



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



*What You Need  
to Know*

## What is DMEPOS?

- DMEPOS stands for
  - Durable Medical Equipment
  - Prothetics
  - Orthotics
  - Supplies
- Equipment/supplies covered under Medicare Part B

January 2013

Competitive Bidding Program

2

Today we will be talking about DMEPOS (we say “demipos”). This acronym stands for durable medical equipment, prosthetics, orthotics and supplies. These are expenses that are covered under Part B of Medicare and include items such as walkers, wheelchairs, hospital beds, and various other medical supplies and accessories.

This training will help explain what people with Medicare should know if they need Medicare-covered equipment and supplies included in the Medicare DMEPOS competitive bidding program. The program went into effect in nine competitive bidding areas on January 1, 2011 and will soon be expanding to include other areas.

## Competitive Bidding– A Better Way to Pay

- Program will help people with Medicare
  - Save money
  - Get quality equipment, supplies and services
- Program strengthens protections against Medicare fraud

January 2013

Competitive Bidding Program

3

Except for the nine areas where the competitive bidding program is in effect, Medicare currently pays for most DMEPOS items using a fee schedule. For most of these items, the “fee schedule” payment amounts are based on historical charges, 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 found that the prices paid by Medicare for certain DMEPOS items are excessive --- sometimes three or four times retail prices and the amounts paid by commercial insurers. Clearly, Medicare needs a better way to pay for DMEPOS items.

Medicare’s competitive bidding program for DMEPOS is an important step towards paying appropriately for medical equipment and services. The program reduces out-of-pocket expenses for Medicare beneficiaries and saves the Medicare program money while ensuring that **beneficiaries** continue to receive quality products from accredited suppliers.

The competitive bidding program strengthens protections against Medicare fraud. Under competitive bidding, DMEPOS suppliers have to meet certain quality and financial standards that make it harder for fraudulent suppliers to enter the Medicare program. Also, reducing excessive payment amounts makes competitively bid items less attractive targets for fraud and abuse.

## History of Competitive Bidding

- Program builds on successful demonstrations
- The Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (MMA) mandated the development and implementation of the program
- The Medicare Improvements for Patients and Providers Act of 2008 (MIPPA) made limited changes
- The Affordable Care Act expanded the program

January 2013

Competitive Bidding Program

4

Now I'll provide a brief history of the program.

Competitive bidding for DMEPOS is proven to save money for taxpayers and Medicare beneficiaries while maintaining access to quality DMEPOS items and services. It is based on demonstration projects in the late 1990s and the early part of this century. These competitive bidding demonstrations, conducted in Polk County, Florida and San Antonio, Texas, were successful, resulting in approximately 20% savings with unchanged access and quality for beneficiaries.

Due to the success of the demonstration and the need to pay more appropriately for DMEPOS items, the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 or "MMA" mandated the development and implementation of the program. This law required phasing in the program.

The Medicare Improvements for Patients and Providers Act of 2008 or "MIPPA" made limited changes to the MMA. Medicare implemented Round 1 of the program in nine metropolitan statistical areas - or MSAs - as required by these laws.

The Affordable Care Act expanded the program so that Round 2 of the program will occur in 91 MSAs instead of the 70 MSAs the law originally required.

## How the Program Works

- DMEPOS suppliers submit bids
  - Suppliers must submit a bid to be awarded a contract
- Medicare uses bids to determine payments
- Contracts will be awarded to sell/rent DMEPOS
- “Contract suppliers” will be those who
  - Offer the most competitive price
  - Meet eligibility, quality, and financial standards
  - Are accredited by an independent organization

January 2013

Competitive Bidding Program

5

Under the DMEPOS competitive bidding program, Medicare beneficiaries with Original Medicare who live in competitive bidding areas – or CBAs - pay less for certain DMEPOS items and services. DMEPOS suppliers that want to furnish certain DMEPOS items and services in a CBA must submit a bid in order to be awarded a contract to sell or rent to people with Medicare. Medicare uses these bids to set a “single payment amount,” which will replace the “fee schedule” amount as payment for those items. The “single payment amount” must be lower than the “fee schedule amount.” All suppliers are thoroughly screened to make sure they meet Medicare requirements before they are awarded contracts. Contracts are only awarded to those suppliers that offer a competitive price; that meet Medicare’s eligibility, quality and financial standards; and that are accredited by an independent accrediting organization. These suppliers are called “contract suppliers.”

In addition to saving money for the Medicare program (and taxpayers), the program helps save money for beneficiaries because when Medicare pays less, the beneficiary’s 20% coinsurance payment will be less too.

