

Centers for Medicare & Medicaid Services
Special Open Door Forum:
Medicare Durable Medical Equipment, Prosthetics, Orthotics, and Supplies
(DMEPOS) Competitive Bidding Program Bidders' Conference:
What You Need to Know Before Submitting Your Bid

Wednesday, September 16, 2009
3:30 pm-4:30 pm Eastern Time
Conference Call Only

Please join us for the third in a series of eight Special Open Door Forum (ODF) bidders' conferences for the Round 1 Rebid of the Medicare durable medical equipment, prosthetics, orthotics, and supplies (DMEPOS) competitive bidding program. At this Special ODF, we will provide an overview of the policies for change of ownership, grandfathering, and traveling beneficiaries. In addition, we will discuss key contract supplier responsibilities required under the terms of the DMEPOS competitive bidding program supplier contract.

Reminder: Registration for user IDs and passwords is open. It's important for suppliers to register early to avoid delays in accessing the online bidding system when bidding opens.

Background:

On August 3, 2009, the Centers for Medicare & Medicaid Service (CMS) issued the bidding timeline for the Round 1 Rebid of the DMEPOS competitive bidding program and initiated a comprehensive bidder education campaign. CMS' Competitive Bidding Implementation Contractor (CBIC) is the focal point for bidder education. Please visit the CBIC's dedicated website, www.dmecompetitivebid.com, for important information, including bidding rules, user guides, frequently asked questions, policy fact sheets, checklists, and bidding information charts. The CBIC toll-free help desk, 1-877-577-5331, is open to help bidders with all of their questions and concerns. All suppliers interested in bidding are urged to sign up for e-mail updates on the home page of the CBIC website.

We look forward to your participation.

Special Open Door Participation Instructions:

Dial: 1-800-837-1935 & Reference Conference ID: 23044660

Note: TTY Communications Relay Services are available for the Hearing Impaired. For TTY services dial 7-1-1 or 1-800-855-2880. A Relay Communications Assistant will help.

An audio recording of this Special Forum will be posted to the Special Open Door Forum website at http://www.cms.hhs.gov/OpenDoorForums/05_ODF_SpecialODF.asp and will be accessible for downloading beginning Thursday, September 24, 2009.

For Open Door Forum schedule updates, E-Mailing list subscriptions, and to view Frequently Asked Questions please visit our website at <http://www.cms.hhs.gov/opendoorforums/>.

Thank you for your interest in CMS Open Door Forums.

Audio file for this transcript: <http://media.cms.hhs.gov/audio/DMEPOSCompetBid091609.mp3>

Centers for Medicare & Medicaid Services
Special Open Door Forum:
Medicare DMEPOS Competitive Bidding Program Bidders' Conference-
What You Need to Know Before Submitting Your Bid
Moderator: Natalie Highsmith
September 16, 2009
3:30 pm ET

Operator: And good afternoon my name is Sara and I will be your conference facilitator today. At this time I would like to welcome everyone to the Centers for Medicare & Medicaid Services Special Open Door Forum on Medicare Durable Medical Equipment, Prosthetics, Orthotics and Supplies Competitive Bidding Program. All lines have been placed on mute to prevent any background noise.

After the speakers' remarks there will be a question and answer session. If you would like to ask a question during this time, simply press star, then the number 1 on your telephone keypad. And if you would like to withdraw your question please press the pound key. Ms. Highsmith you may begin your conference.

Natalie Highsmith: Thank you Sara and good day to everyone. And thank you for joining us for this third in a series of eight Special Open Door Forums on DMEPOS Competitive Bidding Program Bidders' Conference. Today, staff will be touching on the topic of what you need to know before submitting your bid. Staff will provide an overview of the policies for change of ownership, grandfathering and traveling beneficiaries. Also staff will discuss key contract supplier responsibilities required under the terms of the DMEPOS Competitive Bidding Program supplier contract. I will turn the call over to Martha Kuespert. Martha?

Martha Kuespert: Thank you Natalie. Hello everybody and thank you all again very much for joining us on this Special Open Door Forum Bidders'

Conference. We hope that you will find today's session helpful and informative. Before we begin today's presentation we have some other information we would like to share with you.

We would like to caution suppliers about potential inaccurate information about the Competitive Bidding Program posted on non-government websites. Suppliers that are relying on this information in the preparation or submission of their bids to CMS are at risk of submitting a non-compliant bid. The way to obtain accurate and up-to-date information on the web with regard to this program is by visiting the CMS and Competitive Bidding Implementation Contractor, or CBIC Web sites.

Suppliers should also review and comply with the Competitive Bidding Program requirements found in CMS regulations, in addition to the requests for bids, in preparing and submitting their bids.

In our last Open Door Forum Bidders' Conference we went over some of the key requirements such as being eligible to submit a bid, having all the needed state licenses and submitting bona-fide bids. We would also like to remind everyone that the Competitive Bidding Program requires bidders and contract suppliers to comply with all applicable federal and state laws.

For example, bidders must comply with federal anti-trust laws. We take these laws very seriously and will not tolerate violations. Any supplier suspected to have violated federal anti-trust laws by engaging in practices such as price fixing, bid rigging or other forms of collusion will be referred to the Department of Justice for investigation and is subject to having its bid rejected. The Department of Justice has some helpful general information on anti-trust violations posted on its website.

We will be posting a link to this guidance on the CBIC website very soon. If you have concerns about specific practices you think may violate anti-trust rules please report these practices to the CBIC. The CBIC will then report these practices to CMS, and CMS will make sure they are referred to the appropriate law enforcement entity.

