

CMS
Moderator: Valerie Haugen
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12:30 am ET

Operator: Good afternoon. My name is (Tammy) and I will be your Conference Operator today. At this time, I would like to welcome everyone to the Overview of the Medicare DMEPOS Competitive Bidding Program.

All lines have been placed on mute to prevent any background noise. After the speaker's 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. If you would like to withdraw your question, press the pound key.

Thank you. Ms. Haugen you may begin your conference.

Valerie Haugen: Thank you. Good afternoon. or good morning to everyone as the case may be. My name is Valerie Haugen. And I want to welcome you to the National Provider Conference Call on the DMEPOS Competitive Bidding Program.

The agenda this afternoon will consist of a presentation by Cindy Dreher who is the Policy and Content Lead with our Competitive Bidding Implementation Contractor. We'll then have some brief remarks from Susie Butler who works in CMS' office of External Affairs. And then we will open it up to questions and answers.

So with that, I'm going to just go ahead and turn it over to Cindy to begin her presentation.

Cindy Dreher: Thank you, Valerie, and good afternoon and good morning to everyone. During the next hour or so we're going to talk about the policies that are a part of the Competitive Bidding Program. I'm going to start off with a brief overview of the background of the program and explain the payment rules.

Then we're going to discuss the payment policies such as grandfathering and the traveling beneficiary. It's important to note that national and regional coverage requirements will continue to apply to the Competitive Bidding Program.

And, as Valerie said, after the presentation we'll open the lines for questions. We request that you please limit your questions and comments to today's topics.

If you have other questions or need assistance, please call the Customer Service Center. And that number is 877-577-5331 or you may e-mail us at CBIC.admin@palmettogba.com. And I'll give you this information again at the end of the presentation.

I'm going to go through the slides that were posted to the website. And I'll say next slide when you need to go on to the next page. So next slide.

Currently the Medicare Program pays for most durable medical equipment, prosthetics, orthotics and supplies; we know it as DMEPOS, based on the fee schedule. However the Medicare Modernization Act of 2003, known as the MMA, amended the Social Security Act to mandate competitive bidding programs replace the current DMEPOS fee schedule payment amount for selected items.

For most DMEPOS items, payment rates were based on historical charges, adjusted for inflation at times, and not on current market prices. The Competitive Bidding Program changes the way that Medicare pays for these items by utilizing bids submitted by DMEPOS suppliers to established payment amounts.

Bids are evaluated and contracts are awarded based on the supplier's eligibility. And this includes accreditation for the product category for which the supplier submitted a bid, financial stability and the bid price. Next slide.

The statute requires competition under the program to be phased in beginning with ten of the largest MSAs, or Metropolitan Statistical Areas, an additional 70 MSAs in 2009, and other MSAs thereafter.

The Competitive Bidding Areas, or the CBAs, are identified by ZIP codes. This map on the slide identifies the first ten CBAs. You can find the ZIP codes for each CBA for Round One on the Competitive Bidding Program website. And I'll give you this URL at the end of the presentation.

On January 8th, CMS announced the next 70 MSAs for the second round. This information can also be found on the website. However, the ZIP codes for the CBAs have not been announced for Round Two yet. We plan to announce them in the near future.

If authority is used to exempt part of the MSA from competitive bidding, then the CBA could be smaller than the corresponding MSA. Next slide.

The MMA requires that the Competitive Bidding Program be phased in first among the highest cost and the highest volume items or those items that are determined to have the highest savings potential. Listed on this slide are those

product categories that are included in the first round of the Competitive Bidding Program.

CMS also announced the product categories for the second round on January 8. These are the same as Round One with the omission of support surfaces and mail-order diabetic testing supplies. However, the HCPCS codes for the specific items in each product category have not yet been announced for Round Two. And we plan to announce those in the near future. Next slide.

The Final Rule was published in April 2007. And the bid window for the first round closed on September 25, 2007. CMS plans to announce the contract suppliers soon. And for the end of this timeline you see the Competitive Bidding Program will be effective for the first round on July 1, 2008. Next slide.

The regulations require that a contract supplier comply with all the terms of the contract for the full duration of the contract period. Most contracts are for a three year period with the exception of mail-order diabetic testing supplies. Suppliers providing mail-order diabetic testing supplies have a shorter contract period due to the possibility of a national mail-order program starting after 2009.

Suppliers cannot discriminate against Medicare beneficiaries. Items the contract supplier furnishes to Medicare beneficiaries under its contract must be the same items and services furnished to other customers. Contract suppliers must also accept assignment on all items included in the Competitive Bidding Program. Next slide.

Contract suppliers are required to provide a bid item to any Medicare beneficiary who lives in or visits the CBA. An exception is a SNF, or Skilled

Nursing Facility, or NF, the Nursing Facility that is awarded a contract as a specialty supplier.

A SNF or a NF who bids as a specialty provider and is awarded a contract may only provide those items to its own residents. If a SNF or NF did not bid as a specialty supplier and was not awarded a contract, it will be required to provide contract items to any permanent resident of the CBA or to any beneficiary who visits a CBA who requests these items.

A breach of contract is defined as any deviation from the requirements as well as failure to comply with governmental or licensing agency requirements.

Next slide.

There is no administrative or judicial review for the contracting process or for a claim that is denied because the item was not furnished in compliance with the competitive bidding requirements. However, there is a review process if a contract is terminated. Next slide.

Other than the calculation of the payment amount, most of the current payment rules remain unchanged. Medicare payment will consist of 80 percent of the single payment amount, which is the competitively set payment amount, for the area where the beneficiary maintains a permanent residence. The remaining 20 percent is the beneficiary coinsurance. In no case can a beneficiary be charged more than the 20 percent coinsurance payment for medically necessary competitively bid items.

If a beneficiary who lives in or visits a CBA receives a competitively bid item from a non-contract supplier, then the beneficiary is not responsible for payment for the item unless an exception applies or the beneficiary signs an Advance Beneficiary Notice or ABN.

The claim for a competitively bid item provided to a beneficiary in a CBA by non-contract supplier will be denied unless an exception applies. If a Medicare beneficiary is required under his or her primary insurance policy to use a supplier that is a non-contract supplier, then Medicare may make a secondary payment to a non-contract Medicare-enrolled supplier for competitively bid items. Next slide.

Once the program is implemented on July 1, 2008, there are some new policies that will become effective such as grandfathering, and the traveling beneficiary. And there are others that are updated to include the Competitive Bidding Program such as the use of the ABN.

Fact Sheets on most of these policies are posted on the Competitive Bidding Program website. And others will be added shortly. Next slide.

The term “mail-order” refers to items that are ordered remotely. That means by phone, e-mail, Internet or mail, and delivered to the beneficiary’s residence by common carriers such as the U.S. Postal Service, Federal Express or UPS.

