

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



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The Durable Medical Equipment, Prosthetics, Orthotics, and Supplies (DMEPOS) Competitive Bidding Program

A Better Way for Medicare to Pay for Medical Equipment

The Medicare Durable Medical Equipment, Prosthetics, Orthotics and Supplies (DMEPOS) Competitive Bidding Program (the Program) changes the amount Medicare pays for certain DMEPOS items. The Program reduces out-of-pocket expenses for Medicare beneficiaries and saves the Medicare Program money while ensuring beneficiaries continue to receive quality products from accredited suppliers.

Prior to the Program, Medicare paid for certain items using a fee schedule that was generally based on supplier charges from the 1980s, which were adjusted for inflation at times, and not on current market prices. Numerous studies by the Office of Inspector General and the Government Accountability Office have shown that the fee schedule amounts for certain DMEPOS items are excessive—sometimes three or four times retail prices and the amounts paid by commercial insurers. Taxpayers and Medicare beneficiaries bore the burden of these excessive payments. Clearly Medicare needed a better way to pay for DMEPOS items.

How It Works

Under the Program, DMEPOS suppliers compete to become Medicare contract suppliers by submitting bids to provide certain medical equipment and supplies to beneficiaries living in or visiting competitive bidding areas (CBAs). Medicare uses these bids to set the amount it will pay for each item. All suppliers are thoroughly screened to make sure they meet Medicare requirements, including eligibility and financial, quality, and accreditation standards, before they are awarded contracts.





Beneficiaries who obtain competitively bid items in CBAs will usually need to get these items from contract suppliers if they want Medicare to help pay for the items. In certain situations, beneficiaries in Program areas who rent oxygen or certain other durable medical equipment may continue renting these items from their current suppliers if their current suppliers become grandfathered suppliers.

Proven Results

Competitive bidding for DMEPOS is proven to save money for taxpayers and Medicare beneficiaries while maintaining access to quality DMEPOS items and services.

The Program has been in place in nine areas of the country—known as Round 1 areas—since January 1, 2011. After the first three years (January 1, 2011–December 31, 2013) of the Program, Medicare saved more than \$580 million due to lower payments and decreased unnecessary use in these nine areas.

After the first two years (July 1, 2013–June 30, 2015) of Round 2 and the national mail-order Programs, Medicare saved approximately \$3.6 billion, and data indicate that its implementation is going smoothly, with few inquiries or complaints and no negative impact to beneficiary health outcomes.

To ensure continued success, Medicare employs a wide range of resources to monitor the Program, including the 1-800-MEDICARE call center, an ombudsman program, local environmental scanning, secret shopping, and a sophisticated real-time claims monitoring system.

Importantly, the Program has maintained beneficiary access to quality products from accredited suppliers in all CBAs. Extensive real-time monitoring data have shown successful implementation with very few beneficiary complaints and no negative impact on beneficiary health status based on such measures as hospitalizations, length of hospital stay, and number of emergency room visits compared to non-competitive bidding areas. Health outcomes data are available at <https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/DMEPOSCompetitiveBid>.

In addition to real-time claims monitoring, the Centers for Medicare and Medicaid Services (CMS) also requests feedback from beneficiaries through consumer satisfaction surveys conducted throughout the Program. CMS provides a local, on-the-ground presence in each CBA through the CMS regional offices, local liaisons, and a Competitive Acquisition Ombudsman. The ombudsman closely monitors and responds to inquiries and complaints about the Program from beneficiaries who use DMEPOS items under the Program, contract suppliers who provide these items, and other stakeholders. There is also a formal complaint process for beneficiaries, caregivers, providers, and suppliers for reporting concerns about contract suppliers or other competitive bidding implementation issues.

The DMEPOS Competitively Bid Items are:

- ◆ Commode chairs
- ◆ Continuous positive airway pressure (CPAP) devices and related supplies
- ◆ Diabetes Testing Supplies (mail-order only)*
- ◆ Enteral nutrient equipment and supplies
- ◆ External infusion pumps and supplies**
- ◆ Hospital beds and related accessories
- ◆ Nebulizers (standard) and related supplies
- ◆ Negative Pressure Wound Therapy (NPWT) pumps and related supplies
- ◆ Oxygen and related equipment and supplies
- ◆ Patient lifts

- ◆ Respiratory assist devices (RADs) and related supplies
- ◆ Scooters and related accessories
- ◆ Seat lifts
- ◆ Support Surfaces (group 1 and group 2)
- ◆ Transcutaneous electrical nerve stimulation (TENS) devices
- ◆ Walkers
- ◆ Wheelchairs (standard power or manual) and related accessories

* Includes 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. Does not include glucose meters.

** Only included in the Program in certain areas. These items won't be included in the Program beginning January 1, 2017.