Now, on to the discussion of today's topics. As with the previous sessions, we would like to encourage everybody to submit feedback and comments about this Open Door Forum Bidders' Conference. If you would like to submit comments please send us an email addressed to cbic.admin@PalmettoGBA.com. This email address can be found on the last slide of today's PowerPoint presentation.

Cindy Dreher, the Policy and Content Lead for the CBIC will once again be providing today's presentation so I will pass the mic to her. Cindy?

Cindy Dreher: Thanks Martha, and good afternoon to everybody. And welcome to this call. The schedule and the topics for these calls can be found on our website. That's the Competitive Bidding Implementation Contractor website at DMECompetitiveBid.com. And if you signed up on the website to receive email updates you should have received a message today about the Forum. It's going to be on Tuesday not Wednesday but Tuesday, September 22.

That's next week and we'll talk about the financial document requirements, how bidders should report capacity, and the small supplier provision. And speaking of the Web site if you go to the home page right now you'll notice that the clock is ticking. Registration closes for everyone on November 4. The target deadline for backup authorized officials is October 9. So we encourage all backup authorized officials to register now.

The target deadline for authorized officials to register was Monday. So, if you are a supplier and you're interested in bidding and the designated authorized official hasn't yet registered then he or she should register now. Suppliers whose authorized officials do not register will not be able to bid when bidding opens.

And authorized officials who do not register now may not have time to approve other employees to assist with the bidding process. So it only takes about ten minutes. It's easy to register and if you need any help then just refer to the IACS Reference Guide on our website or you can call our customer service center and they'll be glad to help you. And I'll provide that contact information for you at the end of the presentation.

Today we're going to talk about what you should take into account before you submit your bid, such as key contract terms and a couple of important payment policies. If you don't have your handout then you need to go to the Web site and again, that's DMECompetitiveBid.com and click on the Open Door Forum Calendar.

And that's on the homepage in the right-hand side of the page. And then select the link for today's Forum. At the conclusion of the presentation we'll open up the phone lines and take your questions about today's topics. If you have questions on other topics then we ask that you please hold those for future calls, or you can call our customer service center, and send us an email. And audio casts and a transcript of this call will also be posted on the website.

Now let's go to Page 2. There are many factors that you need to consider before you submit your bids. First of all, if you are awarded a contract there are going to be requirements and contractual obligations that you as a contract supplier will be obligated to meet. It's important to understand these requirements and these obligations.

So, I'll talk some of the key contract terms such as the process you need to follow when there's a change of ownership with your company after contracts are awarded; the period of performance for the contract; and the requirement to maintain compliance with enrollment, licensure, and accreditation rules for the duration of the contract.

Another factor I'll talk about today is two payment policies - Grandfathering and the Traveling Beneficiary Policy. These policies will go into effect once the program is implemented.

Page 3. It's very important to understand that the regulations require that a contract supplier comply with all terms of the contract for the full duration of the contract period.

And this means that contract suppliers must be ready to furnish all items in the product category in the competitive bidding area for which they're awarded a contract, and meet all the program requirements on Day 1 of the contract period. And they must continue to meet all these program requirements until the contract period ends. By regulation, contracts will be competed at least once every three years. The contract period for the Round 1 Rebid is going to be announced when the bid window opens.

The contract also specifies that contract suppliers must make available the same items to Medicare beneficiaries as they provide to their non-Medicare customers. Remember that Medicare beneficiaries are entitled to the same items that you as a contract supplier furnish to any of your other customers.

Unless otherwise specified in the law or the regulations, contract suppliers are required to provide bid items to any Medicare beneficiary who resides in or visits a CBA, or Competitive Bidding Area. And this

means that you must furnish all items in the product category for which you won a contract to beneficiaries throughout the entire geographic area of the CBA.

The only type of contract supplier that's not required to furnish competitively bid items to any beneficiary in the CBA who requests such items is a Skilled Nursing Facility, or a (SNF), or Nursing Facility, or a (NF) that is awarded a contract as a specialty supplier. SNF and NFs that are awarded contracts as specialty suppliers may only provide bid items -and in Round 1 that's just enteral nutrition - to their own residents.

If the SNF or the NF did not bid as a specialty supplier and is subsequently awarded a regular contract, then that SNF or NF will be required to provide bid items to any Medicare beneficiary throughout the CBA. It is important to note too, that SNFs and NFs are the only entities that can bid to become specialty suppliers that only furnish competitively bid items to their own residents. Suppliers that are affiliated with a SNF or a NF, but they are not a SNF or a NF themselves, do not qualify for this option.

The Centers for Medicare & Medicaid Services will verify with the National Supplier Clearinghouse or the NSC the status of each bidder that indicates in each bid that it is a SNF or a NF and is bidding to become a specialty supplier. If the information on file at the NSC doesn't indicate that the bidder is in fact a SNF or a NF then that bidder will not be offered a contract.

Page 4. At times the physician or a treating practitioner, and that could be a physician assistant, a nurse practitioner or a clinical nurse specialist, may prescribe a particular brand or a mode of delivery to avoid an adverse medical outcome for the beneficiary.

Now, the competitive bidding regulations require that if a physician does this, if a physician prescribes a specific brand or mode of delivery to avoid an adverse medical outcome, then the contract supplier must provide that item or they can consult with the physician for a suitable alternative and then they are going to be required to obtain a revised written prescription. Or they can assist the beneficiary and locate a contract supplier that can furnish the item.

