



DMEPOS Competitive Bidding Program

A Guide to Answer Consumer Questions

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BACKGROUND

What is Medicare's new DMEPOS Competitive Bidding Program?

Starting January 1, 2011, Medicare is phasing in a new competitive bidding program in some areas of the country. This program will change the way Medicare pays suppliers for certain durable medical equipment, prosthetics, orthotics and supplies (DMEPOS) and make changes to who can supply these items.

The program replaces the outdated prices Medicare is currently paying with lower, more accurate prices. Under this program, suppliers submit bids for certain medical equipment and supplies that must be lower than what Medicare now pays for these items. Medicare uses these bids to set the amount it pays for those equipment and supplies, and qualified, accredited suppliers with winning bids are chosen as Medicare contract suppliers. The program will do the following:

- Help you and Medicare save money
- Ensure that you have access to certain quality medical equipment, supplies, and services from suppliers you can trust
- Help limit fraud and abuse in the Medicare Program.

How does the program affect me?

If you have Original Medicare and you live in (or get the items while visiting) one of these areas and use equipment or supplies included in the program, you will have to use Medicare contract suppliers (suppliers who participate in the competitive bidding program because they have met Medicare quality and financial standards and they had successful bids) if you want Medicare to help you pay for the item. If you rent oxygen or certain other durable medical equipment, you may be able to continue renting these items from your current supplier when the program takes effect, if the supplier decided to participate in the program as a "grandfathered" supplier. If you live in (or get these items while visiting) these areas and don't use a Medicare contract or a grandfathered supplier, Medicare won't pay for the item and you will likely pay full price. It's important to know if you're affected by this new program to make sure your item is covered and to avoid any disruption of service.

Where can I find information about the new program?

Medicare plans to announce the contract suppliers for the program in September 2010. After the contract suppliers are announced, you should check with your current supplier to make sure they are a Medicare contract supplier to ensure your item is covered by Medicare and to avoid any disruption of service. At that time, you can call 1-800-MEDICARE (1-800-633-4227) or visit www.medicare.gov to get the names of Medicare contract suppliers in your area or to get more information about the program.

You can also find information by asking your supplier, your doctor or other health care provider, or others who may assist you with decisions when you obtain medical equipment and supplies like hospital discharge planners or social workers. Information will also be available at the local offices of local consumer assistance and community organizations including your local State Health Insurance and Assistance Program (SHIP) and Area Office on Aging (AoA).

AREAS INCLUDED IN THE PROGRAM

How do I know if I live in an area included in the new program?

Starting January 1, 2011, the new program will take effect for people with Original Medicare who live in or travel to the following 9 areas:

- Charlotte-Gastonia-Concord (North Carolina-South Carolina)
- Cincinnati-Middletown (Ohio -Kentucky-Indiana)
- Cleveland-Elyria-Mentor (Ohio)
- Dallas-Fort Worth-Arlington (Texas)
- Kansas City (Missouri-Kansas)
- Miami-Fort Lauderdale-Pompano Beach (Florida)
- Orlando-Kissimmee (Florida)
- Pittsburgh (Pennsylvania)
- Riverside-San Bernardino-Ontario (California)

These included areas are arranged by zip codes. If your permanent residence is in one of these zip codes then the new program applies to you. Your permanent residence is the address that the Social Security Administration has on file for you.

How can I find the zip codes where the program applies?

You can find a list of zip codes for each area of the program by visiting www.medicare.gov (under “Resource Locator” select “Medical Equipment and Supplies”) or by calling 1-800-MEDICARE (TTY users should call 1-877-486-2048).

Will the program be expanding to other areas of the country?

The program will expand into 91 additional areas in the next phase of the program and into additional areas thereafter.

Why was my area chosen for the new program?

Congress chose the areas in a law called the Medicare Improvements for Patients and Providers Act of 2008.

EQUIPMENT/SUPPLIES INCLUDED IN THE PROGRAM

How do I know if my equipment or supplies are included in the Competitive Bidding Program?

