Centers for Medicare & Medicaid Services
Special Open Door Forum:
Medicare Durable Medical Equipment, Prosthetics, Orthotics, and Supplies (DMEPOS) Competitive Bidding Program Bidders' Conference:
Financial Documentation Plus Small Supplier Considerations

Tuesday, September 22, 2009
2:00 pm – 3:00 pm Eastern Time
Conference Call Only

Please join us for the fourth in a series of eight Special Open Door Forum (ODF) bidders' conferences for the Round 1 Rebid of the Medicare durable medical equipment, prosthetics, orthotics, and supplies (DMEPOS) competitive bidding program. At this Special ODF, we will provide an overview of the required financial documentation that must be submitted for each type of business structure and how bidders should report their capacity to serve beneficiaries. In addition, we will discuss special provisions for small suppliers and networks.

Reminder: Registration for user IDs and passwords is open. The target deadline for Authorized Officials interested in participating in the Round 1 Rebid to register was September 14, 2009. If you are an Authorized Official who has not yet registered – do it TODAY! Visit www.dmecompetitivebid.com to register.

Background:

On August 3, 2009, the Centers for Medicare & Medicaid Service (CMS) issued the bidding timeline for the Round 1 Rebid of the DMEPOS competitive bidding program and initiated a comprehensive bidder education campaign. CMS' Competitive Bidding Implementation Contractor (CBIC) is the focal point for bidder education. Please visit the CBIC's dedicated website, www.dmecompetitivebid.com, for important information, including bidding rules, user guides, frequently asked questions, policy fact sheets, checklists, and bidding information charts. The CBIC toll-free help desk, 1-877-577-5331, is open to help bidders with all of their questions and concerns. All suppliers interested in bidding are urged to sign up for e-mail updates on the home page of the CBIC website.

We look forward to your participation.
Special Open Door Participation Instructions:
Dial: 1-800-837-1935 & Reference Conference ID: 23045166
Note: TTY Communications Relay Services are available for the Hearing Impaired. For TTY services dial 7-1-1 or 1-800-855-2880. A Relay Communications Assistant will help.

An audio recording of this Special Forum will be posted to the Special Open Door Forum website at http://www.cms.hhs.gov/OpenDoorForums/05_ODF_SpecialODF.asp and will be accessible for downloading beginning Thursday, October 1, 2009.

For Open Door Forum schedule updates, E-Mailing list subscriptions, and to view Frequently Asked Questions please visit our website at http://www.cms.hhs.gov/opendoorforums/ .

Thank you for your interest in CMS Open Door Forums.

Audio file for this transcript: http://media.cms.hhs.gov/audio/DMEPOSCompetBid092209.mp3

Centers for Medicare & Medicaid Services
Special Open Door Forum:
Medicare Durable Medical Equipment, Prosthetics, Orthotics and Supplies (DMEPOS)
Competitive Bidding Program Bidders' Conference-
Financial Documentation Plus Smaller Supplier Considerations
Moderator: Natalie Highsmith
September 22, 2009
2:00 pm ET

Operator: Good afternoon, my name is Sarah and I'll be the conference operator today. At this time, I would like to welcome everyone to the Centers for Medicare and Medicaid Services Special Open Door Forum on Medicare Durable Medical Equipment, Prosthetics, Orthotics and Supplies Competitive Bidding Program Bidder's conference.

All lines have been placed on mute to prevent any background noise. After the speakers' remarks, there will be a question and answer session. If you would like to ask a question during this time, simply press star and the number 1 on your telephone keypad. If you'd like to withdraw your question, please press the pound key.

Thank you, Ms. Highsmith; you may begin your conference.

Natalie Highsmith: Thank you, Sarah and welcome everyone to the fourth in a series of eight Special Open Door Forums on the Competitive Bidding Bidder's Conference for Round 1 rebid.

Today, staff will go over the required financial documentation that must be submitted for each type of business structure and how bidders should report their capacity to serve beneficiaries.

And also staff will discuss special provisions for small suppliers and networks. I will turn the call over to Ms. Martha Kuespert, who is the Senior Technical Advisor in our Centers for Medicare Management. Martha?

Martha Kuespert: Thank you, Natalie. Hello everyone and thanks again for joining us today. Before we begin today's presentation, I'd like to provide some information about the licensure directories on the CBIC website.

We've received some questions about the applicability of these guides to suppliers that don't have a location in the state and would like everyone to know that these guides outline general license requirements for suppliers with a physical location in the state; there's a statement to this effect at the top of each guide.

Suppliers that do not have a physical location in a state but will be providing in services in that state, should be contacting the appropriate state licensing agency identified in the guide. So if you're not actually located in the state but you need to make sure that you meet all the requirements, call the state licensing agency identified in the guide.

It is your responsibility to make sure that you have all of the licenses the state says that you need and you need to make sure that you send all of the licenses to the NSC.

As part of the bid evaluation process, we're going to be verifying with the NSC that you have all required state licenses on file. And if there are any questions about what type of licenses are required, I want to reassure everybody that we are going to be relying on the state requirement.

