CMS Manual System	Department of Health & Human Services (DHHS)
Pub 100-04 Medicare Claims Processing	Centers for Medicare & Medicaid Services (CMS)
Transmittal 2556	Date: September 28, 2012
	Change Request 7899

SUBJECT: Quarterly Update for the Durable Medical Equipment, Prosthetics, Orthotics and Supplies (DMEPOS) Competitive Bidding Program (CBP) - January 2013

**I. SUMMARY OF CHANGES:** The DME CBP files are updated on a quarterly basis in order to implement necessary changes to the HCPCS, ZIP code, Single payment amount, and Supplier files. These requirements provide specific instruction for implementing the 2011 DMEPOS Round One Rebid CBP files. This CR also updates the way rented power wheelchairs are processed beginning with Round 2 of the CBP. The attached recurring update applies to Pub 100-04, Chapter 36, Section 40.

EFFECTIVE DATE: January 1, 2013 IMPLEMENTATION DATE: January 7, 2013

Disclaimer for manual changes only: The revision date and transmittal number apply only to red italicized material. Any other material was previously published and remains unchanged. However, if this revision contains a table of contents, you will receive the new/revised information only, and not the entire table of contents.

**II. CHANGES IN MANUAL INSTRUCTIONS:** (N/A if manual is not updated) R=REVISED, N=NEW, D=DELETED-*Only One Per Row*.

R/N/D	CHAPTER / SECTION / SUBSECTION / TITLE
N/A	

#### III. FUNDING:

For Fiscal Intermediaries (FIs), Regional Home Health Intermediaries (RHHIs) and/or Carriers: No additional funding will be provided by CMS; Contractors activities are to be carried out with their operating budgets

### **For Medicare Administrative Contractors (MACs):**

The Medicare Administrative contractor is hereby advised that this constitutes technical direction as defined in your contract. CMS does not construe this as a change to the MAC statement of Work. The contractor is not obliged to incur costs in excess of the amounts allotted in your contract unless and until specifically authorized by the Contracting Officer. If the contractor considers anything provided, as described above, to be outside the current scope of work, the contractor shall withhold performance on the part(s) in question and immediately notify the Contracting Officer, in writing or by e-mail, and request formal directions regarding continued performance requirements.

#### **IV. ATTACHMENTS:**

# **Recurring Update Notification**

\*Unless otherwise specified, the effective date is the date of service.

# **Attachment - Recurring Update Notification**

Pub. 100-04 Transmittal: 2556 Date: September 28, 2012 Change Request: 7899

SUBJECT: Quarterly Update for the Durable Medical Equipment, Prosthetics, Orthotics and Supplies (DMEPOS) Competitive Bidding Program

Effective Date: January 1, 2013

**Implementation Date:** January 7, 2013

### I. GENERAL INFORMATION

# A. Background:

Section 302 of the Medicare Modernization Act of 2003 (MMA) established requirements for a new competitive bidding program for certain DMEPOS. Under the program, DMEPOS suppliers compete to become Medicare contract suppliers by submitting bids to furnish certain items in competitive bidding areas, and the Centers for Medicare & Medicaid Services (CMS) awards contracts to enough suppliers to meet beneficiary demand for the bid items. The new, lower payment amounts resulting from the competition replace the Medicare DMEPOS fee schedule amounts for the bid items in these areas. All contract suppliers must comply with Medicare enrollment rules, be licensed and accredited, and meet financial standards. The program sets more appropriate payment amounts for DMEPOS items while ensuring continued access to quality items and services, which will result in reduced beneficiary out-of-pocket expenses and savings to taxpayers and the Medicare program.

Under the MMA, the DMEPOS Competitive Bidding Program was to be phased in so that competition under the program would first occur in 10 areas in 2007. As required by law, CMS conducted the Round One competition in 10 areas and for 10 DMEPOS product categories, and successfully implemented the program on July 1, 2008, for two weeks before the contracts were terminated by subsequent law.

The Medicare Improvements for Patients and Providers Act of 2008 (MIPPA) temporarily delayed the program in 2008, terminated the Round One contracts that were in effect, and made other limited changes. As required by MIPPA, CMS conducted the supplier competition again in 2009, referring to it as the Round One Rebid.

