CMS Manual System	Department of Health & Human Services (DHHS)
Pub 100-04 Medicare Claims Processing	Centers for Medicare & Medicaid Services (CMS)
Transmittal 2470	Date: May 18, 2012
	Change Request 7768

SUBJECT: Quarterly Update for the Durable Medical Equipment, Prosthetics, Orthotics and Supplies (DMEPOS) Competitive Bidding Program (CBP) - October 2012

I. SUMMARY OF CHANGES: The DME CBP files are updated on a quarterly basis in order to implement necessary changes to the HCPCS, ZIP code, Single payment amount, and Supplier files. These requirements provide specific instruction for implementing the 2011 DMEPOS Round One Rebid CBP files. This Recurring Update Notification applies to Chapter 23, Section 100.

EFFECTIVE DATE: October 1, 2012
IMPLEMENTATION DATE: October 1, 2012

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-

R/N/D	CHAPTER / SECTION / SUBSECTION / TITLE
N/A	

III. FUNDING:
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.

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. ATTACHMENT:

Recurring Update Notification

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

Attachment – Recurring Update Notification

Pub. 100-04	Transmittal: 2470	Date: May 18, 2012	Change Request: 7768

SUBJECT: Quarterly Update for the Durable Medical Equipment, Prosthetics, Orthotics and Supplies (DMEPOS) Competitive Bidding Program

Effective Date: October 1, 2012

Implementation Date: October 1, 2012

I.   GENERAL INFORMATION

A.   Background:
Section 302 of the Medicare Modernization Act of 2003 (MMA) established requirements for a new competitive bidding program for certain DMEPOS. Under the program, DMEPOS suppliers compete to become Medicare contract suppliers by submitting bids to furnish certain items in competitive bidding areas, and the Centers for Medicare & Medicaid Services (CMS) awards contracts to enough suppliers to meet beneficiary demand for the bid items. The new, lower payment amounts resulting from the competition replace the Medicare DMEPOS fee schedule amounts for the bid items in these areas. All contract suppliers must comply with Medicare enrollment rules, be licensed and accredited, and meet financial standards. The program sets more appropriate payment amounts for DMEPOS items while ensuring continued access to quality items and services, which will result in reduced beneficiary out-of-pocket expenses and savings to taxpayers and the Medicare program.

Under the MMA, the DMEPOS Competitive Bidding Program was to be phased in so that competition under the program would first occur in 10 areas in 2007. As required by law, CMS conducted the Round One competition in 10 areas and for 10 DMEPOS product categories, and successfully implemented the program on July 1, 2008, for two weeks before the contracts were terminated by subsequent law.

The Medicare Improvements for Patients and Providers Act of 2008 (MIPPA) temporarily delayed the program in 2008, terminated the Round One contracts that were in effect, and made other limited changes. As required by MIPPA, CMS conducted the supplier competition again in 2009, referring to it as the Round One Rebid.

The Round One Rebid Competitive Bidding Program was implemented on January 1, 2011, in CBAs defined by ZIP codes within nine of the largest Metropolitan Statistical Areas (MSAs). The CBAs in the Round One Rebid include: Charlotte-Gastonia-Concord, NC-SC; Cincinnati-Middletown, OH-KY-IN; Cleveland-Elyria-Mentor, OH; Dallas-Fort Worth-Arlington, TX; Kansas City, MO-KS; Miami-Fort Lauderdale-Pompano Beach, FL; Orlando- Kissimmee, FL; Pittsburgh, PA; and Riverside-San Bernardino-Ontario, CA.

The Round One Rebid competitive bidding product categories are: Oxygen Supplies and Equipment; Standard Power Wheelchairs, Scooters, and Related Accessories; Group 2 Complex Rehabilitative Power Wheelchairs and Related Accessories; Mail-Order Diabetic Supplies; Enteral Nutrients, Equipment and Supplies; Continuous Positive Airway Pressure (CPAP) Devices, Respiratory Assist Devices, and Related Supplies and Accessories; Hospital Beds and Related Accessories; Walkers and Related Accessories; and, in the Miami-Fort Lauderdale-Pompano Beach CBA only, Support Surfaces (Group 2 Mattresses and Overlays). A list of the HCPCS codes that are included in each of the Round One Rebid product categories can be accessed by visiting the Competitive Bidding Implementation Contractor's (CBIC) website at http://www.dmecompetitivebid.com/palmetto/cbic.nsf on the Internet.