Table 1. Competitive Bidding Areas (CBAs) by State

State	CBA Name
AL	Birmingham-Hoover
AR	Little Rock-North Little Rock-Conway
AZ	Phoenix-Mesa-Scottsdale Tucson
CA	Bakersfield Fresno Los Angeles County Orange County Oxnard-Thousand Oaks-Ventura Riverside-San Bernardino-Ontario* Sacramento-Roseville-Arden-Arcade San Diego-Carlsbad San Francisco-Oakland-Hayward San Jose-Sunnyvale-Santa Clara Stockton-Lodi Visalia-Porterville
CO	Colorado Springs Denver-Aurora-Lakewood
CT	Bridgeport-Stamford-Norwalk Hartford-West Hartford-East Hartford New Haven-Milford

Table 1. Competitive Bidding Areas (CBAs) by State (cont.)

State	CBA Name
DC	Washington
DE	Wilmington
FL	Cape Coral-Fort Myers Deltona-Daytona Beach-Ormond Beach Jacksonville Lakeland-Winter Haven Miami-Fort Lauderdale-West Palm Beach* North Port-Sarasota-Bradenton Ocala Orlando-Kissimmee-Sanford* Palm Bay-Melbourne-Titusville Tampa-St. Petersburg-Clearwater
GA	Atlanta-Sandy Springs-Roswell Augusta-Richmond County Catoosa, Dade and Walker Counties
HI	Honolulu
IA	Council Bluffs
ID	Boise City
IL	Aurora-Elgin-Joliet Chicago-Naperville-Arlington Heights East St. Louis Lake and McHenry Counties
IN	Dearborn, Franklin, Ohio and Union Counties* Gary Indianapolis-Carmel-Anderson Jeffersonville-New Albany
KS	Kansas City-Overland Park-Ottawa* Wichita
KY	Covington-Florence-Newport* Louisville-Jefferson County
LA	Baton Rouge New Orleans-Metairie
MA	Boston-Cambridge-Quincy Bristol County Springfield Worcester
MD	Baltimore-Columbia-Towson Calvert, Charles and Prince George's Counties Silver Spring-Rockville-Bethesda

Table 1. Competitive Bidding Areas (CBAs) by State (cont.)

State	CBA Name
MI	Detroit-Warren-Dearborn Flint Grand Rapids-Wyoming
MN	Minneapolis-St. Paul-Bloomington
MO	Kansas City* St. Louis
MS	Jackson South Haven-Olive Branch
NC	Asheville Charlotte-Concord-Gastonia* Greensboro-High Point Raleigh
NE	Omaha
NH	Rockingham and Strafford Counties
NJ	Camden Elizabeth-Lakewood-New Brunswick Jersey City-Newark
NM	Albuquerque
NV	Las Vegas-Henderson-Paradise
NY	Albany-Schenectady-Troy Bronx-Manhattan Buffalo-Cheektowaga-Niagara Falls Nassau, Kings, Queens and Richmond Counties Port Chester-White Plains-Yonkers Poughkeepsie-Newburgh-Middletown Rochester Suffolk County Syracuse
OH	Akron Cincinnati* Cleveland-Elyria* Columbus Dayton Toledo Youngstown-Warren-Boardman
OK	Oklahoma City Tulsa
OR	Portland-Hillsboro-Beaverton

Table 1. Competitive Bidding Areas (CBAs) by State (cont.)

State	CBA Name
PA	Allentown-Bethlehem-Easton Mercer County Philadelphia Pittsburgh* Scranton-Wilkes-Barre-Hazleton
RI	Providence
SC	Aiken and Edgefield Counties Charleston-North Charleston Chester, Lancaster and York Counties* Columbia Greenville-Anderson-Mauldin
TN	Chattanooga Knoxville Memphis Nashville-Davidson-Murfreesboro-Franklin
TX	Austin-Round Rock Beaumont-Port Arthur Dallas-Fort Worth-Arlington* El Paso Houston-The Woodlands-Sugar Land McAllen-Edinburg-Mission San Antonio-New Braunfels
UT	Salt Lake City
VA	Arlington-Alexandria-Reston Richmond Virginia Beach-Norfolk-Newport News
WA	Seattle-Tacoma-Bellevue Vancouver
WI	Kenosha County Milwaukee-Waukesha-West Allis Pierce and St. Croix Counties
WV	Huntington

* External infusion pumps and supplies are included in the Program in these areas only. The items will no longer be included in the Program beginning January 1, 2017.

Rounds of the DMEPOS Competitive Bidding Program

Round 1 Areas—The Program began in these areas on January 1, 2011. Current Round 1 Re compete contracts and prices have been in place since January 1, 2014. The next round of competition for these areas is scheduled to be implemented on January 1, 2017.

Round 2 Areas—The Round 2 and the national mail-order Programs for diabetes testing supplies were implemented on July 1, 2013. Round 2 Recompete and the national mail-order recompete contracts and prices are scheduled to become effective on July 1, 2016.

For a list of the specific items in each product category, or for a list of the areas included in Round 2 Recompete, visit the Competitive Bidding Implementation Contractor website at www.dmecompetitivebid.com.

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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