I also wanted to let you know that there is a licensure fact sheet that is in the process of being posted on the Competitive Bidding Implementation Contract, or CBIC Web site. We expect that it will be published today. So that will also provide kind of a recap of what I said regarding the applicability of these guides to suppliers that don't have licenses in the state.

So with that, I would like to move on to the meat of today's presentation. We hope you'll find today's session helpful and informative. As with the previous session, we'd like to encourage everybody to submit feedback and comments about this Special Open Door Forum Bidder's Conference.

If you want to submit a comment, please send us an email addressed to CBIC.admin@palmettogba.com, and this email address is on the last slide of today's PowerPoint presentation.

Cindy Dreher, the policy and content lead for the CBIC will once again be providing today's presentation, so I'll turn the phone over to her. Cindy.

Cindy Dreher: Thank you Martha and good afternoon or good morning to everybody on the west coast. Our next call is going to be on September the 29th at 2:00 o'clock Eastern Time and that's when we're going to explain the bid evaluation process.

If you want to see the schedule of all the upcoming Open Door Forums, just go to our website and click on the link that's on the home page that takes you to the listing. And if you've registered to receive email updates on our website, then you should have received a message today about the call on September the 29th.

And just as a reminder you don't need to register ahead of time for the Special Open Door Forum calls, just call in and provide the code. And speaking of the Web site, well we also want to encourage you again to go out and review the resources and the tools on the Website that are of particular relevance to today's topic such as samples, financial forms, tips, a chart that displays financial requirements by business type and a capacity and bid amount worksheet for each area.

At the conclusion of the presentation, we'll open up the phone lines to take your questions about the bidding rules that we discussed today. If you've got questions on other topics, then we ask that you please hold those for future calls or you can call our Customer Service Center or send us an email.

An audio cast and a transcript of each call will also be posted on the CMS website and link from our Web site, so you'll be able to find those on both websites. And of course, please call our Customer Service Center if you need assistance or you have any questions. And I'll provide this contact information for you at the end of the presentation.

Just as a quick reminder, registration is open for the Competitive Bidding Program; authorized officials should be registered by now and backup authorized officials should register by October the 9th.

This allows time for end users to register before bidding begins. Registration will close for everyone on November the 4th at 9:00 pm Eastern Time. No authorized officials, backup authorized officials or end users can register after registration closes. So if you need to register, just go to the CBIC Web site, click on Suppliers on the home page and then choose registration.

Page 2 -- During the next hour we're going to continue our discussion on the bidding rules and you can find all the information covered today in the RFB or the Request for Bid Instructions, it's on the website. Just go to Suppliers and then select Bidding Process.

The financial instructions are also posted separately for your convenience on the website and they're posted under Required Hard Copy Documents. Again, that's under Bidding Process, you can find the RFB and also the Required Hard Copy Documents.

The first topic I'm going to discuss is the small supplier provisions that's outlined in the final rule and also talk about the networking option for small suppliers.

I'll explain what to include in your expansion plans on Form B if you intend to grow your business under the Competitive Bidding Program. And I'll talk about the resources to assist you in calculating your capacity for each item. This information must be provided on the bidding sheet on Form B.

Finally, I'm going to talk about the financial documents that each bidder must submit and explain the covered document review process required by the Medicare Improvements for Patients and Providers Act of 2008 or MIPPA.

Page 3 -- The final rule defines a small supplier as the supplier that generates gross revenue of $3.5 million or less in annual receipts - that includes both

Medicare and non-Medicare revenue. This is not by product category, line of business or location, but total annual receipts.

If there are multiple locations, commonly owned or controlled businesses or parent or holding companies or subsidiaries, the revenue is a combined total for all.

The Competitive Bidding Program law and regulations contain several provisions designed to ensure that small suppliers have the opportunity to be considered for participation in the program.

So for example, there's a requirement in the program that CMS conduct bidding by individual product categories rather than for all DMEPOS products.

This was specifically put in place for small suppliers because it provides suppliers the flexibility to choose the product categories for which they would like to bid.

One of the reasons the type of financial documents that bidders submit as part of their bids was selected was also to minimize the burden on small suppliers. The Competitive Bidding Program includes a 30% target for small participation the program and a network option. And I'm going to discuss these provisions next.

Page 4 -- The small supplier target is designed to promote small supplier participation in the program. There's a separate small supplier target for each product category, for each competitive bidding area or CBA.

And here's how it works. First, we determine the number of qualified suppliers whose composite bids for particular product category in a CBA are at or below the pivotal bid. The pivotal bid is that point where we have enough suppliers to meet the needs of the beneficiaries. We then multiply this number by 30%.

So if we identify 20 qualified suppliers at or below the pivotal bid, we would multiply .30 by 20 and get 6. And that would be the target number of small suppliers for that product category in that CBA.

After we identify our small supplier target, we then identify the number of qualified small suppliers whose composite bids are at or below the pivotal bid for the product category in the CBA.

So using our example, we would determine how many of the 20 winning suppliers are small suppliers. If there are at least six small suppliers, then we have met the target.

