

# Medicare's New Requirements for DMEPOS Suppliers Frequently Asked Questions (10/1/09)

*Program:*

## **What are the new requirements that certain Medicare suppliers of durable medical equipment, prosthetics, orthotics and supplies (DMEPOS) must meet?**

Certain Medicare suppliers of durable medical equipment, prosthetics, orthotics and supplies (DMEPOS) must meet Medicare's quality standards and become **accredited** by October 1 and obtain a **surety bond** by October 2, 2009. These new supplier requirements will help to prevent Medicare fraud and ensure that people with Medicare get high quality medical items and services from qualified suppliers.

## **What is the accreditation requirement?**

The accreditation requirement, enacted as part of the Medicare Modernization Act of 2003, requires that DMEPOS suppliers must become accredited by meeting the program's quality standards, in order to obtain or retain their Part B Medicare billing privileges. These quality standards include both business and product-specific service measures. Business standards the suppliers must meet focus on how the company is run, how finances and staff performance are managed, how well the company takes care of its customers, the safety of the products sold and whether the company's information management systems are in place. Product-specific service standards include intake, delivery and setup, training and instruction of the beneficiary and/or their caregiver and follow-up service.

## **What is the surety bond requirement?**

The surety bond requirement, mandated by the Balanced Budget Act of 1997, makes certain DMEPOS suppliers obtain and maintain a surety bond in the amount of \$50,000. This requirement was due in part to the large number of improper and potentially fraudulent payments to medical equipment suppliers for furnishing medical equipment and devices to people with Medicare. The surety bond requirement is designed to limit the Medicare program risk from fraudulent equipment suppliers and help to ensure that Medicare beneficiaries receive medical items that are considered reasonable and necessary from legitimate DMEPOS suppliers. Suppliers who have had certain final adverse actions, such as Medicare revocations, imposed against them in the past may also be required to post a higher bond amount.

## **What happens to a supplier if they do not meet the new Medicare enrollment requirements?**

A DMEPOS supplier's Medicare Part B billing privileges will be revoked if the DMEPOS supplier fails to obtain accreditation or a surety bond. In order to retain or obtain a Medicare Part B DMEPOS number, all DMEPOS suppliers must comply with the new requirements.

## **What suppliers are affected by the accreditation requirement?**

The accreditation requirement applies to suppliers of durable medical equipment (such as oxygen equipment, hospital beds, power wheelchairs, canes, crutches, etc) medical supplies (such as diabetic supplies), home dialysis supplies and equipment, therapeutic shoes, parenteral/enteral nutrition, transfusion medicine and prosthetic devices, prosthetics and orthotics, unless a professional exemption applies. Pharmacies, pedorthists, mastectomy fitters, orthopedic fitters/technicians and athletic trainers must also meet the deadline for DMEPOS accreditation.

## **What suppliers are exempt from the accreditation requirement?**

Certain eligible professionals and other persons are exempt from the accreditation requirement including physicians, physical and occupational therapists, qualified speech-language pathologists, physician assistants, nurse practitioners, clinical nurse specialists, certified registered nurse anesthetists, certified nurse-midwives, clinical social workers, clinical psychologists, registered dietitians/nutrition professionals, orthotists, prosthetists, opticians and audiologists.

## **What suppliers are affected by the surety bond requirement?**

All Medicare-enrolled DMEPOS suppliers are subject to the surety bond requirement with certain exceptions.

## **What suppliers are exempt from the surety bond requirement?**

DMEPOS suppliers exempt from the surety bond requirement are (1) government-owned suppliers who furnish a comparable surety bond under State law, (2) State-licensed orthotic and prosthetic personnel in private practice making custom made orthotics and prosthetics if the business is solely-owned and operated by said personnel and is billing only for orthotics, prosthetics, and supplies, (3) physicians and non-physician practitioners if the DMEPOS items are furnished only to his or her patients as part of his or her professional service, and (4) physical and occupational therapists if: (a) the business is solely-owned and operated by the therapist, and (b) if the DMEPOS items are furnished only to his or her patients as part of his or her professional service.

## **Are the new Medicare DMEPOS supplier accreditation and surety bond requirements related to the Medicare DMEPOS Competitive Bidding Program?**

The DMEPOS supplier accreditation/surety bond requirements are distinct from (but still related to) the DMEPOS competitive bidding program; distinct in that the accreditation/surety bond requirements are national in scope and affect all DMEPOS items, with some limited exceptions, starting October 1, 2009, while the competitive bidding program affects only nine areas of the country and nine DMEPOS product categories starting on January 1, 2011. The accreditation/surety bond requirements and competitive bidding are related in that a DMEPOS supplier who wants to submit a bid this fall in any of the nine competitive bidding areas must be accredited and obtain a surety bond before bidding. The competitive bidding window for supplier bids is tentatively set for October 21, 2009 to December 21, 2009.

