



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

Billing Procedures for Upgrades

ICN 900983 April 2016

Under the Medicare Durable Medical Equipment, Prosthetics, Orthotics, and Supplies (DMEPOS) Competitive Bidding Program (the Program), beneficiaries with Original Medicare who obtain competitive bidding items in competitive bidding areas (CBAs) are required to obtain these items from a contract supplier, unless an exception applies. This fact sheet provides important information about billing for upgrades under the Program.

What is an upgrade?

An upgrade refers to a piece of equipment that is medically unnecessary because it exceeds the beneficiary’s medical needs or a medically unnecessary component that is in excess of the beneficiary’s medical needs (e.g., a deluxe model or deluxe features that exceed the DMEPOS item that Medicare will cover for the beneficiary based on the beneficiary’s medical needs).

What happens if the beneficiary chooses to obtain a competitively bid item in a CBA that is upgraded equipment or includes upgraded features that are not medically necessary?

Upgrade Scenarios for Beneficiaries

From the Medically Necessary Item	To the Upgraded Item	Must be Furnished By	Assignment Mandatory (Y/N)
Bid Item	Non-Bid Item	Contract Supplier	Y
Non-Bid Item	Bid Item	Contract Supplier	N
Bid Item	Bid Item	Contract Supplier	Y

Will Medicare payment for upgraded items be based on the single payment amount or the fee schedule payment amount?

Medicare payment will be based on the payment amount applicable to the item in the area in which the beneficiary resides. If the beneficiary resides in an area that is not a CBA, the payment amount will be based on the fee schedule payment amount. If the beneficiary resides in a CBA, the payment amount will be based on the single payment amount.

What is the beneficiary's liability for upgraded items under the Program?

A beneficiary is not liable for the additional cost of an upgraded item or components unless the beneficiary makes an informed decision by signing an Advance Beneficiary Notice of Noncoverage (ABN) to pay out of pocket for the cost of the upgrade. The beneficiary has no financial liability to a contract or non-contract supplier in a CBA for the cost of upgrading unless, prior to receiving the upgraded item, the supplier obtains a signed ABN. When a DMEPOS supplier expects that a DMEPOS item does not or may not meet Medicare's reasonable and necessary rules, it is the responsibility of the supplier to notify the beneficiary in writing via an ABN. For example, if the physician orders a wheelchair with fixed leg rests and the supplier furnishes medically unnecessary swing away elevating leg rests at the request of the beneficiary, the beneficiary must have signed an ABN for the supplier to charge the beneficiary for the extra cost of the upgraded item. An ABN may not be used to substitute one item for a totally different item (e.g., for a wheelchair when a walker was prescribed or for a hospital bed when a wheelchair was prescribed). ABN forms can be found at <https://www.cms.gov/Medicare/Medicare-General-Information/BNI/ABN.html> 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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