This does not include items obtained by beneficiaries directly from local supplier storefronts. Beneficiaries who permanently reside in a CBA may have the option to purchase their diabetic testing supplies either from a mail-order contract supplier for the area in which the beneficiary resides or the beneficiary may go to any supplier storefront location to purchase their diabetic testing supplies. Mail-order contract suppliers will be reimbursed at the single payment amount for the CBA where the beneficiary maintains a permanent residence.

Suppliers need to remember that “span dates” is still required on claims for the following diabetic testing supplies: blood glucose/reagent strips, or the A4253, calibrator solution/chips, the A4256, and lancets, A4259.

This policy does not change under the Competitive Bidding Program. Therefore, if the from date is prior to July 1, 2008, then Medicare will pay suppliers the fee schedule amount for the three month period.

Mail-order diabetic suppliers must use the KL modifier on each claim to indicate that the item was furnished on a mail-order basis. The modifier must be used for both competitive bidding and non-competitive bidding mail-order diabetic supplies.

Suppliers that furnish mail-order diabetic items that fail to use the KL modifier on the claim may be subject to penalties under the False Claims Act. Next slide.

The Competitive Bidding Program includes a special grandfathering provision for rental agreements that are in place at the time the Competitive Bidding Program is effective in the CBA. The grandfathering provision only applies to oxygen and oxygen equipment, capped rental DME and Inexpensive Routinely Purchased DME furnished on a rental basis, such as a walker.

The grandfathering provision also applies to DME requiring frequent and substantial servicing; however, none of the product categories for Round One or Round Two contain items in this category. Purchased items and enteral nutrient supplies and equipment may not be grandfathered.

This process only applies to those suppliers that are furnishing the items on a rental basis to beneficiaries who maintain a permanent residence in the CBA

at the time that competitive bidding is implemented and only applies to those items.

Suppliers may choose to be a grandfathered supplier or not. 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 receive that item from them.

If a supplier declines to become a grandfathered supplier, then the supplier must notify the beneficiary and must pick up its equipment, and the beneficiary must choose a contract supplier to assume responsibility for furnishing the item. Additional instructions on this process are posted on the Competitive Bidding Program website.

Beneficiaries in a CBA may also choose to continue renting the items that they began renting before July 1, 2008, from their current supplier if that supplier chooses to be a grandfathered supplier or that supplier is awarded a contract. Or the beneficiary may choose to switch to a contract supplier.

A beneficiary may switch to a contract supplier at any time, and the 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. Next slide.

The grandfathered supplier must furnish the item for the remaining months of the payment period, unless the item is no longer medically necessary. The provision ends when the ownership is transferred to the beneficiary or the item is no longer medically necessary.

For example, if a non-contract supplier grandfathers the rental of a CPAP device, the supplier must continue to rent the item to the beneficiary until the ownership is transferred to the beneficiary or the item is no longer medically necessary. For IRP items payment for the item will equal the fee schedule amount for purchase of the item.

After July 1, 2008, whenever a new period of continuous use begins following a break in service of greater than 60 days, the beneficiary must obtain new or additional equipment supplies or accessories from a contract supplier.

If the beneficiary chooses not to purchase an item prior to January 1, 2006, as is the current policy, the supplier that provides the item in the 15th month of the rental period is responsible for supplying the equipment and for maintenance and servicing after the 15-month period.

This requirement is not eliminated by any requirement under the Competitive Bidding Program and applies to both contract and non-contract suppliers without regard to their grandfathered status. Next slide.

We'll first discuss the payment rules for rented DME. If a supplier chooses to become a grandfathered supplier for a capped rental item, the grandfather supplier will continue to be paid the rental fee schedule amounts established for the state in which the beneficiary maintains a permanent residence.

The rental payments will continue until either the item is no longer medically necessary or 13 months of continuous rental payments have been made.

Grandfathered suppliers may furnish additional accessories as part of the grandfathered arrangement if the new accessory is required to make the equipment functional.

The new accessory is reimbursed at the single payment amount if it is a competitively bid item. Now, if the beneficiary changes from a non-contract to a contract supplier, a new 13-month rental period begins regardless of how many months the previous supplier was paid. However, rental payments only continue if the item continues to be medically necessary. The contract supplier would be paid the single payment amount.

If the beneficiary chooses to change from a contract to another contract supplier, a new rental period does not begin. The new contract supplier will be paid the single payment amount for the duration of the capped rental period. Next slide.

Grandfathered suppliers may furnish accessories and supplies if they are necessary to make the base equipment functional. For example, Joe lives in Cleveland, which is a CBA, and he's renting a CPAP device from his grandfathered supplier.

Joe's doctor orders a humidifier to be used with the CPAP. The humidifier is essential to the operation of the CPAP device. So, Joe must obtain the humidifier from his grandfathered supplier. Next slide.

For oxygen items, grandfathered suppliers in a CBA that furnish oxygen and oxygen equipment would be paid the single payment amount for the duration of the rental period. The grandfathered supplier must accept assignment on all claims for oxygen and oxygen equipment furnished to the beneficiary in a CBA. And the beneficiary is only responsible for the 20 percent coinsurance and any unmet annual Part B deductible.

If the beneficiary switches to a contract supplier, 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.

For example, for rental agreements in months 2 through 26, the new contract supplier will be paid for the remaining rental months of the contract. But, suppliers assuming rental agreements that are in months 27 or later will receive a minimum of ten payment amounts regardless of how many months the previous supplier was paid.

If the beneficiary changes to a new contract supplier, the oxygen and oxygen equipment must be returned to the original supplier that owns the equipment. And, if the beneficiary changes from a contract to another contract supplier, the new supplier will be paid the single payment amount for the duration of the rental period not to exceed 36 months. Next slide.

Look at an example - Jane is an oxygen-dependent beneficiary who maintains a permanent residence in Dallas, Texas, which is a CBA. She has been renting her oxygen equipment for 32 months from a supplier that is not a contract supplier and who has chosen not to be a grandfathered supplier.

So, she switches to a contract supplier. The original supplier, who is not a contract supplier, will need to pick up the oxygen equipment. The contract supplier must accept Jane as a customer. Remember, the contract requires that contract suppliers must accept any Medicare beneficiary who lives in or visits the CBA.

The contract supplier will receive a minimum of ten monthly payments regardless of how many months the previous, non-contract supplier was paid. Next slide.

We'll talk about repair and replacement now. For repair only, if a beneficiary has a permanent residence in a CBA and owns equipment that needs to be repaired, the repair may be done by either a contract supplier or by any Medicare enrolled non-contract supplier.

