

DEPARTMENT OF HEALTH AND HUMAN SERVICES  
Centers for Medicare & Medicaid Services



**News Flash** – The Centers for Medicare & Medicaid Services (CMS) has announced the expansion of the Medicare Durable Medical Equipment, Prosthetics, Orthotics, and Supplies (DMEPOS) Competitive Bidding Program to include the Round 2 and National Mail Order competitions. **If you want to bid, you need to prepare now!** You must make sure that your correspondence address and your authorized officials' names, Social Security numbers, and birth dates are accurate in your enrollment file at the National Supplier Clearinghouse (NSC) before registration starts. Before you submit a bid for a product category in a Competitive Bidding Area (CBA), you must have all required state licenses for that product category for each state in that CBA. It is VERY IMPORTANT that you make sure that current versions of all required licenses are in your enrollment file with the NSC BEFORE you bid. For more information about the Medicare DMEPOS Competitive Bidding Program please visit the CMS Competitive Bidding Web site at <http://www.cms.gov/DMEPOSCompetitiveBid/> on the CMS website.

MLN Matters® Number: MM7632

Related Change Request (CR) #: CR 7632

Related CR Release Date: November 4, 2011

Effective Date: January 1, 2012

Related CR Transmittal #: R2341CP

Implementation Date: January 3, 2012

## January 2012 Quarterly Update for the DMEPOS Competitive Bidding Program

### Provider Types Affected

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Providers and suppliers submitting claims to Medicare Durable Medical Equipment (DME) Medicare Administrative Contractors (DME MACs), or Medicare Regional Home Health Intermediaries (RHHIs) for Durable Medical Equipment, Prosthetics, Orthotics, and Supplies (DMEPOS) provided to Medicare beneficiaries.

### Provider Action Needed

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This article is based on Change Request (CR) 7632 which provides the January 2012 quarterly update for the DMEPOS Competitive Bidding Program files. CR7632 contains necessary changes to the Healthcare Common Procedure Coding System (HCPCS), Competitive Bidding Area (CBA) ZIP Code, and CBA Pricing files effective January 1, 2012. Be sure billing staff are aware of these changes.

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## Background

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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

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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 <http://www.cms.gov/DMEPOSCompetitiveBid/>.

### *Competitive Bidding ZIP Codes*

For competitive bidding, ZIP codes designated as mail order only are assigned a separate CBA number from the standard CBA. ZIP codes are established by the United States Postal Service (USPS). The CBA numbers and associated names are as follows:

- 16740 - Charlotte-Gastonia-Concord, NC-SC (non-mail order and mail order)
- 16741 - Charlotte-Gastonia-Concord, NC-SC (mail order only)
- 17140 - Cincinnati-Middletown, OH-KY-IN (non-mail order and mail order)
- 17141 - Cincinnati-Middletown, OH-KY-IN (mail order only)
- 17460 - Cleveland-Elyria-Mentor, OH (non-mail order and mail order)
- 17461 - Cleveland-Elyria-Mentor, OH (mail order only)
- 19100 - Dallas-Fort Worth-Arlington, TX (non-mail order and mail order)
- 19101 - Dallas-Fort Worth-Arlington, TX (mail order only)
- 28140 - Kansas City, MO-KS (non-mail order and mail order)
- 28141 - Kansas City, MO-KS (mail order only)
- 33100 - Miami-Fort Lauderdale-Pompano Beach, FL (non-mail order and mail order)
- 33101 - Miami-Fort Lauderdale-Pompano Beach, FL (mail order only)
- 36740 - Orlando- Kissimmee, FL (non-mail order and mail -order)
- 36741 - Orlando- Kissimmee, FL (mail order only)
- 38300 - Pittsburgh, PA (non-mail order and mail order)
- 38301 - Pittsburgh, PA (mail order only)

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- 40140 - Riverside-San Bernardino-Ontario, CA (non-mail order and mail order)
- 40141 - Riverside-San Bernardino-Ontario, CA (mail order only)

#### *Updates to the ZIP Code Files:*

Six new ZIP codes have been added to the ZIP code file to conform with United States Postal Service ZIP code changes within CBAs:

- | <u>ZIP</u> | <u>CBA</u>  |
|------------|---|
| • 75033    | 19100 - Dallas-Fort Worth-Arlington, TX (non-mail order and mail order)         |
| • 75033    | 19101 - Dallas-Fort Worth-Arlington, TX (mail order only)                       |
| • 33106    | 33100 - Miami-Fort Lauderdale-Pompano Beach, FL (non-mail order and mail order) |
| • 33106    | 33101 - Miami-Fort Lauderdale-Pompano Beach, FL (mail order only)               |
| • 33206    | 33100 - Miami-Fort Lauderdale-Pompano Beach, FL (non-mail order and mail order) |
| • 33206    | 33101 - Miami-Fort Lauderdale-Pompano Beach, FL (mail order only)               |

#### *Updates to the HCPCS and Single Payment Amount Files:*

There are no updates to these files at this time.

