

*Durable Medical Equipment, Prosthetics,
Orthotics, and Supplies*

DMEPOS Competitive Bidding Program

Agenda

- General Overview
- Grandfathering
- Other Exemptions
- Program Policies

General Overview

- Program required by law
- Round 1 Rebid contracts and prices become effective on January 1, 2011
- Applies to Medicare beneficiaries with Original Medicare

Competitive Bidding Areas

- Cincinnati – Middletown, OH-KY-IN
- Cleveland – Elyria – Mentor, OH
- Charlotte – Gastonia – Concord, NC-SC
- Dallas-Fort Worth-Arlington, TX
- Miami – Fort Lauderdale – Pompano Beach, FL
- Orlando - Kissimmee, FL
- Pittsburgh, PA
- Riverside – San Bernardino – Ontario, CA
- Kansas City, MO-KS

Product Categories

- Oxygen, Oxygen Equipment, and Supplies
- Standard Power Wheelchairs, Scooters, and Related Accessories
- Complex Rehabilitative Power Wheelchairs and Related Accessories (Group 2)
- Mail-Order Diabetic Supplies
- Enteral Nutrients, Equipment and Supplies
- CPAP, RADs, and Related Supplies and Accessories
- Hospital Beds and Related Accessories
- Walkers and Related Accessories
- Support Surfaces (Group 2 mattresses and overlays) – *Miami CBA only*

Grandfathering

Grandfathering

- Applies to oxygen and oxygen equipment and rented durable medical equipment (DME) only
- Not applicable to enteral nutrition or diabetic supplies
- Item must be under rental agreement at time program is implemented

Grandfathering

- Must offer to grandfather all beneficiaries
- Must grandfather all items in the product category
- Beneficiaries may choose contract supplier or grandfathered supplier
- Applicable to beneficiaries transitioning from Medicare Advantage plans

Grandfathering – Rented DME

- Grandfathered supplier
 - Must accept assignment on claims
 - Payment for competitively bid item – fee schedule amount
 - Payment for competitively bid accessories and supplies – single payment amount
 - Payments continue until end of rental payment period or item no longer medically necessary

Grandfathering – Rented DME

- New contract supplier
 - Must accept beneficiary as customer
 - New rental period for 13 months of payment for capped rental
 - Remainder of rental months for inexpensive routinely purchased (IRP) items
 - Accept assignment; paid single payment amount
 - For capped rental DME, if break in need/service greater than 60 days – contract supplier must provide item

Grandfathering – Oxygen

- Grandfathered supplier
 - Paid single payment amount
 - Must accept assignment on all claims
 - Must continue to provide medically necessary items for useful lifetime
 - Must continue to provide if there is a change in modality

Grandfathering – Oxygen

- New contract supplier
 - Paid at least 10 months of oxygen rental
 - Paid single payment amount
 - Break in need/service greater than 60 days PRIOR to 36 months – contract supplier must provide items
 - Must accept beneficiary as customer

Grandfathering – Oxygen

After Month 36

- **ALL** suppliers
 - Must continue furnishing oxygen equipment and services for rest of reasonable useful lifetime
 - Cannot transfer obligation to continue furnishing oxygen to contract supplier or any other supplier
 - Paid for oxygen contents, if applicable, at single payment amount

Grandfathering – Oxygen

Beyond Month 60

- Beneficiary elects new oxygen equipment
 - Contract supplier
 - New 36-month rental period
 - Single payment amount

- Beneficiary elects to keep original oxygen equipment
 - Grandfathered supplier may elect to continue furnishing equipment
 - Contents only

Grandfathering Notification

Suppliers That Elect to Become Grandfathered Suppliers

- Notify current Medicare beneficiaries
- Written notice 30 business days before start of program – **November 17, 2010**
- Notice must include:
 - All grandfathered items
 - Beneficiary right to choose
 - Supplier's contact information
 - Contact **1-800-MEDICARE** or **www.medicare.gov** for questions

Grandfathering Notification

Suppliers That Elect to Become Grandfathered Suppliers

- Sample notification letters on Competitive Bidding Implementation Contractor (CBIC) website, www.dmecompetitivebid.com
- Beneficiary response may be verbal
- Document beneficiary's decision in records
 - How beneficiary communicated choice and date
- If no response received from beneficiary
 - Do not assume beneficiary wishes to remain with current supplier