Labor to repair equipment is not subject to competitive bidding and, therefore, is not considered a bid item. If a replacement part that is a bid item is needed to repair the item, the parts may be provided by either a contract supplier or a Medicare enrolled non-contract supplier. But the supplier will be paid the single payment amount for the replacement part and must accept assignment on this claim.

If the beneficiary who resides in a CBA needs to obtain a complete replacement of an item, it must be provided by a contract supplier. This includes replacement of base equipment and replacement of parts or accessories for base equipment that are not being replaced for reasons other than servicing of the base equipment.

Beneficiaries, who are not permanent residents of a CBA but require a replacement of a competitively bid item while visiting a CBA, must obtain the replacement item from a contract supplier. The supplier will be paid the fee schedule amount for the state where the beneficiary is a permanent resident. Next slide.

The traveling beneficiary - there are two important payment factors to consider when a beneficiary travels. First, payment is always based on the permanent residence of the beneficiary, and second, the supplier who may provide the item depends on whether the item is a bid item or not a bid item and where the beneficiary obtains the item.

In the chart shown on this slide, the beneficiary's permanent address is in a CBA. So, following the chart, if the beneficiary needs an item included in the Competitive Bidding Program for the CBA where he or she is visiting, the beneficiary must obtain the item from a contract supplier. If it is not a bid item, then the beneficiary may obtain the item from any Medicare-enrolled supplier.

So, for example, Nell and her friends live in Charlotte, North Carolina and they traveled to Miami. Nell falls while in Miami, and the doctor orders a walker. Nell must obtain the bid item from a contract supplier.

In the next scenario Nell and her friends travel to Myrtle Beach, an area that's not a CBA, and she falls and needs a walker which is a bid item in her home CBA of Charlotte. She is in a non-CBA, so she may obtain the walker from any Medicare-enrolled supplier. The supplier will be paid the single payment amount for Charlotte. Next slide.

In this chart shown in the slide, the beneficiary's permanent address is not in a CBA. So, following the chart, if the beneficiary needs an item included in the Competitive Bidding Program for the CBA where he or she is visiting, 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, John and his wife traveled to Riverside, California, which is a CBA, from their home in Phoenix which is not a CBA. John needs a new mask for a CPAP device. He must obtain the mask from a contract supplier.

In the next scenario John travels to Seattle, another area that is also not a CBA, and he needs a CPAP mask. He's not in a CBA, so, he may obtain the

mask from any Medicare-enrolled supplier. Remember payment is always based on the beneficiary's permanent residence. Next slide.

A physician or treating practitioner may prescribe, in writing, a particular brand of DMEPOS bid item or mode of delivery for an item if he or she determines that this particular brand or mode of delivery is necessary to avoid an adverse medical outcome for the beneficiary.

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.

If a physician or treating practitioner prescribes a particular brand or mode of delivery to avoid an adverse medical outcome, then the contract supplier must do one of the following: either furnish the particular brand or mode of delivery prescribed by the physician or treating practitioner; or 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 from the physician or treating practitioner; or assist the beneficiary in locating a contract supplier that can furnish the particular brand of item or the mode of delivery prescribed by the physician or treating practitioner.

A contract supplier is prohibited from submitting a claim to Medicare if it furnishes an item different from that specified in the written prescription received from the beneficiary's physician or treating practitioner. Next slide.

As I indicated earlier, suppliers who are not awarded a contract are not eligible for Medicare payment for competitively bid items furnished within

the CBA to beneficiaries maintaining a permanent residence within that CBA unless an exception, such as grandfathering, applies.

In addition, non-contracting suppliers located in a CBA are not eligible for payment for competitively bid items furnished to beneficiaries who visit the CBA. In general, if a non-contract supplier in a CBA furnishes a competitively bid item to any beneficiary, from a CBA or a non-CBA, and no applicable exceptions apply, the beneficiary is not liable for payment.

If a non-contract supplier in a CBA obtains a signed Advance Beneficiary Notice, or an ABN, indicating that the beneficiary was informed in writing prior to receiving the item or the service that there would be no coverage due to the supplier's non-contract status, and the beneficiary agrees in writing that he or she will be liable for all costs, then the non-contract supplier may charge the beneficiary for the item or service.

In this circumstance, the non-contract suppliers cannot bill Medicare to receive payment for the item or service. Next slide.

Listed on this slide are some important resources for you. Claim-specific questions should be answered by the DME MACs. It's important to note that the CBIC does not have access to the claims systems and cannot assist suppliers with claim-specific questions.

However, if suppliers have questions concerning policy or regulations or complaints specific to the Competitive Bidding Program, they should contact the CBIC. And that phone number is at the top of this slide.

Suppliers should continue to call the NSC for enrollment questions or issues. And all beneficiary calls will continue to be directed to 1-800-Medicare.

Beneficiaries and providers will be able to locate a contract supplier on the Supplier Directory tool that's located at www.medicare.gov. And, they may search by item, by supplier, zip code or state. Until the tool is ready in June, the contract supplier information will be posted on the CBIC website.

Listed are two important websites for your use. Please note that the URL for the CMS website recently changed. And the new address is on the slide which is www.cms.hhs.gov/DMEPOSCompetitiveBid.

If you've not already done so, you may register on the CBIC website to receive e-mail updates. You can also contact us through our e-mail address. And this address is also posted on the website. And you see it here: cbic.admin@palmettogba.com.

In the coming weeks CMS will announce the Ombudsman Program specifically for the Competitive Bidding Program. There are currently eight ombudsmen for the first ten CBAs. And the ombudsmen are located in the CBAs and will be available to assist suppliers.

I will now turn it back over to Valerie.

Valerie Haugen: Thank you very much, Cindy. Before we go to our next speaker I just want to reiterate that there will be a replay option to this conference call. It'll be available shortly following the end of this call. And it will be accessible from 2:30 pm Eastern Daylight Savings Time today until 11:59 pm on May 17.

And we'll be sending this out. But the call in data for the replay - you just call 1-800-642-1687. And then the passcode is 45744159. And as I said we'll be sending that information out as well.

And I do want to reiterate what Cindy had brought up that we do have a new DMEPOS competitive bidding web page that just went live on - well yesterday, actually, at the CMS website. And on there we have a variety of educational resources including the three *MLN Matters* Articles that have been released.

We're also going to be posting a PowerPoint that's being used for this call today. We'll have links to beneficiary information. We have some audience specific tip sheets that we'll be posting in the near future; pertinent links to the CBIC website. So, it's sort of a one stop shopping and hopefully will be easy to navigate for all of the Medicare provider community out there interested in that.

At this time Susie Butler is here. And as I said she is the Division Director with the Division of Provider Relations at the CMS' Office of External Affairs. And she's just here to talk about some of the things that are going on from the beneficiary perspective.