But if there are not at least six small suppliers that are at or below the pivotal bid, we would offer contracts to additional qualified small suppliers starting with the next small supplier that's closest to the pivotal bid. And this process continues until we reach our target of six as in this example or there are no more qualified small suppliers for that product category in that CBA.

Network members will be considered individually but the entire network will be offered the contract. For example, if we need three small suppliers to meet our 30% target and the next small supplier above the pivotal bid is a network with ten members, then we'll offer that network that is composed of ten members a contract. All ten members will be considered part of that contract even though there are more than the three that we need to meet that small supplier target.

It's important to note that the single payment amounts - and those are the new payment amounts - are calculated before the small supplier target process. So that will not change as a result of this process of adding small suppliers when we need to.

Page 5 -- So let's talk a little more about the network provision in the final rule. For bidding purposes a network is a group of small suppliers that form a legal entity to provide competitively bid items throughout the entire competitive bidding area or CBA.

Each member must meet the definition of a small supplier and again that's one that generates annual revenue of $3.5 million or less from both Medicare and non-Medicare customers.

Each member must - must be unable to service the entire geographic area of the CBA independently. Individual network members are not required to service the entire geographic area of the CBA, but the network as a whole must service the entire CBA.

Each network member must provide a statement certifying that it joined the network because it was unable to independently furnish all the items in the product category throughout the entire geographic area of the CBA. The signed statements from each member must be included in the hard copy package.

At the time the networks submits its bid, its total market share for each product category in the CBA may not exceed 20% of the total Medicare demand for that product category in the CBA.

If the network has provided greater than 20% of Medicare volume for the entire product category in the CBA during the last calendar year, then that network bid will be disqualified. However if the network is awarded a contract, it can expand its business beyond the 20% market share.

Networks must have at least two, but not more than 20 members. Each network must form a single, legal entity that acts as a bidder and submits the bid. A network must identify a primary network member that will be responsible for submitting the bid on behalf of the network.

All agreements, including contracts that are required to create the network entity must be in place and signed before the network may submit a bid. You would submit these agreements with your other required hard copy documents.

It's important to remember that networks must comply with all federal and state laws and regulations, including the antitrust laws. For more information on the antitrust laws, there's a fact sheet on our website - that's under Bidding Guidelines.

Next page, Page 6 -- Each member of the network must meet all the applicable eligibility, accreditation, licensure and surety bond requirements for participation in the Competitive Bidding Program.

During the bid evaluation, if it’s determined that one member of the network does not meet one or more of the competitive bidding requirements, then the entire network bid is disqualified.

Network members can only join one network per product category per CBA. Suppliers that are members of a network also cannot independently bid for the same product category in the same CBA. Therefore, network supplier members with multiple locations that are commonly-owned or controlled must submit one bid including all commonly owned or controlled locations.

Separate bids submitted by members of the network for the same product category in the same CBA that are commonly owned or controlled will be disqualified. Network members' locations that are commonly owned or commonly controlled must be included on the bid application.

The required financial documents for each member must be submitted in one bid package with the bidder number on each page. You'll get your bidder number when you complete Form A in DBids, which is the online bidding system.

If any financial documents are missing for any network member, then the entire network's bid is disqualified. So we urge networks along with all the other bidders to take advantage of the covered document review process and I'll discuss that process in just a few moments.

Once a network is awarded a contract, each member of the network will submit its own Medicare claims, and will be paid directly by Medicare for the products and services that furnishes under the Medicare DMEPOS Competitive Bidding Program.

If a network is awarded a contract and one member is no longer eligible then the network may be in breach of the contract.

Page 7 -- If you plan to expand your business under the Competitive Bidding Program, you must complete the expansion section of Form B on DBidS. You can find a sample copy of Form B on the website by going to Suppliers and then selecting the Bidding Process. Now, this form is for information purposes only. You'll complete Form B as well as Form A in DBidS. There are open fields to describe your current structure and your expansion plans.

Examples of the factors that may be addressed in your expansion plan include staff - such as manpower; financing - where you can include your funding levels; facilities - such as square footage or your warehouse; inventory control - meaning your method of tracking inventory; distribution method - such as in vehicles or mail order; and subcontractors.

If you plan to expand your business through the use of subcontractors, you'll need to identify the entities with which you anticipate entering into a legal agreement and their expected functions.

You'll also need to include a copy of the signed letter of intent to enter into an agreement with the subcontractor along with your other required hard copy documents.

Please note that subcontracting arrangements must be in compliance with the supplier standards. Subcontractors can only perform services allowed under these standards.

Your subcontractors must also comply with all the competitive bidding program requirements. There's a fact sheet about subcontractor requirements on our Web site and you can also find information about subcontracting on the NSC Web site.

Page 8 -- Let's talk about capacity. The number of units per HCPCS code that you can furnish to a Medicare beneficiary in a calendar year is called your capacity.

To determine your capacity for each HCPCS code, you would need to calculate the number of units that you currently furnish on a yearly basis and add any additional number of units or capacity you would be able to provide annually at the start of the contract period.

