

Centers for Medicare & Medicaid Services
Special Open Door Forum:
Medicare Durable Medical Equipment, Prosthetics, Orthotics, and Supplies
(DMEPOS) Competitive Bidding Program Bidders' Conference-
Learn the Rules to Submit a Bid Successfully

Wednesday, September 2, 2009
2:00 pm-3:00 pm Eastern Time
Conference Call Only

Please join us for the second in a series of eight Special Open Door Forum (ODF) bidders' conferences for the Round 1 Rebid of the Medicare durable medical equipment, prosthetics, orthotics, and supplies (DMEPOS) competitive bidding program. At this Special ODF, we will provide an overview of the competitive bidding areas (CBAs), product categories, and important rules to remember when submitting your bid(s). In addition, we will discuss eligibility requirements such as supplier standards, subcontracting, licensure, bonding, and accreditation. We will also provide an overview of special rules for physicians and treating practitioners, skilled nursing facilities, and hospitals.

Reminder: Registration for user IDs and passwords is open. It's important for suppliers to register early to avoid delays in accessing the online bidding system when bidding opens.

Background:

On August 3, 2009, the Centers for Medicare & Medicaid Service (CMS) issued the bidding timeline for the Round 1 Rebid of the DMEPOS competitive bidding program and initiated a comprehensive bidder education campaign. CMS' Competitive Bidding Implementation Contractor (CBIC) is the focal point for bidder education. Please visit the CBIC's dedicated website, <http://www.dmecompetitivebid.com> for important information, including bidding rules, user guides, frequently asked questions, policy fact sheets, checklists, and bidding information charts. The CBIC toll-free help desk, 1-877-577-5331, is open to help bidders with all of their questions and concerns. All suppliers interested in bidding are urged to sign up for e-mail updates on the home page of the CBIC website.

We look forward to your participation.

Special Open Door Participation Instructions:

Dial: 1-800-837-1935 & Reference Conference ID: 23044340

Note: TTY Communications Relay Services are available for the Hearing Impaired. For TTY services dial 7-1-1 or 1-800-855-2880. A Relay Communications Assistant will help.

An audio recording of this Special Forum will be posted to the Special Open Door Forum website at http://www.cms.hhs.gov/OpenDoorForums/05_ODF_SpecialODF.asp and will be accessible for downloading beginning Friday, September 11, 2009.

For Open Door Forum schedule updates, E-Mailing list subscriptions, and to view Frequently Asked Questions please visit our website at <http://www.cms.hhs.gov/opendoorforums/>.

Thank you for your interest in CMS Open Door Forums.

Audio file for this transcript:

<http://media.cms.hhs.gov/audio/DMEPOSCometBid090209.mp3>

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Special Open Door Forum:
Medicare Durable Medical Equipment, Prosthetics, Orthotics and Supplies
(DMEPOS) Competitive Bidding Program Bidders' Conference-
Learn the Rules to Submit a Bid Successfully
Moderator: Natalie Highsmith
September 2, 2009
2:00pm-3:00 p.m. ET

Operator: Good afternoon. My name is Shawn and I'll be your conference operator today. At this time I'd like to welcome everyone to the Centers for Medicare & Medicaid Services Special Open Door Forum on Medicare Durable Medical Equipment, Prosthetics, Orthotics, and Supplies Competitive Bidding Program Bidders' Conference.

All lines have been placed on mute to prevent any background noise. After the speakers' remarks, there will be a question and answer session. If at that time you have a question, press star then the number one on your telephone keypad. And if you'd like to withdraw your question, press the pound key.

Thank you. Miss Highsmith, you may begin your conference.

Natalie Highsmith: Thank you, Shawn, and good day to everyone and thank you for joining us for this Special Open Door Forum. Today, experts will provide an overview of the competitive bidding areas, product categories and important rules to remember when submitting bids. As always, you can visit the CBIC's dedicated website at www.dmecompetitivebid.com for important information and updates including the PowerPoint slides for today's call.

I would now turn the call over to Ms. Martha Kuespert. Martha?

Martha Kuespert: Thanks, Natalie. Good afternoon, everybody, and thank you all very much for joining us for our second bidders conference for the round one rebid of the DMEPOS competitive bidding program.

As with the previous sessions, we would like to encourage everybody to submit feedback and comments about this Open Door Forum. There will be an e-mail address at the end of the program and without further ado, I'd like

to pass the torch to Cindy Dreher, the policy and content lead for the Competitive Bidding Implementation Contactor who will be doing the presentation today. Cindy?

Cindy Dreher: Thank you, Martha, and good afternoon or good morning to the callers on the west coast.

You can find a list of the calls in this series on our website, as Natalie said, at dmecompetitivebid.com.

Our next call is going to be on September the 16 at 3:30 Eastern Time and that's when we're going to discuss what you need to consider before you submit your bid, such as the contract terms and payment policies like grandfathering and the traveling beneficiary.