## How the Program Works

- Only contract suppliers will be able to
  - Provide competitively bid DMEPOS items
  - File claims with Medicare for payment of competitively bid items and services
- Contract supplier charge cannot exceed
  - Single payment amount based on bids received for an item
  - Medicare fee schedule allowed amount

January 2013

Competitive Bidding Program

6

In most cases under the Competitive Bidding Program, only contract suppliers will be able to provide people with Original Medicare in CBAs with certain DMEPOS items and file claims with Medicare for payment. There are a few exceptions to the requirement to use a contract supplier – I will discuss these a little later. The program doesn't change the types of items Medicare will cover. It only changes the prices Medicare pays and the specific suppliers that are authorized to provide competitively bid items. It's important for beneficiaries in CBAs to make sure they obtain competitively bid items from a supplier that is authorized by Medicare - usually a contract supplier. If a beneficiary obtains a competitively bid item in a CBA and doesn't use a contract supplier, Medicare probably won't pay for the item and the beneficiary will likely pay full price. Beneficiaries can continue to use any Medicare-enrolled suppliers for DMEPOS items that are not included in the program. It's important for beneficiaries to see if they're affected by this new program to make sure Medicare will pay the supplier they use and to avoid any disruption of service.

Contract suppliers can't charge more than the single payment amount set by Medicare based on the bids received for an item, and this price can't be higher than the current Medicare (fee schedule) allowed amount.

## Round 1

- January 1, 2011 in 9 areas
- First year savings = \$202.1 million
- Round 1 contracts being recompeted in the same areas

January 2013

Competitive Bidding Program

7

The first round of the program began in nine MSAs on January 1, 2011.

In its first year of operation alone, the program saved Original Medicare approximately \$202.1 million, while maintaining beneficiary access to quality products from accredited suppliers. This is a percentage drop in expenditures of over 42 percent. Beneficiaries are expected to save an estimated \$17.1 billion between 2013 and 2022 as a result of the program.

By law, contracts must be recompeted at least once every 3 years. The Round 1 contracts for most product categories end on December 31, 2013, so Medicare is recompeting contracts in the Round 1 areas.

## Round 2

- Competitive Bidding Program will expand
  - Round 2
    - 91 Metropolitan Statistical Areas (MSAs)
    - Target effective date July 1, 2013
  - National Mail-Order Program

January 2013

Competitive Bidding Program

8

Round 2 will expand the Competitive Bidding Program to add 91 more MSAs, for a total of 100 MSAs (9 Round 1 and 91 from Round 2). We will go over the 91 Round 2 MSAs later in the presentation. Round 2 contracts and prices are targeted to start on July 1, 2013.

Medicare will also be implementing a National Mail-Order Program for diabetic testing supplies at the same time as Round 2.

## Products Included in Round 1

### Products Included in Round 1

Oxygen, oxygen equipment, and supplies

Enteral nutrients, equipment, and supplies

Continuous Positive Airway Pressure (CPAP) devices and Respiratory Assist Devices (RADs), and related supplies and accessories

Hospital beds and related accessories

Walkers and related accessories

Support surfaces (Group 2 mattresses and overlays) (in Miami area only)

Standard power wheelchairs, scooters, and related accessories

Complex rehabilitative power wheelchairs and related accessories (Group 2)

Note: Round 1 mail-order diabetic supply contracts ended on December, 31 2012

January 2013

Competitive Bidding Program

9

## Products Included in Round 2\*

Products Included in Round 2
Oxygen, oxygen equipment, and supplies
Enteral nutrients, equipment, and supplies
Continuous Positive Airway Pressure (CPAP) devices and Respiratory Assist Devices (RADs), and related supplies and accessories
Hospital beds and related accessories
Walkers and related accessories
Support surfaces (Group 2 mattresses and overlays)
Standard (power <i>and manual</i> ) wheelchairs, scooters, and related accessories
<b><i>Negative pressure wound therapy pumps and related supplies and accessories</i></b>

*\*Changes from Round 1 to Round 2 in Bold Italics*

January 2013

Competitive Bidding Program

10

These are the competitive bidding product categories included in Round 2. Most of the products included in Round 1 are also included in Round 2. Medicare is also bidding some additional items in Round 2.

## Products Included in Round 1 Recompete

### Products Included in Round 1 Recompete

#### Respiratory Equipment and Related Supplies and Accessories

▪includes oxygen, oxygen equipment and supplies; continuous positive airway pressure (CPAP) devices and respiratory assist devices (RADs) and related supplies and accessories; and standard nebulizers

#### Standard Mobility Equipment and Related Accessories

▪includes walkers, standard power and manual wheelchairs, scooters, and related accessories

#### General Home Equipment

▪includes hospital beds and related accessories, group 1 and 2 support surfaces, transcutaneous electrical nerve stimulation (TENS) devices, commode chairs, patient lifts, and seat lifts

#### Enteral Nutrients, Equipment and Supplies

#### Negative Pressure Wound Therapy Pumps and Related Supplies and Accessories

#### External Infusion Pumps and Supplies

January 2013

Competitive Bidding Program

11

For the Round 1 Recompete, we are bidding additional items beyond those included in the Round 1 Rebid and Round 2 and grouping certain similar items and accessories in larger, more consolidated product categories.

