

CIGNA

**Moderator: Ronja Roland
September 1, 2009
1:00 pm CT**

Operator: Hello everyone; thanks for standing by and welcome to the Ask the Contractor call hosted by CIGNA Government Services. Today's call is being recorded.

And at this time, I'd like to turn things over to Ronja Roland. Please go ahead.

Ronja Roland: Thank you, Kevin. Good afternoon and welcome to the CIGNA Government Services Ask the Contractor Teleconference the DME MAC Jurisdiction C. I am Ronja Roland with Provider Outreach and Education.

And today's call will focus specifically on the competitive bidding program. Please be aware that this call is being record. The minutes from this call will be posted to the Ask the Contractor Teleconference link on the CIGNA Government Services Web site.

After this introduction, we will have (Letisha Davis) with the Competitive Bidding Implementation Contractor to provide valuable information on important competitive bidding updates. Once Letisha has finished her presentation, she will address questions specific to competitive bidding.

Since we do have a large number of suppliers joining today's call, I would like to remind suppliers to limit your questions to one per call. We would like to address everyone's questions, so again

we ask that you limit those questions. We will be unable to answer claim-specific questions on today's call. If you do have a claim-specific question, you may contact our Customer Service Department at 866-270-4909, and those experts will be able to address your question.

We will now turn the call over to (Letisha Davis) with Palmetto-GBA, the Competitive Bidding Implementation Contractor.

(Letisha Davis): Thank you, Ronja. Good afternoon, everyone. I also want to state that also on today's call is the content and policy expert for the Competitive Bidding Program, Cindy Dreher.

In today's presentation, I will briefly review the objectives of the program, outline important dates and describe the bidding and evaluation processes. Everything I'm discussing today as well as much more information may be found on the Competitive Bidding Program Web site. I'll provide content information at the conclusion of my presentation, and then I'll be happy to take your questions.

The Competitive Bidding Program was mandated by Congress under the Medicare Modernization Act of 2003 and amended by the Medicare Improvement for Patient and Providers Act, MIPPA, of 2008. MIPPA makes some limited changes which include delaying implementation of the first round and the rebidding of the first round in 2009.

Competitive Bidding is considered an essential tool to help CMS pay appropriately for healthcare which is important not only to maintain Medicare beneficiaries' access to high-quality medical products but also to lower the cost of medical care for all. Payment rates resulting from the process last year turned an average of 26% savings from the Medicare fee schedule prices that were in effect at that time.

MIPPA requires that the rebid be conducted in the same areas of Round 1 with the exception of San Juan, Puerto Rico, the CBAs identified by counties and ZIP codes and will be conducted for essentially the same ZIP codes that were included in Round 1. We have not added any new ZIP codes that expanded the geographic area or boundaries of the CBAs. You can find maps and the listing of the ZIP codes included in each CBA on the Competitive Bidding Program Web site. There is also very helpful ZIP code lookup tool on the homepage.

MIPPA also require that we compete the same items and services in the Round 1 rebid (of a) previously bid in Round 1. The exceptions are negative pressure wound therapy items and services which are excluded from the rebid, and Group 3, complex rehab power wheelchairs which are excluded permanently from the competitive bidding program. We will conduct the rebid for essentially the same HCPCS codes that were included in Round 1. However, some investments were made in accordance with the final rules section that addresses changes in HCPCS codes. Also in light of the MIPPA amendment, we have made exceptions for obsolete codes and codes which are no longer separately payable such as oxygen accessories.

Let's review some important dates. You can also find this timeline on the CBIC Web site.

Registration opens on August 17 when suppliers receive their temporary user IDs and passwords. Bidding suppliers must have a user ID and a password to access the online bidding application which is referred to as "the bid" once they open.

If you're planning to bid, I strongly encourage you to register early to allow time to make any changes or corrections and to approve other access to the bid. The authorized official listed on your CMS-855S enrollment form with the (National Supplier Clearinghouse) NSC must register first and will register only one time with one NSC number.

Then the authorized official may approve backup authorized officials and other (uses) registration. I also encourage you to have at least one backup authorized official who can fulfill the authorized official's responsibilities if he or she is unavailable for any reason. The backup authorized official must also be listed as an authorized official on the 855S enrollment form.

It's also important to note that during registration and bidding, specific data must match what is on file with the Social Security Administration and with the NSC. Therefore it's important that your file be current. You can register on the Competitive Bidding Program Web site and also find additional resources and important information about the process.