As a reminder, you don't need to register ahead of time for these Special Open Door Forum calls, you just call in and provide the code. And if you don't have a copy of today's presentation, then you need to go to the website and click on the Open Door Forum calendar that's on the home page and select the day's link for today's call.

Also I want to encourage you to take advantage of the many helpful resources and tools on the website that will help you with the bidding process. There are sample forms for example, a checklist, a financial requirements chart and worksheet.

At the conclusion of the presentation today we're going to open up the phone lines, like we've done in the past, to take your questions about the bidding rules that we're going to discuss today. If you have questions on other topics or other bidding rules, then we ask that you hold those for future calls, or you can call the customer service center or e-mail us from our website. And I'll give you that contact information at the end of the presentation.

An audiocast and a transcript of each call will also be posted on the CMS website and linked from our website so you'll be able to access the audio and the transcript from both websites.

And just as a quick reminder, most of you know I'm sure, that registration is now open and we strongly encourage the authorized officials to register no

later than September the 14th so that back up authorized officials and end users have time to register before bidding begins.

We also recommend that the backup authorized officials register no later than October the 9th so that they can assist the authorized officials with approving end users registration requests.

Registration is going to close on November the 4th, 2009 at 9:00 p.m. Eastern Time. No authorized officials, back up authorized officials or end users can register after registration closes. So to register you just go to the website, dmecompetitivebid.com, click on Suppliers on the home page and then choose Registration.

Next page. During the next hour we're going to talk about some specific bidding rules. You can find the bidding rules, instructions, and forms in the RFB or the request for bids, which is posted on the website. Go to Suppliers and then select Bidding Process.

Other rules and instructions will be discussed – excuse me, in future calls.

The first topic I'll discuss is the competitive bidding areas or the CBA. Next I'll outline the product categories that are included in the rebid of the first round. I'll then discuss one particular product category which is mail order diabetic supplies. Then I'll explain who is eligible to submit a bid application and the eligibility criteria and I'll explain the common ownership and common control bidding rules.

We'll talk about who is exempt from submitting a bid and may still provide competitively bid items. And I'll briefly discuss special rules for skilled nursing facilities and nursing facilities.

Finally, I'll discuss the bid amount. What should be included in the bid amount and what is considered a realistic or a bona fide bid amount.

Next page. Listed on this page, you'll see the areas included in the rebid, MIPPA or the Medicare Improvements for Patients and Providers Act of 2008 very explicitly requires that the rebid be conducted in the same areas as round one with the exception of San Juan, Puerto Rico.

The Office of Management and Budget, or OMB, has changed the name of the metropolitan statistical area for the Miami CBA since round one. So the CBA is now called Miami, Fort Lauderdale, Pompano Beach. It's important that you know that the geographic area did not change, only the name has changed.

CBAs are identified by zip codes and the programs going to be conducted for are essentially the same zip codes that were included in round one. If there were zip code changes since round one then we've incorporated those changes. For example, if a zip code was split into two new zip codes, then we've included both new zip codes in a CBA. Also if a zip code was deleted from an area then we remove that zip code from the CBA. We've not added any new zip codes that expanded the geographic area or the boundaries of the CBA.

You can find a CBA fact sheet on the website and you'll also find maps and a listing of the zip codes included in each CBA. We've provided that listing in both Excel and PDF formats for your convenience. There's also a zip code look up tool on the homepage where you just simply enter in the zip code and the tool will tell you whether that zip code is included in CBA and you could also search by CBA.

Next page. MIPPA also explicitly requires that we complete the same items and services in the round one rebid as were previously bid in round one. And the exceptions to this are negative pressure wound therapy product category, which is excluded from the rebid of round one and group three complex rehab power wheelchairs which are excluded permanently from the competitive bidding program.

We've received some questions whether it's possible to exclude other items that were included in round one from the round one rebid and this is not legally permissible because MIPPA has specific direction as to what product categories must be included in the rebid. So we are limited by MIPPA's regulations. Therefore we will conduct the round one rebid for essentially the same HCPCS codes that were included in round one. However some adjustments were made in accordance to the final rules section that addresses changes in HCPCS codes.

Also, in light of MIPPA amendments, we have made exceptions for obsolete codes and codes which are no longer separately payable, such as the oxygen accessories.

There's a fact sheet on the website on the product categories and you'll also find a list of the HCPCS codes included in each product category on the website and we've provided this list also for you in Excel and PDF formats.

Next page. You probably noticed on the last slide that there is one product category that is mail order only. Diabetic testing supplies such as lancets, test strips and batteries that are provided through mail are included in the program. However, glucose monitors are not included. This product category also does not include items obtained by the beneficiary from local storefronts. Beneficiaries may choose to obtain their diabetic testing supplies from either storefront or through mail order. If the items are delivered by a common carrier then the supplier must be a contract supplier. Mail order contract suppliers will be reimbursed a single payment amount for the CBA where the beneficiary maintains a permanent residence.

