

AHCA Memorandum

To: State Execs, AHCA Members, AHCA Finance Committee, AHCA Staff

From: Elise Smith

Re: CMS Announces Single Payment Amounts for First Round of the DMEPOS Competitive Bidding Program

Date: March 27, 2008

The Centers for Medicare & Medicaid Services (CMS) has completed the bid evaluation process and on March 20, 2008 announced the single payment amounts for the first round of the Medicare Durable Medical Equipment, Prosthetics, Orthotics, and Supplies (DMEPOS) Competitive Bidding Program.

Under the program, the single payment amount will become the Medicare allowed payment amount for the competitive bidding items for beneficiaries who reside in the competitive bidding areas (CBAs). Consistent with current CMS practice, Medicare will pay contract suppliers 80 percent of the single payment amount for each competitively bid item. The beneficiaries will be responsible for the remaining 20 percent of the single payment amount.

As a result of the competitive bidding process, the amounts that Medicare will pay for the ten product categories included in round one of the DMEPOS Competitive Bidding Program overall average 26 percent less than Medicare's previous payment amounts. Savings for beneficiary out-of-pocket cost and Medicare range from 14 percent on negative pressure wound therapy devices and accessories up to as much as 43 percent on mail-order diabetic supplies. According to CMS, beneficiaries in these CBAs will begin seeing savings on July 1, 2008.

Provided below is information from CMS and linkages to the single payment amount charts, and the March 20 CMS Press Release. If the linkages fail to function, the main CMS competitive bidding web site is <http://www.cms.hhs.gov/competitiveacqfordmepos/>. All the payment information can be found working from this web site.

CMS Information



The table below indicates the abbreviations used on the single payment amount tables.

Abbreviations	CBA Full Names
Riverside, CA	Riverside-San Bernardino-Ontario-CA
Miami, FL	Miami-Fort Lauderdale-Miami Beach-FL
Orlando, FL	Orlando-Kissimmee-FL
Cleveland, OH	Cleveland-Elyria-Mentor-OH
Kansas City, MO-KS	Kansas City-MO-KS
Charlotte, NC-SC	Charlotte-Gastonia-Concord-NC-SC











Cincinnati, OH-KY-IN	Cincinnati-Middleton-OH-KY-IN
Pittsburgh, PA	Pittsburgh-PA
Dallas, TX	Dallas-Fort Worth-Arlington-TX
San Juan, PR	San Juan-Caguas-Guaynabo-PR

The single payment amount files, provided below, can be downloaded individually by product category or may be download as one single file for all product categories. (*Adobe Acrobat Reader is needed to view or print items below.* .

Single Payment Amount Charts for All Product Categories

-  [SinglePaymentAmounts_March2008.pdf \(4 MB\)](#)
-  [SinglePaymentAmounts_March2008.xls \(319 KB\)](#)

Single Payment Amount Charts Per Product Category

-  [Oxygen_SPA_March2008.pdf \(376 KB\)](#)
-  [StandardPowerMobility_SPA_March2008.pdf \(2 MB\)](#)
-  [ComplexRehabPowerMobility_SPA_March2008.pdf \(3 MB\)](#)
-  [Mail-OrderDiabeticSupplies_SPA_March2008.pdf \(189 KB\)](#)
-  [EnteralNutrients_SPA_March2008.pdf \(222 KB\)](#)
-  [CPAPandRAD_SPA_March2008.pdf \(429 KB\)](#)
-  [HospitalBeds_SPA_March2008.pdf \(457 KB\)](#)
-  [NPWT_SPA_March2008.pdf \(39 KB\)](#)
-  [Walkers_SPA_March2008.pdf \(16 KB\)](#)
-  [SupportSurfaces_SPA_March2008.pdf \(104 KB\)](#)

CMS March 20, 2008 Press Release

MEDICARE TO SAVE AVERAGE OF 26% FOR SOME DURABLE MEDICAL EQUIPMENT, PROSTHETICS, ORTHOTICS, AND SUPPLIES

A new method of paying for some items of medical equipment and supplies means that Medicare beneficiaries who use those items in ten select regions of the country will see average savings of 26 percent. The savings will be realized through the first round of a new competitive bidding program that will be used to price certain durable medical equipment, prosthetics, orthotics and supplies.