Initially, the program will include 9 of the top Durable Medical Equipment, Prosthetics, Orthotics, and Supplies (DMEPOS) product categories including:

1. Oxygen, oxygen equipment, and supplies
2. Standard Power Wheelchairs, Scooters, and Related Accessories
3. Complex Rehabilitative Power Wheelchairs and Related Accessories (Group 2)
4. Mail-Order Diabetic Supplies

5. Enteral Nutrients, Equipment, and Supplies
6. Continuous Positive Airway Pressure (CPAP) Devices, Respiratory Assist Devices (RADs), and Related Supplies and Accessories
7. Hospital Beds and Related Accessories
8. Walkers and Related Accessories
9. Support Surfaces (Group 2 mattresses and overlays in Miami-Fort Lauderdale-Pompano Beach area only)

COVERAGE

What does this mean for my Original Medicare coverage of these medical items?

If you have Original Medicare coverage, in most cases, only contract suppliers can provide you items included in the program for you to be covered by Medicare. (see “Contract Supplier and Exceptions” section)

What if I am enrolled in a Medicare Advantage Plan?

If you’re enrolled in a Medicare Advantage Plan, your plan will notify you if your supplier is changing. If you’re not sure, you should contact your plan.

Will Medicaid cover an item that a dual eligible beneficiary purchases from a non-contract supplier when Medicare will not cover the item?

The answer to this question depends on your type of dual eligibility:

- If you are a Qualified Medicare Beneficiary (QMB) only, Medicaid is responsible to pay Medicare deductibles, coinsurance, and co-payment amounts only. If Medicare denies payment, Medicaid has no payment responsibility.
- However, if you are a QMB Plus, Specified Low-Income Medicare Beneficiary (SLMB) Plus, or other Full Benefit Dual Eligible (FBDE), then you are eligible for full Medicaid State plan services as well as Medicare. So Medicaid would pay for the item you purchased, subject to two conditions:
 1. The item is covered under the Medicaid State plan, and
 2. The Medicaid program hasn’t made it a condition for provider enrollment in the program that durable medical equipment providers must be Medicare contract suppliers.

PAYMENT

Does the new program change what I pay for these items?

Yes, you will pay less. Under the new program, contract suppliers can only charge you the competitively bid payment amount, which is less than what Medicare currently pays (the Medicare allowed amount). So when Medicare pays less for these items, you will pay less too.

Do I still have to meet my deductible?

Yes. When the program begins, you will still be required to meet your annual Part B deductible whether or not you live in a competitive bidding area and the equipment or supplies ordered by your doctor are included in the program. Each year you must pay the deductible before Medicare starts to pay its share. After it is met, Medicare pays 80 percent of the Medicare-approved amount for equipment, supplies, and services.

Do I still have to pay my coinsurance?

Yes, you are still responsible for paying the 20% coinsurance. This may be covered under some Medigap or supplemental insurance policies.

Would I ever be responsible to pay more?

The contract supplier cannot charge any more than your unmet deductible and 20% coinsurance for equipment and supplies included under the program. Legally, the contract supplier must submit your claim on an assigned basis. This means that the supplier cannot collect more than the Medicare deductible and any coinsurance amount from you, your secondary insurance, or anyone else. However, you still have the option to use an Advance Beneficiary Notice (ABN) if you agree to pay the additional costs for items or special features not covered by Medicare.

How does Medicare pay for these items if I have other insurance?

If your primary insurance policy requires you to use a non-contract supplier, Medicare may make a secondary payment to a non-contract Medicare-enrolled supplier. The supplier must meet Medicare enrollment standards and be eligible to receive secondary payments. For more information, check with your benefits administrator, insurer or your plan provider.

ACCESS

How will I know if my supplier has a contract with Medicare?

Medicare plans to announce the contract suppliers for the program in September 2010. After the contract suppliers are announced, you can find out if your supplier has a contract with Medicare by visiting www.medicare.gov where there will be a complete list of contract suppliers by product category, or by calling 1-800-MEDICARE where our customer service representatives can find this information for you. People may also visit their local State Health Insurance and Assistance Program for personalized assistance.