Also the contract supplier must submit a quarterly report that indicates the manufacturer, model name, and model number for the items that it has furnished to Medicare beneficiaries during the previous quarter. The supplier is also expected to review the information in the supplier directory and that's the directory that's posted at Medicare.gov to determine if the information is current. And current information must be submitted to the CBIC within ten business days of the close of each quarter.

The contract supplier must continue to satisfy and meet supplier standards, quality standards, and accreditation requirements, and state licensure requirements throughout the entire contract period. And contract suppliers must comply with all requirements of the Competitive Bidding Program for the entire contract period. For example, contract suppliers must accept assignment on all bid items. And that's regardless of whether that supplier is enrolled as a participating or non-participating supplier.

Any violation of the contract and the terms of the contract, including failure to comply with the supplier and quality standards by the contract supplier or by network member, may constitute a breach of contract. If a contract supplier breaches its contract then CMS can take a variety of actions. For example, it may require a corrective action plan, suspend or terminate the contract, preclude the contract supplier

from participating in the Competitive Bidding Program or revoke the contract supplier's supplier number.

Contract suppliers should also know that they are not guaranteed a minimum amount of business. Contract suppliers will compete among themselves for Medicare beneficiaries' business on factors such as quality and customer service.

Page 5. The sale or the transfer of the competitive bidding contract is prohibited. So, if we determine that a contract supplier sold its competitive bidding contract, then that contract will be terminated. While a contract may not be sold or transferred, it's important to know that this rule does not prevent a contract supplier from entering into a change of ownership or a CHOW transaction. So for example, a contract supplier could merge with or acquire a noncontract supplier if it chose to do so.

The merger or the acquisition must be reported to CMS and the NSC. And it must be in compliance with all supplier enrollment and accreditation requirements. It must comply with all the competitive bidding requirements too. As stated in the final rule, CMS may award a contract to any entity that merges with or acquires the contract supplier, but under specific circumstances. When a change of ownership is reported, CMS will evaluate whether the new owner complies with the appropriate quality standards, the accreditation standards, supplier enrollment requirements, financial standards and all other applicable program requirements.

Page 6. The contract specifies that a contract supplier has specific obligations to notify CMS when it's negotiating a change in ownership. The chart on this page summarizes the contract supplier requirements for reporting the CHOW to the CBIC that are stipulated in our current competitive bidding regulations. So, you'll notice in the

chart one of the requirements is to submit a novation agreement. The novation agreement must state that the new owner will assume all obligations under the competitive bidding contract.

Next page, Page 7. When you're working on your bid you need to be aware that the Competitive Bidding Program includes a special grandfathering provision for rental agreements that are in place at the time a Competitive Bidding Program is in effect in the CBA.

The grandfathering provision applies to oxygen and oxygen equipment, capped rental DME, and inexpensive routinely purchased DME furnished on a rental basis and that would be a walker. The grandfathering provision also applies to DME requiring frequent and substantial servicing but none of the product categories for the Round 1 Rebid contain items in this category.

Purchased items and enteral nutrients supplies, and equipment may not be grandfathered. We've received several requests to grandfather rental items in the enteral nutrition product category. However, enteral nutrition is not included in the DME benefit. It is classified as a prosthetic device. And the law is very clear that grandfathering is only an option for rented DME and oxygen so we are unable to add enteral to the grandfathering provision.

The grandfathering process only applies to those noncontract suppliers that are furnishing the items on a rental basis to beneficiaries who maintain a permanent residence in the CBA at the time that the Competitive Bidding Program is implemented and it only applies to those items. Non-contract suppliers can choose to be a grandfathered supplier or not be a grandfathered supplier.

However, if a supplier agrees to be a grandfathered supplier for one item, then that supplier must serve as a grandfathered supplier to all

eligible beneficiaries who received that item from them at the time the Competitive Bidding Program started. If the supplier declines to become a grandfathered supplier then the supplier must notify the beneficiary and must pick up its equipment after making the appropriate arrangements with the beneficiary. And the beneficiary must choose a contract supplier to assume responsibilities for furnishing the items.

Beneficiaries in a CBA also have the option. They may choose to continue renting items from their current supplier that they began renting before the program went into effect if that supplier chooses to be a grandfathered supplier or is awarded a contract. Or, the beneficiary has the option to choose to switch to a contract supplier.

A beneficiary may switch to a contract supplier at any time and the new contract supplier is required to accept the beneficiary as a customer. The grandfathering provisions also apply to beneficiaries who transition from a Medicare Advantage Plan to the Medicare Fee-For-Service benefits.

Page 8. The grandfathered supplier for oxygen and oxygen equipment must continue furnishing the oxygen and oxygen equipment for any period of medical need for the remainder of the useful lifetime, which is five years, for the equipment. A grandfathered supplier for other rented DME must furnish the items for the remaining months of the rental period unless the item is no longer medically necessary.

For capped rental DME the grandfathering relationship ends when the ownership is transferred to the beneficiary or the item is no longer medically necessary. So, for example, if a noncontract supplier grandfathered the rental of a CPAP device then the supplier must continue to rent the item to the beneficiary until the ownership is

transferred to the beneficiary or until the item is no longer medically necessary.

After the program is implemented, when a new period of continuous use begins following a break in the need or a break in the service that's greater than 60 days plus the days remaining in the last paid rental month, then the beneficiary must obtain the new or additional equipment from a contract supplier.

Now during the first round we discussed the current policy that the supplier that provides the item in the 15th month of rental period is responsible for supplying the equipment and for maintenance and servicing after the 15th month. In most cases this is something that you don't have to consider for the Rebid on preparing your bid because the reasonable useful lifetime will end when the contract is scheduled to go into effect.

