



THE DURABLE MEDICAL EQUIPMENT, PROSTHETICS, ORTHOTICS, AND SUPPLIES (DMEPOS) COMPETITIVE BIDDING PROGRAM

Non-Contract Supplier

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The Medicare Durable Medical Equipment, Prosthetics, Orthotics, and Supplies (DMEPOS) Competitive Bidding Program (the Program) has expanded into numerous competitive bidding areas (CBAs) since January 1, 2011. The Centers for Medicare & Medicaid Services (CMS) is required by law to recompetete contracts under the Program at least once every 3 years.

When a round of the Program becomes effective in a CBA, beneficiaries with Original Medicare who obtain competitively bid items in that CBA must obtain these items from a contract supplier for that round for Medicare to pay, unless an exception applies (see page 4). This fact sheet contains important information for suppliers that do not become contract suppliers.

What is a non-contract supplier?

A non-contract supplier is a supplier that is not awarded a contract by CMS to furnish items included in the Program. For a list of the CBAs and product categories included in the Program, visit the Competitive Bidding Implementation Contractor (CBIC) website at <http://www.dmecompetitivebid.com>. There you will find the specific ZIP Codes for each of the CBAs and specific Healthcare Common Procedure Coding System (HCPCS) codes included in the Program.

What do non-contract suppliers that furnish rented durable medical equipment (DME) or oxygen and oxygen equipment need to do?

Non-contract suppliers currently furnishing competitively bid rented DME or oxygen and oxygen equipment must meet specific requirements:

- **Notifications to Beneficiaries**—All non-contract suppliers that furnish competitively bid rented DME or oxygen and oxygen equipment in CBAs must decide if they wish to become grandfathered suppliers. They must then send written notification of their grandfathering decisions to each Medicare beneficiary who resides in a CBA and is currently renting competitively bid oxygen or DME from them. **These written notifications must be sent at least 30 business days before the Program is implemented (i.e., when contracts for a given round of bidding take effect).** Sample notification letters are available on the CBIC website at <http://www.dmecompetitivebid.com> on the Internet.
- **Patient Transition**—If a supplier decides not to become a grandfathered supplier or a beneficiary opts to switch to a contract supplier from a grandfathered supplier, the supplier must send additional notices at specific intervals before picking up its equipment. See the “Grandfathering Requirements for Non-Contract Suppliers” fact sheet at https://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNProducts/Downloads/DME_Grandfathering_Factsheet_ICN900923.pdf on the CMS website.
- **Claims Submission**—The non-contract supplier is responsible for submitting a claim to Medicare for any rental period that begins prior to the Program implementation (i.e., when new contracts for a given round of bidding take effect).

Under no circumstances may a supplier discontinue services by picking up a medically necessary item(s) prior to the end of a month for which the supplier is eligible to receive a rental payment, even if the last day of the rental month occurs after Program implementation.

What do suppliers of enteral nutrition that are not contract suppliers need to do?

- **Patient Transition**—The grandfathering option **does not apply** to the enteral nutrients product category. Non-contract suppliers will need to assist their patients in transferring to contract suppliers for most enteral nutrition services. However, a non-contract supplier that received 15 months of rental payments for an enteral nutrition infusion pump must continue to furnish, service, and maintain the pump as long as it is medically necessary. See the “Enteral Nutrition” fact sheet at https://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNProducts/Downloads/DME_Enteral_Factsheet_ICN901005.pdf on the CMS website.

- **Claims Submission**—Medicare makes payment for nutrients for a 30-day supply based on the “from” date on the claim. If the “from” date on the claim is prior to Program implementation (i.e., when new contracts for a given round of bidding take effect), Medicare will allow non-contract suppliers to bill for the 30-day supply.

What do non-contract suppliers of mail-order diabetes testing supplies need to do?

- **Patient Transition**—The grandfathering option **does not apply** to the mail-order diabetes supplies product category. Therefore, only contract suppliers can get Medicare payment for diabetes testing supplies delivered to beneficiaries’ homes. See the “Mail-Order Diabetes Supplies” fact sheet at https://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNProducts/Downloads/DME_Mail_Order_Factsheet_ICN900924.pdf on the CMS website.
- **Claims Submission**—Medicare Part B payment will not be made to non-contract suppliers that deliver diabetes testing supplies to Medicare beneficiaries’ homes.

NOTE: All national mail-order program contract suppliers must use the HCPCS modifier KL on each claim to indicate that the item was furnished on a mail-order basis. Suppliers that furnish mail-order diabetes supplies that fail to use the HCPCS modifier KL on the claim may be subject to significant penalties.

