

CMS Manual System	Department of Health & Human Services (DHHS)
Pub 100-20 One-Time Notification	Centers for Medicare & Medicaid Services (CMS)
Transmittal 1627	Date: February 19, 2016
	Change Request 9490

SUBJECT: Durable Medical Equipment, Prosthetics, Orthotics and Supplies (DMEPOS) Competitive Bidding Program (CBP): Implementation of Round 2 Recompete of the DMEPOS CBP Program and National Mail Order (NMO) Recompete

I. SUMMARY OF CHANGES: During the DMEPOS National Competitive Bidding (NCB) program Round Two implementation discussions among CMS, VMS shared system maintainer (GDIT), the DME MACs, the Common Working File (CWF) maintainer, and the Competitive Bidding Implementation Contractor (CBIC), new requirements were identified for the Round 2 Recompete and National Mail Order Recompete implementation, and future rounds. The purpose of this change request (CR) is to provide instructions for implementing system changes for the National Mail-Order (NMO) Recompete.

EFFECTIVE DATE: July 1, 2016

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

IMPLEMENTATION DATE: July 5, 2016

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	N/A

III. FUNDING:

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 obligated 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

Attachment - One-Time Notification

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SUBJECT: Durable Medical Equipment, Prosthetics, Orthotics and Supplies (DMEPOS) Competitive Bidding Program (CBP): Implementation of Round 2 Recompete of the DMEPOS CBP Program and National Mail Order (NMO) Recompete

EFFECTIVE DATE: July 1, 2016

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I. GENERAL INFORMATION

A. Background: Section 302 of the Medicare Modernization Act of 2003 (MMA) established requirements for a new competitive bidding program for certain items of DMEPOS. Under the program, 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.

During the DMEPOS National Competitive Bidding (NCB) program Round Two implementation discussions among CMS, VMS shared system maintainer (GDIT), the DME MACs, the Common Working File (CWF) maintainer, and the Competitive Bidding Implementation Contractor (CBIC), new requirements were identified for the Round 2 Recompete and National Mail Order Recompete implementation, and future rounds. The purpose of this change request (CR) is to provide instructions for implementing system changes for the National Mail-Order (NMO) Recompete

B. Policy: This transmittal provides instructions for changes to the DMEPOS CBP Round 2 Recompete and NMO Recompete.

Additional Instructions for Round 2 Recompete

The competitive bid pricing file contains the HCPCS codes associated with a CBA. When the CBAs are changing, as they are for Round 2 Recompete, it is necessary to indicate whether or not the HCPCS codes (items) have been included in previous CBPs for the area included in the new CBA. Medicare shared systems will create a new indicator to identify whether or not each HCPCS code has been previously included in a CBP for the CBA. This is necessary for the purpose of correctly applying grandfathering rules.

NMO Recompete

The national competition to furnish diabetic testing supplies that are delivered to beneficiaries' residences go through a recompete. Under the NMO Recompete, 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. Only contract suppliers will be reimbursed by Medicare for providing diabetic testing supplies delivered to beneficiaries' residences.

II. BUSINESS REQUIREMENTS TABLE

"Shall" denotes a mandatory requirement, and "should" denotes an optional requirement.

Number	Requirement	Responsibility									
		A/B MAC			D M E M A C	Shared- System Maintainers				Other	
		A	B	H H H		F I S S	M C S	V M S	C W F		
9490.1	The CBIC shall add a new HCPCS indicator field on the file to note whether or not the HCPCS code has previously been included in a CBP for the area included in the CBA.										Competitive Bidding Implementation Contractor
9490.1.1	VMS shall accept the revised file including the new indicator in 9490.1. See Attachment A.								X		
9490.1.2	VMS shall use the new HCPCS indicator to determine the appropriate payment for a HCPCS code previously included in a CBP for the area included in the CBA.								X		
9490.2	The contractor shall update the current NMO logic to accommodate inclusion of the new NMO CBA for the NMO Recompete and for future rounds.								X		
9490.3	The contractor shall update the current NMO product category to accommodate the inclusion of the new NMO product category for the NMO Recompete and for future rounds.								X		
9490.4	The contractors shall continue to exclude the Northern Mariana Islands from the NMO program.				X				X		
9490.5	The shared system maintainer shall update the VMS to allow the daily supplier report to be modified to handle categories greater than 50.								X		
9490.6	The contractors shall implement additional changes as necessary when identified during testing.				X				X		

III. PROVIDER EDUCATION TABLE

Number	Requirement	Responsibility		
		A/B MAC	D M E	C E D

		A	B	H H H	M A C	I
	None					

IV. SUPPORTING INFORMATION

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

"Should" denotes a recommendation.

X-Ref Requirement Number	Recommendations or other supporting information:
	N/A

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

V. CONTACTS

Pre-Implementation Contact(s): Bobbett Plummer, 410-786-3321 or bobbett.plummer@cms.hhs.gov (For claims processing questions) , Karen Jacobs, 410-786-2173 or karen.jacobs@cms.hhs.gov (For policy questions)

Post-Implementation Contact(s): Contact your Contracting Officer's Representative (COR).

VI. FUNDING

Section A: 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 obligated 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.

ATTACHMENTS: 1

ATTACHMENT A

Revised CBIC file layout

01 (*)-CBA-PROD-CAT-REC.

05 (*)-BID-CAT-EFF-DATE.

10 (*)-BID-PR-CAT-EFF-CC PIC 9(02).

10 (*)-BID-PR-CAT-EFF-YY PIC 9(02).

10 (*)-BID-PR-CAT-EFF-MM PIC 9(02).

10 (*)-BID-PR-CAT-EFF-DD PIC 9(02).

05 (*)-BID-CAT-EXP-DATE.

10 (*)-BID-PR-CAT-EXP-CC PIC 9(02).

10 (*)-BID-PR-CAT-EXP-YY PIC 9(02).

10 (*)-BID-PR-CAT-EXP-MM PIC 9(02).

10 (*)-BID-PR-CAT-EXP-DD PIC 9(02).

05 (*)-HCPCS-PROC.

10 (*)-HCPCS-PROC-CODE PIC X(05).

10 (*)-HCPCS-MOD1 PIC X(02).

10 (*)-HCPCS-MOD2 PIC X(02).

10 (*)-HCPCS-MOD3 PIC X(02).

10 (*)-HCPCS-MOD4 PIC X(02).

05 (*)-CBA-AREA PIC X(05).

05 (*)-BID-PROD-CATEGORY PIC X(03).

05 (*)-BID-CAT-BUS-RULE PIC X(01).

05 (*)-BID-CAT-BUS-RULE-2 PIC X(01).

05 (*)-BID-CAT-BUS-RULE-3 PIC X(01).

05 (*)-BID-CAT-BUS-RULE-4 PIC X(01).

05 (*)-BID-CAT-BUS-RULE-5 PIC X(01).

05 (*)-HCPCS-NEW-TO-CBA PIC X(01).

05 (*)-FILLER PIC X(07).