Page 9. Okay, let's first discuss in a little more detail the payment rules for rented DME. If a supplier chooses to become a grandfathered supplier for capped rental items then the grandfathered supplier will continue to be paid the rental fee schedule amount established for the state for which the beneficiary maintains a permanent residence. And the rental payments are going to continue until either the item is no longer medically necessary or 13 months of continuous rental payments have been made.

Grandfathered suppliers may furnish accessories and supplies that are used in conjunction with and are necessary for the effective use of the grandfathered items. And payment for these items will be made at the single payment amount - -that's the new payment amount. And the grandfathered supplier must also accept assignment on the base equipment, and the accessories or supplies.

If a beneficiary who would otherwise be entitled to obtain the item from a grandfathered supplier changes to a contract supplier, then a new 13-month rental period will begin regardless of how many months the supplier was previously paid - the previous supplier was paid. However, rental payments only continue if the item continues to be medically necessary.

The contract supplier will be paid the single payment amount for all competitively bid items. But if the beneficiary changes from a contract supplier to another contract supplier, a new rental period will not begin. The new contract supplier will only be paid the single payment amount for the duration of the capped rental period.

Page 10. Now, for oxygen items. If a supplier decides to become a grandfathered supplier for oxygen and oxygen equipment, the supplier will be paid the single payment amount for the duration of the 36-month rental period. The grandfathered supplier must accept assignment on all claims for oxygen and oxygen equipment furnished to the beneficiaries in the CBA, and the beneficiary is only responsible for the 20% co-insurance and any unmet Annual Part B deductible.

If a beneficiary who would otherwise be entitled to obtain oxygen from a grandfathered supplier changes to a contract supplier, and that's prior to the 36-month rental, the contract supplier will be paid at least ten monthly payment amounts at the single payment amount regardless of how many months the previous supplier was paid.

So, for example, for rental agreements in months 2 through 26, the contract supplier is going to be paid for the remaining rental months of contract. But for suppliers who assume rental agreements that are in months 27 or later, they will receive a minimum of ten payments regardless of how many months the previous supplier was paid.

If the beneficiary changes to a new contract supplier then the oxygen and oxygen equipment must be replaced by the new supplier. If the beneficiary changes from a contract supplier to another contract supplier then again the new contract supplier is not entitled to a minimum number of months of payments, and will be paid the single payment amounts only for the duration of the rental period not to exceed 36 months.

And before I leave the topic on grandfathering for oxygen, I want to make one final note. The new requirement in the Medicare law that the supplier that furnished oxygen equipment during the 36th month must continue to furnish equipment during any period of medical need for the remainder of the reasonable useful lifetime of the equipment - that remains in effect when the Competitive Bidding Program Round 1 Rebid is implemented. The supplier remains responsible and cannot transfer its obligations to a contract supplier.

Page 11. When preparing your bid you should also consider two important payment factors that come into play when a beneficiary travels. Payment is always based on the permanent residence of the beneficiaries. And this is in accordance with the current payment policies. The supplier who may provide the item, however, depends upon whether the item is a bid item or not a bid item - and where the beneficiary obtains the item.

The flow chart on this page provides a helpful visual tool for analyzing the traveling beneficiary scenarios. So let's say the beneficiary's permanent address is in a CBA. Following the flow chart, if the beneficiary needs an item included in the Competitive Bidding Program for the CBA where the beneficiary is visiting, then the beneficiary must obtain the item from a contract supplier. If it's not a bid item, then the beneficiary may obtain the item from any Medicare enrolled supplier.

For example, Nell and her friends live in Charlotte, North Carolina, which is a CBA, and they travel to Miami, which is also a CBA. Nell falls and the doctor orders a walker. Nell must obtain that walker from a contract supplier in Miami, and the Miami contract supplier will be paid the single payment amount for Charlotte.

And another scenario, Nell and her friends travel to Myrtle Beach, and that's an area that's not a CBA and she needs a walker, which is a bid item in her home CBA of Charlotte. So, of course she will obtain the walker from any Medicare enrolled supplier and the supplier is going to be paid the single payment amount for the Charlotte CBA.

Let's look at another scenario. What happens if the beneficiary's permanent address is not in a CBA? Following the chart again, if the beneficiary needs an item included in the Competitive Bidding Program for the CBA where the beneficiary is visiting, then the beneficiary must obtain the item from a contract supplier. If it's not a bid item then the beneficiary can obtain the item from any Medicare enrolled supplier.

So, let's take another example. John and his wife travel to Riverside, California, which is a CBA, and they're leaving from their home in Phoenix, which is not a CBA. John needs a new mask for a CPAP device while he's in Riverside.

So he must obtain the mask from a contract supplier for Riverside and the supplier will be paid the fee schedule amount for the area where the beneficiary lives, or for the state of Arizona. If John travels to Seattle, which is another area that is also not a CBA and needs a CPAP mask then he'll get the mask from any Medicare enrolled supplier. And remember, payment is always based on the beneficiary's permanent residence.

Page 12. Before we conclude today's program, I'd like to remind everyone that the subcontractor disclosure requirements we discussed at the last Special Open Door Forum Bidders' Conference are a term of the contract. And this is required by MIPPA, as we discussed in the last Forum, the Medicare Improvements for Patients and Providers Act. It's very important that contract suppliers remember that they are responsible for the items and the services that they provide directly or through the use of a subcontractor.