Bidding opens on October 21 and will be open for 60 days. All bid applications must be completed in hard copy documents submitted by December 21. However, if you want to be notified of any missing financial documents, you must submit your hard copy documents by November 21. The bid evaluation process will conclude in the spring. The single payment amounts will be announced in June and contract suppliers announced in September. Prices will go into effect on January 11 – excuse me, January 1, 2011.

Now please keep in mind that these are only targeted dates. Actual dates will be announced through an e-mail notice, so we encourage you to sign up for e-mail updates on the homepage of the CBIC Web site.

In order to participate in the Medicare DMEPOS competitive bidding program, suppliers must meet specific eligibility requirements. Locations must have an active NSC number, be accredited for the applicable product category and have the required state licenses at the time of bid commission. All locations both inside and outside the CBA that furnish bid items to beneficiaries who reside in or visit the CBA must be listed on Form-A of the application.

Time is very quickly running out to obtain accreditation by the September 30, 2009 deadline, or risk having billing privileges revoked on October 1. As a reminder, MIPPA also requires that subcontractors regardless of whether they are participating in the program be accredited.

Suppliers submitting a bid must meet all applicable state license requirements for the sale and/or distribution of the product category. Prior to submitting a bid, the supplier must have a copy of the applicable state licenses on file with the NSC. Each location must be licensed in accordance with the specific state regulations. You may find a more detailed explanation about licensure in the Request for Bid or RFB located on the CBIC Web site.

Also as a reminder, most suppliers will need to obtain and submit a surety bond to the NSC by the October 2, 2009 deadline, or risk having their Medicare Part B billing privileges revoked. A list of companies in which a bond can be secured may be found on the Department of Treasury's Web site. You may also find this information on the CMS Web site and the NSC Web site.

Any Medicare-enrolled DMEPOS supplier that meets program requirements is eligible to bid. Suppliers do not have to be physically located in a CBA to submit a bid in that CBA. However, any supplier who submits a bid must meet quality standards, accreditation and licensure requirements for that product category and the CBA. A supplier may not submit a bid with the intention of opening a location in the CBA if awarded a contract. Contracts are awarded to locations listed on Form-A that have an active NSC number and meets the other eligibility requirements.

Skilled nursing facilities or nursing facilities have the option to bid for and the awarded contracts as specialty supplier. As a specialty supplier, the facilities may only furnish bid items to their own Medicare residents. Skilled nursing facilities and nursing facilities can also be regular contract

suppliers, meaning that they would be required to provide bid items to Medicare beneficiaries throughout the CBA.

If a facility is not awarded the contracts, it may not provide bid items to Medicare beneficiaries outside of its facilities or its normal practices and also ((inaudible)) the contract supplier within a CBA to furnish the bid item.

Physicians and treating practitioners have the option to furnish certain types of competitive bid items to their own patient without submitting a bid if the item is provided as part of the office visit. The only competitive bid item that they may furnish is a walker. The physician or treating practitioner will be paid the single payment amount if the beneficiary resides in a CBA. Likewise, hospitals that provide walkers to their patients upon admission or discharge and bill the DME benefit under Part B, not Part A, are not required to bid and be awarded a contract. However, a hospital-owned DME business is required to bid.

The regulations include several small supplier provisions, one of those is network. A small supplier may join a network for bidding purposes. A small supplier generates annual revenue of \$3.5 million or less from both Medicare and non-Medicare customers. You must be unable to independently service the entire geographic area of a CBA.

Individual network members are not required to service the entire geographic area of a CBA but the network as a whole must service the entire CBA. Each network member must provide a statement certifying that he or she joined the network because he or she was unable to independently furnish all of the items in a product category throughout the entire geographic area of a CBA. The signed statements must be included in the hard copy package.

Networks must have at least two but not more than 20 members. Each network must form a single 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 entity must be in place and signed before the network may submit a bid. These agreements must be submitted with the other required hard copy documents.

Each member of the network must meet all eligibility accreditation and licensure and financial requirements for participation in the Competitive Bidding Program. During the bid evaluation, if one member of a network does not meet one or more of the competitive bidding requirement, 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 cannot indefinitely bid for the same product category in the same CBA; therefore, suppliers with multiple locations or that are commonly-owned or controlled must submit one bid including all locations of such commonly-owned or controlled suppliers in a CBA. Separate bids submitted by members of a network for the same product category in the same CBA that are commonly-owned or controlled will be disqualified. Locations of all network members for which there is common ownership or control must be included on the bid.

