CMS Manual System	Department of Health & Human Services (DHHS)
Pub 100-04 Medicare Claims Processing	Centers for Medicare & Medicaid Services (CMS)
Transmittal 2853	**Date: January 10, 2014**
	Change Request 8568

SUBJECT: Quarterly Update for the Durable Medical Equipment, Prosthetics, Orthotics and Supplies (DMEPOS) Competitive Bidding Program (CBP) - April 2014

I. SUMMARY OF CHANGES: The DME CBP files are updated on a quarterly basis in order to implement necessary changes to the HCPCS, ZIP code, Single payment amount, and Supplier files. These requirements provide specific instruction for implementing the DMEPOS CBP files. The Recurring Update Notification applies to chapter 23, section 100.

EFFECTIVE DATE: April 1, 2014
IMPLEMENTATION DATE: April 7, 2014

Disclaimer for manual changes only: The revision date and transmittal number apply only to red italicized material. Any other material was previously published and remains unchanged. However, if this revision contains a table of contents, you will receive the new/revised information only, and not the entire table of contents.

II. CHANGES IN MANUAL INSTRUCTIONS: (N/A if manual is not updated)
R=REVISED, N=NEW, D=DELETED-*Only One Per Row.*

R/N/D	CHAPTER / SECTION / SUBSECTION / TITLE
N/A	

III. FUNDING:
For Medicare Administrative Contractors (MACs):
The Medicare Administrative Contractor is hereby advised that this constitutes technical direction as defined in your contract. CMS does not construe this as a change to the MAC statement of Work. The contractor is not obliged to incur costs in excess of the amounts allotted in your contract unless and until specifically authorized by the Contracting Officer. If the contractor considers anything provided, as described above, to be outside the current scope of work, the contractor shall withhold performance on the part(s) in question and immediately notify the Contracting Officer, in writing or by e-mail, and request formal directions regarding continued performance requirements.

IV. ATTACHMENTS:

Recurring Update Notification

**Unless otherwise specified, the effective date is the date of service.*

Attachment - Recurring Update Notification

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I. GENERAL INFORMATION

A. Background: Section 302 of the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 ("Medicare Modernization Act" or "MMA") established requirements for a new Competitive Bidding Program for certain Durable Medical Equipment, Prosthetics, Orthotics, and Supplies (DMEPOS). Under the program, DMEPOS suppliers compete to become Medicare contract suppliers by submitting bids to furnish certain items in competitive bidding areas, and the Centers for Medicare & Medicaid Services (CMS) awards contracts to enough suppliers to meet beneficiary demand for the bid items. The new, lower payment amounts resulting from the competition replace the Medicare DMEPOS fee schedule amounts for the bid items in these areas. All contract suppliers must comply with Medicare enrollment rules, be licensed and accredited, and meet financial standards. The program sets more appropriate payment amounts for DMEPOS items while ensuring continued access to quality items and services, which will result in reduced beneficiary out-of-pocket expenses and savings to taxpayers and the Medicare program.

Under the MMA, the DMEPOS Competitive Bidding Program was to be phased in so that competition under the program would first occur in 10 Metropolitan Statistical Areas (MSAs) in 2007. The Medicare Improvements for Patients and Providers Act of 2008 (MIPPA) temporarily delayed the program in 2008 and made certain limited changes. In accordance with MIPPA, CMS successfully conducted the supplier competition again in nine areas in 2009, referring to it as the Round 1 Rebid. The Round 1 Rebid contracts and prices became effective on January 1, 2011.

MIPPA also delayed the competition for Round 2 from 2009 to 2011 and authorized national mail-order competitions after 2010. The Affordable Care Act of 2010 (ACA) expanded the number of Round 2 MSAs from 70 to 91. Contracts and prices for Round 2 and the national mail-order program for diabetic testing supplies are scheduled to go into effect on July 1, 2013.

CMS is required by law to recompete contracts for the DMEPOS Competitive Bidding Program at least once every three years. The Round 1 Rebid contract period for all product categories except mail-order diabetic supplies expires on December 31, 2013. (The Round 1 Rebid mail-order diabetic supply contracts expired on December 31, 2012.) CMS is conducting the Round 1 Recompete in the same competitive bidding areas as the Round 1 Rebid.

