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| <b>CMS Manual System</b>                     | <b>Department of Health &amp; Human Services (DHHS)</b>   |
| <b>Pub 100-04 Medicare Claims Processing</b> | <b>Centers for Medicare &amp; Medicaid Services (CMS)</b> |
| <b>Transmittal 3909</b>                      | <b>Date: November 8, 2017</b>                             |
|  | <b>Change Request 10233</b>                               |

**Transmittal 3861, dated September 15, 2017, is being rescinded and replaced by Transmittal 3909, dated, November 8, 2017, to add additional information to the policy section. All other information remains the same.**

**SUBJECT: Quarterly Update for the Durable Medical Equipment, Prosthetics, Orthotics and Supplies (DMEPOS) Competitive Bidding Program (CBP) - January 2018**

**I. SUMMARY OF CHANGES:** The DME CBP files are updated on a quarterly basis in order to implement necessary changes to the Healthcare Common Procedure Coding System, ZIP code, Single payment amount, and Supplier files. These requirements provide specific instruction for implementing the DMEPOS CBP files. The Recurring Update Notification applies to chapter 23, section 100.

**EFFECTIVE DATE: January 1, 2018**

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

**IMPLEMENTATION DATE: January 2, 2018**

*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.

| <b>R/N/D</b> | <b>CHAPTER / SECTION / SUBSECTION / TITLE</b> |
|--------------|---|
| 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

|             |                   |                        |                       |
|-------------|-------------------|------------------------|-----------------------|
| Pub. 100-04 | Transmittal: 3909 | Date: November 8, 2017 | Change Request: 10233 |
|-------------|-------------------|------------------------|-----------------------|

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## **I. GENERAL INFORMATION**

**A. Background:** The Durable Medical Equipment, Prosthetics, Orthotics and Supplies (DMEPOS) Competitive Bidding Program was mandated by Congress through the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (MMA). The statute requires that Medicare replace the current fee schedule payment methodology for selected DMEPOS items with a competitive bid 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.

Under the program, a competition among suppliers who operate in a particular competitive bidding area is conducted. Suppliers are required to submit a bid for selected products. Not all products or items are subject to competitive bidding. Bids are submitted electronically through a web-based application process and required documents are mailed. Bids are evaluated based on the supplier's eligibility, its financial stability and the bid price. Contracts are awarded to the Medicare suppliers who offer the best price and meet applicable quality and financial standards. Contract suppliers must agree to accept assignment on all claims for bid items and will be paid the bid price amount. The amount is derived from the median of all winning bids for an item.

**B. Policy:** In implementing the DMEPOS competitive bidding program, The Centers for Medicare and Medicaid Services (CMS) will be issuing recurring update notifications on a quarterly basis. Instructions for updating the DMEPOS competitive bidding files will be included in these transmittals. The competitive bidding files will be provided to the DME Medicare Administrative Contractors (MACs) and the Pricing, Data Analysis and Coding (PDAC) contractor via CMS' mainframe telecommunication system on a quarterly basis. Beginning on July 1, 2012, and until further notice, the Virtual Data Center (VDC) will transmit the aforementioned files when received from the Competitive Bidding Implementation Contractor (CBIC) to the ViPS Medicare System (VMS), and VMS will make the file updates available to the contractors for use in processing DMEPOS competitive bidding claims. Automated entry of the file additions, updates or deletions will be done on a quarterly basis using fully refreshed files, for the following three files: the Competitive Bidding Area (CBA) ZIP code file, the Healthcare Common Procedure Coding System (HCPCS) file, and the CBA pricing file. The VMS maintainer shall update the supplier record files with the information provided in the VMS nightly extract. The CBIC will transmit the quarterly files listed above to the CMS mainframe telecommunications system via Connect: Direct for VDC retrieval.

Effective January 1, 2018, the Round 2 Recompete and Round 2017 Single Payment Amount file has been updated to replace HCPCS codes A4595 and A4557 with HCPCS codes A4595KG and A4557KG. This change allows Medicare to accurately process and pay HCPCS code A4595 (Electrical stimulator supplies, 2 lead, per month) and A4557 (Lead wires, (e.g., apnea monitor)) according to competitive bidding payment rules when used in conjunction with a competitive bidding base unit, such as a Transcutaneous Electrical



| Number  | Requirement  | Responsibility |   |             |                            |                           |             |             |             |       |  |              |
|---------|--|----------------|---|-------------|----------------------------|---------------------------|-------------|-------------|-------------|-------|--|--------------|
|         |  | A/B MAC        |   |             | D<br>M<br>E<br>M<br>A<br>C | Shared-System Maintainers |             |             |             | Other |  |              |
|         |  | A              | B | H<br>H<br>H |                            | F<br>I<br>S<br>S          | M<br>C<br>S | V<br>M<br>S | C<br>W<br>F |       |  |              |
|         | refreshing these files quarterly.  |                |   |             |                            |                           |             |             |             |       |  | PDAC         |
| 10233.6 | The DME MACs, PDAC and VDC shall load these quarterly files.   |                |   |             | X                          |                           |             |             |             |       |  | HP VDC, PDAC |
| 10233.7 | FISS shall pull in the correct files for reason code 31716.  |                |   |             |                            | X                         |             |             |             |       |  |              |
| 10233.8 | The VDC shall receive notice via a Technical Direction Letter (TDL) in the event the dataset names listed in 10233.3 and 10233.4 are changed for any reason. |                |   |             |                            |                           |             |             |             |       |  | HP VDC, PDAC |

### III. PROVIDER EDUCATION TABLE

| Number  | Requirement   | Responsibility |   |             |                            |                  |
|---------|---|----------------|---|-------------|----------------------------|------------------|
|         |   | A/B MAC        |   |             | D<br>M<br>E<br>M<br>A<br>C | C<br>E<br>D<br>I |
|         |   | A              | B | H<br>H<br>H |                            |                  |
| 10233.9 | MLN Article: A provider education article related to this instruction will be available at <a href="http://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNMattersArticles/">http://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNMattersArticles/</a> shortly after the CR is released. You will receive notification of the article release via the established "MLN Matters" listserv. Contractors shall post this article, or a direct link to this article, on their Web sites and include information about it in a listserv message within 5 business days after receipt of the notification from CMS announcing the availability of the article. In addition, the provider education article shall be included in the contractor's next regularly scheduled bulletin. Contractors are free to supplement MLN Matters articles with localized information that would benefit their provider community in billing and administering the Medicare program correctly. |                |   |             | X                          |                  |

### IV. SUPPORTING INFORMATION

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

*"Should" denotes a recommendation.*

|                                 |   |
|---------------------------------|---|
| <b>X-Ref Requirement Number</b> | <b>Recommendations or other supporting information: N/A</b> |
|---------------------------------|---|

**Section B: All other recommendations and supporting information: N/A**

## **V. CONTACTS**

**Pre-Implementation Contact(s):** Julia Howard, 410-786-8645 or julia.howard@cms.hhs.gov

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

## **VI. FUNDING**

### **Section A: For Medicare Administrative Contractors (MACs):**

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**ATTACHMENTS: 0**