

**Medicare Durable Medical Equipment, Prosthetics, Orthotics and Supplies Competitive Bidding
Program (DMEPOS CBP)
National Mail Order Competitions -- Final Rulemaking (1503-P)
BACKGROUNDERS**

Background:

Section 1847(a)(1)(B)(i)(III) of the Act specifies that a national competition for mail order items and services is to be phased in after 2010. As part of the phase in of the DMEPOS CBP, we are implementing a national mail order DMEPOS CBP for diabetic testing supplies. Section 1847(b)(10) of the Act requires each supplier bidding under a national mail order competition for diabetic test strips to demonstrate that their bid covers 50 percent or more of the test strip products used by beneficiaries (the “50 percent rule”).

Revisions to the current rule:

In this final rulemaking, we are announcing our intention to conduct a national competition after January 1, 2010, for mail order diabetic testing supplies. We are finalizing a definition of mail order item and a provision that would prohibit suppliers under a mail order program for diabetic testing supplies from influencing or incentivizing a beneficiary in any way to switch the brand of glucose monitor and testing supplies they are currently using (“anti-switching rule”). We are finalizing the definition of “mail order item” to mean any item (e.g., diabetic testing supplies) shipped or delivered to the beneficiary’s home, regardless of the method of delivery. Therefore, the only items excluded from the mail order definition and mail order competition would be those that a beneficiary or caregiver picks up in person at a local pharmacy or other local supplier storefront. The “anti-switching rule” would require contract suppliers to furnish the brand of testing supplies that work with the monitor currently in use by the beneficiary.

We are also finalizing the “50 percent rule” mandated by the statute for a national mail order competition for test strips.