

Justification for a Non-Substantive Change to Existing Paperwork Reduction Act Control

Office of Management and Budget (OMB) approved the Paperwork Reduction Action (PRA) package entitled the “Medicare Fee-for-Service Recovery Audit Prepayment Review Demonstration and Prior Authorization Demonstration” with the control number 0938-1169 on July 23. The expiration date of the control number is July 31, 2015.

This package covered two demonstrations conducted by the Office of Financial Management, Centers for Medicare & Medicaid Service (CMS). These demonstrations are conducted under 402(a)(1)(J) demonstration authority, to develop improved methods for the investigation and prosecution of fraud.

This communication is in reference only to the Prior Authorization Demonstration. The CMS implemented a prior authorization process for scooters and power wheelchairs for people enrolled in Medicare Fee-For-Service who reside in seven states with high populations of fraud- and error-prone providers (CA, IL, MI, NY, NC, FL and TX) for orders written on or after September 1, 2012. The CMS has entered the initial stages of collecting data to analyze and evaluate the effectiveness of the demonstration. Based on preliminary data collected, spending per month on PMDs in the seven demonstration states decreased after September 2012. In addition, spending per month on PMDs decreased in the non-demonstration states. Many national suppliers have adjusted their billing practices nationwide and are now complying with CMS policies in all locations, not just their offices in the demonstration states.

The DME industry feedback has been positive thus far. Several suppliers have suggested prior authorization helps their business operations by providing a more predictable cash flow. These suppliers have expressed support for the demonstration and would like it to be expanded to other states and items. Feedback from beneficiaries has been largely positive. Prior to implementation, CMS spoke to numerous Medicare beneficiary groups that expressed support for the demonstration.

Based on the demonstration’s initial success in bringing down spending and improper payments, and the support received by various stakeholders, CMS seeks to expand the current demonstration to 12 additional states, for a total of 19 states, with all demonstration requirements remaining the same. Those states include: Pennsylvania, Ohio, Louisiana, Missouri, Maryland, New Jersey, Indiana, Kentucky, Georgia, Tennessee, Washington, and Arizona. A package proposing to expand the current demonstration to include the additional states is currently in the clearance process

Submissions of prior authorization requests under the demonstration have been less than a third of what had been estimated. With the benefit of now having actual data available we plan to adjust our burden estimate downward. We will add the burden for the additional states proposed in the expansion. Together, we anticipate the total burden of the revised initial estimate and the expansion estimate to be less than or equal to our original estimate of 325,000 responses per year (our revised estimate is 321,000 for all 19 states). Our understanding is that we can add PRA approval for these additional states by using the non-substantive change process.