# Equipment Suppliers to Face Big Changes Next Year

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Starting in April 2008, retailers and suppliers in 10 metropolitan areas that sell certain durable medical equipment will have to become accredited and enter a competitive bidding process, according to a final rule issued by the Centers for Medicare and Medicaid Services.

Unlike other entities, physicians may opt out of competitive bidding and accreditation, but they will still have to accept a single payment for the durable medical equipment (DME) item instead of a fee schedule–based payment, Acting CMS Administrator Leslie Norwalk said in a briefing with reporters.

The new competitive bidding program was developed to reduce Medicare's substantial DME expenditures and to decrease the out-of-pocket burden for beneficiaries, who are liable for copayments of 20%.

"The final rule we are announcing today is focused on improving both service delivery and the quality of care, while getting savings for beneficiaries and taxpayers," Ms. Norwalk said in a statement.

She estimated that Medicare could shave $1 billion a year off its DME tab by the time the program is fully implemented in 2010.

The final rule will apply initially only to 10 categories of supplies and only to suppliers in 10 competitive bidding areas (CBA) that have been established by CMS. Physicians, hospitals, and other entities that sell DME, prosthetics, orthotics, and certain other supplies will be required to submit bids to CMS proposing charges for the items.

Bidding will probably be open until late June. CMS will evaluate the bids and then, probably in December, the agency will award contracts to a certain number of bidders in each CBA, Ms. Norwalk said in the briefing.

Beginning in April 2008, Medicare will pay a single amount for each item in those areas instead of basing payments on a fee schedule, as it has in the past.

CMS will expand the program to 70 bidding areas in 2009, and to more CBAs, and to cover more DME items after that, Ms. Norwalk said.

The new process was required by the Medicare Prescription Drug Improvement and Modernization Act of 2003. CMS outlined its intentions in a proposed rule in August 2006. It also gathered data from two pilot studies that ran from 1999 to 2002 in San Antonio and in Polk County, Fla., Ms. Norwalk said. After incorporating public comments and experience from the pilot, CMS published the final rule in the Federal Register.

Suppliers in the following 10 areas will be the first subject to the new requirements: Charlotte-Gastonia-Concord, N.C./S.C.; Cincinnati-Middletown, Ohio/Ky./Ind.; Cleveland-Elyria-Mentor, Ohio; Dallas–Fort Worth–Arlington, Tex.; Kansas City, Mo./Kans.; Miami–Fort Lauderdale–Miami Beach, Fla.; Orlando-Kissimmee, Fla.; Pittsburgh; Riverside–San Bernardino–Ontario, Calif.; and San Juan-Caguas-Guaynabo, Puerto Rico.

**Medicare could cut $1 billion per year from its DME bill by 2010, when the new competitive bidding program should be fully implemented.**

The locations were selected because they are 10 of the largest Metropolitan Statistical Areas in the United States and because each area had high costs and/or high utilization of DME items in the 10 focus categories. Although New York, Los Angeles, and Chicago are among the largest Metropolitan Statistical Areas and have high costs and utilization, CMS decided to exclude those areas initially to simplify the process, Ms. Norwalk said.

The 10 categories include: oxygen supplies and equipment; standard power wheelchairs, scooters, and accessories; complex rehabilitative power wheelchairs and accessories; mail-order diabetes supplies; enteral nutrients, equipment, and supplies; continuous positive airway pressure (CPAP) devices; respiratory assist devices and supplies and accessories; hospital beds and accessories; negative pressure wound therapy pumps and supplies and accessories; walkers and related accessories; and support surfaces (group 2 and 3 mattresses and overlays).

In most CBAs, only nine categories will be subject to bidding in 2008. All 10 will be covered in the Miami and the San Juan areas.

Since 60% of diabetic supplies are delivered through mail-order, CMS decided to require those suppliers to be subject to competitive bidding. Thus, patients with diabetes will continue to have the option of mail-order and it should be less costly, according to CMS. Payment for supplies obtained at a pharmacy or elsewhere will still be covered under the old Medicare fee schedule, even in the 10 CBAs, the agency said.

Blood glucose monitors are not subject to competitive bidding.

To qualify to bid, suppliers have to be accredited by 1 of 10 agencies certified by CMS. Those include the Joint Commission on Accreditation of Healthcare Organizations, the Board of Orthotist/Prosthetist Certification, and the Accreditation Commission for Health Care Inc.

Generally, bidders also have to be in good standing with Medicare, have an active National Supplier Clearinghouse number, and agree to service an entire bidding area, regardless of where a beneficiary may be located.

Of the winning contract slots, 30% are set aside for small suppliers—those with gross revenue of $3.5 million or less per year. ■

*A list of the accrediting bodies, bidding criteria, and other details can be found online at www.cms.hhs.gov/CompetitiveAcqforDMEPOS.*



# Derms Fall Short When It Comes to Knowing Physician Extenders Scope

WASHINGTON — Dermatologists are not very knowledgeable about the training requirements and scope of practice of nurse-practitioners and physician assistants, according to a poster presented at the annual meeting of the American Academy of Dermatology.

The poster presented results of a survey given to 150 participants at a forum on physician extenders held at last year's annual AAD meeting. A total of 83 surveys (55%) were returned, according to Dr. Marianna Blyumin and her colleagues at Massachusetts General Hospital, Boston.

Forty percent of the respondents were female, 83% held a medical degree, and 82% were board-certified dermatologists. Almost all practiced in the United States.

Specifically, the survey questioned physicians about extenders' scope of practice, pay, how scope of practice is determined (by state or federal authorities), whether they practice independently of the physician, and how much training was required for nurse-practitioners.

None of those polled answered all of the questions correctly; on average, 44% of answers were correct. Knowledge was not influenced by age, gender, board certification, practice location, or whether the respondent had worked with the nonphysician practitioners in the past, according to the authors.

On average, physicians rated their past experiences with NPs as neutral and their experiences with PAs as positive.

Interestingly, more than 50% of the physicians said they viewed both NPs and PAs as potential partners in the future. A smaller number (20%-30%) said they viewed them as subordinates, and a few reported viewing extenders as potential competition.

Despite limited knowledge of these extenders currently, the larger view of them as future partners was encouraging, concluded the authors.

**—Alicia Ault**