## National Mail Order Program for Diabetic Testing Supplies

- Targeted to go into effect at the same time as Round 2
- Includes all parts of the United States:
  - The 50 States
  - The District of Columbia
  - Puerto Rico
  - The US Virgin Islands
  - Guam
  - American Samoa

January 2013

Competitive Bidding Program

12

As I mentioned earlier, Medicare will be starting a National Mail Order Program for diabetic testing supplies at the same time as Round 2. The National Mail Order program will include all parts of the United States, including the 50 States, the District of Columbia, Puerto Rico, the US Virgin Islands, Guam, and American Samoa.

This program is designed to ensure that beneficiaries continue to get quality supplies while they save money. The term mail-order includes all home deliveries. When it starts, beneficiaries will need to use a Medicare national mail-order contract supplier for Medicare to pay for their diabetic testing supplies that are delivered to their home. If they don't want their diabetic testing supplies delivered to their home, they can go to any local store that is enrolled with Medicare and buy them there. Due to new requirements in the Medicare law, Medicare's allowed payment amount will be the same for mail-order and non-mail-order diabetic testing supplies when the program starts. National mail-order contract suppliers can't charge more than the deductible and 20 percent coinsurance. Local stores also can't charge more than the deductible and 20 percent coinsurance if they are accept assignment, which means they accept Medicare's allowed amount as payment in full. Local stores that do not accept Medicare assignment, may charge more than 20 percent coinsurance and any unmet deductible. Beneficiaries who use a local store can check with the store to find out what their copayments will be.

The national mail-order program prohibits contract suppliers from influencing or incentivizing beneficiaries to switch their current glucose monitor and testing supplies brand to another brand. This prohibition is called the anti-switching rule. The anti-switching rule requires contract suppliers to furnish the brand of testing supplies that works with the beneficiary's monitor. If the contract supplier does not carry their brand of testing supplies, beneficiaries may then ask the contract supplier about alternative brands and the supplier can describe what brands it offers. However, the supplier cannot be the one to initiate this conversation.

## Who will be Affected?

- Beneficiaries who have Original Medicare and
  - Permanently reside in a ZIP Code in a CBA
  - Obtain competitive bid items while visiting a CBA
- To find out if a ZIP Code is in a Competitive Bidding Area (CBA)
  - Call 1-800-MEDICARE (1-800-633-4227)
    - TTY users call 1-877-486-2048
- Medicare Advantage enrollees can use suppliers designated by their plan

January 2013

Competitive Bidding Program

13

The Competitive Bidding Program applies to beneficiaries who have Original Medicare and whose permanent residence is in a ZIP Code that is part of a CBA, or if they get certain items while visiting a CBA. A beneficiary's permanent residence is the address where Social Security mails his or her benefits check.

Round 1 and Round 2 CBAs are in MSAs. The National Mail-Order Program CBA includes all ZIP codes in all parts of the United States.

Beneficiaries can find out if a ZIP Code is in a CBA by calling 1-800-MEDICARE (1-800-633-4227). TTY users call 1-877-486-2048. Beneficiaries who live in a Round 1 CBA can find this information on [www.medicare.gov](http://www.medicare.gov). The Round 2 ZIP codes will be added to [www.medicare.gov](http://www.medicare.gov) in the future. Beneficiaries can find the Round 2 ZIP codes on the Competitive Bidding Implementation Contractor's website, [www.dmecompetitivebid.com](http://www.dmecompetitivebid.com).

Medicare Advantage enrollees can use any suppliers designated by their plan. Their plan will notify them if their supplier is changing. If beneficiaries aren't sure if they need to change, they should contact their plan.



<b>Region I: Round 2 MSAs</b>	
<b>Connecticut</b>	<ul style="list-style-type: none"> <li>• Bridgeport-Stamford-Norwalk, CT</li> <li>• Hartford-West Hartford-East Hartford, CT</li> <li>• New Haven-Milford, CT</li> </ul>
<b>Maine:</b>	None
<b>Massachusetts</b>	<ul style="list-style-type: none"> <li>• Boston-Cambridge-Quincy, MA-NH</li> <li>• Providence-New Bedford-Fall River, RI-MA</li> <li>• Springfield, MA</li> <li>• Worcester, MA</li> </ul>
<b>New Hampshire</b>	<ul style="list-style-type: none"> <li>• Boston-Cambridge-Quincy, MA-NH</li> </ul>
<b>Rhode Island</b>	<ul style="list-style-type: none"> <li>• Providence-New Bedford-Fall River, RI-MA</li> </ul>
<b>Vermont:</b>	None
January 2013	Competitive Bidding Program
	15

I'll now go over the Round 2 MSAs. As a reminder, Medicare will be starting a national mail order program for diabetic testing supplies when it starts Round 2. The national mail order program covers all parts of the United States, including the 50 States, the District of Columbia, Puerto Rico, the US Virgin Islands, Guam, and American Samoa.