There's a worksheet or a bidding chart for each product category and in each CBA on our website under Bidding Process. You may want to use these worksheets when you're determining your bid amount and your capacity to furnish the items.

They're available in both PDF and Excel for your convenience. So you can save a copy of the relevant worksheet for the CBA in which you'll be bidding to your computer or you can print a copy or you can use the Excel functions to assist you.

The worksheet is divided into columns. You'll see the HCPCS code in the first column and a description of that code in the next column. Please review the code description column to determine the specific number of products in a unit.

For example, for the code description for blood glucose test strips, it indicates that one unit equals a package of 50 test strips. So you're submitting a bid for one unit so that's 50 test strips in that unit.

The column labeled "definition of a bidding unit" indicates whether to submit your bid on a rental or a purchase basis for that item. In order to make sure that you submit your bid correctly, you'll need to look at both the description of the code and the definition of the bidding unit.

For example, for enteral nutrient HCPCS code B4150, the code descriptor indicates that one unit equals one hundred calories of enteral formula, and the bidding unit indicates that the bid is on a purchase basis. So you're going to submit a purchase bid for one unit consisting of 100 calories of enteral formula.

So please note that the descriptors for oxygen content codes, and that's E0441 through E0444, contain statements in parentheses about ownership of equipment. These statements are no longer accurate given changes in the Medicare payment rules for oxygen and oxygen equipment, so please just ignore these statements that are in parentheses on that chart.

The column labeled ‘weight’ provides the relative market importance of that item to the other items in the product category. The bid limit column shows the fee schedule amount for the item and remember that bids must be at or below the fee schedule amount.

The allowed units for 2008 column shows the number of units that Medicare paid for in 2008 in the CBA and the beneficiary count for 2008 column shows the number of beneficiaries in the CBA who received the item in 2008.

The 2008 information on allowed units and beneficiary count is background information that we're providing just as a courtesy for those bidders who want recent information about the number of items paid for by Medicare in the area and the number of beneficiaries in the area who have received these items. This background data is just for informational purposes only.

The general notes section that's at the top of each bidding information chart explains why the number of allowed units may differ from the number of beneficiaries served. So please review the general notes information.

You'll also notice on the worksheets that for the oxygen product category only, you would submit a bid amount and estimated capacity for the rental of a class or group of items.

The weight is combined for all the codes in the class and the bid limit is the same for the class or the group of items. In addition, you can only submit one bid amount per class.

You will need to report your capacity and remember that's how many items for each code you can furnish to Medicare beneficiaries in the CBA annually at the start of the contract period, on form B in DBidS.

The order that the HCPCS codes appear on the worksheet is not necessarily the same order in which they will appear in DBidS. So if you use these worksheets, please check your bid amounts and capacity carefully for each item.

Page 9 – Now, let's talk about the financial document requirements. You can find instructions, important tips, a chart that outlines the required financial document by business type and samples of the financial statements on our Web site. So go to Suppliers on the Home page and then select Bidding Process.

Please be very careful when you assemble and submit your required financial documents. If they're not provided in accordance with the RFB instructions, the entire bid application for all product categories and all CBAs will be disqualified.

All bidding suppliers are required to submit financial documents for the immediate one year prior to the date on which the bid is submitted. So if you intend to submit a bid for the Round 1 rebid, generally you must submit financial documents for 2008. This is a change from Round 1 where three years worth of financial documents were required.

All types of supplier organizations, such as sole proprietors or corporations, must submit the following financial documents: three separate financial statements which include the income statement, the balance sheet, and the statement of cash flow; the revenue and expense portion of the organization's tax return - that is usually the first two pages; and the organization's credit report that includes a numerical credit score.

Page 10 -- The credit report and the score must have been completed within 90 days prior to the date on which you submit your bid. The report must include a numerical score or alpha score. Gauges with an arrow indicating the relative value of credit or a credit report indicating the number of days beyond term are not acceptable.

All reports must include a numerical score. The only exception is Standard and Poor's, which has an alpha score. The report and score must be prepared by either Dun & Bradstreet, Experian, Equifax, TransUnion or Standard & Poor's.

Page 11 -- If a supplier's been in business for less than one year from the date on which the bid is submitted, then the supplier must submit the appropriate combination of actual and pro forma data to equal one year for the three types of financial statements.

So for example, if a supplier has been in business for six months, then that supplier would submit actual financial statements for the six months prior to the bid submission and then pro forma or prospective financial statements for the next six months.

Actual and pro forma financial statements should not be aggregated or combined. Each statement must be separately prepared for the month to which it applies.

Page 12 -- Submit your documents in a loose page format. Don't put them in binders or presentation folders. Don't staple them together or put paper clips. Just submit them in a loose page format.

Include the bidder number on each page of the required financial documents so that the documents can be associated with the electronic bid. And you'll receive your bidder number, again, when you complete Form A in DBidS.

Only submit the required documents. Please do not submit documents such as bank references, personal financial statements of corporate shareholders, advertising materials, your 855S enrollment form or bank statements - just the required documents.