Now we're going to talk a little bit about the bid application –

If you are planning to bid, you should complete your bid application on (D Bids), the online bid application system and submit the required hard copy documents as early as possible. Form-A requests information about each location and is where you identify the product categories and CBAs for which you are submitting a bid. Form-B is where you report your current volume of business and also where you indicate the capacity and bid amount for each item in the product category. You may amend or change your data on the bid application as many times as

necessary prior to the close of bidding. However, once the bid commission deadline has passed, no further amendments to the bid application will be permitted.

Hard copy documents should be submitted in a loose page format, no binder clips, staple, notebooks or presentation folder, and only submit the required document. Each page of each document must be identified by the supplier's bidder number to ensure the information is linked to the correct application.

You may also resubmit financial and other hard copy documents before bidding closes. It is not necessary to resubmit a complete package of new and/or revised documents, only the revised or new documents. However, you must include the supplier's name and bidder number on each page and it must be post-marked by the bid deadline date.

It's important that you submit your hard copy documents prior to the covered documents' review date or CDRD which is November 21. Only those financial documents that are received by this date will be reviewed to determine whether all documents have been received. Suppliers who meet this deadline will be notified if any financial documents are missing.

All bidding suppliers are required to submit financial documents for the immediate 1 year prior to the date on which the bid is submitted. You may find instructions, helpful tips, a chart that outlines the required financial documents by business type and samples of the financial statements on the CBIC Web site. All types of supplier organizations, that is, corporations, ((inaudible)) partnerships must submit the following documents – three financial statements which are the income statement, balance sheet and statement of cash flow; the revenue and expense portion of an organization's tax returns; and the organization's credit report that includes a numerical credit score.

You can check the status of your bid on (D Bids) to determine whether we have received your hard copy package. If you submit your financial documents by the CDRD which again is November 21, we will let you know which financial documents if any are missing. You should receive a notification 15 days after bidding closes. The notification will only alert you what is missing, not whether those financial documents are accurate or in accordance with the RFB instructions. You have 10 business days from the date of a notification to submit the missing document. Bidders who submit their hard copy financial documents after the CDRD will not be notified of any missing documents and will not be permitted to submit any financial documents after the close of bidding. Again it's important to remember that once the bidding window closes, all bids are considered final and cannot be amended or changed.

Now I'm going to discuss the bidding rules.

Supplier organizations are commonly-owned if one or more of them have an ownership interest totaling at least 5% (in the other). The term ownership interest is defined in the final rule as the possession of equity and the capital, the stock or the profits of another supplier. Commonly-controlled organizations are those where one or more of the organization's owners is also an officer, director or partner in another supplier organization. Suppliers may not bid against themselves for the same product category in the same CBA. Therefore, supplier organizations that are commonly-owned or controlled are considered one bidder and therefore must submit one bid that includes all locations owned or controlled by the supplier organizations that will furnish bid items in the product category, the beneficiaries and the CBA. Separate bids submitted for the same product category in the same CBA by supplier organizations that are commonly-owned or controlled will be disqualified. If a contract is awarded to a commonly-owned or controlled supplier, then the contract would include all locations in a CBA that have an ownership or controlled interest in each other.

Suppliers participating in the Competitive Bidding Program must comply with all supplier standards. The standard limits subcontracting services to the purchase of inventory, the repair of rented equipment and the delivery instruction on the use of a Medicare coverage item. All other functions and services should be provided directly by a contract supplier. MIPPA require that all subcontractors be accredited by a CMS-approved accreditation organization unless excluded by one of the professional exemptions. They must be accredited when they perform the functions outlined in Supplier Standard 12 or 14. Subcontractors whose only function is to sell inventories to a Medicare-enrolled supplier do not need to be accredited. Subcontractors must also meet all applicable state licensing requirements.

Contract suppliers must notify CMS of any subcontracting relationships that they have entered into for purposes of furnishing items and services under the program. They must also disclose whether the subcontractor meets any accreditation and state licensing requirements necessary to furnish these services. Contract suppliers are responsible for the items and services they provide either directly or through the use of a subcontractor.