Now, the term mail order refers to items that are ordered remotely as by phone, e-mail, internet or mail and delivered to the beneficiaries residence by a common carrier. Common carriers in its basic meaning includes individuals or companies that transport goods or cargo, such as diabetic testing supplies for compensation. This includes common carriers such as the U.S. Postal Service, Federal Express, United Parcel Service or UPS or any other shipping or courier service companies. This means that suppliers that pay a common carrier to transport diabetic testing supplies to Medicare beneficiaries' homes are furnishing mail order diabetic supplies even if the suppliers have contract arrangements with the common carrier to deliver these items.

Diabetic supplies delivered by a local storefront using its own vehicles and W2 employees are not considered common carriers and so they are not included in the competitive bidding program.

Next page. So who's eligible to submit a bid? Any Medicare enrolled DMEPOS supplier that meets program requirements is eligible to submit a bid. And suppliers do not have to be physically located in the CBA to submit a bid for that CBA.

However, any supplier who submits a bid must meet quality standards, accreditation and licensure requirements for that product category in that CBA. A supplier may only submit a bid if it already has an existing location that can service the CBA. When awarded the contract and the contracts are awarded to those locations that are listed on form A and B on DBidSs, which is the online bidding system, that have an active NSC number and meet other eligibility requirements.

Next page. So let's talk about those criteria. First of all, all locations, both inside and outside of the CBA that furnish bid items to beneficiaries who reside in or visit the CBA must be listed on form A and B in DBidS. Each location must have an active NSC number which is also known as a PTAN, provider transaction access number, they must be accredited for the applicable product category and have the required state licenses at the time of bid submissions.

During the registration and bidding process, we will verify bidder submitted information with what is on file with the National Supplier Clearinghouse or the NSC.

Each location must be accredited for the product categories for which the supplier is submitting a bid. Now time, as you know, is quickly running out to obtain accreditation by the – September 30, 2009 deadline or risk having billing privileges revoked on October the 1st.

As a reminder, MIPPA also requires that suppliers, including those who are subcontractors, be accredited regardless of whether they are participating in the competitive bidding program.

To be eligible to bid, suppliers must also have surety bonds. As you know, regulations require that suppliers obtain and submit a surety bond to the NSC by the October 2, 2009 deadline or risk having their Medicare Part B billing privileges revoked. You can find a list of surety bonds or sureties from which a bond can be secured on the Department of the Treasury's website which is shown on this page. You may also find information on the CMS website and on the NSC website.

Next page. Each location furnishing the bid items must also have the required state licensure for the sale and/or distribution of that specific

product category. So before you submit your bid you must have a copy of applicable state license on file with the NSC.

Next page. Every location must be licensed in the state where it performs services or provides items. Now some CBAs include multiple states. If a supplier has only one location in the multiple state CBA, then that one location must meet the license requirements of each state in the CBA. For example, a supplier is bidding in Cincinnati-Middletown CBA, and that includes the states of Ohio, Kentucky, and Indiana, that only has a location in Ohio, then that location must have licensures for Ohio, Kentucky, and Indiana.

However, if a supplier has one location or more in each state and those locations only service beneficiaries in that state, then that location is only required to be licensed for that state. For example, for the Charlotte-Gastonia-Concord CBA, which is North Carolina and South Carolina, the locations in North Carolina must have the state licenses to provide the competitive bidding item in North Carolina and the locations in South Carolina must have the state licenses to provide the competitive bidding item in South Carolina.

However, each location does not have to be licensed for both states, unless that location is providing items in both states. Contracts are only awarded to suppliers whose locations meet state licensure requirements. CMS has been reminding suppliers since May to get the necessary licenses to be prepared for the competitive bidding program. So if you haven't acquired the necessary licenses for the CBA in which you will compete you need to do that now. Remember if you're missing any required licenses, you cannot be awarded a contract.

Next page. Now, let's talk about subcontracting and how it relates to the competitive bidding program. Suppliers participate in the competitive bidding program must of course comply with all supplier standards. These standards limit subcontracting services to three situations. One is the purchase of inventory. Two, the repair of rented equipment. And three, the delivery and instruction on the use of a Medicare covered item. All other functions and services should be provided directly by a contract supplier.

MIPPA requires that contract suppliers notify CMS of any subcontracting relationships that they have entered into for purposes of furnishing items and services under the program. They must also disclose whether the subcontractor meets any accreditation and state licensure requirements necessary to furnish those services. All subcontracting relationships should be disclosed on form B in DbidS, during the bidding process. After the award, contract suppliers must notify CMS within 10 business days of entry into a subcontracting agreement.

MIPPA also requires that suppliers that serve as subcontractors be accredited by a CMS approved accreditation organization and abide by the quality standards unless one of the professional exemptions apply.

If you decide to do business through the use of a subcontractor, you as a contract supplier as well as a subcontractor must have the applicable state licenses.