What do I need to do if my current supplier is awarded a contract?

If your current supplier is awarded a contract, you will not need to do anything at all. By using a contract supplier, you are able to take advantage of the savings generated by the new program.

What do I need to do if my current supplier is not awarded a contract?

If your supplier is not awarded a contract, unless certain exceptions apply (see “Contract Supplier and Exceptions” section) you must change suppliers to continue having Medicare pay for your medical equipment and to take advantage of the savings generated by the new program. You will be receiving information from Medicare that outlines the steps you need to take to change suppliers, or you can contact 1-800-MEDICARE.

How can I find the contract suppliers in my area?

Medicare plans to announce the contract suppliers for the program in September 2010. After the contract suppliers are announced, you can find a list of Medicare contract suppliers in your area by visiting www.medicare.gov (under “Resource Locator” select “Medical Equipment and Supplies”) or by calling 1-800-MEDICARE (TTY users should call 1-877-486-2048). You can also visit the local offices of various partner groups, such as the State Health Insurance and Assistance Program, Area Office on Aging and a number of community organizations that can provide information on the program.

CONTRACT SUPPLIER AND EXCEPTIONS

Are there any exceptions to the requirement to use a Medicare contract supplier?

Exceptions to the contract supplier requirement under the new program apply to physicians and other treating practitioners, to hospitals and also to “grandfathered” suppliers.

What is the exception for doctors or treating health care providers and hospitals?

Medicare will pay for a walker furnished to you by your doctor or treating health care provider (including physician assistants, clinical nurse specialists, and nurse practitioners), even if he or she isn't a Medicare contract supplier, as long as the walker is supplied in the office during a visit for medical care. If you are hospitalized and need a walker, Medicare will also pay for a walker furnished to you by the hospital while you are admitted or on the day you are discharged from the hospital. In these situations, you will pay the new, lower competitive bidding payment amount.

What is the exception for a “grandfathered” supplier?

A “grandfathered” supplier is a non-contract supplier that elects to continue to furnish certain rented items to a person with Medicare to whom they were currently providing these items prior to the beginning of the competitive bidding program (January 1, 2011). This applies only to certain equipment that can be rented, such as CPAP devices, oxygen and oxygen supplies. Enteral nutrients and equipment, diabetic supplies, and items that are not rented can't be grandfathered.

You can only continue to rent items from a “grandfathered” non-contract supplier that you started renting before January 1, 2011. You can't start rental of an item included in this program from that non-contract supplier after January 1, 2011 and have them covered by Medicare.

What happens if my supplier wants to become a “grandfathered” supplier?

If your supplier chooses to be a “grandfathered” supplier, your supplier must provide you with written notice at least 30 business days before the start of the competitive bidding program. This notice should ask you whether you want to continue renting the equipment from them. You may continue using a grandfathered supplier until the rental period for your equipment ends. If you use oxygen and decide to use a grandfathered supplier, the Medicare payment amount will be the new, lower competitive bidding payment amount. If you 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 you are renting. You can ask your grandfathered supplier what your copayments will be if you continue to use that supplier instead of switching to a contract supplier.

If you choose not to continue using your grandfathered supplier (or your supplier chooses not to be a grandfathered supplier) when the program begins, you must switch to a contract supplier to be covered by Medicare. If you switch to a contract supplier instead of using a grandfathered supplier, this may extend your rental period and result in additional months of coinsurance.

What happens if my supplier decides not to become a “grandfathered” supplier?

A non-contract supplier that elects not to become a grandfathered supplier is required to pick up the item it is currently renting to the beneficiary from the beneficiary’s home after proper notification. If your current supplier chooses not to become a grandfathered supplier, it must provide you with three notifications of its intentions. There must be a written notification at least 30 business days before the program begins that informs you that the noncontract supplier will no longer be providing rental items to you after a certain date. This notification will indicate the date by which you must select a contract supplier for Medicare to continue to pay for these items and should also refer you to the contract supplier locator tool at www.medicare.gov and to 1-800-MEDICARE to obtain information about the availability of contract suppliers for the beneficiary’s area.