## Region II: Round 2 MSAs

### **New Jersey**

- Allentown-Bethlehem-Easton, PA-NJ
- New York-Northern New Jersey-Long Island, NY-NJ-PA
- Philadelphia-Camden-Wilmington, PA-NJ-DE-MD

### **New York**

- Albany-Schenectady-Troy, NY
- Buffalo-Niagara Falls, NY
- New York-Northern New Jersey-Long Island, NY-NJ-PA
- Poughkeepsie-Newburgh-Middletown, NY
- Rochester, NY
- Syracuse, NY

**Puerto Rico:** None

**Virgin Islands:** None

## Region III: Round 2 MSAs

### Delaware

- Philadelphia-Camden-Wilmington, PA-NJ-DE-MD

### District of Columbia

- Washington-Arlington-Alexandria, DC-VA-MD-WV

### Maryland

- Baltimore-Towson, MD
- Philadelphia-Camden-Wilmington, PA-NJ-DE-MD
- Washington-Arlington-Alexandria, DC-VA-MD-WV

### Pennsylvania

- Allentown-Bethlehem-Easton, PA-NJ
- New York-Northern New Jersey-Long Island, NY-NJ-PA
- Philadelphia-Camden-Wilmington, PA-NJ-DE-MD
- Scranton-Wilkes-Barre, PA
- Youngstown-Warren-Boardman, OH-PA

## Region III: Round 2 MSAs

### Virginia

- Richmond, VA
- Virginia Beach-Norfolk-Newport News, VA-NC
- Washington-Arlington-Alexandria, DC-VA-MD-WV

### West Virginia

- Huntington-Ashland, WV-KY-OH
- Washington-Arlington-Alexandria, DC-VA-MD-WV

## Region IV: Round 2 MSAs

### Alabama

- Birmingham-Hoover, AL

### Florida

- Cape Coral-Fort Myers, FL
- Deltona-Daytona Beach-Ormond Beach, FL
- Jacksonville, FL
- Lakeland-Winter Haven, FL
- North Port-Bradenton-Sarasota, FL
- Ocala, FL
- Palm Bay-Melbourne-Titusville, FL
- Tampa-St. Petersburg-Clearwater, FL

### Georgia

- Atlanta-Sandy Springs-Marietta, GA
- Augusta-Richmond County, GA-SC
- Chattanooga, TN-GA

January 2013

Competitive Bidding Program

19

## Region IV: Round 2 MSAs

### **Kentucky**

- Huntington-Ashland, WV-KY-OH
- Louisville/Jefferson County, KY-IN

### **Mississippi**

- Jackson, MS
- Memphis, TN-MS-AR

### **North Carolina**

- Asheville, NC
- Greensboro-High Point, NC
- Raleigh-Cary, NC
- Virginia Beach-Norfolk-Newport News, VA-NC

## Region IV: Round 2 MSAs

### South Carolina

- Augusta-Richmond County, GA-SC
- Charleston-North Charleston-Summerville, SC
- Columbia, SC
- Greenville-Mauldin-Easley, SC

### Tennessee

- Chattanooga, TN-GA
- Knoxville, TN
- Memphis, TN-MS-AR
- Nashville-Davidson-Murfreesboro-Franklin, TN

## Region V: Round 2 MSAs

### Illinois

- Chicago-Joliet-Naperville, IL-IN-WI
- St. Louis, MO-IL

### Indiana

- Chicago-Joliet-Naperville, IL-IN-WI
- Indianapolis-Carmel, IN
- Louisville/Jefferson County, KY-IN

### Michigan

- Detroit-Warren-Livonia, MI
- Flint, MI
- Grand Rapids-Wyoming, MI

### Minnesota

- Minneapolis-St. Paul-Bloomington, MN-WI

## Region V: Round 2 MSAs

### Ohio

- Akron, OH
- Columbus, OH
- Dayton, OH
- Huntington-Ashland, WV-KY-OH
- Toledo, OH
- Youngstown-Warren-Boardman, OH-PA

### Wisconsin

- Chicago-Joliet-Naperville, IL-IN-WI
- Milwaukee-Waukesha-West Allis, WI
- Minneapolis-St. Paul-Bloomington, MN-WI

