



## **Quarterly Update for the Temporary Gap Period of the Durable Medical Equipment, Prosthetics, Orthotics and Supplies (DMEPOS) Competitive Bidding Program (CBP) - July 2019**

MLN Matters Number: MM11233

Related Change Request (CR) Number: 11233

Related CR Release Date: April 5, 2019

Effective Date: July 1, 2019

Related CR Transmittal Number: R4275CP

Implementation Date: July 1, 2019

### **PROVIDER TYPE AFFECTED**

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This MLN Matters® Article is for providers and suppliers submitting claims to Durable Medical Equipment Medicare Administrative Contractors (DME MACs) for DME, Prosthetics, Orthotics, and Supplies (DMEPOS) items or services paid under the DMEPOS fee schedule.

### **WHAT YOU NEED TO KNOW**

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Change Request (CR) 11233 provides the July 2019 quarterly update for the Medicare DMEPOS fee schedule. The instructions include information, when necessary, to implement fee schedule amounts for new codes and correct any fee schedule amounts for existing codes. The DME Competitive Bidding Program (CBP) files are updated on a quarterly basis in order to implement necessary changes to the Healthcare Common Procedure Coding System (HCPCS), ZIP code, and supplier files.

The Round 1 2017, Round 2 Recompete, and the National Mail Order (NMO) Recompete CBP contracts expired on December 31, 2018. Due to a delay in the announcement of the next round of the CBP, contracts are not in effect in Round 1, Round 2, or the NMO CBAs beginning January 1, 2019, resulting in a temporary gap period in the CBP. Please make sure your billing staffs are aware of these changes.

### **BACKGROUND**

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Through the Medicare Prescription Drug, Improvement, and Modernization Act of 2003, Congress mandated the DMEPOS CBP. The statute requires that Medicare replace the fee schedule payment methodology for selected DMEPOS items with a competitive bidding

process. The intent is to improve the effectiveness of the Medicare methodology for setting DMEPOS payment amounts, which will reduce beneficiary out-of-pocket expenses and save the Medicare program money while ensuring beneficiary access to quality items and services.

During the temporary gap period in the DMEPOS CBP, any Medicare-enrolled DMEPOS supplier may furnish any DMEPOS item, including items that were formerly included in the CBP. In addition, payment for all items and services that were included in the CBP are based on the lower of the supplier's charge for the item or fee schedule amounts adjusted in accordance with Sections 1834(a)(1)(F) and 1842(s)(3)(B) of the Social Security Act.

The fee schedule amounts for items furnished in areas that are CBAs as of December 31, 2018, will be adjusted based on the Single Payment Amounts (SPAs) for each specific CBA, increased by the projected percentage change in the Consumer Price Index for all Urban Consumers (CPI-U) for the 12-month period ending on January 1, 2019. These fee schedule amounts will be different than the fee schedule amounts for items furnished in all other non-bid areas, or areas that are not CBAs as of December 31, 2018.

Different fee schedule files will be used to reflect these changes. The normal DMEPOS fee schedule file will be used for all non-bid areas that currently are not included in the CBP. A second fee schedule file will be used to pay claims for items and services that were included in the CBP and are furnished in areas that are CBAs as of December 31, 2018.

The adjusted fee schedule for former CBAs and the former CBA ZIP codes Public Use Files (PUFs) are available on the Centers for Medicare & Medicaid Services (CMS) website at <https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/DMEPOSFeeSched/DMEPOS-Fee-Schedule.html>.

Three competitive bidding files are transmitted by the Competitive Bidding Implementation Contractor (CBIC) on a quarterly basis for use in processing CBP claims:

- 1) The CBA ZIP code file;
- 2) The HCPCS file; and
- 3) The CBA pricing file.

Medicare will continue to transmit these files to the MACs for use in paying claims based on the fee schedules for items and services that were included in the CBP and furnished on or after January 1, 2019, in a former CBA.

Because the fee schedule amounts will be different, the following message will be used to alert suppliers about the difference in payment amounts for items and services that were included in the CBP furnished on or after January 1, 2019, to beneficiaries residing in a previous CBA:

**Alert: The fee schedule amount for this service was adjusted based on prior competitive bidding rates. For more information, contact your local contractor.**

## ADDITIONAL INFORMATION

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The official instruction, CR11233, issued to your MAC regarding this change is available at <https://www.cms.gov/Regulations-and-Guidance/Guidance/Transmittals/2019Downloads/R4275CP.pdf>.

If you have questions, your MACs may have more information. Find their website at <http://go.cms.gov/MAC-website-list>.

For more CBIC information, see <https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/DMEPOSCompetitiveBid/index.html>

## DOCUMENT HISTORY

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Date of Change	Description
April 8, 2019	Initial article released.

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