MIPPA requires the competition for Round Two to occur in 2011 in 70 additional metropolitan statistical areas (MSAs) and authorizes competition for national mail order items and services after 2010. The Affordable Care Act of 2010 (ACA) expands the number of Round Two MSAs from 70 to 91 areas and mandates that all areas of the country are subject either to DMEPOS competitive bidding or payment rate adjustments using competitively bid rates by 2016. You can find additional information on the DMEPOS Competitive Bidding Program on the CMS website at http://www.cms.gov/DMEPOSCompetitiveBid/.

B.   Policy: This transmittal provides specific instructions for implementing and updating the 2011 - 2012 DMEPOS Competitive bidding files. The single payment rates for Round One Rebid of the DMEPOS Competitive Bidding Program will be implemented through this update notification and are effective January 1, 2011.

CB File Layouts

The DMEPOS competitive bidding files are provided to the DME MACs, the Regional Home Health Intermediaries (RHHIs) and the Pricing, Data Analysis & Coding (PDAC) contractor via CMS' mainframe telecommunication system. There are four competitive bidding files –a CBA ZIP code file, a HCPCS file, a CBA pricing file and a supplier record file. Unlike the separate parenteral and enteral (PEN) file provided under the DMEPOS fee schedule, the competitive bidding enteral nutrition files will be included as part of the competitive bidding HCPCS and CBA pricing files. The four competitive bidding record file layouts are detailed in Pub. 100-04, Medicare Claims Processing Manual, section 100, chapter 23. As part of this update, revisions to section 100 are being made to reflect the Round One Rebid changes which include revisions to the HCPCS Category Record Layout to accommodate the MIPPA hospital exception.

For competitive bidding, ZIP codes designated as mail order only are assigned a separate CBA number from the standard CBA. The competitive bidding CBA numbers and associated names are as follows:

16740 = Charlotte-Gastonia-Concord, NC-SC (non-mail order and mail order)
16741 = Charlotte-Gastonia-Concord, NC-SC (mail order only)
17140 = Cincinnati-Middletown, OH-KY-IN (non-mail order and mail order)
17141 = Cincinnati-Middletown, OH-KY-IN (mail order only)
17460 = Cleveland-Elyria-Mentor, OH (non-mail order and mail order)
17461 = Cleveland-Elyria-Mentor, OH (mail order only)
19100 = Dallas-Fort Worth-Arlington, TX (non-mail order and mail order)
19101 = Dallas-Fort Worth-Arlington, TX (mail order only)
28140 = Kansas City, MO-KS (non-mail order and mail order)
28141 = Kansas City, MO-KS (mail order only)
33100 = Miami-Fort Lauderdale-Pompano Beach, FL (non-mail order and mail order)
33101 = Miami-Fort Lauderdale-Pompano Beach, FL (mail order only)
36740 = Orlando- Kissimmee, FL (non-mail order and mail order)
36741 = Orlando- Kissimmee, FL (mail order only)
38300 = Pittsburgh, PA (non-mail order and mail order)
38301 = Pittsburgh, PA (mail order only)
40140 = Riverside-San Bernardino-Ontario, CA (non-mail order and mail order)
40141 = Riverside-San Bernardino-Ontario, CA (mail order only)

The DME MACs must manually enter the CBA numbers in the VMAP/4D CBA Pricing Period Table.

File Updates
In implementing the DMEPOS competitive bidding program, CMS will be issuing recurring update notifications on a quarterly basis. Instructions for updating the DMEPOS competitive bidding files will be included in these transmittals. The competitive bidding files will be provided to the DME MACs, the RHHIs and the PDAC contractor via CMS' mainframe telecommunication system on a quarterly basis. Beginning on July 1, 2012 and until further notice, the EDC will transmit the aforementioned files when received from the CBIC to the ViPS Medicare System (VMS) and VMS will make the file updates available to the contractors for use in processing DMEPOS competitive bidding claims. Automated entry of the file additions, updates or deletions will be done on a quarterly basis using fully refreshed files, for the following three files: the CBA ZIP code file, the HCPCS file, and the CBA pricing file. These quarterly change files will be provided by CMS through the change management process.

