



## The Quarterly Update for the Durable Medical Equipment, Prosthetics, Orthotics and Supplies (DMEPOS) Competitive Bidding Program (CBP) July 2018

MLN Matters Number: MM10556

Related Change Request (CR) Number: 10556

Related CR Release Date: April 27, 2018

Effective Date: July 1, 2018

Related CR Transmittal Number: R4036CP

Implementation Date: July 2, 2018

### PROVIDER TYPES AFFECTED

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This MLN Matters® Article is intended for providers and suppliers submitting claims to Durable Medical Equipment Medicare Administrative Contractors (DME MACs) for Durable Medical Equipment, Prosthetics, Orthotics, and Supplies (DMEPOS) items or services paid under the DMEPOS fee schedule.

### PROVIDER ACTION NEEDED

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Change Request (CR) 10556 provides the July 2018 quarterly update for the Medicare DMEPOS fee schedule. The Centers for Medicare & Medicaid Services (CMS) updates the DME Competitive Bidding Program (CBP) files on a quarterly basis in order to implement necessary changes to the Healthcare Common Procedure Coding System (HCPCS), ZIP code, Single payment amount, and Supplier files. These requirements provide specific instruction for implementing the DMEPOS CBP files. Note that quarterly updates are available at <http://dmecompetitivebid.com/palmetto/cbic.nsf/DocsCat/home>.

### BACKGROUND

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Congress mandated the DMEPOS CBP through the Medicare Prescription Drug, Improvement and Modernization Act of 2003 (MMA). The statute requires that Medicare replace the current fee schedule payment methodology for selected DMEPOS items with a competitive bid process. The intent is to improve the effectiveness of the Medicare methodology for setting DMEPOS payment amounts, which will reduce beneficiary out-of-pocket expenses and save the Medicare program money while ensuring beneficiary access to quality items and services. Under the program, CMS conducts a competition among suppliers who operate in a particular competitive bidding area. Suppliers are required to submit a bid for selected products. Not all products or

items are subject to competitive bidding. Suppliers submit bids electronically through a web-based application process and required documents are mailed. CMS evaluates bids based on the supplier's eligibility, its financial stability, and the bid price. Contracts are awarded to the Medicare suppliers who offer the best price and meet applicable quality and financial standards. Contract suppliers must agree to accept assignment on all claims for bid items and will be paid the bid price amount. The amount is derived from the median of all winning bids for an item.

## ADDITIONAL INFORMATION

The official instruction, CR10556, issued to your MAC regarding this change is available at <https://www.cms.gov/Regulations-and-Guidance/Guidance/Transmittals/2018Downloads/R4036CP.pdf>.

If you have any questions, please contact your MAC at their toll-free number. That number is available at <https://www.cms.gov/Medicare/Medicare-Contracting/FFSProvCustSvcGen/MAC-Website-List.html>.

## DOCUMENT HISTORY

Date of Change	Description
May 25, 2018	Initial article released.

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