Make sure your financial statements are for the same accounting time period. For example, if the tax return is for calendar year, then the financial statement must also be for the same calendar year.

Page 13 -- Financial statements must be prepared on the accrual or cash basis of accounting. If needed, you should modify your financial statement to include factors such as receivables, payables, accruals for payroll taxes and prepaid assets.

There are financial statements- as I indicated before - on the website, so check out the financial statements under required hardcopy documents for examples of acceptable statements and the information that must be shown on each type of statement.

The data on each statement must total correctly. For example, on a balance sheet, total assets should equal total liabilities and equity. If you're submitting a bid as an individual bidder and also a bid as part of a network for a different product category, then you must submit a separate hardcopy package to support your individual bid and another to support your network bid.

Page 14 -- No part of the tax return is an acceptable substitute for a financial statement. For example, don't substitute a Schedule L in place of the balance sheet financial statement.

Forms submitted to federal agencies for other purposes, such as the Small Business Administration, are unacceptable substitutes for a financial statement. The RFB clearly describes the financial documentation that must be submitted.

Do not submit your entire tax return. Submit only the required portions of your tax return. If your tax return indicates “other deductions” on the expense line, then you'll need to submit documentation or details to support these “other deductions”. And do not submit ratios that you've calculated in place of the required financial statements.

Page 15 -- This takes us to the new Covered Document Review process, an important process that's required by MIPPA. We strongly advise all bidders to take advantage of this process.

Under this new process, suppliers that submit their financial documents by a deadline called the Covered Document Review Date -and we refer to this as the CDRD- will have their documents reviewed to determine if any individual financial documents are missing.

They'll be notified of what's missing and they'll have the opportunity to submit the missing documents. This review is only to determine if individual financial documents are missing and is not for the accuracy or completeness of individual documents.

Page 16 -- According to MIPPA, the CDRD date, is either the date that is 30 days before the end of bid submission due date or 30 days after the start of the bid submission period, whichever's later.

The target date for the opening of bidding is October 21, which means that the target CDRD would be November 21, 2009. The actual CDRD will be announced when bidding opens.

Only those bidders that submit their financial documents by the CDRD will be notified of missing financial documents and have the opportunity to submit what was missing -so get your financial documents in by the CDRD. And again as a reminder, you've got to put your bidder number on your financial documents and you are assigned a bidder number once you complete Form A.

If you send your documents in after the CDRD, you will not be notified whether there are any missing financial documents and you will not be permitted to submit any documents after the close of bidding.

Page 17 -- So bidders that submit their financial documents by the CDRD will be notified of what, if any, financial documents are missing 45 days after the CDRD. So don't call us before then.

You'll be notified 45 days after the CDRD. The notification will only alert you of what's missing, not whether the financial documents are accurate, acceptable or in accordance with the RFB instructions. You'll have 10 business days from the date of the notification to submit the missing documents.

The covered document review process only allows the bidders that are notified of missing financial documents to submit the missing documents.

You're not allowed to submit revised versions of previously submitted financial documents under the covered document review process. Again, it's important to remember that once bidding closes, all bids are considered final and cannot be amended or changed.

Page 18 -- And again, here are some helpful resources for you. Call the Competitive Bidding Implementation Contractor Customer Service Center at 1-877-577-5331 if you have any questions or if we can assist you. The Center is open from 9:00 am to 9:00 pm Eastern Time and that's Monday through Friday.

The resources on our website have been developed to provide you with valuable assistance as you go through the bidding process, so please review these resources and new fact sheets have been and will be posted to the website soon.

If you've got any questions about enrollment, accreditation, licensure, or subcontracting or surety bonds, then you'll find information on the NSC Web site and you should give the NSC a call if you've got questions.

And the CMS website also includes important information about these issues and about the program.

Before we open up the line to take your questions, I want to remind everyone again that registration is open. Authorized officials should be registered by now and the back-up authorized official should be registered by October the 9th.

Again, early registration gives you time for the authorized official and the back-up authorized official to approve others request to have access to DBidS and time to make any necessary updates or changes before registration closes on November the 4th.

This concludes our formal presentation and we'll open up the lines for your questions. If you have questions about your specific business structure and the required financial documents, then we ask that you please email us and provide us the details because we only have a limited amount of time for questions. We want to use this time today to respond to general questions.

Natalie Highsmith: Okay, Sarah, if you can just remind everyone on how to get into the queue to ask their question and everyone please remember when it is your turn to restate your name, what state you are calling from, what provider or organization you are representing and also since we do have a limited time, we ask that you keep your question to one and one follow-up question, if you do have one. And we can go ahead and begin our questions. Sarah?

Operator: At this time I'd like to remind everyone in order to ask a question, please press star then 1 on your telephone keypad. Your first question comes from Dana Picard of Florida. Your line is now open.

Dana Picard: Hi. Thank you for taking my call. I'm calling from Diabetic Solutions and I had a question regarding the revenue and expense version on the tax return. Are you referring to Schedule L or are you referring to the first pages of the tax return? And I had another question.

