



Medicare's DMEPOS Competitive Bidding Program

A Better Way for Medicare to Pay for Medical Equipment

Medicare's Competitive Bidding Program for durable medical equipment, prosthetics, orthotics, and supplies (DMEPOS) 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 DMEPOS Competitive Bidding Program, Medicare paid for certain items using a fee schedule that was generally based on historic supplier charges from the 1980s, 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 DMEPOS Competitive Bidding 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 DMEPOS Competitive Bidding 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 has saved more than \$580 million due to lower payments and decreased unnecessary utilization 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 has 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 measures such 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/index.html>.

In addition to our real-time claims monitoring, CMS also requests feedback from beneficiaries through consumer satisfaction surveys conducted throughout the program. CMS provides local, on-the-ground presence in each CBA through the CMS regional offices, local liaisons, and a Competitive Acquisition Ombudsman who closely monitors and responds to inquiries and complaints about the application of the program from beneficiaries who use items of DMEPOS 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 to use for reporting concerns about contract suppliers or other competitive bidding implementation issues.

DMEPOS COMPETITIVELY BID ITEMS

■ Commode chairs	■ Patient lifts
■ Continuous positive airway pressure (CPAP) devices and related supplies	■ Respiratory assist devices (RADs) and related supplies
■ Diabetes Testing Supplies (mail-order only)*	■ Scooters and related accessories
■ Enteral nutrient equipment and supplies	■ Seat lifts
■ External infusion pumps and supplies**	■ Support Surfaces (group 1 and group 2)
■ Hospital beds and related accessories	■ Transcutaneous electrical nerve stimulation (TENS) devices
■ Nebulizers (standard) and related supplies	■ Walkers
■ Negative Pressure Wound Therapy (NPWT) pumps and related supplies	■ Wheelchairs (standard power or manual) and related accessories
■ Oxygen and related equipment and supplies	

* 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 DMEPOS Competitive Bidding Program in certain areas. These items won't be included in the program beginning January 1, 2017.

CBAs BY STATE

State	CBA Name	
AL	Birmingham-Hoover	
AR	Little Rock-North Little Rock-Conway	
AZ	Phoenix-Mesa-Scottsdale	Tucson
CA	Bakersfield	Sacramento-Roseville-Arden-Arcade
	Fresno	San Diego-Carlsbad
	Los Angeles County	San Francisco-Oakland-Hayward
	Orange County	San Jose-Sunnyvale-Santa Clara
	Oxnard-Thousand Oaks-Ventura	Stockton-Lodi
	Riverside-San Bernardino-Ontario*	Visalia-Porterville
CO	Colorado Springs	Denver-Aurora-Lakewood
CT	Bridgeport-Stamford-Norwalk	New Haven-Milford
	Hartford-West Hartford-East Hartford	
DC	Washington	
DE	Wilmington	
FL	Cape Coral-Fort Myers	North Port-Sarasota-Bradenton
	Deltona-Daytona Beach-Ormond Beach	Ocala
	Jacksonville	Orlando-Kissimmee-Sanford*
	Lakeland-Winter Haven	Palm Bay-Melbourne-Titusville
	Miami-Fort Lauderdale-West Palm Beach*	Tampa-St. Petersburg-Clearwater
GA	Atlanta-Sandy Springs-Roswell	Catoosa, Dade & Walker Counties
	Augusta-Richmond County	
HI	Honolulu	
IA	Council Bluffs	
ID	Boise City	
IL	Aurora-Elgin-Joliet	East St. Louis
	Chicago-Naperville-Arlington Heights	Lake & McHenry Counties
IN	Dearborn, Franklin, Ohio & Union Counties*	Indianapolis-Carmel-Anderson
	Gary	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	Springfield
	Bristol County	Worcester
MD	Baltimore-Columbia-Towson	Silver Spring-Rockville-Bethesda
	Calvert, Charles & Prince George's Counties	
MI	Detroit-Warren-Dearborn	Grand Rapids-Wyoming
	Flint	
MN	Minneapolis-St. Paul-Bloomington	
MO	Kansas City*	St. Louis
MS	Jackson	South Haven-Olive Branch

State	CBA Name	
NC	Asheville	Greensboro-High Point
	Charlotte-Concord-Gastonia*	Raleigh
NE	Omaha	
NH	Rockingham & Strafford Counties	
NJ	Camden	Jersey City-Newark
	Elizabeth-Lakewood-New Brunswick	
NM	Albuquerque	
NV	Las Vegas-Henderson-Paradise	
NY	Albany-Schenectady-Troy	Poughkeepsie-Newburgh-Middletown
	Bronx-Manhattan	Rochester
	Buffalo-Cheektowaga-Niagara Falls	Suffolk County
	Nassau, Kings, Queens & Richmond Counties	Syracuse
	Port Chester-White Plains-Yonkers	
OH	Akron	Dayton
	Cincinnati*	Toledo
	Cleveland-Elyria*	Youngstown-Warren-Boardman
	Columbus	
OK	Oklahoma City	Tulsa
OR	Portland-Hillsboro-Beaverton	
PA	Allentown-Bethlehem-Easton	Pittsburgh*
	Mercer County	Scranton-Wilkes-Barre-Hazleton
	Philadelphia	
RI	Providence	
SC	Aiken & Edgefield Counties	Columbia
	Charleston-North Charleston	Greenville-Anderson-Mauldin
	Chester, Lancaster & York Counties*	
TN	Chattanooga	Memphis
	Knoxville	Nashville-Davidson-Murfreesboro-Franklin
TX	Austin-Round Rock	Houston-The Woodlands-Sugar Land
	Beaumont-Port Arthur	McAllen-Edinburg-Mission
	Dallas-Fort Worth-Arlington*	San Antonio-New Braunfels
	El Paso	
UT	Salt Lake City	
VA	Arlington-Alexandria-Reston	Virginia Beach-Norfolk-Newport News
	Richmond	
WA	Seattle-Tacoma-Bellevue	Vancouver
WI	Kenosha County	Pierce & St. Croix Counties
	Milwaukee-Waukesha-West Allis	
WV	Huntington	

* External infusion pumps and supplies are included in the DMEPOS Competitive Bidding 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 DMEPOS Competitive Bidding Program began in these areas on January 1, 2011. Current Round 1 Recompete 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 program for diabetes testing supplies was implemented on July 1, 2013. Round 2 Recompete and the national mail-order recompetes 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.

MORE INFORMATION

To learn more about Medicare's DMEPOS Competitive Bidding Program, visit:

<https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/DMEPOSCompetitiveBid/index.html>

This information is provided by the United States Department of Health and Human Services.

