

CMS Manual System	Department of Health & Human Services (DHHS)
Pub 100-04 Medicare Claims Processing	Centers for Medicare & Medicaid Services (CMS)
Transmittal 12849	Date: September 19, 2024
	Change Request 13808

SUBJECT: Quarterly Update for the Durable Medical Equipment, Prosthetics, Orthotics, and Supplies (DMEPOS) Competitive Bidding Program (CBP) – January 2025

I. SUMMARY OF CHANGES: The purpose of this Change Request (CR) is to provide instructions for updating the DMEPOS CBP files. These files are updated on a quarterly basis in order to implement necessary changes to the Healthcare Common Procedure Coding System, ZIP code, and single payment amount files. These requirements provide specific instruction for implementing the DMEPOS CBP files. This recurring update notification applies to chapter 23, section 100.

EFFECTIVE DATE: January 1, 2025

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

IMPLEMENTATION DATE: January 6, 2025

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	N/A

III. FUNDING:

For Medicare Administrative Contractors (MACs):

The Medicare Administrative Contractor is hereby advised that this constitutes technical direction as defined in your contract. CMS does not construe this as a change to the MAC Statement of Work. 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.

IV. ATTACHMENTS:

Recurring Update Notification

Attachment - Recurring Update Notification

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II. GENERAL INFORMATION

A. Background: The Durable Medical Equipment, Prosthetics, Orthotics, and Supplies (DMEPOS) Competitive Bidding Program (CBP) was mandated by Congress through the Medicare Prescription Drug, Improvement, and Modernization Act of 2003. The statute requires that Medicare replace the current 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.

The Centers for Medicare & Medicaid Services (CMS) has competed multiple rounds of the DMEPOS CBP since 2011. However, due to a delay in the announcement of a round of the DMEPOS CBP, there was a temporary gap period in the DMEPOS CBP from 2019 through 2020. During that time, CMS made changes to the DMEPOS CBP and awarded Round 2021 DMEPOS CBP Contracts.

On October 27, 2020, the CMS announced the Single Payment Amounts (SPAs) and began offering contracts for the Off-the-Shelf (OTS) back braces and OTS knee braces product categories. All other product categories that were included in prior rounds of the DMEPOS CBP were removed from Round 2021. Round 2021 of the DMEPOS CBP was implemented on January 1, 2021, and extended through December 31, 2023. Round 2021 consolidated the Competitive Bidding Areas (CBAs) that were included in Round 1 2017 and Round 2 Recompete. Round 2021 included 127 CBAs.

Starting January 1, 2024, there is a temporary gap period in the DMEPOS CBP. CMS plans to conduct bidding for the next round of the DMEPOS CBP after going through formal public notice and comment rulemaking to implement necessary changes to the DMEPOS CBP. The necessary changes will continue to help Medicare set sustainable prices, save money for beneficiaries and taxpayers, and help to limit fraud, waste, and abuse in the Medicare program, while ensuring access to quality items.

B. Policy: In implementing the DMEPOS CBP, the Centers for Medicare & Medicaid Services (CMS) issues recurring update notifications on a quarterly basis. Instructions for updating the DMEPOS CBP files are included in these transmittals. The DMEPOS CBP files are provided to the Durable Medical Equipment (DME) Medicare Administrative Contractors (MACs) and the Pricing, Data Analysis, and Coding (PDAC) contractor via CMS's mainframe telecommunication system on a quarterly basis.

The DRaaS-CACHE Data Center transmits the DMEPOS CBP files when received from the Competitive Bidding Implementation Contractor (CBIC) to the ViPS Medicare System (VMS), and VMS makes the file updates available to the contractors for use in processing DMEPOS CBP claims. Automated entry of the file additions, updates or deletions are done on a quarterly basis using fully refreshed files for the following three DMEPOS CBP files: the CBA ZIP code file, the Healthcare Common Procedure Coding System (HCPCS) file, and the CBA pricing file. The CBIC transmits these three files to the CMS mainframe telecommunications system via Connect: Direct for DRaaS-CACHE Data Center retrieval, while the VMS maintainer updates the supplier record files with the information provided in the VMS nightly extract.