Next page. We've talked about what services a supplier may subcontract and again that's the purchase of inventory, the delivery and instruction on the use of a Medicare covered item, and the repair and maintenance of rented equipment. What a supplier may not subcontract for are services such as intake and assessment, coordination of care with the physicians, submitting claims on behalf of the beneficiary, ownership and responsibility of the equipment furnished to the beneficiary and sharing product safety and so forth. It's very important that contract suppliers remember that they are ultimately responsible for the items and services they provide directly or through the use of the subcontractor.

Next page. As a reminder, selling referrals is illegal and is prohibited under the Federal Antikickback laws. Violations of the Antikickback law or other fraudulent activities should be referred to the Office of Inspector General Hotline which is 1-800 HHS-TIPS, T-I-P-S.

Also a supplier may not contract with any entity that is currently excluded from the Medicare program, any state healthcare programs or from any other Federal government executive branch procurement or non-procurement program or activity and you can find a fact sheet on subcontracting on our website and there's also additional information on the NSC website about licensure requirements, subcontracting, and the supplier standards.

Next page. Now let's talk about the common ownership and the common control rule. First, let's define these terms. Supplier organizations are commonly owned if one or more of them have an ownership interest holding at least five percent in the other. The term common – the term ownership interest is defined in the final rule with the position of equity in the capital, the stocks, or the profits of another supplier.

Commonly controlled organizations are those where one or more of the organization's owners is also an officer, director, or partner in another supplier. The rule states that suppliers may not bid against themselves for the same product category in the same CBA. So supplier organizations that are commonly owned or that are commonly controlled are considered one bidder and must submit one bid that includes all locations owned or controlled by the supplier organization that will furnish bid items in the CBA.

For example, if you have three suppliers, all who own greater than five percent of each other, then the three suppliers are required to register one time with one NSC number and submit one bid, which includes all of their locations that furnish the product category for the CBA. Separate bids submitted for the same product category in the same CBA by supplier organizations that are commonly owned or commonly controlled will be disqualified. If a contract is awarded to a commonly owned or commonly controlled supplier then the contract would include all those locations that were provided on form A that have an ownership or controlling interest in each other.

Next page. The next rule is bid amounts. Suppliers must bid on all the items in the product category but may only submit one bid amount for each item. The bid amount cannot exceed the current fee schedule amount for the CBA where the supplier is submitting a bid. Any bid that exceeds this amount will be rejected for that product category in the CBA. Now the bidding form is going to identify if the bid amount should be a purchase or a rental bid amount. Except for oxygen, the bid amount should be for the purchase of a new item.

Now, this does not mean that the item will be paid by Medicare on either a rental or a purchase basis. For example, in the capped rental category, we're

asking for a purchase bid amount. However, payment will be based on the rental basis, as is current policy.

Rental payment for months one through three will be equal to 10 percent of the median winning purchase bid and for months four through 13, it will be based on seven and a half percent of the median winning purchase bid. The total payments over the 13 month period will equal to 105 percent of the median winning bid. Now this is similar to the current standard payment rules for capped rental DME where rental payments for months one through 13 are based on percentages of historic purchase fee for the item. Currently total payments over 13 months equals 105 percent of the historic purchase amount.

Also, bid amounts must be bona fide, feasible, or realistic. You must be able to support the amount by a manufacturer's invoice or other documentation that verifies that the item can be purchased for that amount.

Loss leader bids, and that's where an extremely low bid amount is submitted for one item and other items are realistically bid are not acceptable. If the amount for one item in the product category is found to be not bona fide, then the bid for that product category in the CBA will be disqualified.

It's critically important that the bid amounts be very carefully reviewed before the bid application is certified and before bidding closes. We noticed in round one that some suppliers submitted a rental amount when it should have been a purchase amount and some amounts were inadvertently keyed incorrectly. So please be careful and review your bid amounts.

As I mentioned earlier, we have created worksheets that may be used to assist you in determining your bid amount and estimated capacity. A worksheet is provided for each product category in the CBA and they may be found on the website by clicking on bidding process.

Next page. Now who is not required to bid and can continue to provide bid items in the CBA. Physicians and treating practitioners and those are defined in the final rule as physician assistants, nurse practitioners and clinical nurse specialists have the option to furnish certain types of competitively bid items to their own patients without submitting a bid, if the bid item is provided as part of the office visit.

For the round one rebid, the only applicable competitively bid item that they may furnish is a walker. The physician or treating practitioner will be paid the single payment amount for the CBA where the beneficiary resides.

Likewise, hospitals that provide walkers to their patients upon admission or discharge and bill the daily benefit under part B are not required to bid and be awarded a contract. However, a hospital owned DME business is required to bid and must be awarded a contract to furnish bid items.

Skilled nursing facilities and nursing facilities are not exempt and they must bid to provide the enteral product category or the bid item to their residents. However, they may bid as a specialty supplier, which means that they're not required to service the entire CBA, but only their own residents. Additional information on this provision maybe found on the SNFs and NFs, skilled nursing facility and nursing facility, fact sheet which will be posted onto the website very shortly.

