



U.S. SENATE COMMITTEE ON

Finance

SENATOR CHUCK GRASSLEY, OF IOWA - CHAIRMAN

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For Immediate Release

Tuesday, Sept. 9, 2003

Grassley Investigates Soaring Medicare Payments for Motorized Scooters, Wheelchairs

WASHINGTON – Sen. Chuck Grassley, chairman of the Committee on Finance, is investigating whether Medicare is paying too much for motorized scooters and wheelchairs. Soaring Medicare costs for these items sparked Grassley’s concern.

“Any Medicare beneficiary who legitimately needs a motorized wheelchair should get one,” Grassley said. “But if companies are overselling their wheelchairs, or if doctors are approving these devices with too little scrutiny, then there’s a problem. We have to get a handle on what’s happening. Costs are out of control, and taxpayers are footing the bill.”

Grassley has taken a series of steps to investigate motorized scooter and wheelchair sales:

- Written to several motorized wheelchair companies to seek documents and information about their sales and Medicare billing practices, among other matters.
- Written a letter to Tom Scully, administrator of the Centers for Medicare and Medicaid Services, asking for an update of his progress in cracking down on any unwarranted motorized wheelchair payments from Medicare.
- Asked the Department of Health and Human Services Inspector General to examine the increase in electric scooters and motorized wheelchairs paid for under the Medicare program, as well as any increase in their market price since 1998.
- Asked the Federal Trade Commission to look into the representations being made by motorized wheelchair companies to Medicare recipients to ensure the integrity of the representations being made in print, as well as on television and radio.

The text of Grassley’s Sept. 4, 2003, letter to Scully follows.

September 4, 2003

VIA FACSIMILE: (202) 690-8168

ORIGINAL BY U.S. MAIL

Mr. Thomas Scully

Administrator
Centers for Medicare & Medicaid Services
Department of Health & Human Services
200 Independence Avenue, SW Room 339G
Washington, DC 20201

Dear Mr. Scully:

I read with great interest your intent to crack down on improper electric wheelchair sales throughout the United States. Over the past number of months, my staff has been examining this issue. It is apparent that a few unscrupulous companies have entered the arena of electric scooters and motorized wheelchairs and may be taking advantage of the Medicare program to increase sales and profits.

Medicare spent \$10 million on electric scooters in 1999 and by 2002 Medicare spent \$18 million – a remarkable 80 % increase. During that same time frame, Medicare spent \$289 million on motorized wheelchairs and that figure rose to \$845 million in 2002. Let me state unequivocally, there are some Medicare recipients who legitimately need an electric scooter or motorized wheelchair due to a medical condition or physical disability. However, the meteoric rise in costs incurred over the past few years suggests strongly that there may be a problem here – and a big one.

Coupled with the increase in Medicare funds, I am equally troubled by some of the advertisements and claims made by some companies. In that regard, enclosed is an advertisement received by one of my constituents in Waterloo, Iowa. A review of this document brings forth a number of interesting points and representations that immediately caught my eye. For example, the advertisement states that one free phone call can pre-qualify an individual for Medicare reimbursement and goes on to say that “we take care of everything.” Perhaps the most interesting representation made in the enclosed advertisement is the following:

“Free scooter guarantee! If we pre-qualify you for a scooter or power chair and Medicare denies your claim, we’ll give you a new scooter or power chair absolutely FREE!”

We have also been paying attention to the extensive television advertising campaign initiated by those in the scooter business. These advertisements, along with the mailer discussed above, bring to mind that old saying, “if it looks too good to be true it probably is.”

Accordingly, and by this letter, I am requesting that the Department of Health and Human Services, Office of the Inspector General examine the increase in electric scooters and motorized wheelchairs paid under the Medicare program, as well as any increase in their market price since 1998. By this letter I am also requesting that the Federal Trade Commission look into the representations being made by companies to Medicare recipients to ensure the integrity of the representations being made in print, as well as on television and radio.

I appreciate your intent to crack down on improper sales in the Medicare program, please advise me about any progress you have made. Thank you in advance and should you have any

questions regarding this letter, please do not hesitate to contact my staff.

Sincerely,

Charles E. Grassley
Chairman

cc. Dara Corrigan, Acting Principal Deputy, HHSOIG
Tim Muris, Commissioner Federal Trade Commission