*Beneficiary:*

## **How can a Medicare beneficiary find out if their supplier does not meet the new requirements?**

Medicare beneficiaries should ask their suppliers if they meet the new Medicare requirements so they can continue to get their suppliers covered by Medicare and to avoid any interruption in their services.

## **What should a Medicare beneficiary do if their supplier does not meet the new requirements?**

If a beneficiary's supplier isn't going to meet the new requirements, they will have to look for another Medicare-approved supplier in order for Medicare to pay for their equipment and supplies.

## **How does a beneficiary find a new Medicare supplier?**

Beneficiaries should ask their current supplier if they are working with another supplier who can help the beneficiary. If the beneficiary's current supplier can't help, the beneficiary should call 1-800-MEDICARE (1-800-633-4227) and a customer service representative can help them find a new supplier. TTY users should call 1-877-486-2048. Or, visit [www.medicare.gov](http://www.medicare.gov) and select "Find Suppliers of Medical Equipment in Your Area." **In order to ensure Medicare payment, beneficiaries should always ask any new supplier they contact if they are still approved by Medicare to provide covered medical equipment and supplies.**

## **What if a beneficiary doesn't want to change suppliers?**

Starting October 1, 2009, all suppliers must meet the new Medicare requirements in order to be paid by Medicare. If a supplier hasn't met these requirements and a beneficiary continues to get supplies from the supplier, the beneficiary may have to pay the full cost for the supplies.

## **What should a beneficiary do if they have oxygen and their current supplier told them that they are removing their equipment after October 1, 2009?**

A beneficiary should call 1-800-MEDICARE (1-800-633-4227) and a customer service representative can help them find a new supplier. TTY users should call 1-877-486-2048.

## **What will happen with equipment in a beneficiary's home if they have to change suppliers?**

A beneficiary's current supplier should make arrangements to remove the equipment **after** the beneficiary has received replacement equipment from their new supplier.

## **What if my new supplier does not provide a beneficiary with the supplies their doctor originally ordered?**

The new supplier has an obligation to provide a beneficiary with the supplies that their physician orders for them. If a beneficiary has any concerns, they should contact their doctor to discuss them.

## **What if a beneficiary's existing supplier is the only one in their town and is not Medicare approved?**

A beneficiary's existing supplier may choose not to participate. Beneficiaries should call 1-800-MEDICARE (1-800-633-4227) and a customer service representative can help them find a new supplier in their area. TTY users should call 1-877-486-2048.

## **What can a beneficiary do if they have a complaint about their DME supplier?**

CMS can assist a beneficiary who has a complaint about their DME supplier. Beneficiaries should call 1-800-MEDICARE (1-800-633-4227) and give the customer service representative the name and address of their supplier and the nature of their complaint. Someone from CMS and/or the supplier will get back to the beneficiary as soon as possible.

## **Will a beneficiary's prescription drugs be affected by the new requirements?**

A beneficiary's prescription drugs are not affected by the new requirements, only the medical supplies that they are receiving.

## **Must a non-accredited supplier use an Advance Beneficiary Notice (ABN) before selling DMEPOS items to a beneficiary?**

Non-accredited suppliers should use an Advance Beneficiary Notice (ABN) before providing a Medicare beneficiary with an item or service to alert the beneficiary to the fact that the supplier is non-accredited and unable to bill Medicare for the item – so the beneficiary knows they will have to pay the full cost for the item or service. The only exception to this rule is when a non-accredited supplier has posted clearly visible signs (undisputed by the beneficiary) at the supplier's place of business that informs beneficiaries that it is not accredited by Medicare and cannot bill Medicare, so the beneficiary knows they must pay for the item or service.

## **Is a beneficiary protected if they purchase a supply from a non-accredited supplier?**

There are retail outlets and pharmacies that furnish DMEPOS items to cash and carry customers which do not meet the new Medicare requirements. Therefore beneficiaries should always ask if the supplier meets the new Medicare requirements to make sure Medicare will pay for their supplies. Medicare "may" reimburse a beneficiary for a one-time only supply and give notice to the beneficiary that any future bills will not be reimbursed. The supplier locator tool on [www.medicare.gov](http://www.medicare.gov) is available to beneficiaries to locate enrolled DMEPOS suppliers that service their area.

## **Can a non-accredited pharmacy that provides DME supplies to a dual eligible beneficiary be reimbursed by Medicaid?**

As long as the pharmacy is a Medicaid provider, the pharmacy may be reimbursed by Medicaid for a Medicaid-covered item.

## **Will a beneficiary's Medicare premium increase because the suppliers now need to be accredited/obtain a surety bond?**

A beneficiary's Medicare premium is not affected by these new Medicare requirements.