The Round One Rebid Competitive Bidding Program was implemented on January 1, 2011, in CBAs defined by ZIP codes within nine of the largest Metropolitan Statistical Areas (MSAs). The CBAs in the Round One Rebid include: Charlotte-Gastonia-Concord, NC-SC; Cincinnati-Middletown, OH-KY-IN; Cleveland-Elyria-Mentor, OH; Dallas-Fort Worth-Arlington, TX; Kansas City, MO-KS; Miami-Fort Lauderdale-Pompano Beach, FL; Orlando- Kissimmee, FL; Pittsburgh, PA; and Riverside-San Bernardino-Ontario, CA.

The Round One Rebid competitive bidding product categories are: Oxygen Supplies and Equipment; Standard Power Wheelchairs, Scooters, and Related Accessories; Group 2 Complex Rehabilitative Power Wheelchairs and Related Accessories; Mail-Order Diabetic Supplies; Enteral Nutrients, Equipment and Supplies; Continuous Positive Airway Pressure (CPAP) Devices, Respiratory Assist Devices, and Related Supplies and Accessories; Hospital Beds and Related Accessories; Walkers and Related Accessories; and, in the Miami-Fort Lauderdale-Pompano Beach CBA only, Support Surfaces (Group 2 Mattresses and Overlays). A list of the HCPCS codes that are included in each of the Round One Rebid product categories can be accessed by visiting the Competitive Bidding Implementation Contractor's (CBIC) website at http://www.dmecompetitivebid.com/palmetto/cbic.nsf on the Internet.

MIPPA requires the competition for Round Two to occur in 2011 in 70 additional metropolitan statistical areas (MSAs) and authorizes competition for national mail order items and services after 2010. The Affordable Care Act of 2010 (ACA) expands the number of Round Two MSAs from 70 to 91 areas and mandates that all areas of the country are subject either to DMEPOS competitive bidding or payment rate adjustments using competitively bid rates by 2016. You can find additional information on the DMEPOS Competitive Bidding Program on the CMS website at <a href="http://www.cms.gov/DMEPOSCompetitiveBid/">http://www.cms.gov/DMEPOSCompetitiveBid/</a>.

# B. Policy:

# File Updates

In implementing the DMEPOS competitive bidding program, CMS will be issuing recurring update notifications on a quarterly basis. Instructions for updating the DMEPOS competitive bidding files will be included in these transmittals. The competitive bidding files will be provided to the DME MACs, the RHHIs and the PDAC contractor via CMS' mainframe telecommunication system on a quarterly basis. Beginning on July 1, 2012 and until further notice, the EDC will transmit the aforementioned files when received from the CBIC to the ViPS Medicare System (VMS) and VMS will make the file updates available to the contractors for use in processing DMEPOS competitive bidding claims. Automated entry of the file additions, updates or deletions will be done on a quarterly basis using fully refreshed files, for the following three files: the CBA ZIP code file, the HCPCS file, and the CBA pricing file. These quarterly change files will be provided by CMS through the change management process.

The VMS maintainer shall update the supplier record files with the information provided in the VMS nightly extract.

The CBIC will transmit the quarterly files listed above to the CMS mainframe telecommunications system via Connect: Direct for EDC retrieval.

# II. BUSINESS REQUIREMENTS TABLE

Number	Requirement	Responsibility (place an "X" in each applicable column)									
		A	D	F	С	R		Sha	red-		OTH
		/	M	I	A	Н		Syst	tem		ER
		В	Е		R	Н	M	aint	aine	ers	
					R	I	F	M	V	C	
		M	M		I		I	C	M		
		A	A		E		S	S	S	F	
		C	С		R		S				
7899.1	The Competitive Bidding Implementation Contractor										CBIC
	(CBIC) shall generate updated files quarterly for the										
	CBA ZIP code file, the HCPCS file, and the CBA										
	pricing file and transmit them to the Enterprise Data										
	Center (EDC).										
7899.1.2	The EDC shall retrieve the following files from the										HP
	CMS mainframe telecommunications system via										EDC
	Connect: Direct on a quarterly basis:										
	CBA ZIP Code File										
	HCPCS File										
	CBA Pricing File										
7899.1.3	During the testing phase of this CR, the EDC shall										HP
	retrieve the CBA ZIP code file, the HCPCS file, and										EDC