Susie Butler: I just wanted to let everyone know - first thanks, Val. And I wanted to let everyone know that what we are trying to do from the beneficiary perspective is reach out to the beneficiary advocacy community to let folks know what's coming and ask them to partner with us to help beneficiaries know that there are changes in store for them.

So last week, on May 8, we held the first in a series of calls with advocates and beneficiary type organizations to let them know that this is coming, that we have these tip sheets and flyers and information available. And, that we've also set up the call line for how to report fraud and that we're working with the Senior Medicare Patrols on all of that information.

We had about 266 different partnering organizations on the phone, some by invitation and some who joined us through word of mouth, just spreading the word. And we're going to have several more calls prior to this going live in July.

But we also wanted to call people's attention to the fact that we're doing messaging for the beneficiary. So, if any provider would have a beneficiary ask them a question we have publication tip sheets and fact sheets for them. And those will be on the website that Valerie mentioned. So, it will be, truly, one stop shopping in case there are questions or concerns.

Valerie Haugen: Okay thank you very much (Susie). At this time I'm going to open it up for questions. And so we'll go ahead and start that. Are there questions in the queue?

Operator: Yes ma'am. We have a question from the line of (Timothy Kelly).

(Timothy Kelly): My company's bid is under review for disputed missing financial documents. Will I be notified of rejection or awarded to the contract prior to the announcement of the winning bidders? And when will this be?

Martha Kuespert: Hi this is Martha Kuespert. We are not going to be able to talk about specific bidders' questions during this call. That's outside the scope of this call. We are planning on completing all of the reviews for bidders in the near future. And if you have any specific questions about the status of your bid review, please contact the CBIC Help Line. Thank you.

Operator: Okay we have a question from the line of (Elton Ramira).

(Elton Ramira): My question, excuse me, is with regard to diabetic supplies. Did I hear Cindy say that diabetic testing supplies are going to be excluded from Round Two? And that after 2009 there's going to be a National Mail-Order Program for them? Is that correct?

CMS Participant: Yes, that's correct.

(Elton Ramira): Thank you.

Operator: Your next question comes from the line of (Joseph Gerra).

(Joseph Gerra): Yes my question is regarding the application for the actual competitive bidding. When is it that you guys are going to go ahead and be posting it on the website? Or what's going to be the procedure following the May 14 deadline of accreditation or applying for accreditation?

Martha Kuespert: Hi, this is Martha Kuespert again. We have not yet announced our timeline - our formal timeline for the Round Two bidding. We should be doing that in the near future.

For this call the purpose is really more to talk about what happens when Round One gets going on July 1. So that needs to be the focus of what we can address here today. Thank you.

(Elton Gerra): Thank you.

Operator: Your next question comes from the line of (Denita Yeoman).

(Denita Yeoman): Yeah, I have been searching the entire time you've been doing the conference trying to find where the PowerPoint slides were at.

Valerie Haugen: Okay they were - if you registered they were sent out to all of the participants who registered for the call. I can tell you that we will have these posted on the CMS website within the next day so that you can go to the Competitive Bid website that I mentioned earlier and download them there.

(Denita Yeoman): And what was that again?

Valerie Haugen: The website is www.cms.hhs.gov/DMEPOSCompetitiveBid.

(Denita Yeoman): Okay thanks.

Valerie Haugen: Sure.

Operator: Your next question comes from the line of (Bertha Ortiz).

Valerie Haugen: Yes go ahead.

(Bertha Ortiz): Yes ma'am, hi. My question is about, kind of like, the terminology or the definition. The slides say under the grandfathering capped rental that a new contract supplier is going to get the new period for 13 months of payment. But then right under that it says "payment - single payment amount."

And I've looked on the website. And I can't find out what is meant by single payment amount.

Martha Kuespert: This is Martha, again. The single payment amount terminology that we're using is the same as the competitive bid payment amount. So, it's the payment amount that was set through the Competitive Bidding Program.

(Bertha Ortiz): So that's doesn't mean a purchase amount. That means the rental payment amount.

Joel Kaiser: Single payment amount--there was an issuance that was released on Friday and was posted on the CMS website today. I don't know if we covered that or not but the first installment of a new chapter of the Claims Processing Manual that is now available on the CMS website. We haven't given out the...

address. It's at...

(Bertha Ortiz): I know where the Claims Processing Manual is. But they put something into it in reference to the single payment amount?

Joel Kaiser: Yes.

Joel Kaiser: There's a definitions section at the beginning of the chapter. And I'll read the definition: "single payment amount means the allowed payment amount for an item furnished under a Competitive Bidding Program."

So it could be a purchase amount. It could be a rental amount. For the most part, all the payment rules that apply today apply under competitive bidding regarding rental versus purchase.

So, for instance, a capped rental item - the single payment amount is the rental amount for the first three months. And in months 4 through 13 that rental

payment is reduced by 25 percent in accordance with the standard rules for how the rental amounts are established for capped rental items.

(Bertha Ortiz): Okay thank you.

Operator: And your next question comes the line of (Jan Clark).

(Jan Clark): Good afternoon. Thank you for hosting this call. And I just - my question is very similar to the lines of what the other - the previous caller just asked.

Let's say a hospital bed -- an E0260 -- if a beneficiary in a CBA -- and I have the contract for that item -- contacts me and they've had their bed 11 months. I have to provide them a bed. Is that correct, number one?

Joel Kaiser: Yes.

(Jan Clark): Okay, because they want to go with the contract provider. So I can then bill 13 months again?

Joel Kaiser: For beneficiaries who are going from a non-contract supplier to a contract supplier, this is because competitive bidding is starting. And their current supplier is not going to be a grandfathered supplier.

(Jan Clark): No.

Joel Kaiser: Or the beneficiary elects themselves to go to a contract supplier. Then the contract supplier who is taking over that beneficiary who is already in the middle of a rental period, that the rental period starts over for capped rental items.

(Jan Clark): It starts - I just wanted to make sure that I understood that right. Because with the same or similar rules it just didn't make sense to me. So if a person already has a contract item and the 5-year period hasn't been finalized, then they can't get a new piece of equipment. It's only while they're in the rental period.

Joel Kaiser: Yeah. There are, you know, some patients who received capped rental items before January 1, 2006 that may be renting the items from a supplier under the old capped rental rules where we pay maintenance and servicing every six months. And we don't pay rental payments past month 15.

In those cases it's the same story. If - well, I'm sorry. In this case you go through a contract supplier and we're starting a new 13 month period.

(Jan Clark): Thank you.

Joel Kaiser: The same thing applies if you're someone who is in the middle of a rental period and your supplier does not become a grandfathered supplier -- or you elect to go to a contract supplier -- then we start the 13 month rental period over again.

So again new item from the contract supplier and we start the new 13 month period over.

(Jan Clark): Perfect. Thank you for that clarification.

