

**U.S. House and Senate Notification  
Wednesday, February 16, 2011**

**To: Congressional Health Staff**

**From: Amy Hall, Director, Office of Legislation  
Centers for Medicare & Medicaid**

**Re: Update on Implementation of the DMEPOS Competitive Bidding Program**

On January 1, 2011, the Centers for Medicare & Medicaid Services (CMS) launched the first phase of Medicare's competitive bidding program for durable medical equipment, prosthetics, orthotics, and supplies (DMEPOS) in nine different areas of the country. Through the use of supplier competition, the program set new, lower payment rates for certain medical equipment, such as oxygen equipment and certain power wheelchairs. As a result, more than four million Medicare beneficiaries living in the nine competitive bidding areas will save money, while continuing to have access to quality medical equipment from accredited suppliers they can trust. CMS estimates that beneficiaries and the Medicare program will pay 32 percent less on average for these equipment and supplies.

We are pleased to report that implementation of the program is going very smoothly. We continue to deploy a wide array of resources across all of the competitive bidding areas to address any concerns that may arise. These resources include local State Health Insurance and Assistance Program (SHIP) offices, specially trained customer service representatives at 1-800-MEDICARE, and caseworkers in Medicare's regional offices who all stand ready to assist beneficiaries who may have questions about the program. In addition, there is a complaint and inquiry process for beneficiaries, caregivers, doctors, referral agents and suppliers to use for reporting concerns about a contract supplier or other competitive bidding implementation issues. This process is designed to ensure that all complaints are correctly routed, investigated, resolved, tracked and reported. Further, there is a Competitive Acquisition Ombudsman who will respond to complaints and inquiries from suppliers and others about the application of the program and issue an annual Report to Congress.

Since the beginning of the program, we have only received a handful of beneficiary complaints and have acted quickly to resolve each one. While 1-800 MEDICARE has received a number of inquiries about the program, the majority of such inquiries are on routine matters, such as selecting a supplier. We urge all stakeholders to bring any issues to our attention in order for our caseworkers to resolve them as quickly as possible.

If you have any questions about this implementation update or the DMEPOS competitive bidding program generally, please contact the CMS Office of Legislation.