B. Policy: File Updates

In implementing the DMEPOS competitive bidding program, CMS will be issuing recurring update notifications on a quarterly basis. Instructions for updating the DMEPOS competitive bidding files will be included in these transmittals. The competitive bidding files will be provided to the DME MACs and the PDAC contractor via CMS' mainframe telecommunication system on a quarterly basis. Beginning on July 1, 2012, and until further notice, the EDC will transmit the aforementioned files when received from the CBIC to the ViPS Medicare System (VMS) and VMS will make the file updates available to the contractors for use in processing DMEPOS competitive bidding claims. Automated entry of the file additions, updates or deletions will be done on a quarterly basis using fully refreshed files, for the following three files: the CBA ZIP code file, the HCPCS file, and the CBA pricing file. The VMS maintainer shall update the

supplier record files with the information provided in the VMS nightly extract. The CBIC will transmit the quarterly files listed above to the CMS mainframe telecommunications system via Connect: Direct for EDC retrieval.

II. BUSINESS REQUIREMENTS TABLE

"Shall" denotes a mandatory requirement, and "should" denotes an optional requirement.

Number	Requirement	Responsibility								
		A/B MAC			DME MAC	Shared-System Maintainers				Other
		A	B	HHH		FISS	MCS	VMS	CWF	
8568.1	The Competitive Bidding Implementation Contractor (CBIC) shall generate updated files quarterly for the CBA ZIP code file, the HCPCS file, and the CBA pricing file and transmit them to the Enterprise Data Center (EDC).									EDCs, HP EDC
8568.2	The EDC shall retrieve the following files from the CMS mainframe telecommunications system via Connect: Direct on a quarterly basis: CBA ZIP Code File HCPCS File CBA Pricing File									HP EDC, PDAC
8568.3	During the testing phase of this CR, the EDC shall retrieve the CBA ZIP code file, the HCPCS file, and the CBA pricing file via Connect: Direct under the following dataset names: T#EFT.ON.CBAZIPQ.C14Q01 T#EFT.ON.HCATGQ.C14Q01 T#EFT.ON.PRICEQ.C14Q01									HP EDC, PDAC
8568.4	During the production phase of this CR, the EDC shall transmit the CBA ZIP code file, the HCPCS file, and the CBA pricing file to VMS via Connect: Direct under the following dataset names: P#EFT.ON.CBAZIPQ.C14Q01 P#EFT.ON.HCATGQ.C14Q01 P#EFT.ON.PRICEQ.C14Q01									HP EDC, PDAC
8568.5	The EDC shall automate the retrieval process for									HP EDC,

Number	Requirement	Responsibility								
		A/B MAC			DME MAC	Shared-System Maintainers				Other
		A	B	HHH		FISS	MCS	VMS	CWF	
	refreshing these files quarterly.									PDAC
8568.6	The DME MACs, PDAC and EDC shall load these quarterly files.				X					HP EDC, PDAC
8568.7	FISS shall pull in the correct files for reason code 31716.					X				
8568.8	The EDC shall receive notice via a Technical Direction Letter (TDL) in the event the dataset names listed in 8434.3 and 8434.4 are changed for any reason.									HP EDC, PDAC

III. PROVIDER EDUCATION TABLE

Number	Requirement	Responsibility				
		A/B MAC			DME MAC	CEDI
		A	B	HHH		
8568.9	MLN Article : A provider education article related to this instruction will be available at http://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNMattersArticles/ shortly after the CR is released. You will receive notification of the article release via the established "MLN Matters" listserv. Contractors shall post this article, or a direct link to this article, on their Web sites and include information about it in a listserv message within one week of the availability of the provider education article. In addition, the provider education article shall be included in the contractor's next regularly scheduled bulletin. Contractors are free to supplement MLN Matters articles with localized information that would benefit their provider community in billing and administering the Medicare program correctly.				X	

IV. SUPPORTING INFORMATION

Section A: Recommendations and supporting information associated with listed requirements: N/A

"Should" denotes a recommendation.

X-Ref Requirement Number	Recommendations or other supporting information:

Section B: All other recommendations and supporting information: N/A

V. CONTACTS

Pre-Implementation Contact(s): Janae James, 410-786-0801 or janae.james@cms.hhs.gov

Post-Implementation Contact(s): Contact your Contracting Officer's Representative (COR) or Contractor Manager, as applicable.

VI. FUNDING

Section A: For Medicare Administrative Contractors (MACs):
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