Before the supplier can pick up your equipment, it must also provide a 10-day phone call notification and a 2-day phone call notification to arrange equipment pickup. Ten business days prior to picking up the item, the supplier should have direct contact (for example, a phone call) with you and receive acknowledgement that you understand that the equipment will be picked up. Two business days prior to picking up the item the supplier should contact you by phone to notify you of the date the supplier will pick up the item.

The chart below provides a summary of the notification requirements the non-contract supplier must meet:

Required Notifications for Suppliers

Notification — Supplier	Number of Days Required Notice
30-Day Written Notification to Beneficiaries	30 business days before the start date of the competitive bidding program
10-Day Phone Call Notification to Beneficiaries	10 business days before picking up the equipment.
2-Day Phone Call Notification to Beneficiaries	2 business days prior to picking up the equipment

Your supplier may not discontinue services by picking up a medically necessary item(s) prior to the end of a month for which the supplier is eligible to receive a rental payment, even if that date occurs after the start date of the competitive bidding program.

What should I do if I don’t hear from my supplier about whether it plans to become a “grandfathered” supplier?

If you do not hear from your supplier, you should contact your supplier or Medicare to find out if your supplier is a contract supplier or intends to be a grandfathered supplier.

PICK-UP AND DELIVERY OF EQUIPMENT

If my current supplier isn't a "grandfathered" supplier, what happens to my equipment?

A supplier that is not grandfathered may not 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, even if the end of that last rental month occurs on or after January 1, 2011. If you change to a contract supplier, your old supplier should work with the contract supplier so that there is no break in service or furnishing of medically necessary items. The pick up by the non-contract supplier and the delivery by the contract supplier of the equipment should occur on the same day and month as the item's rental anniversary date (the anniversary date occurs every month on the date of the month on which your item was first delivered to you, that is, the date of the month you first received the item). Both suppliers should work together to be sure you don't go without medically necessary items, and the arrangements meet your needs. You should make sure to keep the pick-up slip or other documentation from the supplier that shows you no longer have the equipment.

NON-CONTRACT SUPPLIER AND ABN

What happens if I get a medical item from a non-contract supplier and an exception does not apply?

If an exception does not apply and a non-contract supplier in one of the 9 initial areas furnishes you with an item included in the program, you should be given an Advance Beneficiary Notice (ABN). This notice says Medicare won't pay for the item or service. By signing this notice, you are agreeing to pay in full for the item or service you want to get for which Medicare won't pay because you chose to use a non-contract supplier. If you don't sign an ABN, you are not responsible for payment for the item or service.

What other information is available to explain what it means if I sign an Advance Beneficiary Notice of Noncoverage?

If you use a non-contract supplier and sign an ABN, you most likely will have to pay the entire cost for the item. Medicare will train its customer service representatives at 1-800-MEDICARE and SHIP counselors along with other key partner groups, physicians and other referral agents and suppliers so they can provide you with information about what you need to know before signing an ABN. Information materials will be developed to explain what it means when a supplier asks you to sign one. In addition, the ABN form includes the estimated cost of the item to you.

PROBLEMS WITH SUPPLIERS

What if I have a complaint or problem with a supplier?

You may file a complaint with your supplier. The supplier must let you know they received your complaint and are investigating it within five (5) calendar days in person or by telephone, e-mail, fax, or letter. Within 14 days, the supplier must send you the result and their response in writing. You may also make a complaint by calling 1-800-MEDICARE (1-800-633-4227). Complaints that can't be resolved by a 1-800-MEDICARE representative will be referred to the appropriate entity that will address your concern.

MAIL ORDER DIABETIC SUPPLIES

Do I have to get my diabetic testing supplies by mail order to be covered by Medicare?