## Region VI: Round 2 MSAs

### Arkansas

- Little Rock-North Little Rock-Conway, AR
- Memphis, TN-MS-AR

### Louisiana

- Baton Rouge, LA
- New Orleans-Metairie-Kenner, LA

### New Mexico

- Albuquerque, NM

### Oklahoma

- Oklahoma City, OK
- Tulsa, OK

## Region VI: Round 2 MSAs

### Texas

- Austin-Round Rock-San Marcos, TX
- Beaumont-Port Arthur, TX
- El Paso, TX
- Houston-Sugar Land-Baytown, TX
- McAllen-Edinburg-Mission, TX
- San Antonio-New Braunfels, TX

## Region VII: Round 2 MSAs

### Iowa

- Omaha-Council Bluffs, NE-IA

### Kansas

- Wichita, KS

### Missouri

- St. Louis, MO-IL

### Nebraska

- Omaha-Council Bluffs, NE-IA

## Region VIII: Round 2 MSAs

### Colorado

- Colorado Springs, CO
- Denver-Aurora-Broomfield, CO

**Montana:** None

**North Dakota:** None

**South Dakota:** None

### Utah

- Salt Lake City, UT

**Wyoming:** None

## Region IX: Round 2 MSAs

### Arizona

- Phoenix-Mesa-Glendale, AZ
- Tucson, AZ

### California

- Bakersfield-Delano, CA
- Fresno, CA
- Los Angeles-Long Beach-Santa Ana, CA
- Oxnard-Thousand Oaks-Ventura, CA
- Sacramento-Arden-Arcade-Roseville, CA
- San Diego-Carlsbad-San Marcos, CA
- San Francisco-Oakland-Fremont, CA
- San Jose-Sunnyvale-Santa Clara, CA
- Stockton, CA
- Visalia-Porterville, CA

## Region IX: Round 2 MSAs

**Guam:** None

### **Hawaii**

- Honolulu, HI

### **Nevada**

- Las Vegas-Paradise, NV

**Samoa:** None

## Region X: Round 2 MSAs

**Alaska:** None

### **Idaho**

- Boise City-Nampa, ID

### **Oregon**

- Portland-Vancouver-Hillsboro, OR-WA

### **Washington**

- Portland-Vancouver-Hillsboro, OR-WA
- Seattle-Tacoma-Bellevue, WA

## Using Contract Suppliers

- Must almost always use contract supplier if
  - Items and services are included in Competitive Bidding Program where a beneficiary lives in a CBA
  - Traveling to or visiting a CBA
- Doctors, treating practitioners, and hospitals can supply certain items (ex: walkers or folding manual wheelchairs)
- Nursing Facility can only supply directly if it becomes a contract supplier

January 2013

Competitive Bidding Program

31

If the equipment or supplies ordered by a beneficiary's physician or treating practitioner are included in the Competitive Bidding Program where the beneficiary lives or visits, the beneficiary must almost always get his or her equipment or supplies from a contract supplier for Medicare to help pay. Treating practitioners include physician assistants, clinical nurse specialists, and nurse practitioners.

However, the beneficiary's doctor or treating practitioner can sometimes supply a walker or folding manual wheelchair to the beneficiary when he or she is getting other medical care even if the doctor or practitioner isn't a contract supplier. Similarly, if a beneficiary is hospitalized and needs a walker or folding manual wheelchair, the hospital can supply these items while the beneficiary is admitted or on the day the beneficiary is discharged from the hospital. The Medicare payment amount will be the new, lower competitive bidding payment amount.

If the beneficiary lives in a Skilled Nursing Facility or Nursing Facility, the facility may be able to supply equipment or supplies directly if it becomes a contract supplier. If the facility does not become a contract supplier, it must use a contract supplier from the CBA.

## Identifying Contract Suppliers

- Visit the DMEPOS Supplier Locator tool
  - [www.medicare.gov/supplier](http://www.medicare.gov/supplier)
- Call 1-800-MEDICARE (1-800-633-4227)
  - TTY users call 1-877-486-2048

January 2013

Competitive Bidding Program

32

Beneficiaries in a Round 1 competitive bidding area who need to locate a contract supplier can visit [www.medicare.gov/supplier](http://www.medicare.gov/supplier) on the web or call 1-800-MEDICARE (1-800-633-4227). TTY users call 1-877-486-2048.

Medicare plans to announce the Round 2 and National Mail-Order Program contract suppliers in the Spring of 2013.

## Stay With Current Supplier

- Can stay with current non-contract supplier if all of the following
  - Supplier elects to be “grandfathered”
  - Beneficiary permanently resides in a CBA
  - Renting certain equipment or oxygen when program starts in CBA
- If current non-contract supplier elects not to be “grandfathered”
  - Must switch to a contract supplier

January 2013

Competitive Bidding Program

33

Beneficiaries in Round 2 areas who are renting certain medical equipment or oxygen when the program starts may have the choice to stay with their current suppliers. Non-contract suppliers can become “grandfathered” suppliers and continue to rent items to people with Medicare who permanently live in a CBA if they are renting the item(s) to the person when the Competitive Bidding Program starts in the CBA.

