

CMS Manual System	Department of Health & Human Services (DHHS)
Pub 100-04 Medicare Claims Processing	Centers for Medicare & Medicaid Services (CMS)
Transmittal 2682	Date: April 5, 2013
	Change Request 8232

SUBJECT: Quarterly Update for the Durable Medical Equipment, Prosthetics, Orthotics and Supplies (DMEPOS) Competitive Bidding Program (CBP) - July 2013

I. SUMMARY OF CHANGES: The DME CBP files are updated on a quarterly basis in order to implement necessary changes to the HCPCS, ZIP code, Single payment amount, and Supplier files. These requirements provide specific instruction for implementing the 2011 DMEPOS Round One Rebid CBP files. This Recurring Update Notification applies to chapter 23, section 100.

EFFECTIVE DATE: July 1, 2013

IMPLEMENTATION DATE: July 1, 2013

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/revise 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

R/N/D	CHAPTER / SECTION / SUBSECTION / TITLE
R	23/100/Competitive Bidding Durable Medical Equipment, Prosthetics, Orthotics, and Supplies (DMEPOS) Single Payment Amounts

III. FUNDING:

For Fiscal Intermediaries (FIs), Regional Home Health Intermediaries (RHHIs) and/or Carriers:

No additional funding will be provided by CMS; Contractors activities are to be carried out with their operating budgets

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 obliged 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:

Business Requirements

Manual Instruction

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

Attachment - Recurring Update Notification

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SUBJECT: Quarterly Update for the Durable Medical Equipment, Prosthetics, Orthotics and Supplies (DMEPOS) Competitive Bidding Program (CBP) - July 2013

EFFECTIVE DATE: July 1, 2013

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I. GENERAL INFORMATION

A. Background: Section 302 of the Medicare Modernization Act of 2003 (MMA) established requirements for a new competitive bidding program for certain DMEPOS. Under the program, DMEPOS suppliers compete to become Medicare contract suppliers by submitting bids to furnish certain items in competitive bidding areas, and the Centers for Medicare & Medicaid Services (CMS) awards contracts to enough suppliers to meet beneficiary demand for the bid items. The new, lower payment amounts resulting from the competition replace the Medicare DMEPOS fee schedule amounts for the bid items in these areas. All contract suppliers must comply with Medicare enrollment rules, be licensed and accredited, and meet financial standards. The program sets more appropriate payment amounts for DMEPOS items while ensuring continued access to quality items and services, which will result in reduced beneficiary out-of-pocket expenses and savings to taxpayers and the Medicare program.

Under the MMA, the DMEPOS Competitive Bidding Program was to be phased in so that competition under the program would first occur in 10 areas in 2007. As required by law, CMS conducted the Round One competition in 10 areas and for 10 DMEPOS product categories, and successfully implemented the program on July 1, 2008, for 2 weeks before the contracts were terminated by subsequent law.

Section 154 of the Medicare Improvements for Patients and Providers Act of 2008 (MIPPA) temporarily delayed the program in 2008, terminated the Round One contracts that were in effect, and made other limited changes. As required by MIPPA, CMS conducted the supplier competition again in 2009, referring to it as the Round One Rebid.

The Round One Rebid Competitive Bidding Program was implemented on January 1, 2011, in CBAs defined by ZIP codes within nine of the largest Metropolitan Statistical Areas (MSAs). The CBAs in the Round One Rebid include: 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-Pompano Beach, FL; Orlando- Kissimmee, FL; Pittsburgh, PA; and Riverside-San Bernardino-Ontario, CA.

The Round One Rebid competitive bidding product categories are: Oxygen Supplies and Equipment; Standard Power Wheelchairs, Scooters, and Related Accessories; Group 2 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, and Related Supplies and Accessories; Hospital Beds and Related Accessories; Walkers and Related Accessories; and, in the Miami-Fort Lauderdale-Pompano Beach CBA only, Support Surfaces (Group 2 Mattresses and Overlays). A list of the HCPCS codes that are included in each of the Round One Rebid product categories can be accessed by visiting the Competitive Bidding Implementation Contractor's (CBIC) Website at

<http://www.dmecompetitivebid.com/palmetto/cbic.nsf>.

MIPPA required the competition for Round Two to occur in 2011 in 70 additional metropolitan statistical areas (MSAs) and authorized competition for national mail order items and services after 2010. Section 6410 of the

Affordable Care Act of 2010 (ACA) expanded the number of Round Two MSAs from 70 to 91 areas and mandates that all areas of the country are subject either to DMEPOS competitive bidding or payment rate adjustments using competitively bid rates by 2016. Additional information on the DMEPOS Competitive Bidding Program can be found on the CMS Website at <http://www.cms.gov/DMEPOSCompetitiveBid/>.

B. Policy:

File Updates

In implementing the DMEPOS competitive bidding program, 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 MACs, the RHHIs and the PDAC contractor via CMS’ mainframe telecommunication system on a quarterly basis. Beginning on July 1, 2012, and until further notice, the EDC will transmit the aforementioned files when received from the 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 CBA ZIP code file, the 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 EDC retrieval.

