

Information About the Medicare DMEPOS Competitive Bidding Program for State Policymakers

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The Medicare DMEPOS Competitive Bidding Program

Beneficiaries with Original Medicare who use certain medical equipment or supplies (like a walker or a power wheelchair) need to know about a new Medicare program. It will help ensure that they get quality medical equipment, supplies, and services; save them and Medicare money; and help limit fraud and abuse in the Medicare program. This new program starts on July 1, 2008 in the 10 areas listed on the next page. It will expand to 70 additional areas in 2009. Medicare is using the competition of the local marketplace to determine how much beneficiaries and Medicare will pay for medical equipment and supplies. As a result, beneficiaries will pay less for these equipment and supplies than what they pay now. This information will help you understand how this program impacts Medicare beneficiaries in your community.

Who will be affected by the new Competitive Bidding Program?

Beneficiaries who live in or plan to visit certain ZIP codes in the areas listed below will need to use a supplier that contracts with Medicare when they buy or rent certain equipment or supplies in order for Medicare to provide payment. This program does not apply in these areas to items or services not listed on the next page. This program also doesn't affect which doctors or hospitals beneficiaries can use.

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

The program is scheduled to expand to 70 additional areas in 2009.

How this impacts individuals who are currently renting or own medical equipment:

For beneficiaries who currently rent certain medical or oxygen equipment, they may be able to stay with their current supplier even if that supplier isn't a contract supplier. Beneficiaries should check with their suppliers to see if they decided to become a "grandfathered" supplier. Medicare rules for servicing and maintenance of DMEPOS equipment remain unchanged. Beneficiaries who already own their medical equipment can use any Medicare-approved supplier for repairs or replacement parts. Before the beneficiary has the equipment serviced, he or she must make sure the supplier is Medicare-approved so

the service is covered. If a beneficiary needs to replace medical equipment and that equipment is listed in this paper, he or she must use a Medicare contract supplier for Medicare to provide payment.

Which types of medical equipment will be affected?

Initially, this new program includes the following items:

- Oxygen supplies and equipment*
- Standard power wheelchairs, scooters, and related accessories
- Certain types of power wheelchairs and related accessories *
- Mail-order diabetic supplies
- Enteral nutrients, equipment, and supplies*
- Continuous Positive Airway Pressure (CPAP) devices and Respiratory Assist Devices (RADs) and related supplies
- Hospital beds and related accessories*
- Negative pressure wound therapy pumps and related supplies and accessories
- Walkers and related accessories
- Support surfaces (certain mattresses and overlays) Miami, Fort Lauderdale, and Miami Beach only

* Not included in Puerto Rico

Important: If a beneficiary lives in one of the areas listed, and continues to use a non-contract supplier for items listed above after July 1, 2008, he or she will be asked to sign an Advance Beneficiary Notice (ABN) which informs the beneficiary in writing that Medicare will not cover the cost of the supply or service. A non-contract supplier is a supplier who is not participating in this new program. It means Medicare probably won't pay for the item or service, and the beneficiary may be responsible for paying the entire cost of the item or service.

How beneficiaries will save money:

Since the amount Medicare pays will be less, the 20% coinsurance beneficiaries pay will be less too. Beneficiaries are still required to meet their annual Part B deductible. If a beneficiary suspects that he or she is paying more coinsurance than the Medicare-allowed amount, they can call 1-800-MEDICARE (1-800-633-4227). TTY users should call 1-877-486-2048. Or, call the Fraud Hotline of the HHS Office of Inspector General at 1-800-447-8477.

How beneficiaries can get help:

- Beneficiaries should first talk to their doctor, other health care provider, or supplier for questions about equipment and supplies.
 - For free health insurance counseling and personalized help about these changes, a beneficiary should call his or her State Health Insurance Assistance Program (SHIP). Visit www.medicare.gov on the web, or call 1-800-MEDICARE for their telephone number. TTY users should call 1-877-486-2048.
- www.medicare.gov

Educating Beneficiaries and Partners

The Centers for Medicare and Medicaid Services (CMS) has been working with beneficiaries, physicians and suppliers to educate them on these new requirements. At the end of this document are links to educational materials on the Competitive Bidding Program released by CMS, including a fact sheet designed for beneficiaries and information for current and potential suppliers.

Additional Background Information on the Competitive Bidding Program

Medicare payment for durable medical equipment, prosthetics, orthotics and supplies (DMEPOS) is based on either the supplier's charge for the item or the fee schedule amount calculated for the item. The Medicare Prescription Drug, Improvement and Modernization Act of 2003 ("Medicare Modernization Act" or "MMA") has changed the way that Medicare determines how much it pays for selected DMEPOS in specific areas and who can furnish these items. This change comes after demonstration projects in Texas and Florida produced significant savings for beneficiaries and taxpayers without hindering access to DMEPOS and related services.

The new competitive bidding program will ensure beneficiary access to quality medical equipment and DMEPOS supplier services. Although some beneficiaries may have to switch from their current supplier to a contract supplier for some items of DMEPOS, the program will improve beneficiary access to quality suppliers and will reduce their out-of-pocket costs by an average of 26 percent.

Initially, the program will operate in competitive bidding areas (CBAs) that include ten of the largest Metropolitan Statistical Areas (MSAs). The program will apply initially to ten product categories of DMEPOS, chosen for a variety of factors, including high price and high utilization. By 2010, the program is projected to save Medicare about \$1 billion annually.

Under the new Competitive Bidding Program, suppliers who do business in a CBA must submit a bid in order to be awarded a contract to furnish competitively bid items to people with Medicare. Contracts will only be awarded to those suppliers who offer the low price; who meet Medicare's eligibility, quality and financial standards; and who are accredited by an independent accrediting organization.

In most cases, only contract suppliers will be able to provide people with competitive bid DMEPOS items and file claims with Medicare for payment. Contract suppliers can't charge more than the single payment amount set by Medicare based on the bids received for an item, and this price can't be higher than the current Medicare (fee schedule) allowed amount.

CMS recognizes that under existing Medicare law and policies, physicians and other treating professionals sometimes supply certain items of DMEPOS to their patients as part of their professional service. Therefore, physicians, physician assistants (PAs), clinical nurse specialists (CNSs), nurse practitioners (NPs), occupational therapists (OTs) in private practice, and physical therapists (PTs) in private practice may continue furnishing certain types of competitively bid items to their own patients when furnished as part of their professional services without participating in the bidding process.

Important Links

Beneficiary Fact Sheet on the Medicare DMEPOS Competitive Bidding Program

<http://www.medicare.gov/Publications/Pubs/pdf/11307.pdf>

General Fact Sheet on the Medicare DMEPOS Competitive Bidding Program

<http://www.cms.hhs.gov/apps/media/press/factsheet.asp?Counter=2098&intNumPerPage=10&checkDate=&checkKey=&srchType=&numDays=3500&srchOpt=0&srchData=&keywordType=All&chkNewsType=6&intPage=&showAll=&pYear=&year=&desc=&cboOrder=date>

Supplier educational materials. These materials can be found on the implementation contractor (CBIC) web-site at: [http://www.dmecompetitivebid.com/cbic/cbic.nsf/\(pages\)/home](http://www.dmecompetitivebid.com/cbic/cbic.nsf/(pages)/home).