



The Durable Medical Equipment, Prosthetics, Orthotics, and Supplies (DMEPOS)
Competitive Bidding Program
Fact Sheet for Referral Agents



The Medicare Durable Medical Equipment, Prosthetics, Orthotics, and Supplies (DMEPOS) Competitive Bidding Program is scheduled to go into effect in nine competitive bidding areas (CBAs) on January 1, 2011. When the program becomes effective, beneficiaries with Original Medicare who obtain competitively bid items in CBAs must obtain these items from a contract supplier for Medicare to pay, unless an exception applies. Referral agents located in CBAs who prescribe DMEPOS for Medicare beneficiaries or refer beneficiaries to specific suppliers should be aware of which suppliers in the area are contract suppliers.

For purposes of the Medicare DMEPOS Competitive Bidding Program, **referral agents** include such entities as Medicare enrolled providers, physicians, treating practitioners, discharge planners, social workers, and pharmacists who refer beneficiaries for services in a CBA.

Help Medicare to Help the Beneficiary

Referral agents play a critical role in helping beneficiaries select DMEPOS suppliers that can meet the beneficiaries' needs and meet the requirements of the program. A beneficiary's first contact with the program may be at the point when he or she receives a prescription for a competitively bid item. If the beneficiary **resides in a CBA or is visiting a CBA in which he or she needs to obtain a competitively bid item**, he or she may need to be directed to a contract supplier.

The Medicare DMEPOS Competitive Bidding Program does not affect the beneficiary's choice of physician or treating practitioner.

Please note that for beneficiaries who do not reside in a CBA or are not visiting a CBA, a referral agent may continue to order supplies from any Medicare-enrolled DMEPOS supplier.

Frequently Asked Questions and Answers

When will the contract suppliers be announced?

The contract suppliers are scheduled to be announced in September 2010. You will be able to find contract suppliers using the Medical Equipment Supplier tool, which will be available to beneficiaries on <http://www.medicare.gov> by clicking on the "Resource Locator" tab.

What information does a referral agent need to know before prescribing a DMEPOS item for a Medicare beneficiary or referring the beneficiary to a DMEPOS supplier?

Starting January 1, 2011, the new program will take effect for people with Original Medicare who live in or travel to the following 9 areas:

- Charlotte-Gastonia-Concord, North Carolina-South Carolina
- Cincinnati-Middletown, Ohio -Kentucky-Indiana
- Cleveland-Elyria-Mentor, Ohio
- Dallas-Fort Worth-Arlington, Texas
- Kansas City, Missouri-Kansas
- Miami-Fort Lauderdale-Pompano Beach, Florida
- Orlando-Kissimmee, Florida
- Pittsburgh, Pennsylvania
- Riverside-San Bernardino-Ontario, California



To direct a beneficiary appropriately, a referral agent first needs to determine if the Medicare beneficiary has Original Medicare or is enrolled in a Medicare Advantage Plan. If the beneficiary is enrolled in a Medicare Advantage Plan, he or she needs to use suppliers approved by the plan.

If the beneficiary has Original Medicare, then the referral agent needs to determine if the beneficiary resides in a CBA or is visiting a CBA in which he or she needs to obtain a competitively bid item. CBAs are defined by ZIP codes. To determine if a beneficiary resides in a CBA, compare the beneficiary's permanent residence ZIP code to the list of ZIP codes for the CBAs, which is available at <http://www.dmecompetitivebid.com/palmetto/cbic.nsf/DocsCat/Home> on the internet. The beneficiary's permanent residence is the one on file with the Social Security Administration (SSA).

- ***If the beneficiary resides in a CBA or is visiting a CBA in which he or she needs to obtain a DMEPOS item***, the referral agent would next determine if the item is included in any of the competitive bid product categories. These product categories and associated Healthcare Common Procedure Coding System (HCPCS) codes are available at <http://dmecompetitivebid.com/palmetto/CBIC.nsf/DocsCat/85257646005031D2852576460064D54B?Open&cat=Suppliers~About%20the%20Program> on the Competitive Bidding Implementation Contractor (CBIC) website.
- ***If the DMEPOS item falls into one of the competitive bid product categories***, the referral agent should inform the beneficiary of this and assist the beneficiary in obtaining the item from a contract supplier.

The referral agent should let the beneficiary know about the Medical Equipment Supplier tool, which will be available to beneficiaries on <http://www.medicare.gov> by clicking on the "Resource Locator" tab. Customer service representatives at 1-800-MEDICARE can also assist beneficiaries in finding a contract supplier.

Can the referral agent prescribe any brand or mode of delivery for a DMEPOS item?

