

CMS Manual System	Department of Health & Human Services (DHHS)
Pub 100-20 One-Time Notification	Centers for Medicare & Medicaid Services (CMS)
Transmittal 1139	Date: November 1, 2012
	Change Request 8080

SUBJECT: Durable Medical Equipment (DME) National Competitive Bidding (NCB): National Mail Order (NMO) Program Implementation for Diabetic Supplies

I. SUMMARY OF CHANGES: Section 302 of the Medicare Modernization Act of 2003 (MMA) established requirements for a new competitive bidding program (CBP) for certain Durable Medical Equipment, Prosthetics, Orthotics and Supplies (DMEPOS). The Medicare Improvements for Patients and Providers Act (MIPPA) required the competition for Round Two to occur in 2011 in 70 additional metropolitan statistical areas (MSAs) and authorized competition for national mail order items and services after 2010. The Affordable Care Act of 2010 (ACA) expands the number of Round Two MSAs from 70 to 91 areas and mandates that all areas of the country are subject either to DMEPOS competitive bidding or payment rate adjustments using competitively bid rates by 2016.

EFFECTIVE DATE: July 1, 2013

IMPLEMENTATION DATE: April 1, 2013 (Analysis and design - VMS); July 1, 2013 (Full implementation - VMS/CWF)

Disclaimer for manual changes only: The revision date and transmittal number apply only to red italicized material. Any other material was previously published and remains unchanged. However, if this revision contains a table of contents, you will receive the new/revised information only, and not the entire table of contents.

II. CHANGES IN MANUAL INSTRUCTIONS: (N/A if manual is not updated)

R=REVISED, N=NEW, D=DELETED-Only One Per Row.

R/N/D	CHAPTER / SECTION / SUBSECTION / TITLE
N/A	

III. FUNDING:

For Fiscal Intermediaries (FIs), Regional Home Health Intermediaries (RHHIs) and/or Carriers:

No additional funding will be provided by CMS; Contractors activities are to be carried out with their operating budgets

For Medicare Administrative Contractors (MACs):

The Medicare Administrative contractor is hereby advised that this constitutes technical direction as defined in your contract. CMS does not construe this as a change to the MAC statement of Work. The contractor is not obliged to incur costs in excess of the amounts allotted in your contract unless and until specifically authorized by the Contracting Officer. If the contractor considers anything provided, as described above, to be outside the current scope of work, the contractor shall withhold performance on the part(s) in question and immediately notify the Contracting Officer, in writing or by e-mail, and request formal directions regarding continued performance requirements.

IV. ATTACHMENTS:

One-Time Notification

**Unless otherwise specified, the effective date is the date of service.*

Attachment - One-Time Notification

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SUBJECT: Durable Medical Equipment (DME) National Competitive Bidding (NCB): National Mail Order (NMO) Program Implementation for Diabetic Supplies

EFFECTIVE DATE: July 1, 2013

IMPLEMENTATION DATE: April 1, 2013 (Analysis and design - VMS); July 1, 2013 (Full implementation - VMS/CWF)

I. GENERAL INFORMATION

A. Background: This Change Request provides guidance for systems changes in preparation for NMO program implementation. Section 302 of the Medicare Modernization Act of 2003 (MMA) established requirements for a new competitive bidding program (CBP) for certain DMEPOS. Under the program, Durable Medical Equipment Prosthetics and Orthotic Supplies (DMEPOS) suppliers compete to become Medicare contract suppliers by submitting bids to furnish certain items in competitive bidding areas, and the Centers for Medicare & Medicaid Services (CMS) awards contracts to enough suppliers to meet beneficiary demand for the bid items. The new, lower payment amounts resulting from the competition replace the Medicare DMEPOS fee schedule amounts for the bid items in these areas. All contract suppliers must comply with Medicare enrollment rules, be licensed and accredited, and meet financial standards. The program sets more appropriate payment amounts for DMEPOS items while ensuring continued access to quality items and services, which will result in reduced beneficiary out-of-pocket expenses and savings to taxpayers and the Medicare program.

The Medicare Improvements for Patients and Providers Act (MIPPA) required the competition for Round Two to occur in 2011 in 70 additional metropolitan statistical areas (MSAs) and authorized competition for national mail order items and services after 2010. Section 6410 of the Affordable Care Act of 2010 (ACA) expands the number of Round Two MSAs from 70 to 91 areas and mandates that all areas of the country are subject either to DMEPOS competitive bidding or payment rate adjustments using competitively bid rates by 2016. Additional information on the DMEPOS Competitive Bidding Program can be found on the CMS Website at <http://www.cms.gov/DMEPOSCompetitiveBid/>.

In addition a national competition to furnish diabetic testing supplies that are delivered to beneficiaries' residences will occur at the same time as the Round 2 competition.

B. Policy: Effective July 1, 2013, payment for Medicare-covered diabetic testing supplies delivered to a Medicare beneficiary's home by any method is subject to the NMO NCB throughout the United States and its territories, with the exception of the Northern Mariana Islands.

Suppliers that are awarded an NMO contract will be required to furnish mail order diabetic testing supplies to Medicare beneficiaries in 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. Beneficiaries residing in the Northern Mariana Islands are excluded from the NMO program.