And next page. You may call the competitive bidding program customer service center at 1 877 577-5331 if you have any questions and we're open from 9:00 in the morning to 9:00pm eastern time, Monday through Friday.

As I mentioned earlier the (CBIC) website has many resources and tools that have been developed to provide you with valuable assistance as you go through the bidding process. So please review these resources and new fact sheets in addition to the SNFs and NFs that I just mentioned will be posted to the website very soon.

If you have any questions about enrollment, accreditation, licensures, subcontract and a surety bonds, you can find information on the NSC as well as on the CMS website which also includes other important information about the program.

Before we take your questions, I again want to remind everyone that registration is now open. Authorized officials should be registered by September 14, and that is the Monday following Labor Day. We strongly encourage the backup authorized officials again to be registered by October the 9 and early registration just allows time for the authorized official and the backup authorized official to approve other requests to have access to DbidS

and to make any necessary updates or changes before registration closes on November 4.

After the registration – and excuse me, and as another reminder the registration and the CBIC call center will be closed over the Labor Day holiday weekend from Friday September the 4th at 9:00 p.m. and will reopen on Tuesday September the 8th, at 9:00 a.m. Eastern Time.

OK, this concludes the formal presentation and now we will open the lines for your questions.

Natalie Highsmith: OK, Shawn, if you can just remind everyone on how to get into the queue to ask their question. And everyone, please remember when it is your turn to restate your name, what state you are calling from and what provider or organization you are representing today. And please, keep your questions to one per person because we do have quite a few people on the phone lines today and please keep it to the subject at hand today which is on how to submit a successful bid. Shawn?

Operator: At this time, I'd like to remind everyone, in order to ask a question, press star then the number one on your telephone keypad. We'll pause for just a moment to compile the Q&A roster.

Your first question comes from the line of Robert Brandt from Florida. Your line is open.

Robert Brandt: Thank you. I'm calling from City Medical in Miami Florida. I had a question regarding the bona fide bid. Since November of 2008 with the new compliance regulations with CPAP you talked about having a bona fide bid that would be checked against any invoice. Have you provided any study to show the actual costs involved to visit the patient, to download information, to show patient compliance, how many times that would be necessary to be done to prove patient compliance and if we might be able to get a copy of that study.

Hello?

Cindy Dreher: I'm sorry. Thanks for the question. That – those services that you just mentioned are included in the fee schedule amount and this has been – this is the current policy. So for other types of product categories, for instance, the

delivery and set up and all those types of services are included in the fee schedule amount. So what we're asking, and the rules say that you have to bid – submit a bid amount that's less than the fee schedule now, that is realistic and that upon request if we ask you to support that amount if you could by sending us a manufacturer's invoice.

Robert Brandt: So just a manufacturer's invoice on these higher premium CPAP machines that have download capability but really nothing about tracking down the patient and downloading their CPAP usage, any of those things (inaudible) ...

Cindy Dreher: No, you just have to send us verification of documentation that you can actually purchase that item for that amount.

Robert Brandt: OK, thank you.

Cindy Dreher: Thank you.

Martha Kuespert: Hi, this is Martha Kuespert. If I could just add, it would be the supplier that needs to provide documentation as to why the bid is a reasonable bid. You know, it's not our place to tell you what your bid should be or what your costs are. Thank you.

Natalie Highsmith: OK ...

Operator: Your next question comes from the line of Sean Schwinghammer from Florida. Your line is open.

Shawn Schwinghammer: Yes, hello there. There's a provider in Pensacola who wants to bid in Miami. They have an oxygen license in the state. Whereas Pensacola is almost a 12 hour drive from Miami, 11.5 hours from Miami. Is there anything else that they need to do other than having oxygen license to be able to be qualified to make a bid in Miami?

Cindy Dreher: Shawn as we talked about that you can bid in a CBA that you – where you don't have a physical location but the rule is that your existing locations must be able to provide all the required services. So that means that they would have to comply with the – all of the rules of eligibility that supply – that location. They'd also be able to have to set up, deliver, service any other kind of requirement that's outlined in the policies. So it is permissible to bid

outside of the CBA, but you could not do that with the intent of opening a location should you be awarded a contract.

Shawn Schwinghammer: So is there anything – so is there anything else that they need to do that they can service it once they get a contract they'll have a location?

Cindy Dreher: They don't need to (inaudible) ...

Shawn Schwinghammer: They already have a – they already have an oxygen license.

Cindy Dreher: That they can do that. They just must be able to do it from that location. And they determine they want to subcontract certain portions of that, such as the set up and delivery of the equipment then they must be in compliance with the supplier standards with regards to that.

Shawn Schwinghammer: I see, so there are no other restrictions and nothing else they have to do, as long as they say that they can do it, and they will comply, even if they're going to subcontract they're allowed to do so.

Cindy Dreher: As long as they're doing it within the requirements of the program and the supplier standards.