Number	Requirement	Responsibility (place an "X" in ea					ı each				
		applicable column)									
		A		F	C	R		Sha			OTH
		/	M	I	A	Н		Sys			ER
		В	E		R	Н	M	aint	aine	ers	
					R	I	F	M	V	С	
		M	M		I		Ι	C	M	W	
		A	Α		Е		S	S	S	F	
		C	C		R		S				
	the CBA pricing file via Connect: Direct under the										
	following dataset names:										
	8										
	T#EFT.X7768.XXXXX (placeholder – 7768 replace										
	with CR #)										
	T#EFT.X7768.XXXXX (placeholder – 7768 replace										
	with CR #)										
	T#EFT.X7768.XXXXX (placeholder – 7768 replace										
	with CR #)										
7899.1.4	During the production phase of this CR, the EDC shall										HP
7077.1.4	transmit the CBA ZIP code file, the HCPCS file, and										EDC
	the CBA pricing file to VMS via Connect: Direct										LDC
	under the following dataset names:										
	under the following dataset names.										
	P#EFT.X7768.XXXXX (placeholder – 7768 replace										
	with CR #)										
	P#EFT.X7768.XXXXX (placeholder – 7768 replace										
	with CR #)										
	P#EFT.X7768.XXXXX (placeholder – 7768 replace										
	with CR #)										
7900 1 5	,										IID
7899.1.5	The EDC shall automate the retrieval process for										HP EDC
7000 1 6	refreshing these files quarterly.	37	17			37	17				
7899.1.6	The DME MACs, PDAC, EDC and the RHHIs shall	X	X			X	X				PDA
	load these quarterly files.										C;
											HP
7900 1 6 1	EICC shall mult in the compact files for the DIIII. for						v				EDC
7899.1.6.1	FISS shall pull in the correct files for the RHHIs for reason code 31716.						X				
7900.2	The EDC shall receive notice via a Technical						v				TID
7899.2							X				HP
	Direction Letter (TDL) in the event the dataset names										EDC
	listed in 7768.1.3 and 7768.1.4 are changed for any										
	reason.										

# III. PROVIDER EDUCATION TABLE

Number	Requirement	Responsibility (place an "X" in each applicable column)								
		A	D	F	С	R	Shared-	ОТН		
		/	M	I	A	Н	System	ER		
		В	Е		R	Н	Maintainers			

			R	I	F	M	V	C	
	M	M	I		I	C	M	W	
	A	A	E		S	S	S	F	
	C	C	R		S				
None.									

### IV. SUPPORTING INFORMATION

Section A: For any recommendations and supporting information associated with listed requirements, use the box below: N/A

*Use "Should" to denote a recommendation.* 

X-Ref	Recommendations or other supporting information:
Requirement	
Number	

# Section B: For all other recommendations and supporting information, use this space: N/A

#### V. CONTACTS

# **Pre-Implementation Contact(s):**

Janae James at janae.james@cms.hhs.gov or Angela Costello at angela.costello@cms.hhs.gov.

### **Post-Implementation Contact(s):**

Contact your Contracting Officer's Representative (COR) or Contractor Manager, as applicable.

#### VI. FUNDING

Section A: For Fiscal Intermediaries (FIs), Regional Home Health Intermediaries (RHHIs), and/or Carriers,

No additional funding will be provided by CMS; contractor activities are to be carried out within their operating budgets.

### Section B: For Medicare Administrative Contractors (MACs),

The Medicare Administrative Contractor is hereby advised that this constitutes technical direction as defined in your contract. CMS does not construe this as a change to the MAC Statement of Work. The contractor is not obligated to incur costs in excess of the amounts allotted in your contract unless and until specifically authorized by the Contracting Officer. If the contractor considers anything provided, as described above, to be outside the current scope of work, the contractor shall withhold performance on the part(s) in question and immediately notify the Contracting Officer, in writing or by e-mail, and request formal directions regarding continued performance requirements.