#### *Public Use Files*

The competitive bidding ZIP codes and single payment amounts per product category and CBA are available on the CBIC Website for interested parties like DMEPOS suppliers, State Medicaid agencies, and managed care organizations. The CBIC Website can be accessed at

<http://www.dmecompetitivebid.com/palmetto/cbic.nsf> or by going to [http://www.cms.gov/DMEPOSCompetitiveBid/01\\_overview.asp](http://www.cms.gov/DMEPOSCompetitiveBid/01_overview.asp) on the CMS website. These files can be used to identify when a specific item furnished to a beneficiary is subject to the DMEPOS competitive bidding program.

#### *Single Payment Amount*

Currently, Medicare payment for most DMEPOS items is based on fee schedules in most areas of the country. However, the Social Security Act (Section 1847; see [http://www.ssa.gov/OP\\_Home/ssact/title18/1847.htm](http://www.ssa.gov/OP_Home/ssact/title18/1847.htm) on the Internet) mandates that competitive bidding single payment amounts replace the current DMEPOS fee schedule payment amounts for competitively bid items in CBAs. Therefore, the single payment amount is the Medicare allowed payment amount for competitively bid items for beneficiaries who reside in the Round One Rebid CBAs. Medicare pays contract

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suppliers 80 percent of the single payment amount for each competitively bid item. Beneficiaries are responsible for the remaining 20 percent of the single payment amount. Payment for all claims is on an assignment-related basis. In no case can a beneficiary be charged more than the 20 percent coinsurance payment for medically necessary items. Single payment amounts remain the same throughout the term of suppliers' contracts.

In the CBA pricing file and the single payment amount public use file, the rental single payment amounts for capped rental DME and rented enteral nutrition equipment are 10 percent of the purchase single payment amount. This payment amount is for rental months one through three. The rental single payment amounts for months 4 through 13 for capped rental DME and for months 4 through 15 for rented enteral nutrition equipment are equal to 75 percent of the single payment amounts paid in the first three rental months. The changes to the power wheelchair payment rules made by section 3136 of the ACA (see <http://www.gpo.gov/fdsys/pkg/PLAW-111publ148/pdf/PLAW-111publ148.pdf> on the Internet) do not apply to payment made for items furnished pursuant to competitive bidding contracts entered into prior to January 1, 2011, or for power wheelchairs in which the first rental month occurred before January 1, 2011. Therefore, under the Round One Rebid Competitive Bidding Program, contract and grandfathered suppliers furnishing rented power wheelchairs will continue to be paid under the capped rental payment methodology using 10 percent of the fee schedule amount for the first three months and 75 percent of the fee schedule amounts paid in the first three rental months for months 4 through 13. Similarly, the elimination of the lump sum purchase option for standard power wheelchairs, as required by the Section 3136 of the ACA, does not apply to standard power wheelchairs furnished by contract suppliers under the Round One Rebid Program. Payment for standard power wheelchairs will continue to be made to Round One Rebid contract suppliers on either a lump sum purchase or rental basis.

For inexpensive and/or routinely purchased DME items, the recorded single payment amount for rental is 10 percent of the purchase single payment amount.

For all equipment furnished on a purchase basis, the recorded single payment amount for purchased used equipment is 75 percent of the purchase single payment amount.

Also included in the CBA pricing file and the single payment amount file is the maintenance and servicing single payment amounts for rented enteral nutrition infusion pumps described by HCPCS code B9000 and B9002, made in accordance with the "Medicare Claims Processing Manual" (Chapter 20, Section 40.3; see <http://www.cms.gov/Manuals/downloads/clm104c20.pdf> on the CMS website). The maintenance and servicing single payment amounts are equal to 5 percent of the single payment amount purchase price for the infusion pump.

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## Additional Information

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The official instruction, CR7632, issued to your DME MACs and RHHs regarding this change may be viewed at

<http://www.cms.gov/Transmittals/downloads/R2341CP.pdf> on the CMS website.

If you have any questions, please contact your DME MACs or RHHs at their toll-free number, which may be found at

<http://www.cms.gov/MLNProducts/downloads/CallCenterTollNumDirectory.zip> on the CMS website.

**News Flash - Protect Your Patients. Protect Your Family. Protect Yourself.** Flu seasons are unpredictable and can be severe. Each year, approximately 90 percent of seasonal flu-related deaths and more than 60 percent of seasonal flu-related hospitalizations occur in people 65 years and older. Please encourage your Medicare patients to get an annual flu shot. A flu shot is important for healthcare workers too, who may spread the flu to high risk patients. The flu vaccine plus its administration are covered Part B benefits. The flu vaccine is NOT a Part D-covered drug. For more information on coverage and billing of the flu vaccine and its administration, and related educational provider resources, visit the following CMS webpages: [Medicare Learning Network® Preventive Services](#) and [Immunizations](#). **Get the Flu Vaccine -- Not the Flu.**

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