

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
Room 352-G
200 Independence Avenue, SW
Washington, DC 20201



Office of Media Affairs

MEDICARE NEWS

FOR IMMEDIATE RELEASE
June 9, 2008

Contact: CMS Office of Media Affairs
(202) 690-6145

MEDICARE LAUNCHES OUTREACH EFFORT TO HELP BENEFICIARIES WITH NEW PROGRAM THAT LOWERS COSTS FOR DURABLE MEDICAL EQUIPMENT, PROSTHETICS, ORTHOTICS, AND SUPPLIES

*Competitive bidding program provides access to high quality products and services
available from Medicare-contract suppliers*

Nearly four million people with Medicare living in ten communities across the nation will receive information about a new program that will lower their costs for certain medical equipment and supplies by changing how Medicare pays for these items. The Centers for Medicare & Medicaid Services (CMS) will begin mailing letters on the new program, which begins July 1, to beneficiaries later this month

“Beginning July 1, Medicare beneficiaries will see lower costs for some of their durable medical equipment and supplies – as much as a 43 percent savings for certain items – and the assurance they will have accredited and financially sound suppliers providing them with equipment and supplies,” said CMS Acting Administrator Kerry Weems. “It is important that people with Medicare who use certain medical equipment and supplies know they can call 1-800-MEDICARE or go to www.medicare.gov to see if their current supplier is a Medicare-contract supplier or what they may need to do to find a new supplier approved by Medicare.”

The resources being mailed to beneficiaries will include a brochure about the new program and a list of Medicare contract suppliers in their area. CMS is also sending similar information about the new program and the list of Medicare contract suppliers to local partner groups and durable medical equipment (DME) referral agents, such as hospital discharge planners, physicians’ office staff and home health agency social workers. The ten Round One communities include certain ZIP codes in the areas of Charlotte, N.C.; Cincinnati and Cleveland, Ohio; Dallas, Texas; Kansas City, Mo.; Miami and Orlando, Fla.; Pittsburgh, Pa.; Riverside, Calif. and San Juan, Puerto Rico.

-- More --

The new program, required by the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (MMA), uses the competitive marketplace to establish prices for certain durable medical equipment, prosthetics, orthotics, and supplies. Under the new program, bids submitted by suppliers were evaluated and the bids within the winning range established the competitive prices that beneficiaries – and Medicare – will pay. Suppliers who were accredited, met financial and quality standards and bid within the winning range were offered contracts under the competitive bidding program. By using these selected contract suppliers, Medicare beneficiaries should receive high quality items at an average saving of 26 percent from approved suppliers.

To take advantage of these savings, most people with Medicare who live in one of these areas and are enrolled in original Medicare may choose a new supplier if their current supplier is not a contract supplier. Beneficiaries can choose to continue to rent certain durable medical equipment, such as oxygen equipment and hospital beds, from their current suppliers even if they are not a contract supplier. But in those cases, the supplier must become a grandfathered supplier. Beneficiaries may continue using the grandfathered supplier until the rental period for their equipment ends (at which point the beneficiary takes ownership of the item) or beneficiaries may switch to a contract supplier.

Beneficiaries renting equipment from a non contract supplier that is not a grandfathered supplier should be aware that the current supplier should pick up the equipment and then the beneficiaries should switch to a Medicare contract supplier if they want Medicare to continue to pay for the items. The beneficiary can contact a new contract supplier to arrange for delivery of new items. If beneficiaries do not hear from their supplier before July 1 and they live in a covered area, they should contact their supplier or Medicare to find out if the supplier intends to continue services as a grandfathered supplier.

Beneficiaries pay 20 percent of the cost for medical equipment and supplies, and Medicare pays 80 percent. Beneficiaries who wish to use a non-contract or non-grandfathered supplier will be asked to sign an Advance Beneficiary Notice (ABN). By signing the ABN, beneficiaries are indicating they understand Medicare probably won't pay for the item or service that they receive from this supplier and that they will likely be responsible for the cost of the item or service.

Beneficiaries and the general public can find a list of Medicare contract suppliers in the ten initial areas of the program by visiting www.medicare.gov (under "Search Tools" select "Find Suppliers of Medical Equipment in Your Area") or by calling 1-800-MEDICARE (TTY users should call 1-877-486-2048). People can also visit the local office of their State Health Insurance and Assistance Program, Area Office on Aging and a number of community organizations who can provide information on the program.

A copy of the beneficiary letter and brochure is available at http://www.cms.hhs.gov/PressContacts/10_PR_DMEPOS.asp

Additional information on the DMEPOS competitive bidding program is available at www.cms.hhs.gov/DMEPOSCompetitiveBid.