Under the NMO program, beneficiaries may choose to pick up diabetic testing supplies in person from retail pharmacy locations or other local supplier storefronts or have them delivered to their homes. Once the program is implemented, only contract suppliers will be reimbursed by Medicare for providing diabetic testing supplies delivered to beneficiaries' residences. If the supplies are shipped or delivered by any means to the beneficiary's home, then the supplier that furnished the supplies must be a contract supplier. The only diabetic testing

Number	Requirement	Responsibility										
		A/B MAC		D M E M A C	F I	C A R R I E R	R H I	Shared- System Maintainers				Other
		P a r t A	P a r t B					F I S S	M C S	V M S	C W F	
8080.6.2	Contractors shall assign a new unique NMO CBA indicator of '20001' for claim lines that are subject to NMO for all beneficiaries (except those residing in the Northern Mariana Islands).			X						X		
8080.6.3	The existing CBP category '004' shall be used to identify all HCPCS codes that fall under the NMO program.			X						X		
8080.7	Claim lines for all Medicare beneficiaries with procedure codes that include the KL pricing modifier for mail order diabetic supplies will be subject to the NMO program.			X						X		
8080.8	The NMO CBA indicator '20001' shall be used for claim lines subject to the NMO program for all Medicare beneficiaries, regardless of their ZIP code of residence (except the Northern Mariana Islands). NOTE: The new NMO indicator field, will identify claim lines subject to the NMO program and will be added at the claim-line level in VMS.			X						X		
8080.9	Contractors shall send the NMO CBA indicator value of '20001' on the claim header-level CBA field on the HUDC when the beneficiary does not reside in a CBA and at least one line on the claim is subject to the NMO program.			X						X	X NCH	
8080.10	Contractors shall store the CBA for the NMO program and the NMO CBA indicator (see 8080.8) identifying claim lines that are subject to the NMO program on the claim.			X						X		
8080.11	Contractors shall deny claim lines subject to the NMO program that are provided by non-contract suppliers using the following MSN and RA messages: NON-CONTRACT SUPPLIER DENIAL MSN 8.92: You live in a Competitive Bidding Area and this item must be provided by a Medicare-contract supplier under the DMEPOS competitive bidding program. Medicare won't pay for this item and you shouldn't be billed for this item or service. You don't have to pay this amount. Medicare appeal rights don't apply to this item.			X						X		

Number	Requirement	Responsibility										
		A/B MAC		D M E M A C	F I	C A R R I E R	R H I	Shared- System Maintainers				Other
		P a r t A	P a r t B					F I S S	M C S	V M S	C W F	
	<p>CARC 96: Non-covered charge(s). (Group code CO).</p> <p>RARC M115: This item is denied when provided to this patient by a non-contract or non-demonstration supplier.</p> <p>RARC M114: This service was processed in accordance with rules and guidelines under the DMEPOS Competitive Bidding Program or other Demonstration Project. For more information regarding this project, contact your local contractor.</p> <p>RARC N211: Alert: You may not appeal this decision.</p> <p>RARC MA13: Alert: You may be subject to penalties if you bill the patient for amounts not reported with the PR (patient responsibility) group code.</p>											
8080.12	<p>Contractors shall use the following group code, MSN, and remittance advice messages when paying claim lines subject to the NMO program:</p> <p>NON-CONTRACT SUPPLIER DENIAL</p> <p>MSN 8.90: You live in a Competitive Bidding Area. This is a Competitive Bidding item. The Medicare approved amount is based on the bid price for this item under the DMEPOS Competitive Bidding Program.</p> <p>CARC 45: Charge exceeds fee schedule/maximum allowable or contracted/legislated fee arrangement. (Use Group Codes PR or CO depending upon liability).</p> <p>CARC 94: Processed in Excess of charges.</p> <p>RARC M112: The approved amount is based on the maximum allowance for this item under the DMEPOS Competitive Bidding Demonstration.</p> <p>RARC MA13: Alert: You may be subject to penalties</p>			X					X			

Number	Requirement	Responsibility										
		A/B MAC		D M E M A C	F I	C A R R I E R	R H I	Shared- System Maintainers				Other
		P a r t A	P a r t B					F I S S	M C S	V M S	C W F	
	if you bill the patient for amounts not reported with the PR (patient responsibility) group code.											
8080.13	Contractors shall display information regarding the CBA for the NMO program on the existing VMS reports									X		
8080.14	The CBIC shall provide test file for the CBP HCPCS, pricing and supplier initial loads for the NMO program.			X						X	PDAC	

III. PROVIDER EDUCATION TABLE

Number	Requirement	Responsibility									
		A/B MAC		D M E M A C	F I	C A R R I E R	R H I	Other			
		P a r t A	P a r t B								
8080.15	A provider education article related to this instruction will be available at http://www.cms.hhs.gov/MLNMattersArticles/ shortly after the CR is released. You will receive notification of the article release via the established "MLN Matters" listserv. Contractors shall post this article, or a direct link to this article, on their Web sites and include information about it in a listserv message within one week of the availability of the provider education article. In addition, the provider education article shall be included in the contractor's next regularly scheduled bulletin. Contractors are free to supplement MLN Matters articles with localized information that would benefit their provider community in billing and administering the Medicare program correctly.			X							

IV. SUPPORTING INFORMATION

Section A: Recommendations and supporting information associated with listed requirements:

Use "Should" to denote a recommendation.

X-Ref Requirement Number	Recommendations or other supporting information:
8080.3	The NMO information will be included in the quarterly CBP load from the CBIC, with the exception of the ZIP code file.
8080.2	The CBIC will use the existing load process for the CBP HCPCS, pricing, and supplier files for the initial load.

Section B: All other recommendations and supporting information: N/A

V. CONTACTS

Pre-Implementation Contact(s): Diana Motsiopoulos, 410-786-3379 or diana.motsiopoulos@cms.hhs.gov (Billing), Janae James, 410-786-0801 or janae.james@cms.hhs.gov (Policy)

Post-Implementation Contact(s): Contact your Contracting Officer's Representative (COR) or Contractor Manager, as applicable.

VI. FUNDING

Section A: For Fiscal Intermediaries (FIs), Regional Home Health Intermediaries (RHHIs), and/or Carriers:

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