Suppliers must bid on all items in the product category but may only submit one bid amount for each item. The bid amount cannot exceed the current fee schedule amount for the CBA where you are submitting a bid. Any bid that exceeds this amount will be rejected for that product category and the CBA. The bidding form will identify if the bid amount should represent a purchase or rental bid. Please note that this does not reflect whether products will be paid on either rental or purchase basis.

Bid amounts must be bona fide or realistic. You must be able to support the amount by manufacturer's invoice or other documentation that verifies the item can be purchased by the supplier for that amount. If the amount for one item in the product category is found to be not bona fide, then the bid for that product category and the CBA is disqualified. It is critically

important that the bid amount be very carefully reviewed before the bid application is certified and bidding closes.

Now we have created worksheets to assist you in determining your estimated capacity and bid amount over to the provider for each product category and the CBAs and they may be found on the CBIC Web site under "Bidding Process."

An important objective of the program is to select enough contract suppliers to meet the needs of Medicare beneficiaries.

We will calculate the expected beneficiary demand for product category using Medicare claims data from the past 2 years which will identify changing trends in utilization. The past utilization data is available on the capacity and bid amount worksheet if you want to use it to assist determining your own capacity data.

We also determine total supplier capacity necessary to meet the expected beneficiary demand. As part of the bid application, suppliers are asked to indicate the number of units by HCPCS code that they are currently supplying plus any additional amounts they will be capable of providing per HCPCS code in a CBA.

The data capacity on Form-B should represent the supplier's best estimate of a number of items he or she could furnish the Medicare beneficiaries for 1 year. If a supplier estimates they can furnish more than 20% of the product category that is needed for the CBA, that capacity estimate will be limited to 20% for purposes of calculating the pivotal bid. We may also adjust a supplier's capacity for purposes of calculating the pivotal bid if the financial and business expansion documentation in the bid do not support the estimated capacity. We'll talk more about the pivotal bid in a few moments. Adjustments made to a supplier's estimated capacity such as 20% cap will not impact the supplier's ability to furnish items if it's awarded a contract.

A composite bid will be calculated for each bid of that net eligibility requirement. A composite bid is the sum of a supplier-weighted bid for all items within a product category. Each item in each product category will be weighted based on the volume or utilization of the items compared to other items in the same product category using Medicare historical data. You will find the weight for each item on the capacity and bid amount worksheet. The composite bids are then arranged or ordered from highest to lowest.

Now the pivotal bid is then determined, which is the lowest composite bid that includes a sufficient number of suppliers can meet beneficiary demand for a product category. This ensures that there will be a sufficient number of contract suppliers to meet beneficiary's needs. Those supplier bids at or below the pivotal bid that meet eligibility accreditation and financial requirements are considered winners.

A single payment amount is then determined by the median of all of the winning bid for each item in a product category for the CBA. This will result in a single payment for an item that is representative of all acceptable bids, not just the highest or lowest of the winning bid for that item.

After selecting the winning supplier, CMS will ensure that small suppliers have the opportunity to participate in the Competitive Bidding Program by taking the following steps – setting a target number for small supplier participation by multiplying 30% by the number of winning suppliers; identifying the number of qualified small suppliers whose composite dates are at or below the pivotal bid for the product category; and, if necessary, selecting additional small suppliers whose composite bids are above the pivotal bid for the product category and ascending order based on the proximity of each small supplier's composite bid to the pivotal bid. This process will occur until the target number is reached or there are no more qualified small suppliers for the product category.

CMS will award at least five contracts for each product category in a CBA if there are five winning suppliers. The requirement to award to at least five contracts does not apply to national or regional mail order CBA. However, if there are fewer than five winning suppliers and those winning suppliers have sufficient capacity to meet the beneficiary demand for the product category in that CBA, CMS may award at least two contracts. Contracts may not be sold, assigned or transferred to another organization.

Contract suppliers are required to furnish all items within the product category for the entire duration of the contracts. Regulations state that the term of the contract should not exceed 3 years. In those cases, this is 3 years, but the requirement is only 1 year for mail order diabetic supply.

Contract suppliers must also provide Medicare beneficiary with the same brand and quality of items as they do for any other customer. They cannot discriminate against a Medicare beneficiary. Contract suppliers must provide bid items to any Medicare beneficiary who resides in or visit a CBA. They cannot turn away or deny services to Medicare beneficiaries who request bid item. The only exception is a skilled nursing facility or nursing facility that was awarded a contract as a specialty supplier that will provide those bid items to their residents.

