

Frequently Asked Questions (Updated 4/4/2007)

Regarding the Durable Medical Equipment Prosthetics, Orthotics and Medical Supplies (DMEPOS) Competitive Acquisition Program (CAP) aka "Competitive Bidding" Rules

1. What is the genesis of the new rule?

- The Medicare Modernization Act of 2003 mandated that the Secretary issue a final rule requiring accreditation and competitive bidding for DMEPOS, diabetes and Part B supplies and services.

2. What are CMS's stated objectives in competitively bidding DMEPOS?

- Secure beneficiary access to quality DMEPOS
- Decrease Medicare and beneficiary payments
- Reflect a competitive market
- Contract with suppliers favorable to the program and beneficiaries
- Limit fraud

3. What is the current status of the final rule?

- CMS issued its final rule, CMS-1270-F, on April 2, 2007. It named the first 10 Metropolitan Statistical Areas that will participate in the competitive bidding process, as well as the 10 product categories that will be subject to competitive bidding.

4. How will competitive bidding impact pharmacies maintaining Medicare Part B supplier numbers to bill DMEPOS?

- Many pharmacies and many DMEPOS products will be subject to competitive bidding requirements. CMS estimates 90% of suppliers will participate in competitive bidding, but CMS estimates that only 50% will win. However, Small businesses will garner protection from CMS's "30 percent rule," which ensures that at least 30 percent of bid winners are small businesses.
- Additionally, the rule states ALL suppliers must obtain accreditation to provide some Part B billed services. The only exception to the rule is a pharmacy that maintains a Part B supplier billing number to submit Part B drug claims and administer vaccinations. These supplier pharmacies must meet the current 21 national supplier clearinghouse (NSC) standards, but do not have to obtain any further accreditation. This may impact diabetes self management training and pharmacists providing therapeutic shoes, enteral nutrition, and off-the-shelf orthotic supplies.
- Pharmacists inclined to participate in the competitive acquisition program must comply with the regulations requiring suppliers to obtain accreditation and submit a competitive bid application.

5. How will competitive bidding impact beneficiaries?

- Beneficiaries may lose access to essential products and services, currently available from all community pharmacies maintaining Part B supplier numbers. CMS's active supplier report for April 2006 identifies 52,519 pharmacy suppliers out of the total of 165,981 suppliers. Nearly one-third of all suppliers (32%) are therefore pharmacists.

6. When will competitive bidding be phased in throughout the country?

- Ten Metropolitan Statistical Areas (MSAs) have been selected for 2007. The bidding process for those MSAs is set to begin in late April 2007 with winners being announced in December 2007. Eighty MSAs will be selected in 2008, and ten each in 2009 and 2010. The first round excludes the top three (3) MSAs - New York, Los Angeles and Chicago.

7. What are the first 10 MSAs?

- Charlotte-Gastonia-Concord, NC-SC
- Cincinnati-Middletown, OH-KY-IN
- Cleveland-Elyria-Mentor, OH
- Dallas-Fort Worth-Arlington, TX
- Kansas City, MO-KS
- Miami-Fort Lauderdale-Miami Beach, FL
- Orlando, FL
- Pittsburgh, PA
- Riverside-San Bernardino-Ontario, CA
- San Juan-Caguas-Guaynabo, PR

8. What are the 10 product categories included in the first round of competitive bidding?

- Oxygen Supplies and Equipment
- Standard Power Wheelchairs, Scooters, and Related Accessories
- Complex Rehabilitative Power Wheelchairs and Related Accessories
- Mail-Order Diabetic Supplies
- Enteral Nutrients, Equipment, and Supplies
- Continuous Positive Airway Pressure (CPAP) Devices, Respiratory Assist Devices (RADs), and Related Supplies and Accessories
- Hospital Beds and Related Accessories
- Negative Pressure Wound Therapy (NPWT) Pumps and Related Supplies and Accessories
- Walkers and Related Accessories
- **(Miami and San Juan Only)** – Support Surfaces (group 2 and 3 mattresses and overlays)

A listing of the items contained in each product category will be available in the near future.