What do skilled nursing facilities (SNFs) or nursing facilities (NFs) that are not contract suppliers need to do?

If an SNF or NF is located in a CBA and is not a contract supplier, it must use an enteral nutrition contract supplier for its CBA to furnish competitively bid enteral nutrition products to its residents. Contract suppliers for each CBA are posted on the supplier directory at <https://www.medicare.gov/SupplierDirectory>. If an SNF’s or NF’s current supplier is **not** an enteral nutrition contract supplier, the SNF or NF should contact an enteral nutrition contract supplier for the CBA as soon as possible to ensure that Medicare Part B can pay for covered enteral nutrients for its residents when the Program is implemented (i.e., when contracts for a given round of bidding take effect).

What are the Program exceptions that apply to non-contract suppliers?

Medicare will not pay non-contract suppliers furnishing competitively bid DMEPOS items to beneficiaries with Original Medicare in a CBA, unless one of the following exceptions applies:

- **Grandfathering**—Suppliers that are not awarded a contract for furnishing oxygen and oxygen equipment or rented DME in a CBA can decide to become grandfathered suppliers for beneficiaries to whom they are furnishing these items at the time the Program is implemented (i.e., when new contracts for a given round of bidding take effect). Any beneficiary in a CBA who is receiving oxygen and oxygen equipment or rented DME from a non-contract supplier that elects to become a grandfathered supplier may elect to continue to receive the item from the grandfathered supplier or begin receiving the item from a contract supplier. A grandfathered supplier cannot turn a beneficiary away if he or she elects to continue receiving the item from the grandfathered supplier. See the “Grandfathering Requirements for Non-Contract Suppliers” fact sheet at https://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNProducts/Downloads/DME_Grandfathering_Factsheet_ICN900923.pdf on the CMS website.
- **Physicians and Other Treating Practitioners**—Physicians and other treating practitioners who are enrolled Medicare DMEPOS suppliers may furnish competitively bid walkers, folding manual wheelchairs, or external infusion pumps^[1] in a CBA to their own patients without submitting a bid and being selected as a contract supplier. See the “Physicians and Other Treating Practitioners Who Are Enrolled Medicare DMEPOS Suppliers” fact sheet at https://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNProducts/Downloads/DME_Physicians_Other_Pract_Factsheet_ICN900926.pdf on the CMS website.
- **Hospitals**—Hospitals may furnish competitively bid walkers, folding manual wheelchairs, or external infusion pumps in a CBA to their own patients without submitting a bid and being selected as a contract supplier. See the “Hospitals That Are Not Contract Suppliers” fact sheet at https://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNProducts/Downloads/DME_Hospitals_Not_Contract_Suppliers_Factsheet_ICN905463.pdf on the CMS website.
- **Medicare Secondary Payer**—A non-contract supplier that has a valid Provider Transaction Access Number (PTAN) may receive a Medicare secondary payment for a competitively bid item furnished to a beneficiary residing in a CBA if the beneficiary is required to use that supplier under his or her primary insurance policy. This policy does not supersede any Medicare secondary payer payment laws, regulations, or policies. Payment will be calculated in accordance with Medicare secondary payer requirements.

[1] External infusion pumps and supplies are included in the DMEPOS Competitive Bidding Program through December 31, 2016, in certain [areas](#) only.

- **Repairs and Replacements**—Medicare allows for the repair and replacement of parts needed for the repair of beneficiary-owned items by any Medicare-enrolled supplier. Labor to repair equipment is not subject to competitive bidding and will be paid according to Medicare’s general payment rules. Beneficiary-owned competitively bid items that are replaced, rather than repaired, must be furnished by contract suppliers when beneficiaries obtain these items in a CBA. See the “Repairs and Replacements” fact sheet at https://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNProducts/Downloads/DME_Repair_Replacement_Factsheet_ICN905283.pdf on the CMS website.

What is a beneficiary’s liability for services furnished by non-contract suppliers?

Except where an exception applies, a beneficiary has no financial liability to a non-contract supplier that furnishes an item included in the Program for a CBA, unless the beneficiary has signed an advance beneficiary notice (ABN) that indicates that Medicare will not pay for the item because the beneficiary is receiving it from a non-contract supplier and the beneficiary agrees to accept financial liability. ABN forms can be found at <https://www.cms.gov/Medicare/Medicare-General-Information/BNI> on the CMS website.

Additional Information

For more information about the DMEPOS Competitive Bidding Program, visit <https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/DMEPOSCompetitiveBid> on the CMS website.

Beneficiary-related information can be found at <https://www.medicare.gov> on the Internet.

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