When beneficiaries use grandfathered suppliers, they are still responsible for their 20% coinsurance and any unmet Part B deductible.

If a beneficiary’s current supplier of rented equipment decides not to be a grandfathered supplier, the beneficiary must almost always switch to a contract supplier for Medicare to help pay.

## “Grandfathered” Supplier

### Supplier

- Issues prior written notice confirming desire to continue services
- Works with contract supplier to get new equipment to beneficiary

### Beneficiary

- May continue getting services until rental period ends OR
- Must switch to a contract supplier

January 2013

Competitive Bidding Program

34

“Grandfathered” suppliers must provide beneficiaries renting durable medical equipment or oxygen with written notice at least 30 business days before the start of the competitive bidding program. This notice should ask beneficiaries whether they want to continue renting the equipment from the grandfathered supplier. Beneficiaries may continue using a grandfathered supplier until the rental period for their equipment ends. If beneficiaries use oxygen and decide to use a grandfathered supplier, the Medicare payment amount will be the new, lower competitive bidding payment amount. If beneficiaries use other rented medical equipment, the Medicare payment amount will be either the competitive bidding payment amount or the current amount, depending on the particular type of item they are renting. Beneficiaries can ask their grandfathered supplier what their copayments will be if they continue to use that supplier instead of switching to a contract supplier.

If beneficiaries choose not to continue using their grandfathered supplier, or their supplier chooses not to be a grandfathered supplier when the program begins, they must switch to a contract supplier for Medicare to help pay.

A non-contract supplier that decides not to become a grandfathered supplier is required to pick up items from beneficiaries’ homes after the program begins and the beneficiaries have been notified. The supplier must notify each beneficiary three times before it can pick up the item:

1. The supplier must send the beneficiary a letter at least 30 business days before the program begins indicating that it will no longer provide rental items after a certain date. This letter will tell the beneficiary the date on which a Medicare contract supplier must begin to furnish the rented item.
2. Before the supplier can pick up its equipment, it must call the beneficiary 10 days prior to picking up the item.
3. The supplier must call the beneficiary again two business days prior to picking up the item.

A supplier that chooses not to grandfather isn’t allowed to pick up a medically-necessary item(s) before the end of the last rental month for which the supplier is eligible to receive a rental payment. If the beneficiary changes to a Medicare contract supplier, the old supplier should work with the contract supplier so there isn’t a break in service.

If the beneficiary switches to a contract supplier instead of using a grandfathered supplier, this may extend the rental period and result in additional months of coinsurance.

## Have Other Insurance?

- Medicare may make payment to a non-contract supplier if required by policy
- Non-contract supplier must
  - Be accredited
  - Have valid Medicare billing number
  - Be eligible to receive secondary payments

January 2013

Competitive Bidding Program

35

If a beneficiary's primary insurance policy requires use of a non-contract supplier, Medicare may make a secondary payment to a non-contract Medicare-enrolled supplier if required by the policy. The supplier must be accredited, have a valid Medicare billing number, and be eligible to receive secondary payments. For more information, beneficiaries should check with their benefits administrator, insurer or their plan provider.

## Non-contract Supplier

- If in CBA, a non-contract supplier may not furnish bid items
- If non-contract supplier used, supplier must issue Advance Beneficiary Notice (ABN)
  - Says Medicare will not pay
  - By signing, beneficiary agrees to pay entire amount
  - If no ABN signed, beneficiary not responsible for payment

January 2013

Competitive Bidding Program

36

Non-contract suppliers cannot furnish competitively bid items to people with Original Medicare who live in or visit a competitive bidding area unless they are a “grandfathered” supplier or fall under one of the other exceptions we just discussed.

If a non-contract supplier in a competitive bidding area furnishes a competitively bid item to beneficiaries, the supplier is required to give the beneficiary an Advance Beneficiary Notice – or ABN.

This notice says Medicare will not pay for the item or service. By signing this notice, the beneficiary is agreeing to pay the entire amount for the item or service. If a beneficiary doesn’t sign an ABN, he or she is not responsible for payment for the item or service.

## Traveling Beneficiaries

### To CBA:

- Must use contract supplier
  - If non-contract supplier used, supplier must issue Advance Beneficiary Notice (ABN)
  - If no ABN signed, beneficiary not responsible for payment

### To non-CBA:

- Can use any Medicare-enrolled supplier

January 2013

Competitive Bidding Program

37

If beneficiaries travel to or visit an area where the Competitive Bidding Program has started and need to get equipment or supplies that are part of the Competitive Bidding Program for that area, they must almost always get those items from a contract supplier for that area.

