

<b>CMS Manual System</b>	<b>Department of Health &amp; Human Services (DHHS)</b>
<b>Pub 100-20 One-Time Notification</b>	<b>Centers for Medicare &amp; Medicaid Services (CMS)</b>
<b>Transmittal 527</b>	<b>Date: August 3, 2009</b>
	<b>Change Request 6571</b>

**Subject: Program Instructions Designating the Competitive Bidding Areas and Product Categories Included in the DMEPOS Competitive Bidding Program Round One Rebid in CY 2009**

**I. SUMMARY OF CHANGES:** This transmittal provides information for educational purposes regarding the nine MSAs and product categories in which the DMEPOS competitive bidding round one re-bid will occur in CY 2009.

**New / Revised Material**

**Effective Date: August 3, 2009**

**Implementation Date: September 3, 2009**

*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:**

**SECTION A:** For Fiscal Intermediaries and Carriers:

No additional funding will be provided by CMS; Contractor activities are to be carried out within their operating budgets.

**SECTION B:** 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**

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

# Attachment – One-Time Notification

Pub. 100-20

Transmittal: 527

Date: August 3, 2009

Change Request: 6571

**SUBJECT: Program Instructions Designating the Competitive Bidding Areas and Product Categories Included in the DMEPOS Competitive Bidding Program Round One Rebid in CY 2009**

**Effective Date:** August 3, 2009

**Implementation Date:** September 3, 2009

## I. GENERAL INFORMATION

### A. Background:

Currently, Medicare payment for most durable medical equipment, prosthetics, orthotics, and supplies (DMEPOS) is based on fee schedules. However, section 302(b)(1) of the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (MMA), which amended section 1847 of the Social Security Act (the Act), mandates competitive bidding programs to replace the current DMEPOS fee schedule payment amounts for selected items in selected areas.

The statute provides that competitive bidding will apply to durable medical equipment (DME) meeting the definition of a “covered item” as specified in section 1834(a) (13) of the Act, including items used in infusion and drugs (other than inhalation drugs) and supplies used in conjunction with DME, but excluding class III devices under the Federal Food, Drug and Cosmetic Act. Competitive bidding will also apply to enteral nutrients, equipment, and supplies. Further, competitive bidding will apply to off-the-shelf orthotics described in section 1861(s)(9) for which payment would otherwise be made under Section 1834(h) which require minimal self-adjustment for appropriate use and do not require expertise in trimming, bending, molding, assembling, or customizing to fit the individual.

The statute, as amended by the MMA, also provided for phasing in competitive bidding beginning in 10 of the largest metropolitan statistical areas (MSAs). Areas that may be exempt from the DMEPOS competitive bidding program include rural areas and areas with low population density within urban areas that are not competitive, unless there is a significant national market through mail order for a particular item or service.

Round One of the DMEPOS competitive bidding program was implemented on July 1, 2008, in 10 competitive bidding areas, as mandated by the MMA. However, as part of the Medicare Improvements for Patients and Providers Act of 2008 (MIPPA), Congress enacted a temporary delay in the competitive bidding program for Round One Competitive Bidding Areas. The law required the Centers for Medicare & Medicaid Services (CMS) to terminate the existing contracts that were awarded in Round One and conduct a second Round One competition (the “Round One rebid”) in 2009. The MIPPA also excluded certain Round One DMEPOS items and areas from the competitive bidding program. Section 154(a) of the MIPPA exempted group 3 complex rehabilitative power wheelchairs and related accessories when furnished in connection with such wheelchairs for the Round One rebid and subsequent rounds of the program, as well as, negative pressure wound therapy (NPWT) items and services from the Round One rebid competition. The MIPPA also excluded Puerto Rico as an area so that the Round One rebid competition covers 9, instead of 10 of the largest MSAs. Except for the aforementioned exceptions, section 154(a) of the MIPPA requires that the Round One rebid occur in 2009 with the same items and services and the same areas as in Round One.

The CMS issued an interim final regulation with comment period on January 16, 2009 that incorporated the changes required by the MIPPA (See CMS 1561-IFC, Federal Register: February 19, 2009, Volume 74, Number 32).

This transmittal provides information for educational purposes regarding the nine MSAs and product categories in which the DMEPOS Round One rebid competitive bidding competition will occur in 2009.