Operator: Your next question comes from the line of (Paula Kohing).

(Paula Kohing): Hi. I had a question about slide 19 on the repair parts. If we're doing a replacement part on an item that the customer already owns -- for example, a

wheelchair -- it's my understanding that either a contracted supplier or a non-contracted supplier can provide that part.

But the new piece of information on this slide was that if the non-contracted provider provides that replacement part that they would be required to accept assignment. And I want to verify whether that is true and whether that also applies to non-participating non-contracted suppliers.

Martha Kuespert: We're mulling that over here.

(Paula Kohing): I don't recall reading this in any of the Final Rule that a non-contracted provider would have to accept assignment.

Joel Kaiser: Yeah, hi, this is Joel Kaiser. Assignment does apply to competitive bid items that are part of the Competitive Bidding Program. If, for example, a standard power mobility device - the bidding category for standard power mobility device includes the items that are the base wheelchair and all the accessories that are provided with that base wheelchair.

For the most part all HCPCS codes for PMD accessories are part of that category. Some of those HCPCS codes we don't pay for at issuance of the wheelchair. But they may be replaced later either because the accessory is worn out or it needs to be replaced as part of a repair.

In those situations we've said that the repair of a competitively bid item can be provided by a non-contract or contract supplier. But because that item that's being replaced that's part of the repair is a competitive bid item, that the supplier would get paid the single payment amount. And it would need to be on an assignment basis because assignment of claims is mandatory for all items subject to competitive bidding.

(Paula Kohing): I have two more parts for the same question then. If someone is a contract supplier, must they accept all customers that need repairs to - again, as an example a wheelchair, something - a power chair that is a contracted item?

And then the second part of that second part of the question - since there are - the power mobility devices were split into two different contracts. And in many CBAs there will be two different groups of providers, how would we know if someone had purchased a power wheelchair prior to the implementation of the new codes -- whether that chair is considered a standard power chair or a complex power chair -- to know which contracted provider they would need to go to?

Joel Kaiser: Yes. This is Joel Kaiser again. The answer to the question about if there's a replacement part that's included in a competitive bidding product category and a beneficiary goes for a contract supplier to get the repairs -- because the contract supplier has - had to furnish it -- to the extent that they're providing that service that's identified by that code -- that is they're replacing that accessory -- then they are bound to provide that item.

The general repair of the wheelchair -- like the labor associated with repairing it -- is outside the scope of competitive bidding. But the furnishing of the parts is not.

So although a beneficiary can go to any supplier to get the repair service done, if they go to a contract supplier and say I want you to provide this replacement part, and if the replacement part is part of the product category it's part of the supplier's responsibility.

(Paula Kohing): But if that customer comes to us -- and let's say we're contracted for standard power chairs but not for complex power chairs -- and they need replacement tires. The code is the same for both groups.

But if I don't know that beneficiary's diagnosis --I don't have their medical history -- I don't know if their chair would be considered a standard power chair or a complex power chair. So as a contracted provider for standard but not for complex, how do I know if I need to perform that repair?

Joel Kaiser: Again, this is Joel Kaiser. If you're a power wheelchair supplier you probably know the difference between complex rehab and items that aren't complex rehab. The only one that might be a little challenging is a group three performance power mobility device that does not accommodate power options. That one may be a little hard to figure out if you're not too used to providing complex rehab.

There is a Product Classification List that's provided on the SADMERC website. So you could go and look up the model because most models are going to be on the Classification List. If it's not on the Classification List, the manufacturer can't get reimbursed by Medicare.

So for most complex rehab items that have power seating, power interface, specialty power interface, they're going to be very, very easy to recognize. For the group three "no power option" item -- there's a few codes that fall into that category -- that are in the complex rehab competitive bidding category, you can - again you can go to the SADMERC website to look up specific models.

But what we have here on - for Round One and Round Two are two categories for PMD - one for standard PMD, one for complex rehab PMD. There are

some basic accessories that are used with both items. And those codes for those basic accessories are in both product categories.

They have the same HCPCS code; however, there will be modifiers - there are modifiers that will be used to differentiate an accessory that's used with a standard PMD and subject to one set of contracts versus an accessory that's used with a complex rehab PMD and subject to different contracts.

(Paula Kohing): Do you know when we'll see those modifiers?

Joel Kaiser: They'll be in a - as I mentioned previously the first installment of the Competitive Bidding Claims Processing Manual was posted today. There is another section that deals more with the claims processing which will include information about these modifiers that will be coming out in the near future.

Valerie Haugen: And we will have links to those manual sections as well as the related educational information on that. So thank you, Joel.

Joel Kaiser: Just quickly, just advance notice. It's AK and KG I believe are the modifiers.

(Paula Kohing): Thank you.

Operator: Your next question comes from the line of (June McCarthy).

(June McCarthy): Yes thank you. I was looking on page 15 of the slides. You were speaking in regards to if a beneficiary chooses to change from a contract supplier to another contract supplier are you speaking in the same MSA?

So basically my question is asking - we're in the Miami MSA. Somebody is on oxygen. They're with a contract supplier already. And they just decide that they're going to move to another contract supplier. They can keep bouncing back and forth?

Joel Kaiser: Yeah, this is Joel Kaiser. When you switch from a contract supplier to a contract supplier, the rules are the same regardless of whether it's in the same CBA or if you go from one CBA to another CBA.

Obviously if you're going from one CBA to another CBA the beneficiary is either relocating or they're on travel status. Maybe...

(June McCarthy): That I can understand. But if they're in the same CBA, they're in the same county - the beneficiary is with somebody and then they can just - they can keep changing.

Joel Kaiser: Yes.

Operator: Your next question comes from the line of (Marian Tedesco).

(Marian Tedesco): Hi everyone. Hi, this is very confusing. I work for a physician practice. And we are enrolled in the Medicare Program but we are non-par. We don't accept assignment.

So my question is is that because we don't accept assignment and the Competitive Bid Program is about accepting assignment, are we obligated to be in this Competitive Bid Program?

Joel Kaiser: Relating to being a grandfathered supplier?

(Marian Tedesco): Well, we really supply things like canes and crutches and wrist splints and sometimes, you know, air cast boots, you know, for the - for fracture care - that type of thing - neck braces.

Joel Kaiser: Yeah, the Competitive Bidding Program when we went through the rulemaking we provided specific exceptions for physicians who furnished competitive bid items as far as, you know, related to their professional services. And it's limited to very few items. And the items are the canes, crutches, glucose monitors, walkers...

Martha Kuespert: And folding manual wheelchair.

Joel Kaiser: ...folding manual wheelchairs and...

Martha Kuespert: ...part of the DME...