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 DMEPOS CBP. In addition, payment for all items and services that were included in the DMEPOS 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. For example, in calendar year 2024:

- Adjusted fees in former CBAs are based on 100 percent of the SPA for the CBA increased by the projected percentage change in the Consumer Price Index for All Urban Consumers (CPI-U) from January 2023 to January 2024.
- Adjusted fees in non-CBAs are based on fully adjusted rates per the applicable methodology under the Code of Federal Regulations § 414.210(g).

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

The various fee schedule files are available for interested parties on the CMS website: <https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/DMEPOSFeeSched/DMEPOS-Fee-Schedule>.

III. BUSINESS REQUIREMENTS TABLE

"Shall" denotes a mandatory requirement, and "should" denotes an optional requirement.

Number	Requirement	Responsibility								
		A/B MAC			DM E MA C	Shared-System Maintainers				Other
		A	B	HH H		FIS S	MC S	VM S	CW F	
13808.1	The CBIC shall generate updated files quarterly for the CBA ZIP code file, the HCPCS file, and the CBA pricing file and transmit them to the DRaaS-CACHE Data Center.									CBIC
13808.2	The DRaaS-CACHE Data Center shall retrieve the following files from the CMS mainframe									DRaaS-CACHE Data Center

Number	Requirement	Responsibility								
		A/B MAC			DM E MA C	Shared-System Maintainers				Other
		A	B	HH H		FIS S	MC S	VM S	CW F	
	telecommunications system via Connect: Direct on a quarterly basis: CBA ZIP Code File HCPCS File CBA Pricing File									
13808.3	During the testing phase of this CR, the DRaaS-CACHE Data Center shall retrieve the CBA ZIP code file, HCPCS File, and the CBA Pricing File via Connect: Direct under the following dataset names: T#EFT.ON.CBAZIPQ.C25Q01 T#EFT.ON.PRICEQ.C25Q01 T#EFT.ON.HCATGQ.C25Q01								DRaaS-CACHE Data Center	
13808.4	During the production phase of this CR, the DRaaS-CACHE Data Center shall transmit the CBA ZIP code file, HCPCS File and the CBA Pricing File to VMS via Connect: Direct under the following dataset names: P#EFT.ON.CBAZIPQ.C25Q01 P#EFT.ON.PRICEQ.C25Q01 P#EFT.ON.HCATGQ.C25Q01								DRaaS-CACHE Data Center	
13808.5	The DRaaS-CACHE Data Center shall automate the retrieval process for refreshing these files quarterly.								DRaaS-CACHE Data Center	

Number	Requirement	Responsibility								
		A/B MAC			DME MAC	Shared-System Maintainers				Other
		A	B	HHH		FIS	MC	VM	CW	
13808.6	The DME MACs, PDAC contractor, and DRaaS-CACHE Data Center shall load these files quarterly.				X					DRaaS-CACHE Data Center, PDAC
13808.7	The DME MACs shall expect to receive technical direction providing advance notification of when the temporary gap period (i.e., suspension period) will end.				X					
13808.8	The DRaaS-CACHE Data Center shall receive notice via technical direction in the event the dataset names listed in business requirements 13808.3 and 13808.4 are changed for any reason.									DRaaS-CACHE Data Center
13808.9	The Fiscal Intermediary Shared System (FISS) shall pull in the correct files for reason code 31716.					X				

IV. PROVIDER EDUCATION TABLE

Number	Requirement	Responsibility				
		A/B MAC			DME MAC	CEDI
		A	B	HHH		
	None					

V. SUPPORTING INFORMATION

Section A: Recommendations and supporting information associated with listed requirements: N/A

"Should" denotes a recommendation.

X-Ref Requirement Number	Recommendations or other supporting information:
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Section B: All other recommendations and supporting information:N/A

VI. CONTACTS

Post-Implementation Contact(s): Contact your Contracting Officer's Representative (COR).

VII. FUNDING

Section A: For Medicare Administrative Contractors (MACs):

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ATTACHMENTS: 0