Cindy Dreher: Your question is is the - would you repeat that, Dana, because you were cutting in and out for us.

Dana Picard: Oh, sure. Is it - are you looking for Schedule L which is a balance sheet from the tax return or are you looking for Pages 1 and 2? It's not specific on that.

And then also when you're talking about recent - the most recent year, you're referring to fiscal year or calendar year, tax year?

Cindy Dreher: Okay. First of all it's not the Schedule L. It's the first two pages.

Dana Picard: Okay.

Cindy Dreher: And then again, it's as we said earlier, if you do your taxes on a calendar year then we would want your financial statement to reflect the same time period. If it's on a fiscal year, you would do it for the fiscal year.

Dana Picard: Okay. And on the worksheet that are on the website can you print the - is there a way that we can print those out and kind of fool around with them before actually…

Cindy Dreher: Yes. We provided them both in Excel and PDF format.

Dana Picard: Okay.

Cindy Dreher: So you can download them. You can print them. You can manipulate the one that's in Excel, whatever you need to do to it to assist you with determining your bid amount and your capacity.

Dana Picard: Okay. And you're not looking for - like our GMB report and our credit bureau reports do not actively demonstrate the financial strength of our business.

And last time around and bid, you know, Round 1, I submitted credit reference letters from our suppliers and manufacturers that we have very, very, very large lines of credit with. Are you not looking for that this time because I mean we want to show, you know, obviously good credit worthiness?

Cindy Dreher: No. We don't need that, Dana. We just want you to submit a credit report and score. That's all you need to send in.

Dana Picard: Okay.

Cindy Dreher: Thank you.

Operator: Your next question comes from Simon Russell of Florida. Your line is now open.

Simon Russell: Hi. This is Simon Russell of CourierMed. A quick question, do the financials get submitted under Form A or are they individually submitted to each CBA?

Cindy Dreher: Simon, you're going to submit your financial document separately. You're going to send – mail - those to us in a hard copy.

Simon Russell: Separately for each CBA.

Cindy Dreher: Well, you're going to submit one - complete one Form A, a multiple Form B…

Simon Russell: Right.

Cindy Dreher: As a single bidding entity. And then you'll take the bidder number that you get when you complete Form A and put that on each page of your financial documents. So you're just going to submit us one package of financial documents.

If you happen to bid as a different type of entity, meaning that you bid as an individual supplier, then you - and then you're also going to bid later or at the same time bid as a member of a network for a different product category, then you're going to be assigned two bidder numbers.

Simon Russell: Okay. That's fine. Then the CDRD date, if we send this stuff - the financials - in before and are still I'm reviewing everything. So I submit a draft first of all. Can I send a draft in before so it can be reviewed and then send an updated version later or to - that - what I submit by the CDRD date is the final copy?

Cindy Dreher: You can submit additional information later. But what we're going to do is we're going to review the information that's sent by the CDRD. As long as a bidding window is still open you can submit additional documentation.

Simon Russell: Okay. Then the last question I have is on the financials and the evaluation of the - that we are going to do on these financials which in Medicare business and other lines which are non-Medicare business, if we've been putting a lot of product development into those lines which we have been doing for the last two years which has hurt us and we're now just coming out of it.

It's going to pay off which is going to hurt our financials. Is that going to be looked poorly on? Or how are they going to evaluate that?

Cindy Dreher: Simon, all I can tell you is that we just need you to submit the financial statements that are described in the RFB and they'll be evaluated based on what is seen in the financial statements.

Simon Russell: But are we ever going to get a guideline on what the evaluation is going to be

Cindy Dreher: We're going to talk about the bid evaluation process in the next week or two in one of the Open Door Forums.

Simon Russell: Which they will then have all those details for us?

Cindy Dreher: We'll talk about that process then, yes.

Simon Russell: All right. Thank you.

Cindy Dreher: Also, I want to follow up with Simon's question too is about the documents, the financial documents, they're sending by the CDRD - are they the ones that will be reviewed to determine if anything is missing.

If you send in anything after the CDRD before the bidding window closes we're not going to look at those and determine if something's missing or not. It's just the ones that are submitted by the CDRD date.

Operator: Your next question comes from Robert Brant of Florida. Your line is now open.

Robert Brant: Thank you, Martha. I have a question about the IRS forms. Do you have a mechanism in place to verify that the IRS form is the actual one that was sent to the IRS and that bidders aren't putting illegitimate IRS forms in place that makes their company look better than they actually are?

Cindy Dreher: Robert, we are - depending upon the financial forms that are submitted to us and that we will verify those tax return forms against the financial statements to make sure that the data does match.

Robert Brant: But not the actual ones with the IRS?

Cindy Dreher: We evaluate what the suppliers submit to us, their tax return documents.

Robert Brant: Okay. And just a quick question. You said that in the capacity you said that you would take your capacity and add any additional units you could provide annually.

I had a lot of difficulty with this in the last time. I remember there was utilization spread sheet. It said for example in the Miami (MSA) there were 200,000 E1390 oxygen concentrators. You awarded 44 bid winners.

