

Round 2 – DME Competitive Bidding Program

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- Durable Medical Equipment (DME)
 - Example wheelchairs, glucose monitors
- Prosthetics
 - Example limb prosthesis, enteral nutrition
- Orthotics
 - Example braces, knee-ankle-foot orthoses
- Supplies
 - Example diabetic supplies



DMEPOS must be:

- Eligible for a defined Medicare benefit category
- Reasonable and Necessary
- Meet Medicare guidelines
- Prescribed by a physician or other qualified medical professional



Withstand repeated use

Used to serve medical purpose

 Not useful in absence of illness or injury

Appropriate for use in the home



Round 1:

- Part B covered equipment and supplies
- New competitive bidding program
 - Effective January 1, 2011 in 9 areas
 - Round 1 ends December 31, 2013
 - Re-compete Awards for Round 1 areas effective Jan. 1, 2014
- Must use contract supplier
 - In certain areas
 - For certain products



Nine Areas

Parts of: California; Florida; Missouri and Kansas; North and South Carolina; Ohio; Ohio, Kentucky and Indiana; Pennsylvania, Texas

o California includes:

Riverside, San Bernardino, Ontario

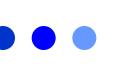


Products Included in Round 1

- 1. Oxygen, oxygen equipment, and supplies
- 2. Standard power wheelchairs, scooters
- 3. Complex rehabilitative power wheelchairs -Group 2 only
- 4. Mail-order diabetic supplies (ended 12/31/12)
- 5. Enteral nutrients, equipment, and supplies
- 6. Continuous Positive Airway Pressure (CPAP) devices and Respiratory Assist Devices (RADs)
- 7. Hospital beds and related accessories
- Walkers and related accessories
- Support surfaces (Group 2 mattresses/overlays)
 Miami-Fort Lauderdale-Pompano Beach only



- First Year, saved Original Medicare approximately \$202.1 million
- Beneficiary health status outcomes are stable
- Drop of 42% in expenditures in the nine areas
- 51% of contracts went to small businesses
- Very few beneficiary complaints



Round 2 Competitive Bidding for DME

- January 30, 2013: CMS announced Payment amounts for Round 2 DMEPOS items and mail- ordered Diabetic Supplies
- Eight Product categories are on average, 45% less than current fee schedule
- Mail-order diabetic supplies average 72% less than current fee schedule



Round 2 Bidding and National Mail Order Program

- ACA expanded number of areas from 70 to 91 (Round 1 + Round 2 = 100)
- Mandates all areas of the country will be either DMEPOS competitive bidding or payment rates adjusted by competitive bid rates by 2016
- Bidding period ended March 30, 2012
- Contracts effective on July 1, 2013



- Bakersfield-Delano
- Fresno
- Los Angeles-Long Beach-Santa Ana
- Oxnard-Thousand Oaks-Ventura
- Sacramento-Arden-Arcade-Roseville
- San Diego-Carlsbad-San Marcos
- San Francisco-Oakland-Fremont
- San Jose-Sunnyvale-Santa Clara
- Stockton
- Visalia-Porterville



• • Round 2 Product Categories

- Oxygen, oxygen equipment, and supplies
- 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
- Support surfaces (Group 2 mattresses and overlays)
- Standard (power and manual) wheelchairs, scooters, and related accessories
- Negative pressure wound therapy pumps and related supplies and accessories (not in original Round 1)



• • • Round 2 Bidding Results

- CMS awarded 13,126 contracts to 799 suppliers in 2,988 locations
- Mail-order program contract suppliers (23) have 52 locations to serve country
 - 9 are in Florida, 2 in California
- 245 bids for mail-order program were received



National Mail-Order Competition

- Diabetic Supplies
- Occurs in all parts of the United States, including the 50 states, the District of Columbia, Puerto Rico, the U.S. Virgin Islands, Guam, and American Samoa



Diabetic Test Supplies (Mail Order)

- Old Fee Schedule ~ \$77.90 per month
- Competitive Bidding Program \$22.47
- As of April 1, retail diabetic testing supplies were reduced to then current mail-order fee schedule
- As of July 1, retail price same as the new competitive bidding price
- Price represents \$11.09 beneficiary monthly savings



What Happens July 1 for Mail-Order?