“This new program means that Medicare beneficiaries will have access to some medical equipment and supplies at substantially lower prices than they are paying now,” said CMS Acting Administrator Kerry Weems. “The Medicare program and taxpayers will share in these savings. This program represents yet another way to use the competitive marketplace to bring the best possible and most efficient care and services to people with Medicare. Because new accreditation and quality standard initiatives are being implemented in conjunction with the phase in of competitive bidding, this program will provide assurance to beneficiaries that they are receiving high quality medical equipment for home use.”

The first round of the program begins July 1, 2008 in Charlotte, Cincinnati, Cleveland, Dallas, Kansas City, Miami, Orlando, Pittsburgh, Riverside and San Juan. Suppliers that wished to participate in the program submitted bids last year. CMS will announce the contract suppliers once all contracts have been executed.

As part of the first round of the competitive bidding program, beneficiaries and Medicare should expect to see significant savings on the cost of the medical equipment and supplies as seen by the examples of savings for three frequently used items (oxygen concentrators, semi-electric hospital beds, and blood glucose testing suppliers) below.

Item/Period of Service	Current Allowed Amount**	New Allowed Amount**	Medicare Savings 80% of Difference	Beneficiary Savings 20% of Difference
Concentrator				
Per month	\$199.28	\$140.82	\$46.77	\$11.69
Per year	\$2,391.36	\$1,689.84	\$561.24	\$140.28
Per 3 years*	\$7,174.08	\$5,069.52	\$1,683.72	\$420.84
Hospital Bed				
Per month	\$140.46	\$99.28	\$32.94	\$8.24
Per 13 months*	\$1,474.78	\$1,042.46	\$345.86	\$86.46
Diabetic Supplies				
Per month	\$82.68	\$47.53	\$28.12	\$7.03
Per year	\$992.16	\$570.36	\$337.44	\$84.36
Per 3 years	\$2,976.48	\$1,711.08	\$1,012.32	\$253.08

* Beneficiary takes over ownership of equipment after end of rental payment period

** 20% of current and new allowed amount is paid by the beneficiary out-of-pocket

Medicare made approximately 889,000 monthly payments for oxygen concentrators, 171,000 monthly payments for semi-electric hospital beds, and 2,000,000 payments for boxes of 50 test strips in 2006 in the 10 communities included in the first round of the DMEPOS Competitive Bidding Program.

All suppliers that submitted bids are being notified of the final results of the bid evaluation by CMS. The bid evaluation process ensures that there will be a sufficient number of suppliers, including small suppliers, to meet the needs of the beneficiaries living in the competitive bidding areas. Small suppliers, those with gross revenues of \$3.5 million or less, make up about 64 percent of the suppliers offered contracts in the first round.

Suppliers whose bids were within the winning range will receive contracts to become Medicare contract suppliers. Suppliers whose bids qualified but were not in the winning range will receive a notice that they may receive a contract from CMS if one of the suppliers offered a contract decides not to participate in the program. Suppliers whose bids were disqualified will be notified of the reasons they did not qualify for the program. Suppliers that are not contract suppliers for the first round of DMEPOS competitive bidding program may bid in Round 2 this summer or in future rounds.

Because of these savings, beneficiaries living in the 10 first round communities will be choosing a new Medicare contract supplier. Medicare will work with local partners to inform beneficiaries about the changes. Suppliers that are not contract suppliers may continue to provide certain rented DME equipment and oxygen and oxygen equipment for existing clients in the Medicare program if they elect to continue furnishing the items as “grandfathered” suppliers.