Shawn Schwinghammer: Alright. I understand, thank you.

Cindy Dreher: Thank you.

Operator: Your next question comes from the line of Hala Bou Hamdan from Texas. Your line is open.

Hala Bou Hamdan: This is Richard, Home Medical Equipment, Texas. The – you had broke down the rental payments for the capped rental for the 13 months but you did not give an example of the oxygen. I mean we have to assume at a purchase price for the concentrator, but how is that paid out? Is it still going to be based on the 36 month and the five year coverage?

Cindy Dreher: The oxygen category is bid on as a rental – monthly rental. It's not bid on as a purchase for a new item. So you're going to submit your bid amounts on a rental basis.

Hala Bou Hamdan: Earlier you said the oxygen would be done as a purchase.

Cindy Dreher: No, just DME. I said that the oxygen was the only category that you were going to submit a bid amount for the rental, a monthly rental.

Hala Bou Hamdan: OK. So, everything else we do a purchase but the oxygen we do a monthly rental bid amount.

Cindy Dreher: Right. You may want to go out there to the website and look at these worksheets because it will give you each HCPCS code in all the product categories and explain how to put – submit a bid amount, whether it's on a purchase or rental, but oxygen category is the only one that you're going to submit a bid amount for the rental.

Hala Bou Hamdan: OK, thank you.

Cindy Dreher: You're welcome.

Female: (Inaudible).

Male: I'm not sure, just the opposite.

Female: (inaudible).

Operator: Your next question comes from the line of Jerry Waller from California. Your line is open.

Jerry Waller: Hi, Jerry Waller from OptiOne Home Medical Equipment. I know you said one question, I'll try to sneak two quick ones, they're very important to us.

Number one, regarding the financial documents required in hard copy, I understand that the submission date on those, the last date is 11/21. My question is there seems to be a bit of a different – well, let me just put it this way, the credit score and credit reporting this year, are there examples or I believe last time we had some examples given to us by CMS or the CBIC in regarding accepted credit reporting entities and formats. Is there anything like that available? I have not been able to find that.

Cindy Dreher: We're going to talk about the financial documentation and requirements in a future ...

Jerry Waller: OK.

Cindy Dreher: Open door forum.

Jerry Waller: That'd be another one? OK.

Cindy Dreher: Yes, but ...

Jerry Waller: Then lets (inaudible) ...

Cindy Dreher: There are instructions in the RFB on the submission of financial documents.

Jerry Waller: Right. (Seen it).

Cindy Dreher: And there are sample forms out there, but we will be discussing that in the future.

Jerry Waller: OK, very quick the second question, I want to make sure I'm understanding something. To prove a bona fide bid, are you suggesting that the provider must submit documentation for every single (hit) ...

Cindy Dreher: Oh, no, no.

Jerry Waller: OK, I thought I got that from one of the other questioners. Wanted to be sure of that.

Cindy Dreher: No, only upon request.

Jerry Waller: Yes, that's what I thought.

Cindy Dreher: If we have any question during the bid evaluation phase ...

Jerry Waller: So if we bid ...

Cindy Dreher: About the bid amount ...

Jerry Waller: If we bid \$8 for a ...

Cindy Dreher: (Inaudible) a letter and ask you to submit us some documentation to verify that bid amount for that particular item.

Jerry Waller: So if we submit \$8 for a new CPAP machine you're probably going to question that?

Cindy Dreher: If it's not bona fide then we'll send you a letter.

Jerry Waller: OK, thank you.

Cindy Dreher: Thank you.

Operator: Your next question comes from the line of Alexandra Bennewith from Virginia. Your line is open.

Alexandra Bennewith: Yes, good afternoon. Thank you Cindy for a good presentation. It's Alex with AA Home Care.

Cindy Dreher: Thank you.

Alexandra Bennewith: Thanks. If you wouldn't mind, I know that a lot of people do have questions about the bid amounts and you did break it down a little bit. Would you mind going over that piece for the amounts that you stated earlier?

Cindy Dreher: Let's see, specifically what you need to do is to submit a bid amount that's less than the fee scheduled amount – equal to or less than the fee schedule amount and it has to be realistic, that means bona fide, being that its feasible and can be supported by some type of documentation and you've got to submit an amount for each item in the product category.

Alexandra Bennewith: And you said total payments for the rental over 13 months you said 105 percent of the historic purchase amount.

Cindy Dreher: That doesn't have anything to do with the submitted bid amount. That's just explaining to you how we would pay for the items if you awarded a contract to provide that piece of equipment.

Alexandra Bennewith: That's what I – that's what I wanted clarification on from you.

Cindy Dreher: Yes, that has nothing to do with how you calculate your bid amount.

Alexandra Bennewith: Yes, that's right. Thank you.

Cindy Dreher: You're welcome.

Operator: Your next question comes from the line of Robert Petasne from Florida. Your line is open.

