and are covered under the Medicare Part B benefit. Prior to January 1, 2011, beneficiaries who qualified for coverage of a power wheelchair had the option to purchase the power wheelchair for a lump sum when it was initially furnished by a supplier.

Section 3136 of the Affordable Care Act (ACA) eliminated the lump sum purchase option for all standard power wheelchairs beginning January 1, 2011. Accordingly, the lump sum purchase option is available only for complex rehabilitative power-driven wheelchairs or Power Operated Vehicles furnished on or after January 1, 2011. If the beneficiary elects to rent the complex, rehabilitative power wheelchair rather than purchase it, the supplier must furnish the item on a rental basis and must transfer ownership of the equipment to the beneficiary following 13 months of continuous use, unless the beneficiary does not accept the transfer of title. For Power Operated Vehicles, payment is made on a rental or purchase basis with total payments for rental being capped at the purchase fee schedule amount.

### **OIG Recommendation**

The OIG recommends that CMS seek legislation to eliminate the lump-sum payment option for all PMDs. If such legislation had been in place during CYs 2011 through 2014, Medicare could have saved at least \$10,245,539.

### **CMS Response**

CMS continually evaluates its payment policies, including those for Durable Medical Equipment (DME). CMS is also in the process of setting its legislative priorities. CMS will consider the recommendation as part of these processes but is not in the position to concur to seeking legislation at this time.