



DEPARTMENT OF HEALTH AND HUMAN SERVICES

**OFFICE OF INSPECTOR GENERAL**

WASHINGTON, DC 20201



**AUG 22 2013**

The Honorable Glenn 'GT' Thompson  
House of Representatives  
Washington, DC 20515

The Honorable Bruce Braley  
House of Representatives  
Washington, DC 20515

Dear Mr. Thompson and Mr. Braley:

I am writing in response to your June 20, 2013, letter in which you asked the Office of Inspector General (OIG) to investigate licensure issues and specifically whether the Centers for Medicare & Medicaid Services (CMS) awarded contracts to unlicensed Durable Medical Equipment, Prosthetics, Orthotics, and Supplies (DMEPOS) companies in an attempt to set a predetermined price point for DMEPOS categorized products. I provided an initial response to you on June 27, 2013, and am writing now to update you on the work that OIG is undertaking related to your concerns.

OIG believes that it is important that DMEPOS companies meet State licensure and accreditation requirements, and therefore we have decided to conduct a limited scope review in the four States you have identified (Tennessee, Maryland, Michigan, and Ohio) to address your concerns related to licensure and accreditation. We will determine how CMS applied State licensing requirements under Round 2 of the competitive bidding (CB) program in these States to suppliers that were awarded contracts. We will also determine the impact on the single payment amounts as well as the program in the affected competitive bidding areas.

Additionally, the Medicare Improvements for Patients and Providers Act of 2008 requires OIG to perform a post-award review of CMS's CB program after implementation of rounds 1 and 2 of the bidding. We are finalizing our review of round 1 and will commence work this year to incorporate a post-award review of Round 2. This work will determine whether CMS selected DMEPOS suppliers and computed the single payment amounts in the Round 2 program in accordance with Federal requirements.

Should you have any questions, please contact me or your staff may contact Chris Hinkle, Director of Congressional and Regulatory Affairs, at 202-401-2206 or [Christina.Hinkle@oig.hhs.gov](mailto:Christina.Hinkle@oig.hhs.gov).

Sincerely,

  
Daniel R. Levinson  
Inspector General