

# Medicaid's Deaf Ear to Hearing Aid Dealers

By WILLIAM SHERMAN  
(Eleventh of a series)

Operating through a loophole in city Medicaid regulations, two major hearing aid dealers went into nursing homes, canvassed hundreds of elderly residents and ordered devices for them at \$250 each. It was discovered later that many of the residents were not hard of hearing or did not use the aids.

The dealers submitted their orders to doctors, Health Department record show, and without examining the patients in many cases, the doctors certified to Medicaid that the patients needed the appliances.

The city paid the bill. In one case, a firm that has grossed more than \$70,000 in Medicaid funds during the last two years charged for \$6,000 worth of hearing aids that were never delivered.

Until last summer, when the Health Department issued an interim directive prohibiting the dealers from screening patients for the appliances before a doctor's examination, the dealers were able to make their own market in the devices.

The inquiry into hearing aids came as part of THE NEWS continuing Medicaid Probe, an investi-

gation into abuses in the city's \$1.3 billion medical assistance program.

During the last four years, hearing aid dealers and other medical appliance vendors—dispensing such items as wheelchairs, crutches, and orthopedic shoes—were paid more than \$25 million in Medicaid funds.

One of the vendors, Allen Raiten, a hearing aid dealer of 45 W. 34th St., billed the city and was

---

## MEDICAID PROBE

---



paid \$6,000 for hearing aids that were never delivered, according to Health Department investigators' reports.

The incident began, city records show, when Raiten was recommended by a friend to test patients at the Woodcrest Nursing Home, 119-09 26th Ave., College Point, Queens.

The administrator of the home, Christine Henderson, agreed to let Raiten screen the residents. Raiten, who said he was accompanied by a physician during the visit, ordered aids for 25 patients.

But when they were ready for delivery, Miss Henderson informed Raiten the devices were un-

acceptable, stating that there was no prior approval by a physician for the prescriptions. She further stated there were no consultant notes to verify that a doctor had actually seen the patients and that the testing records were incomplete.

On Nov. 25, 1970, the order was canceled, and Raiten, records show, returned the aids to the manufacturer and was reimbursed for his investment. Then he sent a bill to the city for \$6,000, which was paid.

During a Health Department inquiry, Raiten said that the hearing aids were not delivered. When asked on May 22, 1972, why he had waited 16 months after submitting his bill to inform the department of the cancellation, Raiten said he had hoped Miss Henderson would change her mind and accept delivery.

During the department's investigation, Raiten was also questioned as to the authenticity of some of the patients' signatures on the orders for the devices. He replied that somebody else had signed for those patients who were not able to write.

After a further probe of Raiten's practice, more discrepancies were found. The dealer returned \$6,000 to the Health Department; which was held pending a further investigation by the City Corporation Counsel.

On June 6, 1972 Assistant Corporation Counsel Philip Agree determined that the department should

(Continued on page 74, col. 1)

# Hearing Aids On Medicaid Cost the City

(Continued from page 5)

settle the matter, and Raiten subsequently made restitution totaling \$16,000.

Raiten is still participating in the medicaid program, and last year billed the city for \$13,809.

In another case, the Health Department inquired into the practice of Floyd Selbst, president of Belltone of Manhattan, a hearing aid concern at 18 W. 41st St.

Selbst, the inquiry showed, had screened patients at the Mayflower Nursing Home, 601 West End Ave., at the request of an administrator of a HIP (Health Insurance Plan) practice.

## Specialist Given Forms

He ordered the devices for 61 patients and then submitted his findings to a HIP doctor, a hearing specialist.

The doctor said he did not examine the patients at the nursing home and had received the test results with medicaid requisition forms in the mail from Selbst. He subsequently signed the forms.

The bill came about to \$16,250 and was paid by the city.

After a lengthy study of the 61 patients who received the aids, the Health Department determined that only nine patients could benefit from the devices.

## Stock Models Dispensed

In addition, the department found that Selbst was billing for more costly custom-fitted hearing aids, but had dispensed stock models.

Selbst made restitution of more than \$10,000 to the city, was suspended from medicaid for 30 days, and then was reinstated in the program. Last year, he billed medicaid for \$76,344.

**NEXT:** Wilson, the phantom patient of E. 4th St.