Robert Petasne: Hi. I was wondering if besides the standard business license would there be any other license, state license requirements for mail order diabetic supplies?

Cindy Dreher: If you have any questions about licensure then we ask if you'd go to the NSC website and review the licensure charts that are out there. You'll also find information about who to contact for that particular state and what their requirements are.

Robert Petasne: OK, very good. One other quick question. On the financial info requirements, are there any guidelines or parameters that define non-eligibility or disqualifications for the competitor bidding?

Cindy Dreher: I'm not sure I'm following you. Now the financial requirements, what type of documents are required are posted on the website?

Robert Petasne: Right. I understand you have a list of documents but my question goes when you analyze the information is there any type of information, for example, is there a minimum credit score? Is there a minimum annual sales, et cetera?

Cindy Dreher: No, we do provide you with the measures that we use as financial ratios, but we don't provide any specific requires or scores that you need for bidding.

Robert Petasne: OK, all right. Thank you very much.

Operator: Your next question comes from the line of Patricia Robinson from West Virginia. Your line is open.

Patricia Robinson: Hi, this is Patty with Tri State Medical. How are you?

Cindy Dreher: Great, thanks.

Patricia Robinson: Good, you know and I do – I'm going to try and sneak in a two part question and it's in reference to the mail order. Does it state if you were going to do mail order that you a had to be contracted with Medicare if your non-contracted can you become contracted to place your bids in the CBAs at this point? Or did you already have to be contracted?

Cindy Dreher: Let me see if I understand your question, in order to submit a bid you've got to be a Medicare enrolled supplier, meaning you have to be enrolled with the national supplier clearing house.

Patricia Robinson: Right.

Cindy Dreher: It will attach – assigned you a PTAN or an NSC number and you have to be accredited.

Patricia Robinson: Right, all that we are, I'm a little confused then with the contracted, non-contracted. What does that mean when you are talking about ...?

Cindy Dreher: That just means that if you are using a courier service or paying a courier service to deliver your items ...

Patricia Robinson: Yes.

Cindy Dreher: If you've contracted with a courier service to deliver your items then you would be considered a mail order supplier and would need to compete and be awarded a contract.

Patricia Robinson: Oh, OK. OK, that was what I was a little unclear on when you were going over that. And then, do you have to be licensed for each – under each state that you're competitively bidding for the mail order?

Cindy Dreher: Again, you need to go to the NSC website and review the licensure requirement charts for each state and they service ea guideline for you.

Patricia Robinson: OK, so if you're a mail order ...

Cindy Dreher: And they have contact information on those charts for the state agency and you just give them a call and find out what the state requirements are.

Patricia Robinson: OK, so if you're going to be a mail order and working from one location but you know submitting courier that you could possibly need to be licensed in every state.

Cindy Dreher: Yes, each state has different types of requirements.

Patricia Robinson: OK.

Cindy Dreher: And so you just need to check with the state.

Patricia Robinson: OK, thank you so much.

Cindy Dreher: Thank you.

Operator: Your next question comes from the line of Andrew Onofrio from Florida.
Your line is open.

Andrew Onofrio: Hi, thank you very much for taking my question.

Cindy Dreher: You're welcome.

Andrew Onofrio: Again, it's going to go back to this issue of licensure. As a diabetic supplier here in Florida, most diabetic suppliers provide patients throughout the entire United States. There may be several states that you cannot obtain a license in unless you have the physical presence within that state. How will that affect the competitive bids?

Hello?

Cindy Dreher: If you contact that state agency and they say you have to have a physical location in that state?

Andrew Onofrio: Yes?

Cindy Dreher: Then you've got to comply with those state requirements to obtain that licensure. And so that's why we ask that you contact each state's licensing agency to find out specifically what their state requirements are.

Andrew Onofrio: Well, that will preclude certain diabetic suppliers from providing to patients in those other states and that sort of narrows down the ability to make this a viable business.

Cindy Dreher: Right. Well, the rule is if you have to be licensed to provide that specific product category in that specific state, if the state requires that license. So again, we encourage you to contact the state and find out if a – if they require for you to have a physical location in order to obtain the license.

Andrew Onofrio: If we receive misinformation from the people we speak with and submit a bid to that state then later find out that a license was required, will our entire bid be thrown out?

Cindy Dreher: If you're required to have a state license and you don't have one then yes, we would have to disqualify the bid. But you may want to – to protect yourself, get it in writing from that state agency what the requirements are.

Andrew Onofrio: Yes, that will happen. Thank you very much for taking the question.

Operator: Your next question comes from the line of Gloria Wandel from California.
Your line is open.

Gloria Wandel: Yes, thank you for taking my question.

Cindy Dreher: Sure.

Gloria Wandel: (Inaudible) Medical Arts Pharmacy. Thank you so much. I hate to be redundant, but regarding the capped rental, Cindy. On that, I understand that we will show a purchase price, for example, for say a hospital bed, understanding the monthly cap rental and the 105 percent and also not to exceed the fee schedule amount. So what we would do then is calculate what the rental amount and the ratios are for that 13 month period and come up with that purchase prices as the bid to be submitted. Is that correct?