- Items will be mailed or delivered to beneficiary's residence from contract supplier
- Contract supplier <u>must</u> use the KL modifier to indicate mail-order
- Failure to use modifier can result in significant penalties



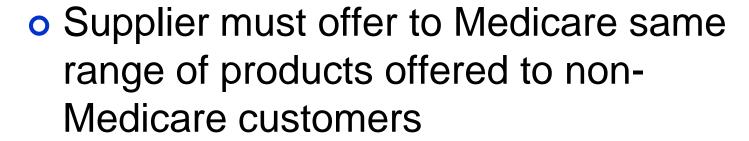
Beneficiary Options July 1, 2013

- Receive testing supplies directly at home from an approved national mailorder contract supplier
 - Contract suppliers must accept assignment
- 2. Can pick up supplies in person from any Medicare-enrolled supplier of diabetic testing supplies
 - Retail supplier may or may not accept assignment

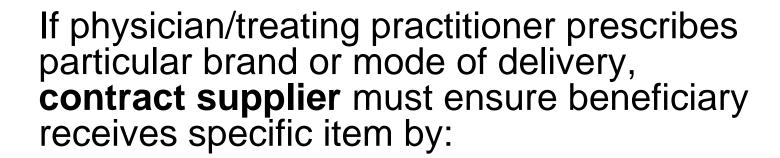


• • • Considerations

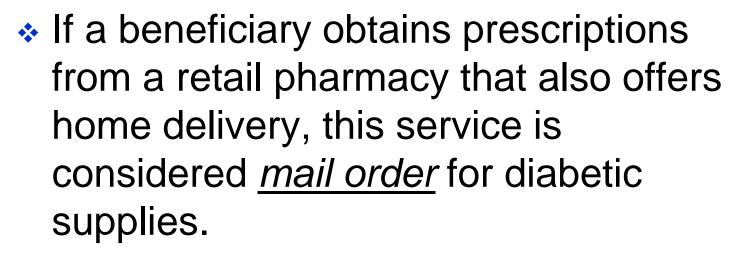
- Not all contract suppliers carry all brands of glucose monitors and their test strips
- Contract suppliers cannot ask beneficiary to switch their glucose monitor (anti-switching rule)
- If beneficiary asks about alternate brands, supplier can then describe their brands
 - But, supplier cannot initiate conversation



- Physician or treating practitioner can prescribe specific brand or mode of delivery to avoid an adverse medical outcome
- File is documented by physician/treating practitioner



- Furnishing the specific item, or
- Consult with physician to find different brand or mode of delivery, or
- Assist beneficiary in locating different contract supplier.

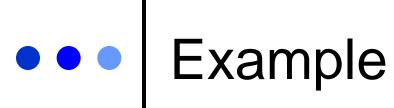


If the beneficiary needs diabetic test strips, they cannot use the pharmacy unless it is one of the approved contract suppliers. If unable to obtain item for beneficiary by one of previous 3 options:

Contract Supplier <u>must</u> furnish the item as prescribed.

Reference:

www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/DMEPOSCompetitiveBid



- Client uses One Touch UltraMini Glucose monitor by LifeScan
- Has received mail order supplies from a company which is not a contract supplier
- Queried CMS site and only 3 (of 23) contract suppliers provide LifeScan supplies, none are in California



Expected Long-RangeOutcomes

- Between 2013 and 2022, CMS expects:
 - > \$25.7 billion in savings for the Trust **Funds**
 - > \$17.1 billion in savings for the beneficiaries

QUESTIONS???



Senior Medicare Patrol

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