

MEDICARE NEWS

FOR IMMEDIATE RELEASE

Contact: CMS Office of Media Affairs

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(202) 690-6145

Medicare Expanding Competitive Bidding Program to Save Billions

Program Expanded by Affordable Care Act

The Centers for Medicare & Medicaid Services (CMS) today announced operational details for the next stage in a program that sets new, lower payment rates for certain medical equipment and supplies – such as oxygen equipment, walkers, and some types of power wheelchairs – while maintaining patient access to them. CMS today also launched a comprehensive education program to help guide suppliers through the competitive bidding process.

The Medicare Competitive Bidding Program for durable medical equipment, prosthetics, orthotics, and supplies (DMEPOS) was expanded by the Affordable Care Act and is estimated to save Medicare, seniors, and taxpayers more than \$28 billion over 10 years. Already in 2011, the first phase of the program has saved Medicare 35 percent compared to the fee schedule and resulted in lower cost for Medicare patients.

“Today marks another step forward in our progress towards obtaining fair prices for equipment like wheelchairs and walkers,” said CMS Administrator Donald M. Berwick, M.D. “We are looking forward to a robust competition that will achieve better value and preserve access for our beneficiaries.”

Under the program, DMEPOS suppliers compete to become Medicare contract suppliers by submitting bids to provide certain items in competitive bidding areas (CBAs). The new, lower payment amounts resulting from the competition replace the fee schedule amounts for the bid items in these areas.

The first phase of the program was successfully implemented for nine product categories in nine areas of the country on Jan. 1, 2011. To date, CMS monitoring data have shown a successful implementation with no changes in beneficiary health status. Today, CMS

released the detailed schedule for Round 2 bidding. Registration will begin on December 5, and the 60-day supplier bidding period will begin in late January of 2012.

Round 2 expands the program to 91 additional metropolitan areas, and the new prices are expected to take effect on July 1, 2013. A National Mail Order Competition to help bring down prices for mail order diabetic supplies will coincide with the Round 2 timeline.

The bidder education program launched today is designed to guide suppliers through the competitive bidding process and will feature numerous enhancements such as improved Request for Bids instructions, updated fact sheets, and a series of webcasts that suppliers will be able to view at their convenience. Information and materials may be found at www.dmecompetitivebid.com and a toll-free help line (1-877-577-5331) is available to assist bidders with questions and concerns.

“We have considered feedback from many stakeholders to implement process improvements to make the competitive bidding program even stronger,” said Jonathan Blum, deputy CMS administrator and director of the Center for Medicare. “In addition to the enhancements we’ve made to our bidder education program, we will be strengthening our rigorous bid evaluation process by increasing our scrutiny of bids.”

The Round 2 categories of products are similar to those in Round 1, with some additions. The Round 2 product categories are:

- Oxygen, oxygen equipment, and supplies;
- Standard (Power and Manual) wheelchairs, scooters, and related accessories (a new category that combines all mobility devices);
- Enteral nutrients, equipment, and supplies;
- Continuous Positive Airway Pressure (CPAP) devices and Respiratory Assist Devices (RADs) and related supplies and accessories;
- Hospital beds and related accessories;
- Walkers and related accessories;
- Negative Pressure Wound Therapy pumps and related supplies and accessories (new category);
- Support surfaces (Group 2 mattresses and overlays).

Beneficiaries may continue to use their current suppliers at this time. Similar to the successful implementation of Round 1 of the program, CMS will conduct extensive outreach to beneficiaries in the Round 2 areas prior to the new program taking effect.

Additional information on the competitive bidding program is available at:
http://www.cms.hhs.gov/DMEPOSCompetitiveBid/01_overview.asp#TopOfPage

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MEDICARE FACT SHEET

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11/30/2011

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MEDICARE ANNOUNCES TIMELINE, STARTS BIDDER EDUCATION FOR THE DURABLE MEDICAL EQUIPMENT, PROSTHETICS, ORTHOTICS, AND SUPPLIES

COMPETITIVE BIDDING PROGRAM

ROUND 2 AND NATIONAL MAIL-ORDER COMPETITIONS

The Centers for Medicare & Medicaid Services (CMS) has announced the detailed bidding schedule for the Round 2 and National Mail Order competitions of the Medicare Durable Medical Equipment, Prosthetics, Orthotics and Supplies (DMEPOS) Competitive Bidding Program. The program was expanded by the Affordable Care Act and is estimated to save Medicare, seniors, and taxpayers \$28 billion over 10 years. Already in 2011, the first phase of the program has saved Medicare 35 percent compared to the fee schedule and resulted in lower cost for Medicare patients.

To ensure that suppliers have ample time to prepare for the bidding process, CMS began a pre-bidding supplier awareness campaign in August 2011. CMS has now launched a comprehensive bidder education program leading up to the bidding period, which is scheduled to begin in late January of 2012.

Suppliers can get information about the competitive bidding program by going to www.dmeocomptitivebid.com or by calling the toll-free help desk at 1-877-577-5331.

The Medicare DMEPOS Competitive Bidding Program 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 Competitive Bidding Program was to be phased in so that competition under the program would first occur in 10 areas in 2007. The Medicare Improvements for Patients and Providers Act of 2008 (MIPPA) temporarily delayed the program in 2008 and made certain limited changes. As required by MIPPA, CMS conducted the supplier competition again in nine areas in 2009, referring to it as the Round 1 Rebid.