Grandfathering Notification

Suppliers That Elect to Become Grandfathered Suppliers

- Notify CMS via CBIC
- Written notice 30 business days before start of program – **November 17, 2010**
- Notice must include:
 - Statement agreeing to furnish certain DME and/or oxygen to all beneficiaries currently renting items for duration
 - Supplier's name and address
 - PTAN (Provider Transaction Access Number)
 - Product categories by CBA to be grandfathered
 - Statement agreeing to all terms and conditions applicable to grandfathered suppliers

Grandfathering Notification

Suppliers That Elect NOT to Become Grandfathered Suppliers

- Notify current Medicare beneficiaries
- Written notice 30 business before start of program – **November 17, 2010**
- Notice must include:
 - Decision not to become grandfathered supplier for specified product category
 - Statement that beneficiary must obtain item from a contract supplier
 - Equipment pickup information
 - Contact information for questions
 - Supplier Directory on Medicare website

Transitioning to Contract Supplier

- Non-contract suppliers that do not elect to be grandfathered suppliers must pick up their equipment
- Furnishing of equipment owned by a non-contract supplier acting as a subcontractor is not permitted
- Pickup of old equipment and delivery of new equipment must be coordinated among non-contract/ current supplier, contract supplier and beneficiary

Transitioning to Contract Supplier

- New contract supplier should obtain supporting documentation from current supplier
- Pickup and delivery should occur on anniversary of delivery date of when item was first rented to beneficiary
- Non-contract or current supplier cannot pick up equipment before the end of the last month for which that supplier is entitled payment

Transitioning to Contract Supplier

- Example if Anniversary Date is December 27
 - Current supplier picks up the old equipment on January 27 and submits claim from December 27 to January 26
 - New contract supplier delivers the new equipment on January 27 and submits claim from January 27 to February 26

Transitioning to Contract Supplier

- Notification by non-contract supplier to beneficiaries switching to contract supplier
 - Ten (10) business days before scheduled pickup date
 - Two (2) business days before scheduled pickup date

Other Exemptions

Exemptions

- Physicians and Other Practitioners
 - No requirement to bid if bid item provided as part of professional services
 - Bid item limited to walkers

- Hospitals
 - No requirement to bid if item provided to own patients during admission or on date of discharge
 - Bid item limited to walkers
 - Hospital-owned DME suppliers not exempt from bidding

Exemptions

- Primary Insurance Supplier
 - May continue to receive secondary payment for an item
 - Paid in accordance with Medicare secondary payer requirements

Program Policies

Advance Beneficiary Notice (ABN)

- Non-contract supplier furnishes bid item to beneficiary in CBA:
 - Notice to beneficiary of non-contract status
 - Beneficiary may elect to sign ABN
 - No beneficiary notice (no signed ABN) = claim denied, no beneficiary liability

Repair/Replacement

Repair ONLY



- For beneficiary-owned equipment
- May be performed by **any Medicare-enrolled supplier**
- **Labor** associated for repair/replacement is **not a bid item**, is paid at fee schedule amount