No. If you live in one of the program areas, Medicare will pay for your supplies if you use either a mail order contract supplier or go to your local pharmacy or storefront. Local stores don't have to be contract suppliers unless they are also offering diabetic supplies through the mail.

If you go to your local store to get your diabetic testing supplies, you will probably be paying more for the cost of these supplies than you would if you bought them through a mail order contract supplier. Remember, if you choose to buy your diabetic testing supplies through mail order, you must use a mail order Medicare contract supplier in order for Medicare to pay for these items.

The term "mail order" refers to items ordered by phone, email, internet, or mail, and delivered to the person with Medicare's residence by common carriers like the U.S. Postal Service, Federal Express, or United Parcel Service, and does not include items bought from local supplier storefronts.

TRAVEL/SNOWBIRDS

What if I travel to one of the 9 initial areas and need to get medical equipment or supplies that are included in the program?

If you travel to an area included in the program, you must get any medical equipment or supplies included in the program from a Medicare contract supplier for that area unless an exception applies (see "Contract Supplier and Exceptions" section).

The following chart describes different scenarios:

If you permanently live in,	And travel to,	You may go to
An area participating in the program	A different area participating in the program	A Medicare contract supplier located in the area you traveled to for items included in the program.*
An area participating in the program	An area NOT participating in the program	Any Medicare-approved supplier.
An area NOT participating in the program	An area participating in the program	A Medicare contract supplier located in the area you traveled to for items included in the program.*
An area NOT participating in the program	An area NOT participating in the program	Any Medicare-approved supplier.

*If you don't use a Medicare contract supplier, the supplier may ask you to sign an Advance Beneficiary Notice. This notice says Medicare won't pay for the item or service. The supplier will probably require you to pay for the full cost of the item.

If I travel to one of the 9 initial areas, will I pay the same amount as I pay at home?

Whether or not you live in a competitive bidding area, the Medicare payment to a supplier is determined by where you permanently live. Your out-of-pocket costs will be the same as when you are at your permanent residence. You will still be responsible for paying the 20 percent coinsurance after meeting your annual Part B deductible.

REPAIR AND REPLACEMENT

What if I live in one of the 9 initial areas and need repair or replacement of an equipment item included in the program?

A. Repair ONLY

If you own an item that needs to be repaired, you may have the repairs performed by any Medicare-enrolled supplier, whether that supplier is a contract supplier or a non-contract supplier. In these cases, Medicare pays for reasonable and necessary labor not otherwise covered under a manufacturer's or supplier's warranty.

B. Repair and Replacement

If you need a part replaced to make the equipment serviceable, and the replacement part is also an item included in the program, you can get the part from either a contract supplier or a Medicare-enrolled, non-contract supplier. In either case, Medicare pays the single payment amount provided under the new program for the replacement part.

C. Replacement ONLY

If you get the complete replacement of an item, you have to get your replacement equipment from a contract supplier. This includes replacement of base equipment and replacement of the parts or accessories for the base equipment that are being replaced because the base equipment is being replaced.

If you are not a permanent resident of one of the 9 initial areas of the program but you need to replace an item while visiting one of the 9 initial areas, you must get the replacement item from a contract supplier.

SUPPLIER MARKETING

Are there rules for how contract suppliers can market to people with Medicare?

Yes. All of the current rules and regulations regarding supplier marketing to people with Medicare under the Medicare fee-for-service program apply under the new competitive bidding program for certain medical equipment and supplies. For example, suppliers can't misuse symbols, emblems or names in reference to Social Security or Medicare. In addition, the National Supplier Clearinghouse has specific standards for suppliers with regard to marketing efforts to people with Medicare, like suppliers can't contact you by telephone when supplying a Medicare-covered item unless (1) you have given written permission to the supplier to contact them by telephone about a Medicare-covered item you need to rent or purchase; (2) the supplier is coordinating delivery of the item; or (3) if the supplier is contacting you about furnishing a Medicare-covered item other than a covered item you already have, and the supplier has furnished at least one covered item to the you during the previous 15-month period.