The Round 1 Rebid contracts and prices became effective on January 1, 2011. CMS deployed a wide range of resources to monitor the program, including beneficiary surveys, active claims surveillance and analysis, contract supplier reporting, and tracking and analysis of complaints and inquiries. To date, monitoring data have shown a successful implementation with very few complaints and no changes in beneficiary health status resulting from the program. Health outcomes data are available on the CMS website at: www.cms.gov/DMEPOSCompetitiveBid/

MIPPA delayed the competition for Round 2 from 2009 to 2011 in 70 additional metropolitan statistical areas (MSAs), and authorizes national mail order competitions after 2010. The Affordable Care Act of 2010 (ACA) expands the number of Round 2 MSAs from 70 to 91 and mandates all areas of the country are subject either to DMEPOS competitive bidding or payment rate adjustments using competitively bid rates by 2016.

This program is an essential tool to help Medicare set appropriate payment rates for DMEPOS items and services. Except in the nine areas of the country where the program is now in effect, Medicare pays for DMEPOS items using a fee schedule that is generally based on historic supplier charges from the 1980s, increased by an annual covered item update factor. The program replaces the existing outdated, excessive fee schedule amounts with market-based prices. Under the program, DMEPOS suppliers compete to become Medicare contract suppliers by submitting bids to furnish certain items in competitive bidding areas (CBAs). The new, lower payment amounts resulting from the competition replace the fee schedule amounts for the bid items in these areas.

The overall savings to Medicare and beneficiaries as a result of the DMEPOS competitive bidding program is expected to total more than \$28 billion over the first ten years of the

program, according to the CMS Office of the Actuary. The \$28 billion savings comes from a combination of savings of more than \$17 billion in Medicare expenditures, and savings of over \$11 billion for beneficiaries as a result of lower coinsurance payments and the downward effect on monthly premium payments.

TIMELINE

CMS has announced the following bidding schedule timeline for the program:

11/30/2011

The Centers for Medicare & Medicaid Services (CMS) begins bidder education program

12/5/2011*

Registration for user IDs and passwords begins

1/30/2012*

CMS opens 60-day bid window for Round 2 and National Mail-order Competitions

2/29/2012*

Covered Document Review Date for bidders to submit financial documents

3/30/2012*

60-day bid window closes

Fall 2012*

CMS announces single payment amounts, begins contracting process

Spring 2013*

CMS announces contract suppliers, begins contract supplier education campaign

Spring 2013*

CMS begins supplier, referral agent, and beneficiary education campaign

July 1, 2013*

Implementation of Medicare DMEPOS Competitive Bidding Program Round 2 and National Mail-order Competition contracts and prices

*Target date.

BIDDER EDUCATION PROGRAM

The CMS Competitive Bidding Implementation Contractor (CBIC) will be the focal point for bidder education. The CBIC has a dedicated website, www.dmecompetitivebid.com, which will include a comprehensive array of important information for suppliers, including bidding rules, webcasts, user guides, policy fact sheets, checklists, and bidding information charts. In addition to viewing the information on the CBIC website, DMEPOS suppliers are encouraged to call the CBIC toll-free help desk with their questions and concerns.

The bidder education program will feature numerous enhancements such as the improved Request for Bids instructions, updated fact sheets, and a series of educational webcasts. These webcasts will be available 24 hours a day on the CBIC web site to ensure maximum opportunities for suppliers to access the information.

CMS will send listserv announcements in order to disseminate key information about registration and bidding to suppliers and encourages all suppliers interested in bidding to visit the CBIC website now to sign up to receive these announcements.

PRODUCT CATEGORIES

The Round 2 product categories are:

- Oxygen, oxygen equipment, and supplies
- Standard (Power and Manual) wheelchairs, scooters, and related accessories
- Enteral nutrients, equipment, and supplies

- Continuous Positive Airway Pressure (CPAP) devices and Respiratory Assist Devices (RADs) and related supplies and accessories
- Hospital beds and related accessories
- Walkers and related accessories
- Negative Pressure Wound Therapy pumps and related supplies and accessories
- Support surfaces (Group 2 mattresses and overlays)

After consideration of feedback from stakeholders, CMS has removed ultra lightweight manual wheelchairs, gimbaled ventilator trays, and push activated power assist devices from the standard wheelchair product category for Round 2. CMS expects to phase in these items in a future round.

CMS will also be conducting a national mail order competition for diabetic testing supplies at the same time as the Round 2 competition.

IMPORTANT REMINDERS FOR SUPPLIERS INTERESTED IN BIDDING

Suppliers wishing to bid in Round 2 or the National Mail-Order competition should be taking steps to prepare for these competitions. Suppliers interested in bidding are responsible for ensuring that certain key information in their enrollment files at the National Supplier Clearinghouse (NSC) is up-to-date and that they obtain all required state licenses for the items, and in the areas, for which they wish to bid. Any enrollment updates or required licenses not already on file with the NSC should be submitted right away. Suppliers interested in bidding for a product category for which they are not currently accredited must take action immediately to get accredited for that product category. Only suppliers in good standing that have all required licenses and are properly accredited can be awarded a contract.

ADDITIONAL INFORMATION

For additional information about the Medicare DMEPOS Competitive Bidding Program, please visit: <http://www.cms.hhs.gov/DMEPOSCompetitiveBid/>

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