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BAUCUS, GRASSLEY UNCOVER GAMING OF THE MEDICARE SYSTEM BY FOR-PROFIT HOME HEALTH COMPANIES

Finance Senators Release Report Showing Companies Intentionally Increased Frequency of Home Health Visits to Manipulate Reimbursement Rates

Washington, DC – Senate Finance Committee Chairman Max Baucus (D-Mont.) and senior Finance Committee Member Chuck Grassley (R-Iowa) today released a Finance Committee staff report showing tactics used by major for-profit home health companies to game Medicare. The result has been waste of taxpayer dollars and the delivery of what could be medically-unnecessary patient care to increase the companies' profits. Baucus and Grassley initiated the investigation into the improper practices as part of the Committee's oversight role of the Medicare and Medicaid programs and the Senators' ongoing commitment to protect patients and taxpayer dollars from waste, fraud and abuse.

"The gaming of Medicare represents serious abuse of the home health program," said Baucus. **"Elderly patients in the Medicare system should not be used as pawns to increase a company's profits. Especially in these tough economic times, taxpayers simply cannot afford for their dollars to be wasted on unnecessary care. We are going to continue to crack down on these companies to ensure taxpayer dollars are used efficiently and Medicare patients are protected."**

"The reimbursement policy encourages gaming, and gaming is what's occurred. Companies are doing everything they can to make as much money as possible, whether the patients need the care or not. The federal government needs to fix the policy that lets Medicare money flow down the drain. This can't wait until tomorrow. It should have been done yesterday. The longer this kind of policy continues, the more Medicare's budget balloons, and the bigger the burden on taxpayers," Grassley said.

In May 2010, Baucus and Grassley began their investigation into home health therapy practices at Amedisys, LHC Group, Gentiva, and Almost Family in response to a media report that these home health companies took advantage of the Medicare therapy payment system by providing medically-unnecessary patient care.

The Committee staff report released today examines documents provided by the companies which show how therapists were encouraged to target the most profitable number of therapy visits, even when patient need may not have required such visits. In addition, therapy visit records for each company showed concentrated numbers of therapy visits at or just above the point at which a "bonus" payment was triggered by the Medicare program.

Internal documents from three of the four companies, Amedisys, LHC Group and Gentiva, provided evidence of top-down strategies to game Medicare. Highlights from the report include:

- Managers encouraged therapists to meet a 10-visit target that would have increased their payments from Medicare.
- An “A-Team” tasked with developing programs to target the most profitable Medicare therapy treatment patterns.
- Therapists and regional managers that were pressured to follow new clinical guidelines developed to maximize Medicare reimbursements.
- Top managers instructed employees to increase the number of therapy visits provided in order to increase case mix and revenue.
- A competitive ranking system for management aimed at driving therapy visit patterns toward profitable levels.
- Evidence that management discussed increasing therapy visits and expanding specialty programs to increase revenue.

The Medicare Part A program pays out an estimated \$19 billion yearly for home health care. Fraud, waste and abuse in the health care system cost Americans an estimated \$60 billion a year, approximately three percent of total health care spending.

Baucus and Grassley have led numerous major investigations of the health care industry to protect consumers and taxpayer dollars. Earlier this year, when their [investigation found that the drug company Sanofi interfered in the approval of generic alternatives](#) to its blood-thinner drug Lovenox, the Finance leaders called on the Food and Drug Administration (FDA) to help guarantee consumers have access to affordable generic medications. Last December, Baucus and Grassley released a [report detailing the relationship between Abbott labs and a Maryland doctor](#) who allegedly implanted nearly 600 unnecessary cardiac stents into his patients, costing the federal government as much as \$3.8 million in overpayments. The specific stent case highlighted in the Senators’ report is indicative of a widespread, national problem of unnecessary stenting. The Senators also spearheaded a two year inquiry which [revealed undisclosed side effects](#) of the diabetes drug [Avandia](#). This resulted in the [FDA restricting use of the drug](#), ensuring that patients and doctors have the information they need to make safe, informed decisions about their medication.

The Committee’s full report is available [here](#).

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