Repair and Replacement Part



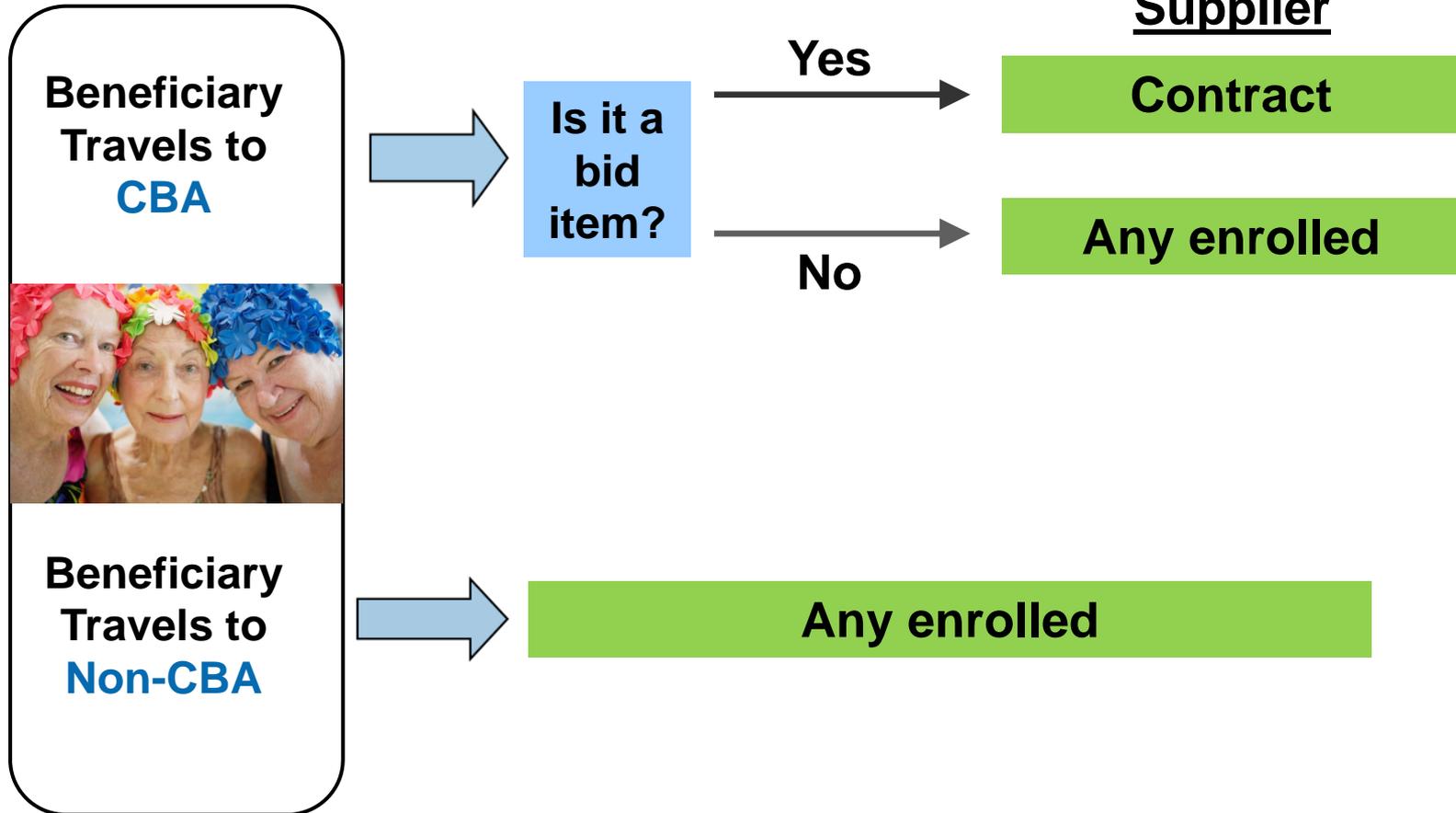
- Furnished by **any Medicare-enrolled supplier**
- If replacement part is **bid item**, paid at single payment amount
- Must accept assignment

Replacement ONLY



- **Complete replacement** of an item
- Must be provided by a **contract supplier**

Traveling Beneficiary



Mail-order Diabetic Supplies

- Ordered remotely and delivered by common carrier
- Contract supplier
 - Mail-order diabetic supplies
- Non-contract supplier
 - Non mail-order diabetic supplies
- KL modifier

Enteral Nutrition

- Cannot be grandfathered
- Nutrients and supplies must always be furnished by contract supplier
- If pump furnished for less than 15 months
 - Must transition to contract supplier
 - Pickup of old pump and delivery of new pump should occur on first anniversary date after January 1, 2011

Enteral Nutrition

- If pump furnished for more than 15 months
 - Supplier that furnished pump in 15th month responsible for furnishing, maintaining, and servicing pump as long as medically necessary
 - Nutrients and supplies must be furnished by contract supplier

Subcontracting

- Subcontracting arrangements must comply with supplier standards
 - Purchase of inventory (#4)
 - Delivery and instruction on the use of item (#12)
 - Repair of rented equipment (#14)
- Subcontractors must be accredited as applicable

Resources

- CMS Website:
www.cms.gov/dmeposcompetitivebid
- Competitive Bidding Implementation Contractor (CBIC) Customer Service Center: **(877) 577-5331**
- Competitive Bidding Program (CBIC) Website:
www.DMECompetitiveBid.com
- NSC Website:
www.PalmettoGBA.com/NSC