(Marian Tedesco): Those are the exceptions? Because I saw that. That was the MedLearn part of the third part. There were three parts to that and that was the third part that discussed that.

Martha Kuespert: Right. That was in the SE0807 article.

(Marian Tedesco): Okay but do we - can you choose not to be in the Competitive Bid Program as a non-assigned provider?

Joel Kaiser: What happens in these situations is the physician's office who is furnishing these items on an exception for these limited items, they do not have to bid. They do not have to become a contract supplier.

What they will do is they will bill a special modifier -- yet another modifier -- to identify that they are a physician office that is providing those items in conjunction with a professional service.

There must be an office visit or some other professional service that occurs on the same date that the item is furnished. And so we'll be looking for those claims for the professional service that was provided in conjunction with furnishing the item.

The patient comes into the office. And physician determines that this person should be using a cane -- or in the case of Round One a walker -- and that physician is going to provide that walker. Then they will have to submit the claim for the service -- the office visit -- and they will have to submit the claim for the walker with this modifier.

If we get both claims and they're with the same date of service, then we would pay that claim for that, you know, it would fall under that exception. Now in this case the walker would paid be based on the competitive bid single payment amount. And it would be on an assignment related basis.

(Marian Tedesco): The walker because the walker is separate because it's not included? I'm not sure why the walker would be separate but...

Joel Kaiser: It's a competitive bid item.

(Marian Tedesco): Okay but also on your PowerPoint presentation it says that if the patient signs an ABN and from - they receive a competitive bid item from a non-contracted provider that it's okay for the provider to furnish that item and collect payment for it.

Joel Kaiser: Well, in this case you wouldn't have to have them sign an Advance Beneficiary Notice because of the exception.

(Marian Tedesco): Right. But if the item - if the DME did not fall under the exception because there's not - there's no HCPCS listed yet for those exceptions.

Joel Kaiser: Then you would be like any other non-contract supplier. And, in fact, there might be other issues.

(Marian Tedesco): Okay so - I'm sorry. It's just...

Joel Kaiser: It might be...

(Marian Tedesco): Go ahead I'm sorry.

Joel Kaiser: There might be - I mean I know you're aware of these rules on self-referral. But if it's something that's not subject to self-referral restrictions and it's a bid item, I mean, I think we're mixing two issues up here. I think we're mixing non-contract versus contract and the special exceptions.

If you're a physician's office and you're furnishing something that's not part of the special exceptions, chances are you probably shouldn't be furnishing it to begin with.

Martha Kuespert: So we won't go down that road.

Joel Kaiser: That's another story.

(Marian Tedesco): Where can I find a more complete list of what the exceptions are?

Martha Kuespert: Valerie, why don't you ask for her e-mail address and let's - have a, you know, contact with her through e-mail.

Valerie Haugen: Okay can you provide that please?

(Marian Tedesco): Sure. It's mtedesco@onsmd.com.

Thank you. I have one other question just in case my coworker who's also on the line doesn't get through. If we're - we understand that we need to be accredited by September 2009 if we're not going to be in the Competitive Bid Program. Is that correct? That if you're furnishing DMEs that you still need to be accredited whether you're going to be in the Competitive Bid Program or not?

Sandra Bastinelli: Yes that's - hi this is Sandra Bastinelli. That is correct.

(Marian Tedesco): Okay, Sandra. And is there a deadline for that accreditation? Is that there has to be an application in by tomorrow for that or is that a separate deadline?

Sandra Bastinelli: That's a separate deadline.

(Marian Tedesco): Okay.

Sandra Bastinelli: And September 30, 2009 is when the final accreditation deadline is.

(Marian Tedesco): Right but is there a time period where the applications for the accreditation needs to be in for that September 30...

Sandra Bastinelli: Well, that would be up to the accreditor. And we just encourage you to get on the website and just - and you can all any of the accreditors. And they'll let you know what the deadlines are to get in...

(Marian Tedesco): Okay. I just didn't know if there was one from the CMS? And is there going to be a list of contracted suppliers on the CMS website?

Martha Kuespert: Initially there's going to be a list of contract suppliers on the CBIC website. That's www.dmecompetitivebid.com. And you'll also be able to get the list of contract suppliers on medicare.gov.

As we get a little closer to July 1, medicare.gov is going to have that list of contract suppliers in a supplier locator tool which is going to be really easy for folks to find the particular suppliers in their areas.

(Marian Tedesco): Great, thank you very much.

Martha Kuespert: (Go ahead).

Operator: Your next question comes from the line of (Henry Dismaris).

(Henry Dismaris): Yes when you got to slide 23 you talked about the use of the ABN by non-contract suppliers. And there seems to be a lot of confusion about the billing aspects of that.

Today you told us that the non-contractor supplier cannot bill Medicare. But I'm not sure you meant to say that specifically because the ABN has an option on it where the beneficiary can agree to be financially liable but still direct the contract - the supplier to bill Medicare.

So I'm guessing that the answer here is that if an ABN is used -- and if the beneficiary says it's okay not to bill -- that the supplier does not have to bill

Medicare. But if the beneficiary says they want you to bill, nonetheless, that you would do so and put a modifier GA on your claim. Is that correct?

Joel Kaiser: Yeah, this is Joel Kaiser. The suppliers are required to submit claims on behalf of the beneficiary. So they do have to submit a claim.

What happens in this situation is that the beneficiary is aware that Medicare requires that the item be obtained by a contract supplier in order for Medicare to make payment. In this situation the beneficiary -- knowing that -- is electing to go to a non-contract supplier anyhow.

And what happens is the supplier gives them the Advance Beneficiary Notice that - and explains everything to them and they sign that. And they submit the claim. And the claim is denied.

And the ABN is used as a way to take the liability away from the supplier and direct it to the beneficiary because the beneficiary signed the ABN dictating that they knew that the claim would be denied and that they wanted to obtain the item from the non-contract supplier.

(Henry Dismaris): Well, I guess I'm still confused because I guess we heard it earlier they cannot bill Medicare. And now it sounds like you're saying they always have to bill Medicare. And the ABN says that there's an Option 2 where the beneficiary says do not bill Medicare. So what is it? I guess I'm confused.

Joel Kaiser: I'll clear it up for you.

(Henry Dismaris): (Yep).

Joel Kaiser: They must bill Medicare on behalf of the beneficiary. They will not get paid. And if it's not - if there's no ABN the liability - full liability is on the supplier.

(Henry Dismaris): And if they check Option 2 on the ABN what is the supplier supposed to do - ignore it?

Martha Kuespert: What is - can you re-state what Option 2 is, please?

(Henry Dismaris): Yeah, Option 2 on the new ABN says "I want the item listed above but do not bill Medicare. And I agree that you may ask me to be paid now. I'm responsible for payment."

