

Slide1:
Contract Award Process
DMEPOS Competitive Bidding Program

Slide 2:
Receive Bids

- Extract data from on-line system daily
- Validate receipt of hardcopy documents
- Image, assign DCN, and catalogue documents in WMS
- Secure documents; accessible to only authorized staff

Submission of Bids Regulations:

- Final Rule – §414.414(d),(e)
- RFB - pg. 1-3, 5, 10-11, 19

Slide 3:
Determine Basic Eligibility

- Validate data against NSC database for:
 - Active NSC number
 - Local and state licensure
 - Common Ownership
- Validate data against accreditation report

Eligibility Regulations:

- Final Rule – §414.412(a)-(c), (e), 414.414(b), (c)
- RFB - pg. 1, 2, 4, 9, 10

Slide 4:
Determine Network Eligibility

- Validate network for:
 - Basic eligibility criteria
 - Number of members (limited to 20)
 - Members small suppliers
 - Market share (not to exceed 20%)
 - Compete application

Eligibility Regulations:

- Final Rule – §§ 414.402, 414.414(g), 414.418
- RFB - pg. 4, 11-12

Slide 5:
Determine Bid Eligibility

- Validate bid amount(s):
 - Less than or equal to fee schedule
 - Provided for each item in the product category

- Bona fide
- Provided by payment class for oxygen product category

Bid Regulations:

- Final Rule – §§ 414.408(f) – (g), 414.412(a) – (g), 414.414(b)
- RFB - pg. 3 - 5, 15

Slide 6:

Calculate and Array Composite Bids

- Calculate composite bid for each product category in each CBA
 - Item weight x bid amount; summed across all items in product category
- Array composite bids from lowest to highest

Evaluation and Selection Regulations:

- Final Rule – §§ 414.402, 414.414(e)(3) and (4)
- RFB – pg. 15

Slide 7:

Determine Pivotal Bids

- Calculate projected demand
- Calculate cumulative capacity
- Array bids from lowest to highest

Slide 8:

Evaluate Financial Strength

- Key financial data
- Examples of unacceptable documents:
 - Credit report but no credit score
 - Credit report from unapproved bureau
 - Blank Schedule L
 - One Schedule L for two years
 - Financial statements covering more than one year
 - Irregular cash flow statements
 - Financial statements that do not tie to other statements
 - Federal Income Tax Summary as substitute for income or cash flow statement

Slide 9:

Evaluate Financial Strength

- Calculate financial ratios
- Determine aggregate financial score
- Compare score to threshold
- Adjust capacity based on financial score
- Calculate estimated cumulative capacity

Evaluation and Selection Regulations:

- Final Rule – §414.414(d)
- RFB – pg. 10-11

Slide 10:

Insufficient Capacity

- In some cases, the cumulative capacity of all eligible bidding suppliers did not equal or exceed projected demand for the product category in the CBA
- Contracts offers were not made for 5 product categories in San Juan

Slide 11:

Determine Single Payment Amount

- Bid amounts at or below the pivotal bid
- Extract the median bid amount for each item
- Median bid became the single payment amount

Evaluation and Selection Regulations:

- Final Rule – §§ 414.416(a), (b)

Slide 12:

Small Supplier Provision

- Determine if minimum of 30% of winning suppliers are small suppliers
- Add small suppliers if necessary to meet small supplier requirement

Evaluation and Selection Regulations:

- Final Rule – §§ 414.402, 414.414(g)(1), (h)

Slide 13:

Award Contracts

- Notification to contract awardees
- Notification to bidders above the winning range (price failure)
- Notification to disqualified bidders
 - Request for Review
 - Escalation Process

Evaluation and Selection Regulations:

- Final Rule – §414.424

Slide 14:

Contract Offers (Second Wave)

- Situations where one or more of the suppliers rejected contract offers
 - Sent second round of contract offers to next lowest bidding suppliers in cases where cumulative capacity of suppliers that accepted contracts did not equal or exceed projected demand

- In two cases, additional contract offers were not made because the added capacity for remaining eligible suppliers would not have brought cumulative capacity to the level of projected demand
- Cancellation of contracts (NPWT in Kansas City and San Juan)