



## **Quarterly Update for the Temporary Gap Period of the Durable Medical Equipment, Prosthetics, Orthotics, and Supplies (DMEPOS) Competitive Bidding Program (CBP) – January 2020**

MLN Matters Number: MM11462

Related Change Request (CR) Number: 11462

Related CR Release Date: September 20, 2019

Effective Date: January 1, 2020

Related CR Transmittal Number: R4397CP

Implementation Date: January 6, 2020

### **PROVIDER TYPES AFFECTED**

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This MLN Matters article is intended for providers and suppliers submitting claims to Durable Medical Equipment Medicare Administrative Contractors (DME MACs) for DME, Prosthetics, Orthotics, and Supplies (DMEPOS) items or services Medicare pays for using the DMEPOS fee schedule.

### **WHAT YOU NEED TO KNOW**

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Medicare updates the DMEPOS Competitive Bidding Program (CBP) files on a quarterly basis to implement necessary changes to the Healthcare Common Procedure Coding System (HCPCS), ZIP code, and supplier files. CR11462 provides specific instruction for implementing the DMEPOS CBP files.

The Round 1 2017, Round 2 Recompete, and National Mail Order (NMO) Recompete CBP contracts expired on December 31, 2018. Due to a delay in the announcement of the next round of the CBP, contracts are not in effect in Round 1, Round 2, or the NMO Competitive Bidding Areas (CBAs) as of January 1, 2019, resulting in a temporary gap period in the CBP.

### **BACKGROUND**

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Through the Medicare Prescription Drug, Improvement, and Modernization Act of 2003, Congress mandated the DMEPOS CBP. 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 methods 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.

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 CBP. Payment for all items and services that were included in the 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 CY 2019, the fee schedule amounts for items furnished in areas that were CBAs as of December 31, 2018, were adjusted based on the Single Payment Amounts (SPAs) for each specific CBA, increased by the projected percentage change in the Consumer Price Index for all Urban Consumers (CPI-U) for the 12-month period ending January 1, 2019. For CY 2020, the adjusted fee schedule amounts are increased by the projected percentage change in the CPI-U for the 12-month period ending January 1, 2020. These fee schedule amounts are different than the fee schedule amounts for items furnished in all other non-bid areas, or areas that are not CBAs as of December 31, 2018.

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

The adjusted fee schedule for former CBAs and the former CBA ZIP codes Public Use Files (PUFs) is available for interested parties at <https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/DMEPOSFeeSched/DMEPOS-Fee-Schedule.html>.

The Competitive Bidding Implementation Contractor (CBIC) transmits the following three competitive bidding files on a quarterly basis for use in processing CBP claims:

1. The CBA ZIP code file
2. The HCPCS file
3. The CBA pricing file

These files will continue to be transmitted to DME MACs for use in paying claims based on the fee schedules for items and services that were included in the CBP and furnished on or after January 1, 2019, in a previous CBA. Because the fee schedule amounts are different, DME MACs will use the following message to alert suppliers about the difference in payment amounts for items and services that were included in the CBP furnished on or after January 1, 2019, to beneficiaries residing in a previous CBA:

***“Alert: The fee schedule amount for this service was adjusted based on prior competitive bidding rates. For more information, contact your local contractor.”***

## ADDITIONAL INFORMATION

The official instruction, CR11462, issued to your MAC regarding this change is available at <https://www.cms.gov/Regulations-and-Guidance/Guidance/Transmittals/2019Downloads/R4397CP.pdf>.

If you have questions, your MACs may have more information. Find their website at <http://go.cms.gov/MAC-website-list>.

For more CBIC information, see <https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/DMEPOSCompetitiveBid/index.html>.

## DOCUMENT HISTORY

Date of Change	Description
September 20, 2019	Initial article released.

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