So that would be about 4500 oxygen units per bid winner. I just don't understand how the capacity is calculated for that little amount of winners because most companies, even with their current or even their expansion couldn't do 4400 units.

Cindy Dreher: I don't know if you've had a chance to look at the worksheet, but we revised them from last time and so we actually did do the conversion into the actual numbers. And so I'd encourage you to go back and look at those worksheets and to see the actual bidding count and the utilization numbers. Last time if it was a rental unit then we didn't break it down.

Robert Brant: All right. Thank you.

Operator: Your next question comes from Mark Murph of Texas. Your line is now open.

Laura Murph: Yes. This is Laura Murph at Hope Home Medical in Dallas, Texas. I have a quick question on the tax return extract. If you don't fall into a specific category under business types, we're actually an LLP with one partner, but we do not file a form 1065. We would - our business is shown on a Schedule C.

Cindy Dreher: Then that's fine. You can submit the schedule - that Schedule C.

Laura Murph: So that's not going to cause a problem?

Cindy Dreher: No.

Laura Murph: Okay. Thank you.

Operator: Your next question comes from Boyce Harbour of Texas. Your line is now open.

Boyce Harbour: Thank you. I'm Boyce Harbour with Breath of Life. First I want to make sure, did I understand that you can bid as a network and as an individual supplier separate bids?

Cindy Dreher: Yes, you can. But, Boyce, it would have to be for a different product category in the same CBA or you can bid for the same product category in a different CBA.

Boyce Harbour: Okay. So in the same CBA you cannot bid as a network and as an individual for the same product category.

Cindy Dreher: Because that way you would be bidding against yourself.

Boyce Harbour: Right.

Cindy Dreher: And the rules don't allow you to bid against yourself.

Boyce Harbour: Okay. Then my next question is kind of more of a comment than a question. The 20% requirement for small suppliers, the example that you gave was that if there were 30 bid winners, 20% would be six small suppliers. In the Dallas Fort Worth MSA that's maybe what happened. I'm not real sure.

But isn't that somewhat discriminatory still against small suppliers because what you're actually doing is you're saying you're - there may be 200 small suppliers in Dallas Fort Worth, but then it limits to six small suppliers in the Dallas Fort Worth MSA…

Cindy Dreher: No, no.

Boyce Harbour: 30 bid winners.

Cindy Dreher: No, let me - I need to probably explain that a little bit better then. Now, what we're talking about there is that if we - after we've gone through the bid evaluation - and we look and see, how many of these winners are small suppliers. If we've got 98% of them are small suppliers, we need 200 and they're all small suppliers then we've met our target.

But the final rule says that at least 30% of the winning eligible suppliers must be small suppliers. So as you said - we look at that and we say we don't have enough small suppliers then we're going to go back in and we're going to continue to add small suppliers until we reach that target. But we're not limiting or discriminating in that manner that you described.

Boyce Harbour: So you're not trying to limit to a small number of small suppliers…

Cindy Dreher: Oh, no, no.

Boyce Harbour: Then a larger number of nationals?

Cindy Dreher: No. All we're doing is ensuring that at least 30% of the winners are small suppliers.

Boyce Harbour: Okay. Do I have one more comment?

Cindy Dreher: Yes. And I just wanted to point out too that during the first round that most of the winners were small suppliers.

Boyce Harbour: Okay. That's fine. As far as financial worthiness, I'm assuming that large companies that are in financial difficulty will be treated the same way as small companies.

Cindy Dreher: Exactly.

Boyce Harbour: Okay. Just - that's fine. Thank you.

Cindy Greer: Sure.

Operator: Your next question comes from Sherrie Semplicion of Florida. Your line is now open.

Sherrie Semplicion: Yes. A question regarding the small supplier, I just want to make sure is a calendar year test that at $3.5 million, we just squeaked over that number in calendar year 2008 and if we are outside of that small supplier, do we still need to submit the expansion plan at that time?

Cindy Dreher: They really don't go together. That $3.5 million is just a definition of a small supplier. And we use that at the end of the bid evaluation period just to make sure that we have a minimum of 30% of the winners are small suppliers. So if you plan to expand then that's fine as well. But again, I just want to emphasize that this is just done at the very end of the bid evaluation period.

Sherrie Semplicion: Okay. But are we then outside of the small supplier at that point?

Cindy Dreher: If you have annual receipts, Medicare, non-Medicare revenue is greater than $3.5 million then you are not qualified as a small supplier.

Sherrie Semplicion: And it is a simple one-year test, correct, not like a three-year average annual receipts.

Cindy Dreher: It's one year.

Sherrie Semplicion: Thanks. So as far as whether we have to supply an expansion plan to you the answer would be no then is what…

Cindy Dreher: No. You don't have to provide an expansion plan to us at all. This is only if you plan to expand in order to meet the terms of the contract with the goals of the program. If you need to expand then you would complete that section on Form B. If you don't plan to expand then you can come, just skip that section.