Joel Kaiser: Yeah, not being an ABN expert I apologize for misspeaking there. The general rule is that there's a regulation and statute for mandatory submission of claims. The supplier must submit claims on behalf of the beneficiary. Apparently in this situation if that box is checked then they do not.

Valerie Haugen: And we can further research that and make sure there's a Frequently Asked Question put up on the website.

(Henry Dismaris): I think that would be helpful because I think people are hearing they always have to bill. Some are hearing they never should bill as we were just told earlier this afternoon. So I guess the scenario, I think, that would be helpful to have an FAQ.

Valerie Haugen: Okay, thank you. Next question please.

Operator: Your next question comes from the line of (Chris Rice).

(Chris Rice): I have a question about delivering diabetic supplies. If a contract supplier did not win, can that contract - or can that uncontracted supplier hand deliver the supplies to the patient?

Martha Kuespert: Could you repeat the question please?

(Chris Rice): Sure. If you did not win -- say diabetic supplies as a contract -- can you hand deliver those supplies to the patient? And would that be a mail-order or not a mail-order type arrangement?

Joel Kaiser: Well the reason we separated mail-order from non-mail-order was because we were basing it on concerns - basing it on comments that competitive bidding was going through - impacts beneficiaries' ability to go to local storefronts - to local pharmacies to work with pharmacists in those local storefronts to receive their diabetic care including obtaining diabetic equipment and supplies.

And so we are applying competitive bidding to mail-order only. There is a definition in Chapter 36 of the Internet Only Manual that I referred to previously that was posted today. And I'll - let me just read that to you quickly.

Mail-order refers to items ordered remotely -- that is by phone, e-mail, Internet or mail -- and delivered to the beneficiary's residence by common carriers, for example, United States Postal Service, Federal Express, UPS and does not include items obtained by beneficiaries from local supplier storefronts.

(Chris Rice): Okay I – yeah, I read that definition. But I’m still a little foggy when the supplier itself hand delivers the product because it wouldn’t be a mail-order but it would be something that was, perhaps, ordered over the telephone.

Joel Kaiser: I believe that, you know, we probably could and should further define what we mean by local storefront so that there is no question about it. I believe you may be right that there may be a little ambiguity there. So we’ll be looking into this and see if we can maybe further define what we mean by local storefront.

Martha Kuespert: And perhaps do an FAQ on this as well.

(Chris Rice): Okay, but do you have an answer for that at the moment or is that something that you guys will develop?

Martha Kuespert: We’ll be developing that.

(Chris Rice): Okay and one last question on that same subject - regarding the KL modifier. What happens to a contract - a supplier in a CBA who does not win but supplies patients outside that CBA. Does that KL modifier still apply?

Joel Kaiser: If you are not a contract supplier and you’re furnishing mail-order items to patients outside the Competitive Bidding Area -- that is they do not have a permanent residence in any of the Competitive Bidding Areas for Round One -- you can furnish those items through mail-order.

You do have to use the KL modifier on the claim to identify it as a mail-order item. But, because the beneficiary is not residing in a Competitive Bid Area,

you do not have to be a contract supplier. And the payment would be based on the fee schedule.

(Chris Rice): Great. Thank you very much.

Valerie Haugen: And, this is Valerie, I'd just like to mention that there are quite a few people still in the queue. So if you can limit your question to just one question it would be appreciated. Thank you.

Operator: Your next question comes from the line of (Nation's Health).

(Nation's Health): Hi. I have a follow up actually to the gentleman's question prior to mine. If I have storefronts in the MSAs -- and I also have a mail-order company and I also deliver mail-order nationally -- if I - in my storefronts within the MSAs if I have my own non-common carrier delivery service -- one that I own myself - - can I deliver within those MSAs?

And the follow up question would be that, can I accept my contract as well and have my choice to whether or not I want to deliver from a storefront and accept the old price and/or deliver from my mail-order facility and accept the new price?

Joel Kaiser: Again this is Joel Kaiser and I think this is very similar to the last question. And it all hinges on further defining what is meant by obtained by beneficiaries from local supplier storefronts. We're hearing that we need to elaborate on that and we will do that.

(Nation's Health): But yeah - I guess the only thing is when you elaborate, I guess, if you could also address whether or not you can do - you could be both. You could accept

your contract and select which way you want to do it. That would be very helpful.

Joel Kaiser: Well it's - what we're talking about is really two different services here. And one service is subject to competitive bidding and one service is not subject to competitive bidding.

But, I think there's a little - there's some grey area here that people aren't quite understanding, the distinction between what's part of the mail-order category and what's a part of the non-mail-order category. We'll elaborate on that.

(Nation's Health): Great thank you.

Operator: Your next question comes from the line of (Jean Carney).

(Crystal Smith): Hi. Actually this is (Crystal Smith). I work with (Jean Carney). My question is concerning the national mail-order delivery, because I'm a little confused. If we are not going to be a contracted provider, the actual date that we can no longer supply those diabetic testing supplies to the patients in the Competitive Bid Area would be July 1 and not the 2009, correct?

Joel Kaiser: Yes, July 1, 2008.

(Crystal Smith): Okay I just wanted to clarify that because it's a little confusing with that national mail-order delivery. Okay, thank you.

Operator: Your next question comes from the line of (Jerry Francisco).

(Jerry Francisco): Good afternoon. I have a question in reference to slide 16.

(Jerry Francisco): In this state we are already on Round One of competitive bidding. Let's say that the beneficiary is renting a CPAP from a grandfathered supplier. And on December 1, 2008 the CPAP is converted to a purchase. Can the Medicare beneficiary -- after the equipment has been converted to purchase -- continue to obtain supplies from a grandfathered supplier?

Joel Kaiser: No. No, the way grandfathering works is that it's an option for beneficiaries to continue their supply arrangements - or their rental agreement. And what we did through the rule making was say that the grandfathered supplier could also supply the accessories for those items. For example, side rails for a hospital bed, etc, etc.

That once the beneficiary owns the item it's no longer a grandfathered item. And any accessories that are furnished to that beneficiary-owned item they would have to be provided by a contract supplier.

(Jerry Francisco): Thank you.

Operator: Your next question comes from the line of (Lauren Rosen).

(Lauren Rosen): Yes, I am trying to find out - I'm a physical therapist. And I live in an area where part of my territory is going to be one of the first CBAs. And then one of my other areas is going to be in Round Two.

And I've been involved in a number of discussions with other therapists with some of the companies that appear to be getting the bid for complex rehabs in our areas. And the question that I have is I know (Suzie) was talking before about there being a Fraud Line set up.

But the concern amongst a lot of the therapists are that some of the companies that appear to be the ones who are going to be getting the bid for our areas are companies who have never provided complex rehab in the past and don't have the basis to do it. They don't understand the complexity of it.