So, if you decide to do business through the use of a subcontractor then you need to make sure that both you and your subcontractor meet all requirements, and that includes all applicable accreditations and licensure requirements. If your subcontractor does not perform in compliance with the terms of the contract then you would be in breach of contract.

Since we already covered the requirements for subcontracting during the last Forum, I'm not going to go over the specifics again. But I'm showing the key requirements on this page for your convenience. There's also a subcontracting Fact Sheet on the CBIC Web site. And you can find additional information about subcontracting on the NSC Web site, too.

Page 13. Remember, the resources on the Competitive Bidding Program Web site will provide you with valuable assistance. If you go through the registration and the bidding process. If you haven't registered yet, you'll find a Reference Guide, Quick Steps and FAQs to assist you with the process. There is also the audio cast and the transcript from the registration Open Door Forum on the Web site.

And the Web site has other useful tools for you such as the request for bid instructions, bidder information charts, the CBA zip code lookup

tool, and a whole lot more. And we've recently added the licensure directories for each state and some new fact sheets.

And please call the Competitive Bidding Program customer service center at this number on this, on the Page 1-877-577-5331, if you have any questions. The center is open from 9:00 a.m. until 9:00 p.m. Eastern Time, Monday through Friday. You can also find information on supplier enrollment, including accreditation, surety bonds, and subcontracting on the NSC Web site and also the State licensure requirements on the NSC Web site.

If you have any questions about these enrollment requirements please call the NSC. And also the NSC will verify authorized official information - that is name, date of birth, and Social Security number, and mailing or correspondence addresses with you over the telephone. You will also find instructions and forms on how to submit change of information to your enrollment form on the NSC website.

And remember you must submit this form by mail to the NSC. It can't be done over the phone, and by fax, or email. But for bidding purposes only, the NSC will expedite authorized official changes, which are at Sections 6, and Section 15 of the CMS (855S Form). And finally the CMS Web site also includes important information about the program that will assist you throughout the bidding process.

This concludes our formal part of the presentation and we will open up the lines for your questions.

Natalie Highsmith: Okay, Sara if you could just remind everyone how to enter the queue to ask the questions. And everyone please remember when it is your turn to restate your name, what state you are calling from and what provider or organization you are representing today.

Operator: At this time I would like to remind everyone in order to ask a question, please press star then the number 1 on your telephone keypad. And your first question comes from the line of Boyce Harbour from Texas. Your line is open.

Boyce Harbour: Thank you. This is Boyce Harbour with Breath of Life Home Oxygen in the Dallas, Fort Worth MSA. In the first round of bidding the bid winners, and I want to use that word bid winners in a broad sense because I don't feel that there are any winners. There are some people that lose more than others but the bid winners were about 10% of the number of companies in the Dallas, Fort Worth MSA.

What is being done to ensure that there is adequate coverage for Medicare beneficiaries in this bid process? If the first round had stood, then the winning bidders would have had to have increased their volume by about ten times. Is anything being done to make sure that there is adequate coverage for the MSAs?

Cindy Dreher: Okay. Boyce we're going to talk about that more in the next couple of conferences. But just to let you know that there is a process to ensure that the beneficiary demand is met by the available suppliers. And that you can go out to the Web site, I don't know if you've looked at these yet but we have these worksheets, capacity worksheets on the Web site. And it will show you the demand and also the number of items that were furnished to Medicare beneficiaries during 2008.

So I think those worksheets will be very helpful in understanding the process too. But again, we're going to talk about this in a great deal - more detail later. And I assure you that processes are in place as they were during the first round to ensure that there are enough suppliers to meet the demands.

Boyce Harbour: Thank you.

Operator: Your next question comes from the line of Dana Picard from Florida.
Your line is open.

Dana Picard: Yes, hi. I was on the - you know, I went to the licensure documentation page. And you know, there's some conflicting information that is on that information. For instance, the state of Pennsylvania, it says under diabetic equipment and supplies, a DME supplier license is required. It's checked off, yes. However when I verify with the State of Pennsylvania, you know, I got - I call them up and then I also went to their Web site, because I wanted to know if there's anything in writing documenting this.

It says that an out-of-state supplier does not require a DME license if there are no sales reps located inside the State of Pennsylvania. I'm calling from Florida, Diabetic Solutions.

So, if I do mail order diabetic supplies in the state of Pennsylvania, you know, the state requirement does not require me to have a DME license unless I have field sales representatives located in Pennsylvania. And now as I go through all this licensure requirement stuff I'm finding this almost on every single case. So, you know, who were we supposed to believe and what are we supposed to do?

Cindy Dreher: Dana, are you looking at the licensure charts on the NSC Web site or the ones we just posted?

Dana Picard: No, it was on the NSC Web site.

Cindy Dreher: Okay, we'll go back and verify that with the NSC, too. But what's important to remember is that the licensure charts posted on the NSC Web site and those that are posted on the CBIC Web site are as a guide only. The ultimate authority on all of their licensure requirements lies

with that specific state. But we will go back and confirm with the NSC to make sure that the licensure chart is up-to-date and accurate. But remember that, to please contact the state licensing agencies for verification of what required licenses are for that state.

Dana Picard: I mean, you know, when we go, let's say we go to put in a bid and everything. And now that the CBIC's reviewing our bid application. And you know they go to check out our supplier licenses and the state may say yes, and there's nothing in our file indicating that we have a license. I mean then it, how are we going to verify that information, you know?

((Crosstalk))

Cindy Dreher: I know...