Contract suppliers must also accept assignments on all competitive bid items even if they are non-participating suppliers. As is the current payment policy, reimbursement is based on the beneficiary's permanent address. If the beneficiary lives in a CBA, the supplier will be reimbursed the single payment amount for the bid item. If the beneficiary lives outside a CBA, the bid supplier will be reimbursed the fee schedule amount. However, in either case, the supplier must accept assignments for the bid item and can only target beneficiary with 20% co-payment and any unmet Part B deductible.

There is no administrative or judicial review for the contracting process or for a claim that is denied because the item is not furnished in the authorized manner. However, there is a review process if a contract is revoked or terminated.

Now in this slide you can view a list of very useful Web sites to assist you with whatever pricing that you may have. There are a lot of tools available with the rebid that were not available during the first round. Please note that the CBIC is still in the process of adding fact sheets and FAQs to the Web site. If you have not done so, please register to receive e-mail updates from the CBIC.

And at this time I open the floor to questions.

Ronja Roland: Thank you, (Letisha).

We'll open the lines for question-and-answer session of our call. We do want to remind you that you limit your questions to those focused specifically on competitive bidding and the competitive bidding process. We will not answer individual claim issues or claim denial issues. You can contact Customer Service at 866-270-4909 for claim-specific questions.

We will not ask Kevin, our operator, to open the lines for questions.

Operator: Thanks, Ronja. Ladies and gentlemen, if you have any questions at this time, press star 1 on your telephone keypad. When it's your turn for your question, you will hear a recorded voice prompt to indicate that you can go ahead. So again, it is star 1 if you have any questions. Please make sure that your mute button is not engaged before you signal. Again, star 1 for any questions.

And we do have our first question. Go ahead please, your line is open.

Female: If you bid on one product in the category, do you have to bid on all the products in the category?

(Letisha Davis): Yes, you have to bid on each HCPCS code within a product category.

Female: Thank you.

(Letisha Davis): You're welcome.

Operator: Again it is star 1. No one waiting at the moment.

We do have another question. Go ahead please, your line is open.

Female: Yes. I would like you to repeat the part, if you don't actually have an office in the CBA but you are within the state, can you still submit a bid and what are the requirements?

(Letisha Davis): OK. Just to understand your question, you're saying that you don't – if you don't actually have a location within the CBA, can you still participate in the program?

Female: Yes.

(Letisha Davis): OK. Yes, you don't have to actually be physically located in the CBA to participate. If you currently furnish bid items to Medicare beneficiaries that reside in the CBA, then you are actually required to submit a bid. And the requirements would include you having an active MSC number, you have all of the licensing requirements that you accredited, you have the surety bonds.

Female: OK, thank you.

(Letisha Davis): You're welcome.

Operator: Again no questions holding. I will remind everyone that it is star 1 if you have any questions.

We have a couple of questions online. Go ahead, your line is open.

Male: You mentioned – sorry, I was on mute. You mentioned earlier about the appeals process and that there was none on the bid submission. However, on a claim by claim process, once the bidding program has taken effect, there will be the normal – will there be the normal appeals process on claims denials through the quick and et cetera?

(Letisha Davis): Right. The Competitive Bidding Program doesn't change any current guidelines as far as how to appeal a claim, but just specific to the Competitive Bidding Program, for example if you – if a non-contract supplier furnishes a bid item to a Medicare beneficiary residing in a CBA, that claim is going to be denied because non-contract suppliers cannot provide bid items to residents in CBAs. And for that reason, you can't review – excuse me, you can't appeal a claim for that reason. But for all other reasons on why a claim was denied, for example, a claim (that'd be Medicare necessary), the Competitive Bidding Program doesn't change those policies.

Male: Thank you.

Operator: We have another question. Go ahead, your line is open.

Male: Could you tell me where to locate the PowerPoint presentation for this presentation?

Ronja Roland: I do apologize, because there is no registration process involved with the ACT call, the minutes will be posted to our Web site, and that is also the exact presentation that (Letisha) did

as well. Now I will – I'm not sure if (Letisha), if you guys will post it to the Competitive Bid Web site or if you would like us to disseminate that.

(Letisha Davis): Actually, (Cindy), can you respond to that question? Will this – about the presentation being posted to the C Bid Web site?

(Cindy Dreher): Yes. This particular presentation is not posted. I mean it may be posted. What we have posted at the Web site or will be are the ones that we're doing in the special open-door forums. But we'll see about posting this one as well to be able to assist you all.

