

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



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- ["Medicare Shared Savings Program and Rural Providers"](#), Fact Sheet, ICN 907408, downloadable

MLN Matters® Number: MM8676 **Revised**

Related Change Request (CR) #: CR 8676

Related CR Release Date: May 23, 2014

Effective Date: October 1, 2014

Related CR Transmittal #: R2968CP

Implementation Date: October 6, 2014

Quarterly Update for the Durable Medical Equipment, Prosthetics, Orthotics, and Supplies (DMEPOS) Competitive Bidding Program (CBP) - October 2014

Note: This article was revised on October 16, 2014, to reference the correct HCPCS codes and to add a link to the Quarterly Update pages of the competitive bidding website in the "What You Need to Know" section. All other information remains the same.

Provider Types Affected

This MLN Matters® Article is intended for DMEPOS suppliers submitting claims to Durable Medical Equipment Medicare Administrative Contractors (DME MACs) for DMEPOS provided to Medicare beneficiaries.

What You Need to Know

The Centers for Medicare & Medicaid Services (CMS) issued Change Request (CR) 8676 to provide the DMEPOS Competitive Bidding Program (CBP) October 2014 quarterly update. CR 8676 provides specific instructions to your DME MAC for implementing updates to the DMEPOS CBP Healthcare Common Procedure Coding System (HCPCS), ZIP code, and Single Payment Amount files. Note that quarterly updates are also posted to

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<http://dmecompetitivebid.com/palmetto/cbic.nsf/DocsCat/home> on the Internet. At that site, click on the quarterly updates link in the left of the page.

ZIP Codes (Round 2 Only)

The following ZIP codes have been added to the Round 2 ZIP code files listed below to conform with U.S. Postal Service ZIP code changes within the identified competitive bidding areas:

- 97003 Portland-Vancouver-Beaverton, OR-WA
- 97078 Portland-Vancouver-Beaverton, OR-WA
- 20252 Washington-Arlington-Alexandria, DC-VA-MD-WV
- 56988 Washington-Arlington-Alexandria, DC-VA-MD-WV

The ZIP code files can be used to identify when a specific item furnished to a beneficiary is subject to the Competitive Bidding Program.

HCPCS Codes (Round 1 Recompete Only)

Effective January 1, 2014, the Round 1 Recompete Single Payment Amount file has been updated to replace HCPCS code, E0731NU, with HCPCS code, E0731NUKG. This change allows Medicare to accurately process and pay HCPCS code E0731 (Form Fitting Conductive Garment for Delivery of TENS or NMES (with Conductive Fibers Separated from the Patient's Skin by Layers of Fabric)) according to competitive bidding payment rules when used in conjunction with a competitive bidding base unit, such as a TENS device.

Background

Section 302 of the Medicare Modernization Act of 2003 (MMA) established requirements for a new 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. 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, the result being reduced beneficiary out-of-pocket expenses and savings to taxpayers and the Medicare program.

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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. The Medicare Improvements for Patients and Providers Act of 2008 (MIPPA) temporarily delayed the program in 2008 and made certain limited changes. In accordance with MIPPA, CMS conducted the supplier competition again in nine areas in 2009, referring to it as the Round One Rebid. The Round One Rebid contracts and prices became effective on January 1, 2011 in the nine areas.

MIPPA also delayed the competition for Round Two from 2009 to 2011 and authorized national mail order competitions after 2010. The Affordable Care Act of 2010 expanded the number of Round Two MSAs from 70 to 91 and specified that all areas of the country be subject either to DMEPOS competitive bidding or payment rate adjustments using competitively bid rates by 2016. The contracts and prices for Round 2 and the national mail-order program for diabetic testing supplies became effective on July 1, 2013.

CMS is required by law to recompetete contracts for the DMEPOS Competitive Bidding Program at least once every three years. The Round One Rebid contract period for all product categories except mail-order diabetic supplies expired on December 31, 2013. (The Round One Rebid mail-order diabetic supply contracts expired on December 31, 2012.) On January 1, 2014, new contracts for the Round One Recompetete became effective in the same competitive bidding areas as the Round One Rebid.

Additional Information

The official instruction, CR 8676 issued to your DME MAC regarding this change is available at <http://www.cms.gov/Regulations-and-Guidance/Guidance/Transmittals/Downloads/R2968CP.pdf> on the CMS website.

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

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