((Crosstalk))

Dana Picard: I mean are we already going to verify with every single state on every single supplier's requirement. I mean because...

Cindy Dreher: Yes, if I were you

((Crosstalk))

Cindy Dreher: ...You're bidding in multiple states and I would verify with each state what those requirements are because that's a critical piece.

Dana Picard: No, but what is the CBIC going to do? Okay, if it says yes for Pennsylvania. I find my information and say, "No, it's not required unless you have a field sales representative. Then it's my word against your word. How are you going to resolve that issue?"

Cindy Dreher: It won't be your word against our word. It will be the word against the state licensee agency.

Dana Picard: Okay. And then...

((Crosstalk))

Cindy Dreher: And we'll verify it with them.

Dana Picard: Okay. Yes, because that's. I mean that's, that inaccurate information on the Web site, it's creating a lot of extra work for no good reason.

Cindy Dreher: Well, thank you for pulling that out and we will follow-up with the NSC. But again the main point that I want to make is that you need to contact these state agencies to make sure that you've got the correct information.

Dana Picard: I mean, for me I only do mail order diabetic supplies but I could see for some of these other companies you know. I mean this is going to be a major ordeal.

Cindy Dreher: Yes.

Dana Picard: You know? Because there's about 1, 2, 3 - about 15 or 20 different categories that they might have to licensure on.

Cindy Dreher: That's right.

Dana Picard: ...For one state.

Cindy Dreher: ...And we just want to make sure that we award contracts to suppliers that are licensed for those states.

Dana Picard: Okay, thank you.

Cindy Dreher: Thank you.

Operator: Your next question comes from the line of Robin Sorensen from Virginia. Your line is open. Ms. Sorensen, your line is open.

Robin Sorensen: Hi, can you hear me?

Natalie Highsmith: Yes we can.

Robin Sorensen: Okay, thank you. This is Robin from Virginia Sentera Home Care. Just wondered if you could give a definition of single payment amount. You alluded to that a lot.

Cindy Dreher: Yes, the single payment amount is the new competitive bidding amount.

Robin Sorensen: Okay. So that could be a rental or a purchase price.

Cindy Dreher: Right. It's going to be the amount that replaces the fee schedule amount for those competitively bid items.

Robin Sorensen: Okay.

Cindy Dreher: Thank you.

Operator: Your next question comes from the line of Lois Adams from Florida. Your line is open. Lois Adams your line is open.

Lois Adams: We have a question on the medically necessary meters for Diabetes. If you do a bid for the meters and a physician writes for a meter that one,

was not a model that was on your bid but it is medically necessary, will you be forced to provide that regardless of the cost to you?

Cindy Dreher: Well Lois. First of all the meters are not a competitively bid item. So they're not included in the program.

Lois Adams: Well that's it. That answers my question. Thank you.

Cindy Dreher: You're welcome.

Operator: Your next question comes from the line of Leo Gunarapne from California. Your line is open.

Leo Gunarapne: Yes. This question I asked at the last Conference Open Door Forum but I didn't get an answer. I need to find out if a bid winner can in a different CBA can open their (unintelligible) after they win the bid in order to expedite payment or to have a (unintelligible). And the other thing is where can we get this presentation slide?

Cindy Dreher: And Leo let me make sure I understand your question. You're wanting to know, if you are, if a supplier is to submit a bid and is awarded a contract.

((Crosstalk))

Leo Gunarapne: Because you, the...

Cindy Dreher: ...Can they open a location in that CBA?

Leo Gunarapne: Yes you are outside...you bid, you are outside the CBA and you bid for a CBA. And once you win the bid can you open an office to expedite the delivery and et cetera so that you know, either another office or a (unintelligible).

Cindy Dreher: Okay, what's important to remember is that we award contracts to locations that are listed on Form B *[ed. note – should be Form A]* of the application. And those locations must be accredited, a surety bonds meet all the requirements, have an active NSC number. And so if you don't have a location that's listed on that, on Form B *[ed. note - should be Form A]* then we can't award you a contract for that location. So, no, you could not submit a bid with the intent of opening the location should you be awarded the contract. You've got to be able to furnish the items to all the beneficiaries in the CBA from your existing locations.

Leo Gunarapne: But how is that people from Florida apply for out-of-state.

Cindy Dreher: If they can.

Leo Gunarapne: Like if...

((Crosstalk))

Cindy Dreher: If they can furnish the items to all the beneficiaries in that CBA from their existing locations then they can. But that's the rule and that's the rule that was in place during Round 1.

Leo Gunarapne: Yes, so now suppose that the competitive bidder is located outside the CBA. Can they have a warehouse, you know, to expedite the (unintelligible). Now, you know, the bid winner has all the credentials and everything in order in place. And they get the bid who is outside the CBA?

Cindy Dreher: If you plan to use a distribution center in order to meet the goals or the objectives of the Competitive Bidding Program then that's acceptable.

You just need to explain that on your application and under the expansion plan section.

Leo Gunarapne: Okay, thank you. And also where can we get the presentation slides of these presentations.

Cindy Dreher: They will be posted on our Web site.

Leo Gunarapne: Okay. Thank you.

Man: Are they taking...(unintelligible).

Operator: Your next question comes from the line of Carol Dains from Missouri. Your line is open.

Carol Dains: Hello, can you hear me?

Cindy Dreher: Yes, I hear you.

Natalie Highsmith: Yes, we can.