Cindy Dreher: To put it in a very simple terms, you just need to tell us how much you can – the bid amount that you could provide that item for, for a one year period. Or not for a one year period, that's capacity.

Gloria Wandel: Right.

Cindy Dreher: But you just need to tell us the bid amount that you could provide the item for.

Joel Kaiser: Yes, Cindy, hi this is Joel Kaiser from CMS I'd like to provide a little bit more clarification. The idea of capped rental durable rental equipment is such that the prior is paid for renting the equipment, however after so many months they're required to transfer title to the equipment to the beneficiary. So it's not like a rental item where there's unended rental payment.

So you can't really bid you know a monthly payment that I'm going to get for each month without a cap, but the capped rental concept at least how it was set up in necessity for standard payment for durable medical equipment, you take historic allowed charges for purchase of items, then before cap rentals, that is when we used to rent or purchase these items, we took the historic purchase price and you take that amount and you take percentages of it and apply those percentages over the 13 months so that at the end of the

cap rental period we will have paid 105 percent of that allowed purchase accounting.

The same thing is true for competitive bidding. The same standard rules are going to be applied to competitive bidding. That is that it is a capped (inaudible). This title does transfer title after 13 months and the rental payments are derived from a purchase amount. So all bidders will be submitting a purchase amount with the understanding that that bid that they submit will then be taken – you know the median winning bid will then be taken and percentages of that total purchase amount will be used to calculate the rental payments for 13 months.

Very – you know it's very similar – exact – it's in fact identical to how it's done under the (inaudible) payment. So durable medical equipment suppliers (inaudible) item are familiar with this capped rental concept and these payments over 13 months. They may not be all that familiar in how the rental payments were derived historically, but what we're doing under competitive bidding is we're getting to the same place in terms of a capped rental concept of 13 payments equal to 105 percent of the purchase price where you're paid one through 13 and then it caps and transfer title. Same concept, it's just how you get to the rental payments instead of the historic allowed purchase it's a bid purchase and then you take that bid purchase and compute the rental payment. So bidders need to understand that they're bidding a purchase that's going to be then used to compute the rental payments.

Gloria Wandel: Yes, but again, not exceeding the fee schedule amount is the bottom line.

Cindy Dreher: That's right.

Gloria Wandel: All right, thank you.

Cindy Dreher: Thank you.

Natalie Highsmith: OK, Shawn, we have time for one final question.

Operator: Your next question comes from the line of Eric Sokol from D.C. Your line is open.

Eric Sokol: Hi. Thank you for taking my call. My name is Eric Sokol, I'm with the Power Mobility Coalition. I was wondering if you've heard from accreditation organizations that they're having problems meeting the deadline specially with the subcontractors? I've been hearing from some members ...

Cindy Dreher: Sandra, I'm going to let you answer that one.

Eric Sokol: That subcontractors aren't in the queue in point to get accredited in time for the supplier number situation.

Sandra Basinelli: Yes, hi, this is Sandra Bastinelli. Yes, we are in constant contact with the accrediting (earning) stations on a daily basis and they are in compliance with the deadlines with – as long as the suppliers are doing what they are to do in so far as getting their applications in before January and responding to all the comments to all the document requests and petitions (see) so they're on target for all of the surveys. And as it relates to subcontractors, there'll be further guidance coming out regarding subcontractor fees I've begun to weaving the accrediting organizations have begun to accredit some subcontractors as well.

Eric Sokol: OK, thank you. I appreciate your understanding of some of the concerns and anxiousness out there of some suppliers.

Sandra Bastinelli: Absolutely. Please, Eric, if you don't mind also not to hold up on this call, we will also have a DME Home Health and Hospice Open Door Forum next Wednesday. So stay tuned there as well.

Eric Sokol: All right. Thanks a lot Sandra.

Sandra Bastinelli: You're welcome.

Natalie Highsmith: OK, Shawn, we have passed our 3:00 hour here on the east coast. Everyone thank you all again for joining us. I'll turn it over to Martha for closing remarks.

Martha Kuespert: Thank you, Natalie. I'd like to thank everybody again so much for joining us on this second of our series of Special Open Door Forum Bidders Conferences. I would like to remind everybody that we are very interested on your feedback and comments about these Special Open Door Forum

Bidders Conferences, and if you have any comments you'd like to share with us - things we're doing well, things you'd like to see done differently - please e-mail us at CBIC.admin@palmettogba.com - that's the last page of your PowerPoint presentation for today.

Natalie Highsmith: OK, Shawn, can you tell us how many people joined us on the call today?

Operator: We had a maximum number of 638 participants on the call today.

Natalie Highsmith: You mean 1600?

Operator: Not quite, we had 600.

Natalie Highsmith: OK, thank you everyone.

Operator: This concludes today's conference. You may now disconnect.

END