Male: Thank you.

(Letisha Davis): Thank you.

Operator: We'll move on to our next question. That line is now open. Your line is open, go ahead please.

Operator: All right, thank you. Ronja and (Letisha), there aren't any other questions holding at the moment.

Ronja Roland: OK. Well, at that point I think we could probably conclude the call, since you're saying no other in queue.

Operator: Actually now that we've said that, we do have a couple that just come in.

Ronja Roland: OK, go ahead.

Female: Yes. My question is this. If a company does not get the bid, are they allowed to hand-deliver the price to a patient's home to continue on business and just drive to the patient's home and deliver the supplies?

(Letisha Davis): What you're asking is this, as a supplier, you are not awarded a contract, can you continue to furnish the bid items to your patients?

Female: Yes, not – we're talking about mail order diabetic supplies. Can we, instead of using mail order, if we can actually just drive and hand-deliver them if we don't get a contract?

(Letisha Davis): OK. Well, as we mentioned, mail order diabetic supplies, only diabetic supplies that are furnished via mail order are considered a bid item. As far as beneficiaries going to a store front and purchasing supplies or if you know have your own company-owned vehicle and your own W2 employee is delivering that equipment to the patient, that's not considered mail order.

(Cindy), do you have anything to add about that?

(Cindy Dreher): No, that's correct. It's only if it's ordered through mail and delivered by a common carrier that would be included in the program. If it's done through the store front and delivered, as Letisha said, by one of your employees in a company-owned vehicle, then that's not considered part of the Competitive Bidding Program.

Female: OK, thank you.

Operator: And we'll move on to another question. Go ahead please.

Female: Yes. You were saying that some bids would be awarded to small suppliers. What do you consider, is there a dollar amount or what do you consider to be a small supplier?

(Letisha Davis): Yes. A small supplier is one that generates \$3.5 million or less in gross Medicare revenue, whether it be Medicare or non-Medicare revenue.

Female: Thank you.

Operator: Moving on now to our next question. Go ahead please.

Female: Hi, my question has to do with subcontracting. On page 11 of the PowerPoint, it says you may not subcontract for submission on claims on behalf of the beneficiary. However, in the 855S Section 8, it allows you to contract with a billing service. Help me understand what you mean by not being able to subcontract billing.

(Cindy Dreher): This is (Cindy). I can answer that.

What they mean is that the supplier that provides the item has to be the one that bills Medicare. Now if you still – you can still use a billing agency. It's not talking about that specific provision.

Female: You're just meaning that it has to be under that supplier's medical provider number.

(Cindy Dreher): Right.

Female: OK, I understand. Thank you.

(Cindy Dreher): You're welcome.

Operator: And we'll go to our next question. Just a quick reminder, if you have questions, hit star 1.

Male: Can you go back over the services that the subcontractors are allowed to perform?

(Letisha Davis): Yes. As a subcontractor, you're allowed – you can subcontract the purchase of inventory, the repair of rented equipment and the delivery and instruction on the use of a Medicare covered item. Now for the repair of rented equipment and the delivery instruction, a subcontractor must be accredited for those two services.

Male: Thank you.

Operator: Another question, go ahead please.

Female: Hi. The last time that we went through this process with competitive bidding and it all went away, you all sent out a lot of books showing that people can go here or there or such, but it was – a lot of our clients had an issue with it because they thought they couldn't come to us for anything, not just those items. Are you going to be a little more cautious this time on how you perceive with that, especially for the elderly clients that are having a challenge anyway with this?

(Letisha Davis): Are you referencing like the supplier directory that they sent out?

Female: Yes. That hurt our business for a long time because a lot of the elderly clients, they have – they're challenged and they thought they couldn't get anything from us. We're talking for about 6 or 7 months afterwards I was dealing with that.

(Letisha Davis): OK. We apologize for that, but, yes, ma'am, when we get to the part or that stage of the program when we're sending out publications and reference to supplier directories or contract suppliers, the language will be specific as far as the bid items.

Female: OK. Also we're a very small company; we've only been in business for about 3 years. So we're nowhere near \$3 million. Is that going to hurt us in the bid process?

(Letisha Davis): No. if you generate less than 3.5 million, then that qualifies you as a small supplier and that you ((inaudible)) special provisions when we are awarding contracts.