Carol Dains: Sorry. Hey, I have been trying. I missed the September 2 conference that you had, the rules for submitting a bid? And I have been desperately trying today, yesterday, and I cannot get the PDF form to download. When I click on it from the CMS Web site it just gives me the generalization, you know, this one page. It doesn't give me the minutes and what was discussed.

Cindy Dreher: Were you looking for the transcripts and the audio okay?

Carol Dains: Yes.

Cindy Dreher: Okay, well that hasn't been posted yet.

Carol Dains: Okay. Good.

Cindy Dreher: So you find this...

((Crosstalk))

Carol Dains: Fine because I thought I was messing up.

Cindy Dreher: No, you're not messing up. And you'll find the presentation and the transcripts and the audio has not been posted yet.

Carol Dains: Okay. Because one of the, something I've printed off would be available on or about the 11th. And I was like, okay, well maybe I missed it, so.

Cindy Dreher: Yes, we think it would be available that date but it's not yet and it should be very soon.

Carol Dains: Okay. Just keep trying in other words.

Cindy Dreher: That's right.

Carol Dains: Okay thank you.

Cindy Dreher: We apologize for that.

Carol Dains: That's okay thank you.

Operator: You're next question comes from the line of Scott Lloyd from Georgia. Your line is open.

Scott Lloyd: Hi, you mention that a non-contract supplier must continue to be responsible for a beneficiary if they bill for a 36 month of service. And that the beneficiary may not transition to a contract supplier. Is that correct?

Cindy Dreher: In regards to oxygen, yes that's correct.

Scott Lloyd: Yes, this is in regard to oxygen. So for many suppliers not receiving one or more contracts will result in them going out of business. And if you just accept that as true what protections are in place for beneficiaries that are if you will, orphaned by noncontract suppliers that cease to operate.

Cindy Dreher: So, you're saying that, if a benefit...That if a supplier goes out of business and can no longer service the Medicare beneficiaries?

Scott Lloyd: Correct.

Cindy Dreher: Okay. Then there will be provisions in place and if we are needed to we will add additional contract suppliers and works with that beneficiary.

Scott Lloyd: Well presumably there will be enough capacity with the existing contract suppliers. My question is, the rules have said that the beneficiary can't transition to a contract supplier to any contract supplier so who would service that beneficiary.

Cindy Dreher: So, if the beneficiary, if the supplier goes out of business it's the same as what happens today. I mean there's, it cannot be a hard and fast rule. We are not going to leave the beneficiary with no supplier. So, in the same environment today if a supplier goes out of business and that does happen then that beneficiary will go to another supplier. And if the beneficiary...

((Crosstalk))

Scott Lloyd: So they could then have transition to a contract supplier.

Cindy Dreher: Yes, they would have to if that supplier is out of business.

Scott Lloyd: Okay. And I guess I'm trying to figure how does that process work?

Cindy Dreher: Same way it works today. When a supplier - when a business - when a supplier goes out of business.

Scott Lloyd: Okay, and I guess I'm not familiar with how that process works.

Cindy Dreher: Well it happens today as well. The beneficiary would have to find another supplier. And if we needed to assist that beneficiary then we would. And we have people in place to provide that type of assistance.

Joel Kaiser: Yes. Hi, Cindy. This is Joel Kaiser at CMS. Just to elaborate on you know, how these cases are handled now and the situation that the caller describes. -The supplier who is going out of business. We expect they would be assisting the beneficiary in locating a new supplier. If the supplier that is going out of business isn't going to help the beneficiary in these situations then the beneficiary can call 1-800 Medicare. And then the people at 1-800 Medicare can assist the beneficiary.

Martha Kuespert: Hi, this is Martha Kuespert. Before we go back to the questions I would just like to make a clarifying statement just to make sure this point was made clear to the gentlemen who wanted to know about opening up additional locations after he was awarded a contract.

Just want to make sure that it's very clear to everybody that the contract supplier has to be operating in full compliance with all applicable requirements, all applicable enrollment requirements, all applicable licensure requirements - and all applicable accreditation requirements. So, just wanted to make sure that was understood. I think it was implied but I just want to make sure it was understood.

Natalie Highsmith: Next question please?

Operator: Your next question comes from the line of Alma Avila from Texas.
Your line is open.

Tim Zipp: Hi, there's a group of us. This is actually Tim Zipp from The Scooter Store in Texas. And this is to follow-up the very first question that was asked. And this is not necessarily about the capacity question but it has to do with your third slide where it says, "The supplier must furnish competitive bid items to any beneficiary who maintains a permanent residence or visits a CBA."

For the suppliers that submit utilization or capacity numbers in their bids bearing those, say for example, five units of a particular category. And then they happen to get a - way more beneficiaries coming to that. Are they expected to be able to supply to every beneficiary that comes to them if hundreds and hundreds would come to them and they would only bid for, say five units of the capacity for that category?

Cindy Dreher: That's why we're going over this today so that suppliers are aware that if they, when they contract them, then they will be expected to furnish bid items to any Medicare beneficiary in that CBA.

Joel Kaiser: Yes, hi Cindy this is Joel. I should clarify that issue. That, the rule on furnishing the items just for the beneficiary and CBA is more a rule for prevention of you know, basically discriminating against the

beneficiary for reasons such as where they're located in the CBA. Things of that nature. So they have to service the beneficiary if the beneficiary requests services from them. And they, and there's no exception there.

But of course, if you get to your capacity and, you know, you for example if you're a hospital bed supplier and you don't have any beds in the warehouse, as they are all out in people's homes.

