

Round 2021 DMEPOS Competitive Bidding Program Single Payment Amounts and Contract Offers

OVERVIEW

The Centers for Medicare & Medicaid Services (CMS) competed 16 product categories in 130 competitive bid areas (CBAs) in Round 2021 of the Durable Medical Equipment, Prosthetics, Orthotics, and Supplies (DMEPOS) Competitive Bidding Program (CBP), although the product category for non-invasive ventilators was removed in April 2020 due to the coronavirus disease 2019 (COVID-19) public health emergency (PHE). Of the remaining 15 product categories that were bid for Round 2021, 13 of the product categories have been in previous rounds of the CBP, while off-the-shelf (OTS) back and knees braces were competed for the first time in Round 2021. There were 130 CBAs resulting in over 2,000 competitions. CMS received and has reviewed over 49,000 bids.

CMS has heard from a range of stakeholders requesting that the agency delay or cancel the Round 2021 DMEPOS CBP due to the ongoing COVID-19 Public Health Emergency. CMS considered that feedback in moving forward with the Round 2021 DMEPOS CBP. CMS is not awarding competitive bidding contracts for any of the 13 product categories for Round 2021 that were previously competed because the payment amounts did not achieve expected savings.

Contract offers have been made in 127 CBAs for the OTS Back Braces and OTS Knee Braces product categories, as Medicare expects to save \$600 million for the program and beneficiaries over the three year Round 2021 contract performance period. Contracts for OTS back braces and OTS knee braces are not being awarded in certain [CBAs](#) where savings would not be achieved. Payment for the items where contracts will not be awarded will be based on adjusted fee schedule amounts in accordance with regulations in CFR [414.210\(g\)](#).

CMS has released the new single payment amounts (SPAs) and started sending contract offers to bidders for the OTS Back Braces and OTS Knee Braces product categories in the Round 2021 DMEPOS CBP. These new payment amounts and contracts go into effect on January 1, 2021.

The CBP has been an essential tool to help Medicare set appropriate payment rates for DMEPOS items and save money for beneficiaries and taxpayers while ensuring patient access to quality items. CMS will continue to evaluate the results of Round 2021 and will go through notice and comment rulemaking when proposing changes that will further improve the DMEPOS CBP so it will continue to help Medicare set market based prices, save money for beneficiaries and taxpayers, and limit fraud and abuse in the Medicare program while ensuring access to quality items.

BACKGROUND

The Medicare DMEPOS CBP was established by the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (“Medicare Modernization Act” or “MMA”) after the conclusion

of successful demonstration projects. Under the MMA, the DMEPOS CBP was to be phased-in so that competition under the program would first occur in 10 MSAs in 2007. The Medicare Improvements for Patients and Providers Act of 2008 (MIPPA) temporarily delayed the program in 2008 and made certain limited changes.

In accordance with MIPPA, CMS successfully implemented the Round 1 Rebid in 2011 in select markets and expanded in 2013 for a total of 130 CBAs. After recompeting DMEPOS CBP contracts in these markets, CMS announced plans for Round 2019 in all 130 CBAs. In February 2017, CMS announced that Round 2019 was delayed to allow for reforms to the DMEPOS CBP, which included revising the SPA methodology so the SPA for a lead item is equal to the maximum bid submitted by bidders whose lead item bids are equal to or below the pivotal bid for each competition. This is a change from previous rounds in which CMS used a median bid methodology, setting the SPA at the median bid price of the bidders who were within the winning range.

CMS also increased transparency into the DMEPOS CBP by issuing detailed information on how CMS determines beneficiary demand and evaluates bidder capacity for each CBA and product category combination (i.e., competition), and how it evaluates the financial health of each bidder. This detailed capacity/demand and financial health information were unchanged from CMS' prior rounds of the CBP.

NEXT STEPS

Contract Offers

Winning bidders for the OTS back and knee brace product categories have received Round 2021 contract offers in Connexion, the DMEPOS CBP's secure portal. Winning bidders need to respond to the contract offers no later than **8:59:59 p.m. prevailing Eastern Time on November 10, 2020.**

Disqualification Notices

Disqualification notices were also released in Connexion on October 27, 2020, as applicable, to bidders who submitted bids for OTS back braces and/or knee braces. In accordance with section 1847(b)(12)(B) of the Social Security Act and 42 CFR § 414.424(a)(2), there is no administrative or judicial review of the awarding of contracts under the DMEPOS CBP. However, CMS provides bidders that receive a bid disqualification notice the opportunity to submit an inquiry regarding the bid disqualification(s), referred to as the bidder inquiry process. Bidders have 30 calendar days from the issue date of the disqualification notice, to submit an inquiry in Connexion for the bid disqualification(s) to be reviewed. **The deadline for submitting a bidder inquiry is 8:59:59 p.m. prevailing Eastern Time on November 27, 2020.** For more information, please see the [Bidder Inquiry Process](#) fact sheet.

Bid Surety Bonds

CMS will collect on bid surety bonds for Round 2021 bidders who bid in the OTS back or knee brace product categories and whose bid(s) meets forfeiture conditions specified in the statute and regulations. Bidders who do not meet the forfeiture conditions in 42 CFR 414.412 (g)(3)(i) will have their bid surety bond liability returned within 90 days of the public announcement of

contract suppliers for the CBA. CMS will issue appropriate notice to the applicable bidders and sureties.

SPAs

The Round 2021 [SPAs](#) can be found on the Competitive Bidding Implementation Contractor (CBIC) website. Under the [lead item pricing](#) methodology, the SPA for the lead item Healthcare Common Procedure Coding System (HCPCS) code is the maximum bid amount submitted for that item by suppliers whose bids for the item are in the winning range in that CBA and product category combination (42 CFR §414.416). The SPAs for all other HCPCS codes within the product category (the non-lead items), are determined by multiplying the lead item SPA by a relative ratio.

Financial Scoring Summary

All bidders that submitted a complete bid and had a financial score calculated can view their financial score in Connexion and see how the score was calculated. For more information, please review the [Financial Scoring Methodology](#) fact sheet.

Competitive Bidding Surveys

CMS has retained a contractor to administer surveys to learn more about key stakeholder and beneficiary experiences and satisfaction with the DMEPOS CBP. Specifically, surveys will be conducted to three key stakeholder groups: 1) beneficiaries, 2) suppliers, and 3) referral agents (e.g., discharge planners, physicians, social workers, case managers, nurses). The survey results will assist CMS in overseeing the DMEPOS CBP and determining if DMEPOS CBP changes are required. Future updates about the competitive bidding surveys can be found on [CMS.gov](#).

ROUND 2021 CONTRACTS: PRODUCT CATEGORIES AND AREAS

The Round 2021 product categories include:

- OTS Back Braces
- OTS Knee Braces

For a list of the specific items in each product category, or for a list of the areas included in Round 2021, visit the CBIC website at www.dmecompetitivebid.com.

ROUND 2021 TIMELINE OF EVENTS

October 27, 2020 CMS announces new SPAs for Round 2021 and begins the contracting process with winning suppliers for OTS Back Braces and OTS Knee Braces product categories

Late Fall 2020 CMS announces the contract suppliers for OTS Back Braces and OTS Knee Braces product categories for Round 2021; intensifies supplier, referral agent, and beneficiary education program

January 1, 2021 DMEPOS CBP Round 2021 SPA become effective, and contract performance period begins for the OTS Back Braces and OTS Knee Braces product categories

ADDITIONAL INFORMATION

For additional information about the Medicare DMEPOS CBP, please visit: <https://www.cms.gov/medicare/medicare-fee-for-service-payment/dmeposcompetitivebid>.