The DMEPOS Competitive Bidding Program includes a special beneficiary safeguard to ensure that beneficiaries have access to specific brands or modes of delivery of competitively bid items when needed to avoid an adverse medical outcome. This safeguard, which is sometimes called the Physician Authorization Process, allows a physician (including a podiatric physician) or treating practitioner (i.e., a physician assistant, clinical nurse specialist, or nurse practitioner) to prescribe a specific brand or mode of delivery to avoid an adverse medical outcome. The physician or treating practitioner must document in the beneficiary's medical record the reason why the specific brand or mode of delivery is necessary to avoid an adverse medical outcome. This documentation should include the following:

- o The product’s brand name or mode of delivery;
- o The features that this product or mode of delivery has versus other brand name products or modes of delivery; and
- o An explanation of how these features are necessary to avoid an adverse medical outcome.

If a physician or treating practitioner prescribes a particular brand or mode of delivery for a beneficiary to avoid an adverse medical outcome, the contract supplier must, as a term of its contract, ensure that the beneficiary receives the needed item. The contract supplier has three possible options. First, the contract supplier could furnish the specific brand or mode of delivery as prescribed. Second, the contract supplier could consult with the physician or treating practitioner to find another appropriate brand of item or mode of delivery for the beneficiary and obtain a revised written prescription. Finally, the contract supplier could assist the beneficiary in locating a contract supplier that will furnish the particular brand of item or mode of delivery prescribed by the physician or treating practitioner. If the contract supplier does not ordinarily furnish the specific brand or mode of delivery and cannot obtain a revised prescription or locate another contract supplier that will furnish the needed item, the contract supplier **MUST** furnish the item as prescribed.

Can a contract supplier provide an item different from that specified in the written prescription received from the beneficiary’s referral agent?

A contract supplier is prohibited from submitting a claim to Medicare if it provides an item different than that specified in the written prescription. Any change in the prescription requires a revised written prescription. In addition, contract suppliers are required to accept assignment for items they furnish to Medicare beneficiaries.

What factors should be considered when beneficiaries travel?

If a beneficiary travels to a CBA, he or she must get any medical equipment or supplies included in the DMEPOS Competitive Bidding program from a Medicare contract supplier for that area unless an exception applies.

The following chart describes different scenarios...

| If beneficiary permanently lives in... | And travels to... | He or she may go to... |
|---|--|---|
| A CBA | A different CBA | A Medicare contract supplier for items included in the program in the CBA to which the beneficiary traveled |
| A CBA | An area NOT included in the program | Any Medicare-approved supplier |
| An area NOT included in the program | A CBA | A Medicare contract supplier for items included in the program in the CBA |
| An area NOT included in the program | An area NOT included in the program | Any Medicare-approved supplier |

How is the Medicare payment amount determined when the beneficiary travels?

The Medicare payment amount is always based on the location in which the beneficiary maintains a permanent residence. For example:

- o If a beneficiary maintains a permanent residence in a CBA and travels outside of the CBA, payment for a competitively bid item for the CBA in which the beneficiary maintains a permanent residence is the single payment amount for that item in the beneficiary's CBA.
- o When a beneficiary maintains a permanent residence in an area that is not in a CBA and travels to CBA or non-CBA, the supplier that furnishes the item will be paid the fee schedule amount for the area where the beneficiary maintains a permanent residence.

If a beneficiary resides in a CBA, from whom can they purchase diabetic testing supplies?

Medicare will pay for diabetic testing supplies if a beneficiary uses either a mail order contract supplier or a local pharmacy or storefront. Local stores don't have to be contract suppliers unless they are also offering diabetic supplies through the mail.

If a beneficiary goes to his or her local store to get diabetic testing supplies, he or she will probably be paying more for the cost of these supplies than if he or she bought them through a mail order contract supplier. Remember, if beneficiaries choose to buy their diabetic testing supplies through mail order, they must use a mail order Medicare contract supplier in order for Medicare to pay for these items.

The term "mail order" refers to items ordered by phone, email, internet, or mail, and delivered to the person with Medicare's residence by common carriers like the U.S. Postal Service, Federal Express, or United Parcel Service, and does not include items bought from local supplier storefronts.

Additional Information



For more information about the DMEPOS Competitive Bidding Program, visit <http://www.cms.hhs.gov/DMEPOSCompetitiveBid> on the CMS dedicated website.

Beneficiary-related information can be found at <http://www.medicare.gov> on the internet.

This fact sheet was current at the time it was published or uploaded onto the web. Medicare policy changes frequently so links to the source documents have been provided within the document for your reference.

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