And I know that - I mean that's not fraud. But is there some sort of a mechanism - some sort of person that we can contact to say when companies are being given the bid who clearly -- from a clinical perspective -- can't provide the services that the clients need?

Sandra Bastinelli: Well hi this is Sandra Bastinelli. Well, I mean, there is the OIG Fraud Hotline.

(Lauren Rosen): Right but I mean it's not truly fraud is it?

Sandra Bastinelli: No, it won't be. These organizations are all - if they've already won the bid, they're already accredited. So you could call one of the accrediting organizations. And, if you would know who that accrediting organization -- since they're in your area you obviously know who their accredited by -- so you could call the accrediting organization because on our website we do have their names.

If that - if you cannot figure that one out certainly you can call me - Sandra Bastinelli. But I would know...

(Lauren Rosen): So, if we can get their accreditation pulled, they lose the ability to provide the service.

Sandra Bastinelli: Well, first of all you have to call the accrediting organization. If I may add, each accrediting organization does have a complaint process by which they go

out unannounced to the supplier. And they would be able to investigate what your complaint is.

And, if it's a clinical issue they would go out to see what the issue is that your complaint is generating. And they would investigate that. And, then, that would go down that process.

And then, also we would also hear -- if you call CMS -- we would also investigate that through either our Program Safeguard Contractor and inclusive of our National Supplier Clearinghouse Contractor which will be the enrollment aspect.

So, we have a lot of avenues that we could go through to investigate your complaint. And that would lead to - yeah that could lead to yanking their - or pulling their ability to bill Medicare.

(Lauren Rosen): And if that were to happen - if one or two companies within a, you know, a large CBA were to lose that, is there a process by which other companies would be able to step in at that point in time, you know? Or do we have to wait until the next whole process?

I'm just worried that, you know, as we weed out the people who shouldn't have gotten it that we're going to end up with one company left who can remotely provide it. And they can't cover that large of a territory.

Martha Kuespert: Hi this is Martha Kuespert. If we find that we don't have enough suppliers to meet - contract suppliers to meet demand, we have a process for adding additional contract suppliers. So it wouldn't be like that supplier would go away and there wouldn't be enough. We do have a process.

I'd also like to add on to what Sandra said. If there are concerns about a contract supplier -- the quality of the services that they're furnishing -- whether they're meeting the rules of the Competitive Bidding Program -- non-fraud related rules -- I strongly urge you to contact the CBIC at the hotline.

They're going to have a process in place to deal with complaints. And we're also -- as was mentioned earlier -- going to be announcing ombudsmen in the near future. And those ombudsmen should be able to help deal with concerns.

(Lauren Rosen): Okay thank you.

Martha Kuespert: You're welcome.

Operator: Your next question comes from the line of (Sara O'Hinsky).

(Sara O'Hinsky): Hi. I am a billing service for enteral supplies. And we're an arrears biller so, after July 1 we'll be billing June dates of service for enteral claims. Is it based on date of service? Or after July 1, period, if you're a non-contract supplier you can no longer get paid?

Martha Kuespert: It's based on date of service.

(Sara O'Hinsky): Okay so there's no issues with prior dates getting paid if they're transmitted after July 1?

Martha Kuespert: No.

(Sara O'Hinsky): Okay thank you.

Operator: Your next question comes from the line of (Kimberly Rogers).

(Kimberly Rogers): Hi this is a question I guess for Joel or Cindy. It's in reference to a patient that permanently resides in a non-CBA area; however, you're delivering their portable oxygen to facilitate discharge. And that portable oxygen is going to a CBA area.

However, the patient is going to use their stationary and portable in their permanent residence which is in a non-CBA area. So, we had to deliver the portable to a CBA area just to facilitate their discharge to use at their permanent residence. So I just wanted some clarification on how this is to be handled.

Joel Kaiser: Well, the claims that are subject to competitive bidding are claims for items furnished to patients residing in Competitive Bidding Areas. So it really doesn't matter where the item was furnished. What matters is where the beneficiary maintains their permanent residence.

(Kimberly Rogers): Okay.

Joel Kaiser: So in this case it sounds like it wouldn't be a problem.

(Kimberly Rogers): So, just because we're delivering in a CBA area, as long as they're - that's just to facilitate their discharge. So as long as they're using their equipment in their permanent residence -- stationary and portable -- in a non-CBA area, then we would continue to service them because it's a non-CBA area.

Joel Kaiser: On a bid item.

(Kimberly Rogers): Okay perfect. I've been pending that question for quite some time. So I appreciate the feedback.

Valerie Haugen: Okay thank you.

Operator: Your next question comes from the line of (Cindy Weber).

(Cindy Weber): Hi. My question is related specifically to a SNF. Because of the very specific rules about what a SNF can bill -- what Medicare can be billed for and what we must provide -- are any of those rules going to be changing because of these new DME rules? And, do you know of any specific webinars, conference calls or anything that will be related specifically to SNF providers?

Martha Kuespert: Can you give us just a little bit more information about your question? A little bit more detail would be helpful.

(Cindy Weber): Just as an example - oxygen concentrators - we rent oxygen concentrators for some of our residents. But because of the rules for billing oxygen in a SNF those can't be billed to Medicare. Will the rule related to that be changed with - come July 1 with this?

Martha Kuespert: No, that rule will not be changing.

Joel Kaiser: That item is not part of the DME benefit.

(Cindy Weber): Okay. So anything that pertains to billing in a SNF, in particular, will not change?

Joel Kaiser: If the - from a durable medical - if medical equipment is provided to patients whose residence is in a SNF are not - that's not subject to the DME benefit.

Beneficiaries who reside in SNF, that's - they are specifically marked out of the DME benefit as defined in the statute.

But there are other Part B items that are subject to competitive bidding that Medicare does pay for for a patient that has exhausted their Part A benefits in a SNF. That is, for example, orthotics and enteral nutrition. In those cases for enteral nutrition that - those items are subject to competitive bidding in the first round.

Valerie Haugen: And, this is Valerie, with regard to the second part of your question. Cindy I'm not sure if you have webinars planned on this specifically, but we - I had mentioned we have some audience specific tip sheets that will be coming out that discuss this issue with SNF and NF as it relates to the Competitive Bidding Program. So you can look for those.

And I actually need to wrap things up at this point since we're right at 2:00. I do want to remind you - first of all thank you for your participation here. And I wanted to remind you, once again, about the CMS website which is the www.cms.hhs.gov/DMEPOSCompetitiveBid where we'll have all of the information related to the Competitive Bidding Program posted at that site.

We are planning to have some additional National Provider Conference Calls so stay tuned for information on that. That will be coming out and will be posted at this website.

And so I just want to thank you all once again. And we'll be in touch. Thank you very much.

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

END