## **B. Policy:**

As mandated by the MIPPA, the DMEPOS Competitive Bidding Round One rebid in 2009 will occur in the following 9 MSAs:

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

The DMEPOS Competitive Bidding Round One rebid in 2009 will include the following 9 product categories:

- Oxygen Supplies and Equipment;
- Standard Power Wheelchairs, Scooters, and Related Accessories;
- Complex Rehabilitative Power Wheelchairs and Related Accessories (Group 2);
- Mail-Order Diabetic Supplies;
- Enteral Nutrients, Equipment and Supplies;
- Continuous Positive Airway Pressure (CPAP), 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.

The MSAs and product categories that are included in the DMEPOS Competitive Bidding Round I rebid in 2009 can also be found on the following CMS Web site:

[http://www.cms.hhs.gov/DMEPOSCompetitiveBid/01\\_overview.asp](http://www.cms.hhs.gov/DMEPOSCompetitiveBid/01_overview.asp).

Further information on the boundaries and list of zip codes for each competitive bid area (CBA) and the Healthcare Common Procedure Coding System (HCPCS) codes for each product category are available by visiting the CMS Web site and following the link to Competitive Bidding Implementation Contractor (CBIC) web site: [http://www.cms.hhs.gov/DMEPOSCompetitiveBid/01\\_overview.asp](http://www.cms.hhs.gov/DMEPOSCompetitiveBid/01_overview.asp).

## II. BUSINESS REQUIREMENTS TABLE

Number	Requirement	Responsibility (place an "X" in each applicable column)									
		A / B	D M E	F I	C A R R I E R	R H H I	Shared-System Maintainers				OT H ER
		M A C	M A C				F I S S	M S S	V M S	C W F	
6571.1	DME MACs, A/B MACs, and RHHIs shall provide a link on their Web sites to the CMS Competitive Bidding webpage at: <a href="http://www.cms.hhs.gov/DMEPOSCompetitiveBid/01_overview.asp">http://www.cms.hhs.gov/DMEPOSCompetitiveBid/01_overview.asp</a> .	X	X			X					
6571.2	DME MACs, A/B MACs and RHHIs shall refer suppliers and providers who call the Provider Contact Centers with DMEPOS competitive bidding inquiries to the CBIC Competitive Bidding Program Helpdesk at 1-877-577-5331 or direct them to the "Contact Us" feature on the CBIC Competitive Bidding Program web site at <a href="http://www.dmecompetitivebid.com">www.dmecompetitivebid.com</a> to submit competitive bidding specific questions.	X	X			X					

## III. PROVIDER EDUCATION TABLE

Number	Requirement	Responsibility (place an "X" in each applicable column)									
		A / B	D M E	F I	C A R R I E R	R H H I	Shared-System Maintainers				OT H ER
		M A C	M A C				F I S S	M S S	V M S	C W F	
6571.3	A provider education article related to this instruction will be available at <a href="http://www.cms.hhs.gov/MLNMattersArticles/">http://www.cms.hhs.gov/MLNMattersArticles/</a> 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 site 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 your next regularly scheduled bulletin. Contractors	X	X			X					

Number	Requirement	Responsibility (place an "X" in each applicable column)									
		A / B  M A C	D M E  M A C	F I  M A C	C A R I E R	R H I  I S S	Shared-System Maintainers				OTH ER
						F I S	M C S	V M S	C W F		
	are free to supplement MLN Matters articles with localized information that would benefit their provider community in billing and administering the Medicare program correctly.										

**IV. SUPPORTING INFORMATION**

**Section A: For any recommendations and supporting information associated with listed requirements, use the box below:**

X-Ref Requirement Number	Recommendations or other supporting information:

**Section B: For all other recommendations and supporting information, use this space:**

**V. CONTACTS**

**Pre-Implementation Contact:** Hafsa Bora (410-786-7899) and Karen Jacobs (410- 786- 2173)

**Post-Implementation Contact:** Hafsa Bora (410-786-7899) and Karen Jacobs (410- 786- 2173)

**VI. FUNDING**

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

No additional funding will be provided by CMS; contractor activities are to be carried out within their operating budgets.

**Section B: 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.