Female: OK, thank you.

(Letisha Davis): You're welcome.

Operator: And another question. Go ahead please.

Female: Hi, I'm going back to subcontracting. I want to make sure I understand, because in the first round, subcontracting was between two DMEPOS suppliers and I you know read all the stuff about having to be accredited and is it still subcontracting is only necessary between two DMEPOS suppliers that are accredited?

(Cindy Dreher): This is (Cindy). No, it doesn't have to be between another DMEPOS supplier. You can subcontract with anyone to perform those functions. It's just that they do, as Letisha said earlier, two of those functions which is deliver the equipment and provide education on it or if you're going to subcontract for the repair of rented equipment, those subcontractors must be accredited as well. And also if you do subcontract, the subcontractors must meet all applicable licensure requirements too.

But then the quality standards, there are provisions of how an accrediting organization would accredit a subcontractor. So that subcontractor does not necessarily have to have – be enrolled in the Medicare program and have an NSC number.

Female: OK. So if you're using a billing company, for example, to process claims under your provider number, that billing company does not need to be accredited?

(Cindy Dreher): No. And really CMS doesn't look at a billing agency as a subcontractor.

Female: That's what I wanted to hear. Thank you.

Operator: We'll move to our next question.

Female: Yes. What are the special provisions for small businesses that you have outlined?

(Letisha Davis): Well, CMS wants to ensure that small suppliers are included in the participation of the Competitive Bidding Program. So when we are awarding contracts, we want to ensure that at least 30% of the numbers of winning suppliers are small suppliers. And if that's not the case, then we will select additional small suppliers whose composite bids are above that pivotal bid range so that we can meet that target.

Female: Thank you.

(Letisha Davis): You're welcome.

Male: Hi. You've mentioned a couple of times ((inaudible)) to the subcontractors that they are allowed to provide repair work on rented equipment. Does that also apply to equipment that has been purchased by the beneficiary?

(Cindy Dreher): This is (Cindy). No, the supplier standards that restrict the subcontracting equipment – that the supplier currently rents, not beneficiary owned. Whoever repairs beneficiary owned equipment should be submitting the claim for that service.

And just as – in case people in the call don't know, we are doing a special open-door forum tomorrow at 2 o'clock and some of the issues that we'll be addressing during that open-door forum are subcontracting licensure accreditation and surety bonds and how that relates to the Competitive Bidding Program. So that's tomorrow at 2:00.

Operator: Anything further, questioner?

Male: No, thank you.

Operator: All right. We'll move on to our next question. Go ahead please, your line is open.

Female: Hi, I have a question again about subcontracting. If you use a subcontractor for refilling oxygen, that subcontractor must be accredited?

(Letisha Davis): (Cindy), can you assist with that question?

(Cindy Dreher): We're trying to think that one through. Again you can only use a subcontractor for providing inventory. You've got to own that inventory.

Female: Right.

(Cindy Dreher): So if it's that kind of situation, then that subcontractor would not have to be accredited.

Female: So I'm confused. Does the subcontractor for delivering oxygen contents and refills ...

(Cindy Dreher): So if you subcontract – if you subcontract just for the delivery of the oxygen ...

Female: Right.

(Cindy Dreher): Then that subcontractor would have to be accredited.

Female: I'm sorry, I'm still confused. The subcontractor that – to deliver our contents or gas or our liquid oxygen is a subcontractor and does deliver contents for that patient. And you're stating throughout this presentation that they have to be accredited.

(Cindy Dreher): If you subcontract with another entity to deliver an item, then that entity must be accredited.

Female: OK, so you're telling me that life gas or air gas would have to be accredited?

(Cindy Dreher): That the person – the entity that delivers that item would have to be accredited.

Female: Thank you.

(Cindy Dreher): Yes.

Operator: Just checking once more. If you have any questions, press star 1. No one holding at the moment.

And that, Ronja, it looks as if we don't have any more questions.

Ronja Roland: We do want to thank everyone for attending today's Competitive Bidding Ask the Contract Teleconference. We specially want to thank (Cindy Dreher) and (Letisha Davis) with Palmetto-GBA who is the Competitive Bidding Implementation Contractor.

As a reminder, there will be an open-door forum tomorrow hosted by CMS. Please go to the CMS Web site for additional details regarding that call.

We thank you again for joining us, and the minutes will be posted to the Web site within the coming weeks. Thank you and have a great day.

END