Competitive Bidding Fast Facts

This fact sheet will assist you in understanding Medicare’s competitive bidding program.

Starting January 1, 2016, Medicare is implementing the competitive bidding program’s national expansion (CBNE) by adjusting the national fee schedule based upon the average of existing Competitive Bidding Areas’ (CBAs) Single Payment Amounts (SPAs). Competitive Bidding Round 2 (CBR2) Recompete will be implemented in 117 CBAs starting July 1, 2016 and CBR1 2017 will be implemented in 13 CBAs starting January 1, 2017.

<table>
<thead>
<tr>
<th>Year</th>
<th>CBNE</th>
<th>CBR1 2016</th>
<th>CBR2 (91)</th>
<th>CBR1 2017 (13)</th>
<th>CBR2 Recompete (117)</th>
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<td>2015</td>
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Competitive Bidding National Expansion (CBNE)

Phase-in timing
- CMS will phase in the national expansion of the competitive bidding program so suppliers have time to adjust their business practices.¹
  - From January 1, 2016 until June 30, 2016, the DMEPOS fee schedule² will be based 50% on existing Traditional rates and 50% on new National Expansion rates.
  - Effective July 1, 2016, the DMEPOS fee schedule will be based 100% on the new National Expansion rates.

National expansion fee schedule amount calculations
There will NOT be another round of bidding. Rates will be calculated based upon the average of CBR1 SPA and CBR2 SPA rates.
- Rates for zip codes outside of metropolitan statistical areas (MSAs) will be based upon 110% of the average of SPAs from all CBAs nationwide.
- Rates for zip codes inside MSAs will be based upon the average of the SPAs from CBAs within each Bureau of Economic Analysis (BEA) area regional average.³
- The BEA divides the nation into 8 distinct regions: New England, Mideast, Great Lakes, Plains, Southeast, Southwest, Rocky Mountain, and Far West. Please see the map above for the states contained within each region.

Details in this piece are subject to change. For real-time details and specific examples, please visit www.dmecompetitivebid.com.

CBR2 Recompete
- If a supplier is not contracted to participate in a competitively bid MSA, it will NOT be able to service new Medicare patients as of July 1, 2016.
- For existing patients: Non-contracted suppliers may only grandfather patients in their device rental period. Patients not in their device rental period must transition to a contracted supplier.

CBR1 2017
- If a supplier is not contracted to participate in a competitively bid MSA, they will NOT be able to service new Medicare patients as of January 1, 2017.
- Existing patients: Non-contracted suppliers may serve existing patients during the device rental period; patients outside the device rental period must transition to a contracted supplier.

Change of ownership (CHOW)
- Now suppliers can sell/buy a single product category within a contract.
- Previously, only the whole contract was transferable, not individual product categories.
Grandfathered suppliers
- CBNE doesn’t require new supplier contracts, so grandfathering doesn’t apply to patient residing in CBNE geographies.
- Grandfathering only applies to suppliers with patients residing in competitive bidding areas that are currently in a device rental period for product categories the supplier was not awarded a competitive bidding contract.
- Oxygen and PAP devices have different grandfathering rules. For additional information, please see grandfathering hyperlinks in lower right-hand corner.

Payment for patients switching suppliers
Non-contracted to contracted:
- If a patient elects to transition from a grandfathered supplier to a contracted supplier at any time during the device rental period, then:
  - for CPAP or bilevel devices, a new 13-month rental period will begin and the contract supplier will be paid at the new single payment amount for the full 13 months.
  - for oxygen equipment, the contracted supplier will be paid at the new single payment amount for at least 10 months or the remaining duration of the 36-month rental period, whichever is higher.

Contracted to contracted:
- If a patient switches from a contracted supplier to another contracted supplier, the new supplier is NOT entitled to a full 13 months for PAP or minimum of 10 months for O₂ and will be paid the duration of the rental period at the single payment amount.

Treating/referring physicians
- Physicians (including treating practitioners) are able to prescribe a specific brand or mode of delivery by documenting in the patient’s medical record the reasons why the specific brand or mode of delivery is necessary to avoid an adverse medical outcome.
- The contracted supplier furnishing the competitively bid item must either:
  - Furnish the specific brand or mode of delivery as prescribed; or
  - Consult with the physician to find another appropriate brand of item or mode of delivery and obtain a revised written prescription; or
  - Assist the patient in locating a contracted supplier that will furnish the particular brand of item or mode of delivery prescribed.

Q & A
Q: What if a patient is enrolled in a Medicare Advantage plan?
The competitive bidding program only applies to patients with original Medicare. If patients are in a Medicare Advantage plan, their plan will notify them of any applicable changes.

Q: How can patients find the contract suppliers in their area?
A list of Medicare contract suppliers in each area will be available on www.medicare.gov (under “Forms, Help, & Resources” select “Find suppliers of medical equipment & supplies”) or by calling 1-800-633-4227 (TTY users should call 1-877-486-2048).

Q: What happens if not enough suppliers in a CBA accept CMS contract terms?
CMS may offer additional contracts to suppliers not initially offered contracts.

Q: When will binding bids impact competitive bidding?
Binding bids will require bidders to have proof of state-level licensure and obtain a bidding bond that functions like a surety bond. If a bidder declines the contract and its bid was at or below the SPA, then that bidder would forfeit its bond. While the binding bids legislation states an implementation date no later than January 1, 2019, CMS likely will provide more implementation details.

Q: Which SPAs will be used to calculate the adjusted CBNE fee schedule effective July 1, 2016?
The SPAs from CBR2-Recompete effective on July 1, 2016 and from CBR1-Recompete effective Jan 1, 2014 will be used to calculate the adjusted CBNE fee schedule effective July 1, 2016.

Q: Where can I get additional information?
www.dmecompetitivebid.com

Resources:
- DMEPOS Services December 2014
- Grandfathering for Rented DME December 2014
- Grandfathering for Oxygen & Oxygen Equipment: December 2014
- Contract Supplier Obligations December 2014
- Competitive Bidding Areas July 2014
- Competitive Bidding Timeline August 2015

Q: Prescription for Specific Brand or Mode of Delivery to Avoid an Adverse Medical Outcome August 2015

1. CMS-1614-F ERSD DMEPOS Competitive Bid Final Rule (page 66233)
2. January 1, 2016 CMS DME Fee Schedule
3. BEA Region Definitions
5. Frequently Asked Questions on Durable Medical Equipment, Prosthetics, Orthotics, and Supplies (DMEPOS) 2015 Medicare Payment Final Rules (CMS-1614-F)

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