

**An Important Message from Medicare:**

Starting January 1, 2011, Medicare is phasing in a new competitive bidding program in some areas of the country, including your area. This program will change the amount Medicare pays suppliers for certain durable medical equipment, prosthetics, orthotics and supplies (DMEPOS) (e.g., walkers, certain power wheelchairs, and oxygen and oxygen equipment) and make changes to who can furnish these items under Medicare Part B. Under the first phase of this new program, the Medicare DMEPOS Competitive Bidding Program, beneficiaries with Original Medicare who permanently reside in or travel to 9 geographic areas, also called competitive bidding areas or CBAs, are required to obtain DMEPOS items in 9 product categories from a Centers for Medicare & Medicaid Services (CMS) designated “contract” supplier, unless an exception applies.

It is crucial that you, as someone who may refer or order these items, be informed about how this program will affect your Medicare patients so that Medicare will continue to pay for covered services. For purposes of the Medicare DMEPOS Competitive Bidding Program, “referral agent” includes such entities as Medicare enrolled providers, physicians, treating practitioners, discharge planners, social workers, and pharmacists who refer beneficiaries for services in a CBA.

We are sending you this letter because, as a referral agent with a practice location in a CBA, you play a critical role in helping your Medicare patients select the appropriate DMEPOS supplier. A beneficiary’s first contact with the program may be at the point when you hand him or her a prescription for an item or refer him or her to a Medicare supplier. Please help the beneficiary understand that if he or she **resides in a CBA** or is **visiting a CBA and needs to obtain a DMEPOS competitive bid item**, he or she must use a contract supplier unless an exception applies, as discussed in the educational products listed below.

The first phase of the new program begins in your area on **January 1, 2011**. To assist you in preparing for this date, we suggest that you become familiar with the following program information:

1. The enclosed Medicare Learning Network “DMEPOS Competitive Bidding Program Fact Sheet for Referral Agents” that further describes your role as a Referral Agent in this new program. This Fact sheet can also be found at www.cms.gov/MLNProducts/downloads/DME_Ref_Agt_Factsheet_ICN900927.pdf;
2. Competitive Bidding Program exceptions that apply to non-contract suppliers can be found in the “DMEPOS Competitive Bidding Program Non-Contract Supplier Fact Sheet” at http://www.cms.gov/MLNProducts/downloads/DME_Noncontract_Factsheet_ICN900925.pdf; and
3. Materials, including the letters and introductory brochure that were mailed to beneficiaries in each CBA to describe the new program, can be found at www.cms.gov/Partnerships/03_DMEPOS_Toolkit.asp.

The CMS designated Medicare DMEPOS Competitive Bidding Program contract suppliers for each CBA can be found in PDF lists at www.cms.gov/DMEPOSCompetitiveBid/01A2_Contract_Supplier_Lists.asp#TopOfPage. In addition, CMS will soon be updating its on-line supplier locator tool at www.medicare.gov/supplier with new features

for competitive bidding. CMS will issue a message, through existing electronic mailing lists (email), when the competitive bidding program features have been added to the on-line supplier locator tool.

For the most current news, educational products, and announcements regarding the DMEPOS Competitive Bidding Program, please visit the dedicated DMEPOS Competitive Bidding Program website www.cms.hhs.gov/DMEPOSCompetitiveBid. Educational resources designed for the non-contract supplier and referral agent community can be located by clicking on “Educational Resources” found on the left hand side of the page. Information on the medical equipment and supplies included in the first phase can be found by clicking on “Product Categories, Items, and HCPCS”.

If you still have questions after reviewing the educational resources, your competitive bidding local ombudsman is available to assist you. Contact information for the ombudsman assigned to each CBA is enclosed. Your CMS Regional Office is also available for assistance.

In summary, as of **January 1, 2011**, please help your Medicare patients that reside in a CBA or are visiting a CBA to use the appropriate DMEPOS supplier when you are ordering or referring the patient for medical equipment or supplies. Understand the exceptions for when the patient is not required to use a CMS designated contract supplier. And finally, know how to access the contract supplier listing for the CBA. CMS thanks you in advance for helping Medicare beneficiaries who, as a result of this program, will pay less in out-of-pocket expenses and continue to receive quality products from accredited suppliers.

Enclosures