If a beneficiary uses a non-contract supplier, the supplier is required to give the beneficiary an ABN stating that Medicare will not pay for the item or service. If a beneficiary doesn't sign an ABN, he or she is not responsible for payment for the item or service.

Beneficiaries who travel to a non-CBA can use any Medicare-enrolled supplier.

## Traveling Beneficiaries Scenario

### Obtaining DMEPOS items while traveling

Mildred's permanent residence is in Alaska (which is not a Competitive Bidding Area), but she travels to Miami, FL. While she's in Miami, she needs supplies for her Continuous Positive Airway Pressure (CPAP) device. Since Miami is in a Competitive Bidding Area, Mildred must buy the supplies from a contract supplier. If Mildred wants to obtain the supplies from a non-contract supplier, the supplier must have her sign an Advance Beneficiary Notice (ABN). The ABN says Medicare probably won't pay for the supplies. By signing this notice, Mildred agrees to pay for the supplies.

If Mildred travels to Montana, which is not a Competitive Bidding Area, she may purchase her CPAP supplies from any Medicare-enrolled supplier of durable medical equipment, prosthetics, orthotics and supplies.

January 2013

Competitive Bidding Program

38

### **Traveling Beneficiaries Scenario**

#### **Obtaining DMEPOS items while traveling**

Mildred's permanent residence is in Alaska (which is not a Competitive Bidding Area), but she travels to Miami, FL. While she's in Miami, she needs supplies for her Continuous Positive Airway Pressure (CPAP) device. Since Miami is in a Competitive Bidding Area, Mildred must buy the supplies from a contract supplier. If Mildred wants to buy the supplies from a non-contract supplier, the supplier must have her sign an Advance Beneficiary Notice (ABN). The ABN says Medicare probably won't pay for the supplies. By signing this notice, Mildred agrees to pay for the supplies.

If Mildred travels to Montana, which is not a Competitive Bidding Area, she may purchase her CPAP supplies from any Medicare-enrolled supplier of durable medical equipment, prosthetics, orthotics and supplies.

## Specific Brands

- Doctor must prescribe in writing
- Medical record must reflect need
- Contract supplier must
  - Furnish the specific brand or form as prescribed  
OR
  - Work with doctor or treating practitioner to find suitable alternative OR
  - Help locate another contract supplier that can furnish the specific brand or form as prescribed

January 2013

Competitive Bidding Program

39

The Competitive Bidding Program has special protections to make sure beneficiaries get the specific types of medical equipment they need to protect their health. If a beneficiary needs a specific brand of equipment or supplies, or needs an item in a specific form, the doctor must prescribe the specific brand or form in writing. The doctor must also document in the medical record that the beneficiary needs this specific item or supply for medical reasons. In these situations, a Medicare contract supplier is required to: furnish the exact brand or form of item the doctor prescribed; or work with the doctor to find an alternate brand or form that is safe and effective for the beneficiary; or help the beneficiary find another contract supplier that offers the brand or form prescribed.

## Equipment Repair & Replacement

- For owned medical equipment
  - Any Medicare-enrolled supplier can make necessary repairs
  - For replacement must use contract supplier
  - For warranty repairs, follow the warranty rules
- For rented equipment
  - Repairs are included in rental payment – the supplier must fix at no charge

January 2013

Competitive Bidding Program

40

If beneficiaries own medical equipment that is included in the program, they can use any Medicare enrolled supplier (even a non-contract supplier) for repairs or replacement parts needed for the repair of their equipment. Before the equipment is serviced, beneficiaries should make sure the supplier is Medicare-enrolled so Medicare can help pay.

If beneficiaries need to replace their medical equipment, they must use a Medicare contract supplier for Medicare to help pay for the equipment.

Medicare doesn't pay for repairs that are covered under a manufacturer's or supplier's warranty. If beneficiaries need warranty repairs, they must follow the warranty rules.

If beneficiaries are renting medical equipment, the cost of needed repairs is included in the rental payments. The supplier renting the equipment must fix it at no additional charge to them.

## Deductible and Coinsurance

- After beneficiaries pay their annual Part B deductible
  - Medicare pays 80% of the Medicare-approved amount for equipment, supplies and services
  - Beneficiaries are responsible for a 20% coinsurance
- Contract suppliers cannot bill for more than these amounts
- For suspected overpayment or fraud call
  - 1-800-MEDICARE (1-800-633-4227)
    - TTY users call 1-877-486-2048
  - Fraud Hotline of the HHS Office of Inspector General at 1-800-447-8477.

