

Program Advisory and Oversight Committee (PAOC) for Quality Standards and Competitive Acquisition of Certain Durable Medical Equipment, Prosthetics, Orthotics, and Supplies (DMEPOS)

Meeting Summary **June 16, 2008** **Baltimore, Maryland**

The Program Advisory and Oversight Committee (PAOC) meeting was held on Monday, June 16, 2008. The purpose of the meeting was to brief members of the committee on the contract process for the first round of the DMEPOS Competitive Bidding program, on the education and monitoring activities, and to solicit their feedback and suggestions for improvement.

The meeting opened with remarks from Herb Kuhn, Acting CMS Deputy Administrator, who acknowledged impending legislation and challenges faced by some suppliers. He stated that approximately 6,200 bids were submitted. Twenty-three percent of the suppliers that submitted a bid were awarded a contract. Contracts were accepted by 325 suppliers. CMS projected an average of 26 percent savings overall. Mr. Kuhn stressed the importance of awarding contracts to those that were accredited and had met the quality standards. He concluded his remarks by thanking the PAOC for assisting CMS with moving forward with implementation and looked forward to their input and comments during the meeting.

Laurence Wilson, Director, Chronic Care Policy Group, Center for Medicare Management provided a brief update on the first round of bidding. He stated that the timeline for the second round would be announced fairly soon. Lessons from the first round and feedback from stakeholders are being considered while preparing for the second round. However, currently most efforts are focused on ensuring a smooth transition in the implementation of the first round. He solicited the PAOC's feedback and ideas on education initiatives and monitoring the program to ensure objectives are met. Mr. Wilson specifically mentioned the ombudsman program, which is in place to assist stakeholders and address complaints in the ten CBAs, and the CBIC customer service center, which will channel concerns to the ombudsmen.

Contract Award Process

Martha Kuespert, Director of the CMS Division of DMEPOS Payment Policy, and Joel Kaiser, Deputy Director of the CMS Division of DMEPOS Payment Policy, discussed the contract award process. The presentation cited the source, such as the final rule or RFB, for each step of the process. Ms. Kuespert provided a breakdown of the reasons why bids were rejected and solicited comment from the PAOC on what we could do to help bidders understand the correct documentation to submit.

PAOC Discussion

One member suggested that rules were more evident for stand-alone companies and not as apparent for businesses with complex ownership structures. In addition, large companies found it difficult to submit pro forma documents. It was suggested that there be clearer rules for complex businesses and that only existing documents be required. Another member suggested revising the definition of a small supplier so community pharmacies could benefit from the small supplier provision. One member suggested giving bidders with proven experience in the CBA and/or product category extra points or greater consideration during the bid evaluation process. Discussion was generated

about the feasibility of the network model and whether it should be revised to increase the number of network bids submitted and contracts awarded to networks. Some members raised concerns about repair and replacement for complex power mobility. CMS assured the PAOC that CMS was aware of reimbursement issues and is monitoring the issue.

Payment Policy Issues

Cindy Dreher, Content and Policy Lead, Competitive Bidding Implementation Contractor (CBIC), provided an overview of the payment policies under the program. She cited resources, such as Chapter 36 of the DMEPOS Claims Processing Manual and the CMS and CBIC Websites, for further information and details concerning the policies.

Education, Outreach and Monitoring

Gerry Nicholson, CMS Director of Provider Communications Group, outlined the initiatives being implemented to educate all provider groups, including contract and non-contract suppliers as well as referral agents. She delineated specific activities such as the dedicated CMS Website, MedLearn Matters articles, listserv notices and direct mailings to more than 82,000 referral agents.

David Sayen, CMS Regional Administrator, Region IX, provided an update on the multipronged approach, including using partner groups, direct mailings and the media, to educate and assist beneficiaries. He also discussed the methods in place to monitor the program and resolve complaints and issues.

PAOC Discussion

A PAOC member suggested that a number of groups, as well as other PAOC members, could assist with 1-800-MEDICARE responses to beneficiary calls to ensure that questions are thoroughly answered on the first call. It was also suggested that beneficiaries be informed that non-contract suppliers may continue to furnish non-bid items. One member asked if suppliers could have access to CWF for claim submission purposes. CMS responded that access may affect the confidentiality and integrity of the system. Questions were asked about the direct and indirect costs of the program, specifically whether the program would impact inpatient stays. CMS asked the PAOC for recommendations regarding outcomes or metrics that should be reviewed or used to assess the impact of the program.

Accreditation and Quality Standards

Sandra Bastinelli, Division Director, CMS Medical Review and Education, Program Integrity Group, reported there has been an increase in applications since the announcement of the deadlines and that more than 21,000 suppliers have been accredited nationally. She discussed the quality standards and reported that the standards are currently going through final clearance.

PAOC Discussion

PAOC members questioned whether all contract suppliers had the required state licensure to provide specific items. Ms. Bastinelli provided the timeframes in which states process licensure requests and stated that the accreditation organizations verified all required licenses. Kim Brandt, Director, Program Integrity Group, affirmed that payments would be suspended if licensure was not in place. One PAOC member advised that the accreditation surveys are conducted at one point in time and systems are in place to re-survey on an as needed basis, such as upon receipt of a complaint. It was suggested that CBIC verify that appropriate

licensure was in process or completed during the bid evaluation process. Another member encouraged CMS to continue monitoring the subcontracting provision.

Public Comments

- A speaker stated that KCI's NPWT wound vacuum will not be available in any CBA. They also asked a question if CMS plans to develop product specific quality standards for NPWT?
 - CMS responded that it has no plans to develop brand-specific standards. The study required by the MMA will address quality and access to services but will not be specific to an item or brand. CMS will consider the feasibility of monitoring one product versus another and welcomed any ideas.
- A concern was expressed in the Pittsburgh CBA about transitioning patients using NPWT and enteral nutrition to contract suppliers. The commenter stated discharge planners do not have contact information for contract suppliers and some contract suppliers of enteral products are not responding to calls.
 - CMS asked for specifics and stated that the issue would be investigated.
- Contract suppliers who provide diabetic testing supplies are reported as only providing certain brands of testing supplies and referring calls to subcontractors. Contract suppliers are contacting large suppliers about the possibility of subcontracting. One commenter expressed concern about the limited time they have to program their claims processing systems with the new payment policies and requested access to CWF.
- One commenter questioned whether a revised CMN was necessary when an oxygen patient transitions to another supplier and expressed concern about the short transition timeframe.
- One commenter acknowledged that even though extensive education had been conducted, the effectiveness of this education is questioned. He asked whether there was time to change processes for the second round based on feedback and lessons from the first round. He also expressed a desire to work with CMS in eliminating fraudulent suppliers from the Medicare program.

Laurence Wilson thanked the PAOC members for participating in the meeting, stressed the importance of their feedback, and looked forward to continued dialog.