9. Who are the approved accreditation organizations?

- Accreditation Commission for Healthcare, Inc (ACHC)
- Joint Commission on Accreditation of Healthcare Organizations (JCAHO)
- Community Health Accreditation Program (CHAP)
- Healthcare Quality Association on Accreditation (HQAA)
- National Board of Accreditation for Orthotic Suppliers (NBAOS)
- Board for Orthotist/Prosthetist Certification (BOC)
- National Association of Boards of Pharmacy (NABP)
- Commission on Accreditation of Rehabilitation Facilities (CARF)
- American Board for Certification in Orthotics and Prosthetics, Inc. (ABC)
- The Compliance Team, Inc.

10. Must I obtain accreditation to acquire or retain my Medicare Part B supplier billing number?

- Yes. The only exception to the rule is a pharmacy that maintains a Part B supplier billing number to submit Part B drug claims and administer vaccinations. These supplier pharmacies must meet the current 21 national supplier clearinghouse (NSC) standards, but do not have to obtain any further accreditation.

11. Competitive bidding is scheduled to begin in 2007. I live in a selected MSA, must I be accredited before I can submit a bid?

- DMEPOS suppliers will have to be accredited in order to win Medicare bids, although bids may be submitted by those with pending accreditation.

12. My pharmacy is located in an area that might be identified as one of the first 10 MSAs, however, I am not participating in the competitive acquisition program for DMEPOS. When do I have to obtain accreditation?

- CMS has not yet determined this date. The CMS final rule states only that every supplier must obtain accreditation to acquire or renew their Part B supplier number. Non-bidding suppliers must obtain accreditation sometime before January 1, 2010.

13. I want to participate in the competitive acquisition program for DMEPOS. How long will it take to obtain accreditation and complete the bid application process?

- Based on the proposed rule, CMS estimated that the entire bid submission process to average 70 hours and cost suppliers almost \$2,200 of auditor and accountant time to prepare the bid. The entire accreditation process including survey and preparation to come into compliance will vary based by current supplier preparedness, and the DMEPOS services provided. Total charges to obtain accreditation and prepare the bid were estimated at \$7,000-17,000. However, marketplace competition is forcing these costs downward.

- The final rule regarding accreditation, CMS-1540-F loosens the accreditation requirements, but it remains to be seen how they will be applied by accreditation organizations in real life practice.

14. What financial information must I provide CMS to demonstrate solvency?

- Suppliers must provide specific financial information to demonstrate solvency including:
 1. Bank references
 2. Credit history
 3. Insurance documentation
 4. Line of credit
 5. Ability to accept 20 percent more in increased capacity to serve beneficiaries

15. Are mail order suppliers eligible to participate in the competitive acquisition program?

- Yes. Under the final rule, they are the only suppliers required to bid on diabetes testing supplies.

16. Where can I learn more about competitive bidding and accreditation?

- Community pharmacists with questions about CMS regulations and proposals concerning accreditation and competitive bidding can get the facts by visiting NCPA's DME Resource Center (www.pharmacistelink.com/medicaremed). NCPA, through Pharmacist e-Link™ and with support from Bayer HealthCare, Diabetes Care, is providing this online resource to help clear the confusion and provide up-to-date, accurate information on DMEPOS accreditation and competitive bidding.
- This one-stop site includes:
 - Information on and explanation of accreditation and competitive bidding
 - Forms and documentation to begin the accreditation process
 - *DME-alerts*: Register for this service and you will receive the latest on accreditation and competitive bidding delivered to your computer desktop, as it becomes available.
 - DME Alert Blog: Bill Popomaronis, R.Ph., NCPA vice president, home health and long term care pharmacy services, will be blogging his thoughts, interpretations, and explanations on the latest DME information from CMS on the site.