



Related MLN Matters Article #: MM5574 **Revised**

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Related CR #: 5574

Program Instructions Designating the Competitive Bidding Areas and Product Categories Included in the Calendar Year (CY) 2007 Durable Medical Equipment, Prosthetics, Orthotics and Supplies (DMEPOS) Competitive Bid Program

Note: MLN Matters article MM6119 was impacted by the Medicare Improvements for Patients and Providers Act of 2008, which was enacted on July 15, 2008. That legislation delays the implementation of the DMEPOS competitive bidding program until 2009 and makes other changes to the program. MM5574 will be further revised and/or replaced as more details of the modified program are available.

Key Words

MM5574, CR5574, R1218CP, Competitive, Bidding, DMEPOS, Bid

Provider Types Affected

Suppliers who bill Medicare for DMEPOS must be aware of the “**Medicare DMEPOS Competitive Bidding Program**”

Key Points

- The effective date of the instruction is April 2, 2007.
- The implementation date is April 9, 2007.
- Section 1847(a)(1)(A) of the Social Security Act requires Medicare to establish and implement programs under which competitive bidding areas are established throughout the United States for contract award purposes for the furnishing of certain competitively priced items for which payment is made under Medicare Part B (“**Medicare DMEPOS Competitive Bidding Program**”).
- Competitive bidding provides a way to harness marketplace dynamics to create incentives for suppliers to provide quality items in an efficient manner to Medicare beneficiaries at a reasonable cost, while producing significant savings to the Medicare program.
- Section 1847(a)(1)(B) of the Act provides the Centers for Medicare & Medicaid Services (CMS) with the authority to phase-in competitive bidding programs so that the competition under the programs occurs

in 10 of the largest Metropolitan Statistical Areas (MSAs) in 2007; 70 additional MSAs in 2009; and additional areas after 2009.

- The CMS will conduct competitive bidding programs in which certain suppliers will be awarded contracts to provide certain DMEPOS items to Medicare beneficiaries. Suppliers must submit bids for items that fall within product categories for which they want to be considered for selection as a contract supplier.
- The Medicare DMEPOS Competitive Bidding Program will apply to a variety of DMEPOS product categories. The product categories will be comprised of products identified by individual Healthcare Common Procedure Coding System (HCPCS) codes.
- Contract suppliers will be selected from the suppliers that have the lowest bids and that meet all relevant Medicare program requirements.
- The MSAs, product categories and HCPCS codes for each product category are available at <http://www.cms.hhs.gov/CompetitiveAcqforDMEPOS> on the CMS website.
- Exceptions to this program may be granted for items and services for which the application of competitive acquisition is not likely to result in significant savings or to permit continuity of an existing relationship between a beneficiary and supplier with respect to furnishing either a rental item or oxygen.
- The statute also allows CMS to exempt certain areas from the program, such as rural areas or areas with low population density within urban areas that are not competitive, unless there is a significant national market for mail order for a particular item or service.

Important Links

The related MLN Matters article can be found at

<http://www.cms.hhs.gov/MLNMattersArticles/downloads/MM5574.pdf> on the CMS website.

To view the official instruction (CR5574), issued go to

<http://www.cms.hhs.gov/Transmittals/downloads/R1218CP.pdf> on the CMS website.

If providers/suppliers have questions or need assistance regarding competitive bidding, they may contact the Competitive Bidding Program Helpline at 1-877-577-5331 or use the "Contact Us" feature at

<http://www.dmecompetitivebid.com> on the Web.

Below are related MLN Matters articles that provide additional information regarding the Competitive Bidding Program for DMEPOS:

- SE0714 ("Pre-Bidding Activities for the Medicare Durable Medical Equipment, Prosthetics, Orthotics, and Supplies (DMEPOS) Competitive Bidding Program") outlines the pre-bidding activities that DME suppliers need to follow in order to participate in the Medicare DMEPOS Competitive Bidding Program and is located at <http://www.cms.hhs.gov/MLNMattersArticles/downloads/SE0714.pdf> on the CMS website.
- SE0717 ("Initial Supplier Registration for Competitive Bidding Program for DMEPOS is Now Open") provides more overview on completing the required initial registration for the DMEPOS Competitive Bidding Program and is located at <http://www.cms.hhs.gov/MLNMattersArticles/downloads/SE0717.pdf> on the CMS website.

- SE0713 ("Accreditation Information for Suppliers of Durable Medical Equipment, Orthotics, Prosthetics, and Supplies (DMEPOS)") provides additional information on accreditation and is located at <http://www.cms.hhs.gov/MLNMattersArticles/downloads/SE0713.pdf> on the CMS website. It also outlines the quality standards for suppliers, describes the status of accreditation, and provides the web addresses of the ten accrediting organizations.