

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



News Flash –

REVISED product from the Medicare Learning Network® (MLN)

- [“Contractor Entities At A Glance: Who May Contact You About Specific Centers for Medicare & Medicaid Services \(CMS\) Activities,”](#) Educational Tool, ICN 906983, Downloadable only.

MLN Matters® Number: MM8080 **Revised**

Related Change Request (CR) #: 8080

Related CR Release Date: November 1, 2012

Effective Date: July 1, 2013

Related CR Transmittal #: R11390TN

Implementation Date: July 1, 2013

**Durable Medical Equipment (DME) National Competitive Bidding (NCB):
National Mail Order (NMO) Program Implementation for Diabetic Supplies**

Note: This article was revised on November 6, 2012 to remove the words "and accept" from the second paragraph on page 2. All other information remains the same.

Provider Types Affected

This MLN Matters® Article is intended for Medicare Durable Medical Equipment , Prosthetics, Orthotics, & Supplies (DMEPOS) suppliers that submit claims for Medicare payment to Durable Medical Equipment (DME) Medicare Administrative Contractors (DME MACs) for diabetic supplies delivered to Medicare beneficiaries.

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This article was prepared as a service to the public and is not intended to grant rights or impose obligations. This article may contain references or links to statutes, regulations, or other policy materials. The information provided is only intended to be a general summary. It is not intended to take the place of either the written law or regulations. We encourage readers to review the specific statutes, regulations and other interpretive materials for a full and accurate statement of their contents. CPT only copyright 2011 American Medical Association.

Provider Action Needed

This article is based on Change Request (CR) 8080 and reminds suppliers that, effective July 1, 2013, Medicare Part B payment for covered diabetic testing supplies delivered to a Medicare beneficiary's home by any method is subject to the NMO Competitive Bidding Program. This program applies throughout the United States with the exception of the Northern Mariana Islands.

Once the program goes into effect, beneficiaries with Original Medicare who get diabetic testing supplies delivered to their homes will have to use a Medicare contract supplier in order for Medicare to make payment unless an exception applies. Suppliers that are awarded an NMO contract will be required to furnish mail order diabetic testing supplies to beneficiaries with Original Medicare in all parts of the United States, including the 50 states, the District of Columbia, Puerto Rico, the U.S. Virgin Islands, Guam, and American Samoa. Beneficiaries residing in the Northern Mariana Islands are not included in the NMO program.

Key Points

- Beneficiaries may choose to pick up diabetic testing supplies in person from retail pharmacy locations or other local supplier storefronts or have them delivered to their homes. Once the program is implemented, only NMO contract suppliers will be reimbursed by Medicare Part B for providing diabetic testing supplies delivered to beneficiaries' residences. If the supplies are shipped or delivered by any means to the beneficiary's home, then the supplier that furnished the supplies must be a NMO contract supplier for Medicare to pay.
- The only diabetic testing supplies not included in the program are those that are obtained directly by a beneficiary or caregiver by physically going to an enrolled DMEPOS supplier storefront and leaving the store with the diabetic testing supplies.
- The only supplier that can bill for these non mail-order diabetic supplies is the supplier from which the beneficiary or caregiver physically picked up the supplies. Diabetic supplies furnished by any means other than mail-order or pickup are not payable by Medicare.
- The term "mail-order" means items shipped or delivered to the beneficiary's residence by any method.
- All suppliers are required to use the KL modifier on each claim for diabetic supplies furnished on a mail-order basis. Suppliers that furnish diabetic testing supplies on a mail-order basis that do not attach the mail-order modifier could be subject to significant penalties.
- Claim lines for items subject to the NMO program for diabetic supplies provided by a non-contract supplier on or after July 1, 2013 will be denied. For paid claim lines where the submitted charge exceeds the single payment amount in the contract, the remittance will be the single payment amount. Contract suppliers must accept assignment for items in their contracts.

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Background

CR 8080 provides guidance for systems changes in preparation for NMO program implementation. Section 302 of the Medicare Modernization Act of 2003 (MMA) established requirements for a new competitive bidding program (CBP) 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.

The Medicare Improvements for Patients and Providers Act (MIPPA) authorized competition for national mail order items and services after 2010.

Additional Information

The official instruction, CR 8080 issued to your DME MAC regarding this change, may be viewed at <http://www.cms.hhs.gov/Regulations-and-Guidance/Guidance/Transmittals/Downloads/R11390TN.pdf> on the CMS website.

If you have any questions, please contact your carrier or DME MAC at their toll-free number, which may be found at <http://www.cms.gov/Research-Statistics-Data-and-Systems/Monitoring-Programs/provider-compliance-interactive-map/index.html> on the CMS website.

Providers may find more detailed information about the competitive bidding program at <http://www.cms.hhs.gov/DMEPOSCompetitiveBid/> on the CMS website.

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