II. BUSINESS REQUIREMENTS TABLE

Number	Requirement	Responsibility										
		A/B MAC		D M E	F I C	C A R I E R	R H H	Shared- System Maintainers				Other
		P a r t A	P a r t B					M A C	F I S S	M C S	V M S	
8232.1	The Competitive Bidding Implementation Contractor (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 Enterprise Data Center (EDC).											EDCs, HP EDC
8232.2	The EDC shall retrieve the following files from the CMS mainframe telecommunications system via Connect: Direct on a quarterly basis: CBA ZIP Code File HCPCS File CBA Pricing File											HP EDC, PDAC

Number	Requirement	Responsibility										
		A/B MAC		D M E M A C	F I	C A R R I E R	R H I	Shared- System Maintainers				Other
		P a r t A	P a r t B					F I S S	M C S	V M S	C W F	
8232.10	<p>During the testing phase of this CR, the EDC shall retrieve the Round 2 CBA ZIP code file, the HCPCS file, the Provider File and the Single Payment Amount file via Connect: Direct under the following dataset names:</p> <p>T#EFT.CBZIP.82Q32</p> <p>T#EFT.HCATG.82Q32</p> <p>T#EFT.PRICE.82Q32</p> <p>T#EFT.SUPL.82Q32</p>										PDAC, HP EDC	
8232.11	<p>During the production phase of this CR, the EDC shall retrieve the Round 2 CBA ZIP code file, the HCPCS file, the Provider files, and the Single Payment Amount file via Connect: Direct under the following dataset names:</p> <p>P#EFT.CBZIP.82Q32</p> <p>P#EFT.HCATG.82Q32</p> <p>P#EFT.PRICE.82Q32</p> <p>P#EFT.SUPL.82Q32</p>										PDAC, HP EDC	
8232.12	<p>The request jobs listed below that load the files referred to in BR 8232.11 will need to run prior to the release weekend.</p> <p>ZIP Code Locality - VIPSRULT</p> <p>HCPCS Category - DMERRCBH</p> <p>CBPRICE - DMERRCBP</p> <p>SupplierM - DMERRCBB</p>			X		X	X				PDAC, HP EDC	

III. PROVIDER EDUCATION TABLE

Number	Requirement	Responsibility					
		A/B MAC	D M E	F I	C A R R I E R	R H H I	Other
		P a r t A	P a r t B	M A C			
8232.13	MLN Article: A provider education article related to this instruction will be available at http://www.cms.hhs.gov/MLNMattersArticles/ 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 one week of the availability of the provider education 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.						

IV. SUPPORTING INFORMATION

Section A: Recommendations and supporting information associated with listed requirements: N/A
 Use "Should" to denote a recommendation.

X-Ref Requirement Number	Recommendations or other supporting information:

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

V. CONTACTS

Pre-Implementation Contact(s): Janae James, 410-786-0801 or janae.james@cms.hhs.gov

Post-Implementation Contact(s): Contact your Contracting Officer's Representative (COR) or Contractor Manager, as applicable.

VI. FUNDING

Section A: For Fiscal Intermediaries (FIs), Regional Home Health Intermediaries (RHHIs), and/or Carriers:

No additional funding will be provided by CMS; Contractors activities are to be carried out with their operating budgets

Section B: For Medicare Administrative Contractors (MACs):

The Medicare Administrative Contractor is hereby advised that this constitutes technical direction as defined in your contract. CMS do 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.

100 – Competitive Bidding Durable Medical Equipment Prosthetics, Orthotics and Supplies (DMEPOS) Single Payment Amounts

(Rev. 2682, Issued: 04-05-13, Effective: 07-01-13, Implementation: 07-01-13)

Section 1847 (b)(5) of the Social Security Act mandates that a single payment amount be established for each item in each competitive bid area based on the bids submitted and accepted for that item. Section 1847(a)(6) of the Act requires that this payment basis be substituted for the fee schedule payment basis otherwise applied under section 1834(a) of the Act for DME, section 1834(h) of the Act for off-the-shelf orthotics, or section 1842(s) of the Act for enteral nutrients, equipment and supplies, as appropriate.

For the Round One Rebid, the DME MACs will make payment based on the new competitive bidding single payment amounts effective for claims with dates of service on or after January 1, 2011. The CMS issues instructions for implementing the single payment amounts and/or updating the payment amounts quarterly for competitive bidding items. The following files will be provided to the DME MACs and the Pricing, Data Analysis and Coding (PDAC) Contractor via CMS' mainframe telecommunication system in order to implement a competitive bidding round: a Healthcare Common Procedure Coding System (HCPCS) category file, a bid pricing file, a ZIP Code file, and a contract supplier file. All four files will contain data only for the current competitive bidding round.

The DME MACs will make manual updates to the competitive bidding files, as instructed through *Recurring Update Notifications*. The following files will be provided on a quarterly basis to the DME MACs and the Pricing, Data Analysis and Coding (PDAC) Contractor via CMS' mainframe telecommunication system: HCPCS category file, bid pricing file, and ZIP Code file. These files will only contain the changes for that quarter.

Upon successful receipt of the mainframe files, contractors will send notification of receipt via e-mail to price_file_receipt@cms.hhs.gov, stating the name of the files received and the entities for which they were received (e.g., contractor name).

Following program implementation and on an as needed basis, updates to the contract supplier file will be accomplished via an Excel file emailed directly from the Competitive Bidding Implementation Contractor (CBIC) to the DME MACs. Upon successful receipt of the files, the DME MACs will send notification of receipt via email stating the name of the file received and the entities for which they were received (e.g., contractor name) to the CBIC. E-mails should be sent to cbic.dmemac@palmettoGBA.com at the CBIC. The DME MACs shall manually update the contract supplier file with the changes by adding and/or end dating each supplier record.

Public use files containing the competitive bidding HCPCS categories, single payment amounts and ZIP Codes are available on the CBIC Website at <http://www.dmecompetitivebid.com/palmetto/cbic.nsf>.