January 2013

Competitive Bidding Program

41

Under this program, beneficiaries are still required to meet their annual deductible. After they have paid their annual Part B deductible, Medicare pays 80% of the Medicare-approved amount for equipment, supplies and services, and beneficiaries are responsible for a 20% coinsurance.

It is important to remember that for any equipment or supplies that are included in the Competitive Bidding Program, the contract supplier cannot charge the beneficiary more than the 20% coinsurance and any unmet annual deductible. If beneficiaries suspect that they are paying more coinsurance than the Medicare allowed amount, they can call 1-800-MEDICARE (1-800-633-4227) or call the Fraud Hotline of the HHS Office of the Inspector General at 1-800-447-8477.

## Points to Remember

- Program does NOT affect which physicians or hospitals beneficiaries use
- May need to change DMEPOS supplier for Medicare to pay
- May be able to stay with current supplier if renting from supplier who elects to be “grandfathered”
- If in Medicare Advantage plan, beneficiary should check with the plan

January 2013

Competitive Bidding Program

42

Following are some points to remember:

The Competitive Bidding Program does not affect which doctors or hospitals beneficiaries can use.

If beneficiaries live in or visit a competitive bidding area and their current supplier is not a Medicare contract supplier, they may have to change suppliers to continue having Medicare pay for an item included in the program.

If beneficiaries live in a Round 2 area and are renting certain medical equipment or oxygen when the program starts, they may have the choice to stay with their current supplier if the supplier elects to be “grandfathered” into the program.

The competitive bidding program applies to people in Original Medicare. If beneficiaries are enrolled in a Medicare Advantage Plan, their plan will notify them if their supplier is changing. If beneficiaries are not sure, they should contact their plan.

## What Beneficiaries Need To Do

- Beneficiaries who live in or will visit a CBA and need medical items included in the program, should
  - Find out if the ZIP Code where they live or visit is included in a CBA
  - Find out if the items they need are included in the Medicare Competitive Bidding Program in that area
  - Find out which suppliers are contract suppliers for their items for the Medicare Competitive Bidding Program
- Visit [www.medicare.gov](http://www.medicare.gov) or
- Call 1-800-MEDICARE (1-800-633-4227) to find this information
  - TTY users call 1-877-486-2048

January 2013

Competitive Bidding Program

43

If beneficiaries live in or will visit a competitive bidding area where the program has started and need medical items included in the program, they should

- Find out if the ZIP Code where they live or visit is included in a CBA
- Find out if the items they need are included in the Medicare competitive bidding program for that area
- Find out which suppliers are contract suppliers for their items for the Medicare competitive bidding program in that area

Beneficiaries can find this information by visiting [www.medicare.gov](http://www.medicare.gov) or by calling 1-800-MEDICARE.

## Questions?

- Visit [www.medicare.gov/supplier](http://www.medicare.gov/supplier)
  - DMEPOS Supplier Locator Tool
- Visit [www.medicare.gov](http://www.medicare.gov) website
  - Consumer information
- Call 1-800-MEDICARE (1-800-633-4227)
  - TTY users should call 1-877-486-2048
- Beneficiary's physician or supplier
- Medicare's local information resources (SHIPs, ACL, etc)

January 2013

Competitive Bidding Program

44

For more information or to answer questions about Medicare's Competitive Bidding Program, beneficiaries can visit [www.medicare.gov](http://www.medicare.gov), which has a Supplier Locator Tool to help them identify Medicare contract suppliers in their area along with consumer information on the Competitive Bidding Program and Medicare Coverage of Durable Medical Equipment.

Or beneficiaries may call **1-800-MEDICARE** (1-800-633-4227), TTY users should call 1-877-486-2048. This toll-free number is available 24 hours a day, 7 days a week.

Beneficiaries can also get information from their physician, supplier, hospital discharge planner, social worker or anyone who helps them get medical equipment or supplies.

And Medicare has local information resources to answer beneficiary questions including the State Health Insurance and Assistance Program (SHIP), Administration for Community Living (ACL) and other senior and consumer assistance organizations in their community.

## Stay Informed



- Visit [www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/DMEPOSCompetitiveBid](http://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/DMEPOSCompetitiveBid)

January 2013

Competitive Bidding Program

45

Referral agents can sign up for the New [CMS DME Referral Agent Electronic Mailing List](http://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/DMEPOSCompetitiveBid) at [www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/DMEPOSCompetitiveBid](http://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/DMEPOSCompetitiveBid). Referral agents play a critical role in providing information and services to Medicare beneficiaries. To ensure you give Medicare patients the most current DMEPOS Competitive Bidding Program information, CMS strongly encourages you to sign up for this new electronic mailing list. In addition, please share the information you receive from the mailing list and the link to the "[mailing list for referral agents](#)" subscriber web page with others who refer Medicare beneficiaries for DMEPOS.