Round 2 – DME Competitive Bidding Program

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DMEPOS Categories

- **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 Coverage Defined

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
Durable Medical Equipment

- Withstand repeated use
- Used to serve medical purpose
- Not useful in absence of illness or injury
- Appropriate for use in the home
Competitive Bidding

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
Round 1 Competitive Bidding Area

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

- 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
8. Walkers and related accessories
9. Support surfaces (Group 2 mattresses/overlays) Miami-Fort Lauderdale-Pompano Beach only
Initial Outcomes

- 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
California Round 2 Areas

- 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 **must** use the KL modifier to indicate mail-order
- Failure to use modifier can result in significant penalties
Beneficiary Options
July 1, 2013

1. Receive testing supplies directly at home from an approved national mail-order 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.
Supplier must offer to Medicare same range of products offered to non-Medicare customers

Physician or treating practitioner can prescribe specific brand or mode of delivery to avoid adverse medical outcome

File is documented by physician/treating practitioner
If physician/treating practitioner prescribes particular brand or mode of delivery, **contract supplier** must ensure beneficiary receives specific item by:

- 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 a beneficiary obtains prescriptions from a retail pharmacy that also offers home delivery, this service is considered **mail order** for diabetic supplies.

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 **must** furnish the item as prescribed.

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

- 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-Range Outcomes

- Between 2013 and 2022, CMS expects:
  - $25.7 billion in savings for the Trust Funds
  - $17.1 billion in savings for the beneficiaries
QUESTIONS???
Contact Information

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