



DAILY NEWS

CMS Adds Two New Prior Authorization Demos, Proposes DME Prior Authorization

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CMS plans to expand the prior authorization for power mobility devices demonstration to build off the success of that program, and also will institute prior authorization demonstrations for hyperbaric oxygen therapy and scheduled non-emergency ambulance trips. The agency also [released a proposed rule](#) Thursday (May 22) that would establish a prior authorization process for certain durable medical equipment that meet criteria for frequent unnecessary utilization.

CMS says the proposed rule is estimated to reduce Medicare spending by \$100 million to \$740 million over the next 10 years.

The agency plans to expand the prior authorization demonstration for power mobility devices to 12 more states including: Arizona, Georgia, Indiana, Kentucky, Louisiana, Maryland, Missouri, New Jersey, Ohio, Pennsylvania, Tennessee and Washington.

The demonstration has been running since September 2012 – despite [initial industry concerns](#) – in seven states. The demonstration originally included a prepayment phase prior to the agency instituting prior authorization, and the power mobility device demonstration was initially delayed due to lawmakers', industry's and patient groups' concerns. Patient groups at the time urged CMS to move directly to prior authorization ([see related story](#)).

CMS says that based on September 2013 claims data, monthly costs for certain power mobility devices decreased from \$12 million in September 2012 to \$4 million in August 2013 across the seven original demonstration states (California, Florida, Illinois, Michigan, New York, North Carolina and Texas). CMS says in a fact sheet that "[n]o indications of reduced access to necessary items and services have been observed for areas involved in the demonstration."

The agency notes that prior authorization does not create additional documentation requirements or delay medical service. It just uses the information that Medicare requires earlier in the process.

Seeking to leverage what CMS views as the success of the power mobility devices prior authorization demonstration, the agency says it seeks to use the same process to address concerns about beneficiaries receiving repeated non-medically necessary ambulance transports or hyperbaric oxygen therapy. The ambulance demonstration will affect New Jersey, Pennsylvania and South Carolina, and the hyperbaric oxygen therapy demonstration will take place in Illinois, New Jersey and Michigan.

Unlimited resubmissions will be allowed under the demonstrations if the prior authorization is not approved, but a provider or supplier that chooses not to get prior authorization and submit claims for ambulance transport or hyperbaric oxygen therapy will go through pre-payment review.

"With prior authorization, Medicare beneficiaries will have greater confidence that their medical items and services are covered before services and supplies are rendered," CMS Administrator Marilyn Tavenner said in a statement.

CMS has also proposed to create a prior authorization process for certain DME, and is asking for feedback on establishing the process. The agency has proposed that unlimited resubmissions would be allowed if prior authorization is denied, but a decision cannot be appealed, the proposed rule says.

In the proposed rule, CMS is also looking for feedback on developing a "Master List" of DME items that could be subject

to this prior authorization based on a history of improper payment and cost. The Master List the agency has proposed includes 134 items that cost \$1,000 or more on average or have an average rental fee schedule of \$100 or greater. The items have also been the subject of a Government Accountability Office or Office of Inspector General report since 2007, or noted in a Comprehensive Error Rate Testing Annual Medicare Fee-For-Service Improper Payment Report since 2011.

The agency notes, though, that just because DME is on the Master List, it would not automatically be subject to prior authorization. Only some of the items on the list would require prior authorization, CMS says, and the agency proposes to give 60 days notice before implementing the prior authorization requirements. -- *Michelle M. Stein* (mstein@iwppnews.com)

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