Sherrie Semplicion: Okay. Very good. Thank you.

Operator: Your next question comes from Jeff Souza of California. Your line is now open.

Jeff Souza: My question is about credit reporting for newly-formed or businesses that have a corporate structure rather than an individual structure. If there aren't adequate data in any of those reporting agencies, are there any alternatives?

Cindy Dreher: So you're saying if you don't have a credit report for your business is there something else you can submit?

Jeff Souza: Correct, officers or any other element.

Cindy Dreher: That's because you're a new supplier you wouldn't have that is what you're saying.

Jeff Souza: Correct.

Cindy Dreher: So if you're new and you don't have a credit report for your business then you can submit an individual one.

Jeff Souza: You can?

Cindy Dreher: Yes, you can.

Jeff Souza: All right, for the officers or who - are there just one? Whose needs to be submitted?

Cindy Dreher: It probably should be the primary shareholder.

Jeff Souza: Okay. All right. Thank you very much.

Cindy Dreher: Thank you.

Operator: Your next question comes from Pam Joy of Texas. Your line is now open.

Pam Joy: Good afternoon. We are Senior Care Centers. We own skilled nursing facilities. And we supply enteral feeding for our residents. Am I misunderstanding or are we expected to provide enteral feeding if we were to receive a bid for everyone in the area?

Cindy Dreher: No. You have the option. When you're going onto Form A there will be a question that will ask you if you are a specialty supplier. And if you are then check off that you're bidding as a specialty supplier then that means that if you are awarded a contract then you will only be required to provide the enteral to your own residents.

Pam Joy: Okay. Thank you. That's very helpful.

Cindy Dreher: Okay. Good.

Operator: Your next question comes from Leo Gunaratne. Your line is now open.

Leo Gunaratne: Yes. This is a general question. I need to find out how we can print the PowerPoint presentation because I can see the audio presentation, but they're not the PowerPoint.

Cindy Dreher: Oh, the PowerPoint presentation. I believe that the first two audios and transcripts are posted on the Web sites from the first two. And the others will be posted soon. But right now we've only got the ones on the first two Open Door Forums out there.

Leo Gunaratne: Even the PowerPoint presentation?

Cindy Dreher: You've got the transcript and the audio for the first two.

Leo Gunaratne: Okay. Thank you very much.

Cindy Dreher: I believe the transcript and the audio for the second one was posted today or yesterday. So it's just been put out there.

Leo Gunaratne: Okay. Thank you very much.

Cindy Dreher: Thank you.

Martha Kuespert: Hi. This is Martha Kuespert. I just wanted to check. I think maybe you were referring to the PowerPoint presentation for each of these Special Open Door Forum Bidders conferences.

The PowerPoint presentations are up for today's call and all of the previous calls that we already had. We try to get the PowerPoints up as far in advance as we possibly can and they're all posted on the CBIC Web site dmecompetitivebid.com.

If you go to the right-hand column, scroll down to Events and click on it you can get to a schedule of the special Open Door Forum Bidders conferences along with the PowerPoint presentations. Thanks.

Leo Gunaratne: (Unintelligible).

Operator: Your next question comes from Rob Stikers of Indiana. Your line is now open.

Rob Stikers: We withdraw our question. Thank you.

Operator: Your next question comes from Adelina Amat of Florida. Your line is now open.

Adelina Amat: Hi. I wanted to know if you are aware that there are many suppliers like ourselves that have not been able to even register the (AO) because there's some type of technical glitch in the system. And we wanted to know what's going on.

When are these problems going to be clear because we're talking about these CDRDs and the importance of them and we haven't even been able to register?

Cindy Dreher: Adelina, have you called in and talked to somebody, our Customer Service Center?

Adelina Amat: Yes.

Cindy Dreher: Okay. Then I'm sure they're aware of the issue. We've had just a very, very few number of problems and if they're working with you I know they're working as hard as they can to get it resolved.

And I assure you that you'll be registered and ready to go in plenty of time. But continue to talk to them and we'll follow up and make sure that they are working on it which I have every confidence they are. And then we'll get you into the system.

Adelina Amat: All right. Thank you.

Natalie Highsmith: Ok, Sarah, we have passed our 3:00 o'clock hour here on the east coast and we're going to go ahead and end the call and I'm going to turn the call over to Martha Kuespert for closing remarks.

Martha Kuespert: Thank you, Natalie. I'd like to thank everyone again for joining us today on this fourth of our series of Special Open Door Forum Bidders conferences. I would also like to remind everybody that we are very interested in your feedback and comments.

So if you have any comments you'd like to share with us please email us at CBIC.admin@palmettogba.com. That's the email address listed on the last page of your PowerPoint presentation for today.

Our next Special Open Door Forum Bidders conference will be held next Tuesday, September 29 from 2:00 to 3:00 Eastern Time and we hope that you will join us then. Thank you.

Natalie Highsmith: Okay, Sarah, can you tell us how many people joined us on the call today?

Operator: At your highest point you were at 614.

Natalie Highsmith: Okay. Wonderful. Thank you everyone.

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