 The VMS maintainer shall update the supplier record files with the information provided in the VMS nightly extract.

The CBIC will transmit the quarterly files listed above to the CMS mainframe telecommunications system via Connect: Direct for EDC retrieval.

II.   BUSINESS REQUIREMENTS TABLE

Number	Requirement	Responsibility (place an "X" in each applicable column)									
		A / B MAC	D M E MAC	F I	C A R R I E R	R H H I	Shared-System Maintainers				OTHER
							F I S S	M C S	V M S	C W F	
7768.1	The Competitive Bidding Implementation Contractor (CBIC) shall generate updated files quarterly for the CBA ZIP code file, the HCPCS file, and the CBA pricing file and transmit them to the Enterprise Data Center (EDC).		X								CBIC
7768.1.2	The EDC shall retrieve the following files from the CMS mainframe telecommunications system via Connect: Direct on a quarterly basis: • CBA ZIP Code File • HCPCS File • CBA Pricing File										HP EDC
7768.1.3	During the testing phase of this CR, the EDC shall retrieve the CBA ZIP code file, the HCPCS file, and the CBA pricing file via Connect: Direct under the following dataset names: T#EFT.X7768.XXXXX (placeholder) T#EFT.X7768.XXXXX (placeholder) T#EFT.X7768.XXXXX (placeholder)										HP EDC
7768.1.4	During the production phase of this CR, the EDC shall transmit the CBA ZIP code file, the HCPCS file, and the CBA pricing file to VMS via Connect: Direct under the following dataset names:										HP EDC

Number	Requirement	A/B MAC	DME MAC	FI	CARRIER	RHHI	FISS	MCS	VMS	CWF	OTHER
	P#EFT.X7768.XXXXX (placeholder) P#EFT.X7768.XXXXX (placeholder) P#EFT.X7768.XXXXX (placeholder)										
7768.1.5	The EDC shall automate the retrieval process for refreshing these files quarterly.										HP EDC
7768.1.6	The DME MACs, PDAC, EDC and the RHHIs shall load these quarterly files.	X	X			X	X				PDAC; HP EDC
7768.1.6.1	FISS shall pull in the correct files for the RHHIs for reason code 31716.						X				
7768.2	The shared system maintainer shall update the supplier record files with the information provided in the PECOS VMS nightly extract.								X		PECOS
7768.2.1	The DME MACs, and EDC shall load daily PECOS files.		X								HP EDC;
7768.2.2	The PDAC shall load weekly PECOS files										PDAC
7768.3	The EDC shall receive notice via a Technical Direction Letter (TDL) in the event the dataset names listed in 7768.1.3 and 7768.1.4 are changed for any reason.										HP EDC

III.   PROVIDER EDUCATION TABLE

Number	Requirement	A/B MAC	DME MAC	FI	CARRIER	RHHI	FISS	MCS	VMS	CWF	OTHER
7768.4	A provider education article related to this instruction will be available at http://www.cms.hhs.gov/MLNMattersArticles/ 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	X	X	X		X					

Number	Requirement	Responsibility (place an "X" in each applicable column)									
		A/B MAC	DME MAC	FI	CARRIER	RHHI	FISS	MCS	VMS	CWF	OTHER
							Shared-System Maintainers				
	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 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: N/A

Use "Should" to denote a recommendation.

X-Ref Requirement Number	Recommendations or other supporting information:

Section B: For all other recommendations and supporting information, use this space: N/A

V. CONTACTS

Pre-Implementation Contact(s): Janae James at 410-786-0801 or janae.james@cms.hhs.gov; or Angela Costello at angela.costello@cms.hhs.gov.

Post-Implementation Contact(s):
Contact your Contracting Officer Representative (COR) or Contractor Manager, as applicable.

VI. FUNDING

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

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Section B: *For Medicare Administrative Contractors (MACs)*:

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