They're out rented at this time the best you can do for the beneficiary is let them know that, you know, the next possible time that I could possibly get a hospital bed out to you would be, you know, a week from Tuesday. So you're probably going to have to go out to another contract supplier to get the hospital beds since you need it now. And so, you know, we can't expect contract suppliers to make hospital beds out of thin air.

So that - the rule on is that you have to service the beneficiary and you can't turn them away. It's really. If you have your hospital beds and your warehouse and someone calls from way across the other side of the CBA you can't say, "No I'm not going to service it." You have to deliver the items to them. That's what this rule gets at.

Tim Zipp:

Great. Thank you very much. I appreciate that. I also had a follow-up question to another one of the questions which was, you indicated that a supplier, maybe they did get more utilization than expected and could open additional warehouses to service the MSA if they needed to handle the increase than what they expected. Is it also possible that when they did that they could establish them as giving them their own NSC numbers et cetera so that they could be included as part of the bid?

I know you said that needed to be included in the bid package. But none of the suppliers when they make their bids are going to know what the utilization or number of beneficiaries coming to them will be. Somewhere between 0% and 100% of the market demand. And therefore they may want to open additional locations. Will they be able to add locations? You've said yes, to the warehouse scenario. But what about getting a location also under the same common ownership, but getting it's NSC number, et cetera.

Cindy Dreher: First of all a distribution center doesn't get an NSC number but if a contract supplier finds it needs to add additional locations in the future then those locations may be awarded a contract too. And we will provide specific instructions on that process to the contract suppliers. And also how, if the location has to be closed and how that's done. So, those instructions will be provided for the contract suppliers.

And I just wanted to add on to what Joel was saying too, that if it, a supplier should work with beneficiaries when he was using his example of a hospital bed. So if they don't have the hospital bed and they can't get it to you for another week then they should assist that beneficiary finding a supplier, a contract supplier who does have that bid item. And they can provide it to them immediately.

Tim Zipp: Great. Thank you very much.

Natalie Highsmith: Okay, Sara we're going to take one final question.

Operator: Your next question comes from the line of (Nate Vaughn) from Michigan. Your line is open.

Nate Vaughn: Hello my name is Nathaniel Vaughn and I'm calling from Dixon Medical Equipment today. And well, I actually have several questions. I know you said it's the last one so I guess I can maybe try to combine

them and then get an answer from there. But, well I realize that Michigan is not one of the several states required to participate in Round 1. To prepare it for the further rounds or future rounds...Well, how much time do you think Michigan DME suppliers have to, well, to prepare for the program?

Cindy Dreher: Well, I'm sure there will be announcements made in time to help you prepare but the important thing that we've been stressing for suppliers to do to prepare for the Rebid of Round 1 is to make sure that you're in compliance with all the supplier standards and the accreditation, enrollment standards, surety bonds, life insured, those types of things. So those are things that you should have in place. And that's the most important piece of being prepared to participate in the Competitive Bidding Program.

Nate Vaughn: Well, is there an idea, an expected idea or a timeframe that we have before well, Michigan and different states around the area will be required to participate.

Cindy Dreher: Yes a timeline will be announced when it's available but right now that is not available because we are using the timeline for the Rebid you'll find on the Web site. But you will be given advanced notice, plenty of advanced notice to prepare.

Nate Vaughn: Okay, then my final question is well, I understand that there are a large amount of supplies that will be contracted out. But is there a particular list of the supplies. And if so, which supplies are there?

Cindy Dreher: Once the contract awards are made and suppliers have accepted contract offers, then the list of the new contract suppliers will be made available.

Nate Vaughn: Is that different? No, well, but how about the different supplies though? That will be contracted out for (unintelligible) wheelchairs, hospital beds, any kind of, any categories, any?

Cindy Dreher: Do you have the five categories that are included?

Nate Vaughn: Yes.

Cindy Dreher: Yes. And that will be. When you are talking about for Round 2. Yes, that will be out, be available to you as well in plenty of time.

Nate Vaughn: Okay, well thank you.

((Crosstalk))

Joel Kaiser: That's right. This is Joel Kaiser, just to expand on that and clarify. The MIPPA legislation of 2008, did require that we bid the same items with a few exceptions. Again in the Round 1 Rebid and in the same areas with the exception of Puerto Rico. With regard to Round 2, it did also mandate that we did in the same Round 2 areas that were already selected. But there is flexibility in terms of the product categories for Round 2. What the law requires for Round 2 is competition in 2011.

So at some point in 2011, we will have to have the competition for Round 2 to meet the statutory requirements. And sometime before then of course, we will be announcing the product categories for Round 2.

Nate Vaughn: Thank you.

Natalie Highsmith: Okay, Sara we have passed our 4:30 hour here on the East Coast. I will turn the call over to Martha Kuespert for closing remarks.

Martha Kuespert: Thank you Natalie. I would like to thank everyone again for joining us on this third of our series of Special Open Door Forum Bidders Conferences. I'd also like to remind everyone that we're very interested in your feedback and comments about these Bidders' Conferences.

So if you have any comments you would like to share with us, please email us at cbic.admin@PalmettoGBA.com. That's the email address listed on the last page of your PowerPoint presentation for today.

Also, as Cindy mentioned our next Bidders Conference will be held next Tuesday, September 22, from 2:00 p.m. until 3:00 p.m. Eastern Time, and we hope that you will join us. Thank you.

Natalie Highsmith: Okay. Sara, can you tell us how many people joined us from the call today?

Operator: There were 600 participants.

Natalie Highsmith: Wonderful, thank you everyone.

Operator: This concludes today's conference call. You may now disconnect.

END