

<b>CMS Manual System</b>	<b>Department of Health &amp; Human Services (DHHS)</b>
<b>Pub 100-04 Medicare Claims Processing</b>	<b>Centers for Medicare &amp; Medicaid Services (CMS)</b>
<b>Transmittal 1218</b>	<b>Date: APRIL 3, 2007</b>
	<b>Change Request 5574</b>

**Subject: Program Instructions Designating the Competitive Bidding Areas and Product Categories Included in the CY 2007 DMEPOS Competitive Bid Program**

**I. SUMMARY OF CHANGES:** This transmittal provides information for educational purposes regarding the competitive bidding areas (CBAs) in which bidding will occur in CY 2007 under the final rule, CMS-1270-F, "Competitive Acquisition for Certain Durable Medical Equipment, Prosthetics, Orthotics and Supplies (DMEPOS) and Other Issues." This transmittal also contains information pertaining to the competitive bid product categories included in the CY 2007 DMEPOS Competitive Bidding Program.

**New / Revised Material**

**Effective Date: April 2, 2007**

**Implementation Date: April 9, 2007**

*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-*Only One Per Row.*

R/N/D	Chapter / Section / Subsection / Title
N/A	

**III. FUNDING:**

No additional funding will be provided by CMS; Contractor activities are to be carried out within their FY 2007 operating budgets.

**IV. ATTACHMENTS:**

**One-Time Notification**

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

# Attachment – One-Time Notification

Pub. 100-04	Transmittal: 1218	Date: April 3, 2007	Change Request: 5574
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**SUBJECT: Program Instructions Designating the Competitive Bidding Areas and Product Categories Included in the CY 2007 DMEPOS Competitive Bid Program**

**Effective Date:** April 2, 2007

**Implementation Date:** April 9, 2007

## I. GENERAL INFORMATION

**A. Background:** Currently, Medicare payment for most durable medical equipment, prosthetics, orthotics, and supplies (DMEPOS) is based on fee schedules. However, Section 1847 of the Social Security Act (the Act) mandates competitive bidding programs to replace the current DMEPOS fee schedule payment amounts for selected items in selected areas.

The statute provides that competitive bidding will apply to durable medical equipment (DME) meeting the definition of a “covered item” as specified in Section 1834(a)(13) of the Act, including items used in infusion and drugs (other than inhalation drugs) and supplies used in conjunction with DME, but excluding class III devices under the Federal Food, Drug and Cosmetic Act. Competitive bidding will also apply to items and services described in Section 1842(s)(2)(D) of the Act, other than parenteral nutrients, equipment, and supplies. Further, competitive bidding will apply to off-the-shelf orthotics described in Section 1861(s)(9) for which payment would otherwise be made under Section 1834(h) which require minimal self-adjustment for appropriate use and do not require expertise in trimming, bending, molding, assembling, or customizing to fit the individual. Exceptions may be granted for items and services for which the application of competitive bidding is not likely to result in significant savings or to permit continuity of an existing relationship between a beneficiary and a supplier with respect to furnishing either a rental item or oxygen.

The statute also provides for phasing in competitive bidding beginning in 2007 in 10 of the largest metropolitan statistical areas (MSAs). The program will be expanded into 70 additional MSAs in 2009 and, after 2009, the program will be expanded into additional areas. Areas that may be exempt from competitive acquisition of DMEPOS include rural areas and areas with low population density within urban areas that are not competitive, unless there is a significant national market through mail order for a particular item or service.

This transmittal provides information for educational purposes regarding the ten competitive bidding areas (CBAs) in which bidding will occur in CY 2007 under the final rule, CMS-1270-F, “Competitive Acquisition for Certain Durable Medical Equipment, Prosthetics, Orthotics and Supplies (DMEPOS) and Other Issues.” Information regarding the competitive bid product categories included in the CY 2007 DMEPOS Competitive Bidding Program is also included in this transmittal.

## B. Policy:

The MSAs and product categories that are included in the CY 2007 DMEPOS Competitive Bidding Program can be found at the following web site:

[http://www.cms.hhs.gov/CompetitiveAcqforDMEPOS/01\\_overview.asp](http://www.cms.hhs.gov/CompetitiveAcqforDMEPOS/01_overview.asp)

Further information on the boundaries and list of zip codes for each CBA and the Healthcare Common Procedure Coding System (HCPCS) codes for each product category are also available by visiting the following web site: [http://www.cms.hhs.gov/CompetitiveAcqforDMEPOS/01\\_overview.asp](http://www.cms.hhs.gov/CompetitiveAcqforDMEPOS/01_overview.asp)

## II. BUSINESS REQUIREMENTS TABLE

Use "Shall" to denote a mandatory requirement

Number	Requirement	Responsibility (place an "X" in each applicable column)										
		A / B M A C	D M E M A C	F I	C A R R I E R	D M E R C	R H I	Shared-System Maintainers				OTHER
								F I S S	M C S	V M S	C W F	
5574.1	DME MACs, A/B MACs, and DMERCs shall provide a link on their websites to the CMS Competitive Bidding webpage at: <a href="http://www.cms.hhs.gov/CompetitiveAcqforDMEPOS/01_overview.asp">http://www.cms.hhs.gov/CompetitiveAcqforDMEPOS/01_overview.asp</a> . This link shall be added to the contractor website no later than 4 business days after issuance.	X	X			X						
5574.2	DME MACs, A/B MACs and DMERCs shall refer suppliers and providers who call the Provider Contact Center with competitive bidding inquiries to the Competitive Bidding Program Helpline at 1-877-577-5331 or direct them to the "Contact Us" feature on the Competitive Bidding Program web site at <a href="http://www.dmecompetitivebid.com">www.dmecompetitivebid.com</a> to submit competitive bidding specific questions.	X	X			X						

## III. PROVIDER EDUCATION TABLE

Number	Requirement	Responsibility (place an "X" in each applicable column)										
		A / B M A C	D M E M A C	F I	C A R R I E R	D M E R C	R H I	Shared-System Maintainers				OTHER
								F I S S	M C S	V M S	C W F	
5574.3	A provider education article related to this instruction will be available at <a href="http://www.cms.hhs.gov/MLNMattersArticles/">http://www.cms.hhs.gov/MLNMattersArticles/</a> 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 article, on their Web site and include information about it in a listserv message within	X	X	X		X	X					

Number	Requirement	Responsibility (place an "X" in each applicable column)										
		A / B  M A C	D M E  M A C	F I	C A R R I E R	D M E R C	R H H I	Shared-System Maintainers				OTHER
								F I S S	M C S	V M S	C W F	
	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**

**A. For any recommendations and supporting information associated with listed requirements, use the box below: N/A**

X-Ref Requirement Number	Recommendations or other supporting information:

**B. For all other recommendations and supporting information, use this space:**

**V. CONTACTS**

**Pre-Implementation Contact(s):** Karen Jacobs (410-786-2173)

**Post-Implementation Contact(s):** Karen Jacobs (410-786-2173)

**VI. FUNDING**

**A. For Fiscal Intermediaries, Carriers, and the Durable Medical Equipment Regional Carrier (DMERC), use only one of the following statements:**

No additional funding will be provided by CMS; contractor activities are to be carried out within their FY 2007 operating budgets.

**B. For Medicare Administrative Contractors (MAC), use the following statement:**

The contractor is hereby advised that this constitutes technical direction as defined in your contract. CMS does not construe this as a change to the Statement of Work (SOW). 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.