

# **DME Competitive Bidding Overview:**

## **Current and Future Issues for Supermarket Pharmacies**

**April 19, 2007**

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## **During today's session, our assignment is to:**

- Provide an overview of the competitive bidding process for durable medical equipment (DME);
- Discuss a number of issues relevant to supermarket pharmacies, particularly related to diabetic testing supplies; and
- Take your questions.

## **Despite a mixed record, Congressional support of competitive bidding has been strong:**

- Competitive bidding demonstration projects have shown savings.
- Competitive acquisition program for Part B drugs is foundering.
- Legislation has been offered to address some concerns.

## Timeline:

Key Date	Significant Milestone in Competitive Bidding Implementation
1999-2002	Demonstration projects in FL and TX
May-06	Proposed Rule on DMEPOS competitive bidding
Aug-06	Choice of competitive bidding implementation contactor (CBIC) announced; publication of final rule on DMEPOS supplier accreditation
Nov-06	Selection of 10 organizations approved to accredit DMEPOS suppliers
Apr-07	Final Rule/initial products and areas chosen/bidding begins
Jun-07	Bids/accreditation applications due
Aug-07	Accreditation deadline for initial suppliers
Dec-07	Winning bids announced
Apr-08	Single payment amounts determined; first payments made under competitive bidding program in 10 metropolitan areas
2009	Additional 70 areas chosen for competitive bidding; revisions to product categories possible.
2010	Additional areas/products and possible separate mail order program for diabetic supplies to be added; accreditation required for all suppliers of DMEPOS regardless of participation in competitive bidding.

## Competitive bidding will initially be focused on ten metropolitan areas:

- 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-Miami Beach, FL
- Orlando, FL
- Pittsburgh, PA
- Riverside-San Bernardino-Ontario, CA
- San Juan-Caguas-Guaynabo, PR

## The “Competitive Bidding Areas” (CBAs):

- Differ for mail-order diabetic testing suppliers.
- Do not always encompass the full boundaries of a Metropolitan Statistical Area (MSA).

**More information, including detailed maps and Zip Code lookup utilities, is available at:**

**[http://www.dmecompetitivebid.com/cbic/CBIC.nsf/\(Pages\)/Competitive+Bid+Areas](http://www.dmecompetitivebid.com/cbic/CBIC.nsf/(Pages)/Competitive+Bid+Areas)**

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### Riverside-San Bernardino-Ontario, CA Competitive Bidding Area for all Product Categories Except Mail-Order Diabetic Supplies



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### Riverside-San Bernardino-Ontario, CA Competitive Bidding Area for Mail-Order Diabetic Supplies



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## The initial product categories chosen are:

- Oxygen Supplies and Equipment
- Standard Power Wheelchairs, Scooters, and Related Accessories
- 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 (RADs), and Related Supplies and Accessories
- Hospital Beds and Related Accessories
- Negative Pressure Wound Therapy (NPWT) Pumps and Related Supplies and Accessories
- **Walkers and Related Accessories**
- Support Surfaces (group 2 and 3 mattresses and overlays – Miami and San Juan only).

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## Specific Items for Diabetic Testing Supplies by HCPCS Code\*\*\*

PRODUCT CATEGORY 4	
<i>Mail-Order Diabetic Supplies (Bid type = P, Purchase)</i>	
A4233	Alkaline battery
A4234	J-cell battery
A4235	Lithium battery
A4236	Silver oxide battery
A4253	Blood glucose/reagent strips
A4256	Calibrator solution/chips
A4258	Lancet device each
A4259	Lancets per box

\*\*\*Revised 04/25/07 per CMS technical correction

Source: competitive bidding implementation contractor (CBIC), available from:

[http://www.dmecompetitivebid.com/cbic/cbic.nsf/\(subpages\)/CBICSuppliersProduct+Categories](http://www.dmecompetitivebid.com/cbic/cbic.nsf/(subpages)/CBICSuppliersProduct+Categories)

## Specific Items for Walkers and Related Supplies by HCPCS Code

PRODUCT CATEGORY 9	
<i>Walkers and Related Accessories, (Bid type = P, Purchase)</i>	
A4636	Handgrip for cane etc
A4637	Repl tip cane/crutch/walker
E0130	Walker rigid adjust/fixed ht
E0135	Walker folding adjust/fixed
E0140	Walker w trunk support
E0141	Rigid wheeled walker adj/fix
E0143	Walker folding wheeled w/o s
E0144	Enclosed walker w rear seat
E0147	Walker variable wheel resist
E0148	Heavyduty walker no wheels
E0149	Heavy duty wheeled walker
E0154	Walker platform attachment
E0155	Walker wheel attachment,pair
E0156	Walker seat attachment
E0157	Walker crutch attachment
E0158	Walker leg extenders set of 4
E0159	Brake for wheeled walker

## During the first year of the phase-in:

- CMS will award contracts to between two and five suppliers per category in each region.
- Bids for each item can be no more than the current DMEPOS fee schedule.
- “Pivotal Bid” process used to ensure supply is adequate for beneficiary demand.
- Single payment rate for each item based on the median of the chosen bids.
- Additional awards are possible for smaller suppliers willing to accept single payment rate– but only if they have bid below the fee schedule.

## Selecting the “Pivotal Bid”– Expected Demand of 1000 Units

	<b>Composite Bid</b>	<b>Supplier Capacity</b>	<b>Cumulative Capacity</b>
Supplier 1	100	100	100
Supplier 2	115	300	400
Supplier 3	120	400	800
Supplier 4	135	300	1100
Supplier 5	140	500	1600
Supplier 6	150	100	1700

Source: Adapted from Table 7 of the CMS Final Rule

## Entities wishing to bid must:

- Become accredited (with one of ten accreditation organizations) and meet all CMS quality and supplier standards.
- Bid on all items in each category included in their bid.
- Submit only one bid per organization per category in a region (including any commonly owned entities).
- Agree to provide all items in each category to all beneficiaries in a competitive bidding area.
- Meet a series of financial solvency and other requirements to be further detailed in the forthcoming “Request for Bids”.

## Special rules for diabetic testing supplies:

- Diabetic supplies will initially be subject to competitive bidding under mail-order only.
- Non-mail suppliers in the competitive bidding regions may still provide diabetic supplies under the current DMEPOS fee schedule.

## Future issues for diabetic testing supplies:

- Proposed separate mail order program for diabetic testing supplies.
- One option potentially considered is “mail only” program for replacement supplies.
- Use of competitive bidding pricing information to influence payments outside of competitive bidding.

## Basic steps in the competitive bidding process:

- **Immediate:** Apply for accreditation (to be discussed).
- **Immediate:** Obtain a USER ID necessary to complete a bid online and be sure current information with the National Supplier Clearinghouse (NSC) is correct.
  - CBIC Hotline for questions: (877) 577-5331
  - Go to CBIC website, “register to use application” for a step by step of the registration process.
- **ASAP:** Obtain bid materials from the CBIC.

[http://www.dmecompetitivebid.com/cbic/cbic.nsf/\(pages\)/home](http://www.dmecompetitivebid.com/cbic/cbic.nsf/(pages)/home)

- **60 Days after bidding begins (approximately June 30):** Bids are due.

**Questions?**

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