

# Medicare DMEPOS

(Durable Medical Equipment, Prosthetics, Orthotics, and Supplies)

## Competitive Bidding Program

Round 1 Reopen

# Request for Bids (RFB)

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**PLEASE NOTE:** Terms are defined in a footnote the first time they appear in this document.

References to 42 CFR §414 refer to federal regulations pertaining to the DMEPOS Competitive Bidding Program that have been published in the Federal Register.

## **Introduction**

### **Background**

Section 1847 of the Social Security Act, as amended by section 302 of the [Medicare Prescription Drug, Improvement, and Modernization Act of 2003 \(MMA\)](#), and section 154 of the [Medicare Improvements for Patients and Providers Act of 2008 \(MIPPA\)](#), require the Secretary to establish and implement a Medicare Durable Medical Equipment, Prosthetics, Orthotics, and Supplies (DMEPOS) Competitive Bidding Program. MIPPA required the competition for Round 2 to occur in 70 additional metropolitan statistical areas (MSAs)<sup>1</sup>, and the [Patient Protection and Affordable Care Act of 2010 \(ACA\)](#) expanded Round 2 by 21 MSAs for a total of 91 MSAs.

The Medicare program successfully implemented the Round 1 Rebid of the competitive bidding program in 2011. The Round 1 Rebid contract period for all product categories except mail-order diabetic supplies expires on December 31, 2013. **The contract period for the mail-order diabetic supplies product category<sup>2</sup> expires on December 31, 2012. This product category will not be included in the Round 1 Recompete because it was recently competed nationally along with the bidding for Round 2 in 91 MSAs (100 competitive bidding areas [CBAs]<sup>3</sup>) with expected implementation on July 1, 2013.** The Centers for Medicare & Medicaid Services (CMS) is conducting the Round 1 Recompete in the same CBAs as the Round 1 Rebid.

Under the program, DMEPOS suppliers compete to become Medicare contract suppliers by submitting bids<sup>4</sup> to furnish certain items identified by Healthcare Common Procedure Coding System (HCPCS)<sup>5</sup> codes in CBAs, and CMS awards contracts to enough qualified suppliers to meet beneficiary demand for the bid items. All suppliers awarded a contract must comply with Medicare enrollment rules, have an active Provider Transaction Access Number (PTAN)<sup>6</sup>, be accredited, and meet financial and applicable licensure requirements.

The new, lower payment amounts resulting from the competition replace the Medicare DMEPOS fee schedule<sup>7</sup> amounts for the bid items in these areas. The intent of the competitive bidding program is to improve the effectiveness of the methodology Medicare uses to set payment amounts. This will result in savings to the Medicare program and will reduce beneficiary out-of-pocket expenses.

CMS is required by law to recompetete contracts for the DMEPOS Competitive Bidding Program at least once every three years. This document provides instructions and requirements for submitting a bid in the Round 1 Recompete.

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<sup>1</sup> **metropolitan statistical area (MSA):** Area designated by the U.S. Office of Management and Budget (OMB) for the purposes of census data and other urban population calculations. An MSA can include major cities and the suburban areas surrounding them.

<sup>2</sup> **product category:** A grouping of related items that are used to treat a similar medical condition.

<sup>3</sup> **competitive bidding area (CBA):** Defined by specific ZIP codes related to an MSA. The CBA may be concurrent with, larger than, or smaller than the related MSA, depending on a variety of considerations (for example, the exclusion of low population-density areas within an MSA or the inclusion of areas outside of an MSA that are part of a normal service area for suppliers in that MSA). The CBA will be the area wherein only contract suppliers may furnish certain DMEPOS items to beneficiaries, unless an exception is permitted by regulations.

<sup>4</sup> **bids:** Offers to furnish an item for a particular price and time period that includes, as appropriate, any services that are directly related to the furnishing of the item. A bid should consider all costs associated with furnishing an item.

<sup>5</sup> **Healthcare Common Procedure Coding System (HCPCS):** A standardized coding system used to process certain claims, including those for DMEPOS items and services, submitted to Medicare, Medicaid, and other health insurance programs by providers, physicians, and other suppliers.

<sup>6</sup> **Provider Transaction Access Number (PTAN):** Previously referred to as the National Supplier Clearinghouse (NSC) supplier or billing number.

<sup>7</sup> **fee schedule:** Medicare Part B payment amounts, as authorized by section 1834 of the Social Security Act, for DMEPOS items and services that are not included in the competitive bidding program.

## How the Bidding Process Works

Under the Medicare DMEPOS Competitive Bidding Program, suppliers are required to submit a bid in order to be awarded a contract to furnish certain DMEPOS items to Medicare beneficiaries residing in certain areas of the United States.

### The bidding process involves three steps:

- 1 Register for a user ID and password to access the DMEPOS Bidding System (DBidS), the online bidding system.
- 2 Submit bid(s) electronically in DBidS on Form A and Form B.
- 3 Send required hardcopy documents.

Bids are submitted electronically through a web-based application process (DBidS), and the required hardcopy documents that accompany the bids should be submitted by common carrier (for example, U.S. Postal Service, Federal Express, United Parcel Service) or courier. Complete bids are evaluated based on the supplier meeting eligibility and financial requirements, and contracts are awarded to Medicare suppliers that offer the best price and meet these standards.

## Additional Requirements to Consider

If you are awarded a contract, you will be required to abide by the following contract supplier obligations. This is a brief overview of the requirements. Please see the [Contract Supplier Obligations](#) fact sheet on the Competitive Bidding Implementation Contractor (CBIC)<sup>8</sup> website for a full list and additional information.

### Period of Performance

Suppliers that are awarded a contract must agree to furnish the competitively bid items for the full duration of the contract period throughout the entire CBA. The length of the contract period is three years.

### Servicing the Entire CBA

A contract supplier must furnish competitively bid items to any beneficiary who maintains a permanent residence in or who visits a CBA and who requests those items from the contract supplier. Members of a network may share the responsibility to furnish competitively bid items in the product category throughout the entire geographic area of a CBA.

The only exception to this rule is **skilled nursing facilities (SNFs) or nursing facilities (NFs)** that bid for enteral nutrients, equipment, and supplies and are awarded a contract as a specialty supplier<sup>9</sup> to furnish this product category only to their own residents to whom they would otherwise furnish Part B services. If you are a SNF or NF that is also a DMEPOS supplier and want to become a contract supplier, you must submit a bid and be awarded a contract. You must be enrolled as a DMEPOS supplier with the National Supplier Clearinghouse (NSC)<sup>10</sup> and meet the applicable competitive bidding requirements to submit a bid to become a contract supplier (see the **Eligibility Rules and Financial Standards** section of this document). If you do not become a contract supplier (either as a specialty supplier or a regular contract supplier), you must use contract suppliers in the CBA to furnish

<sup>8</sup> **Competitive Bidding Implementation Contractor (CBIC):** The CMS contractor that is responsible for conducting certain functions of the competitive bidding program, including assisting CMS with performing bid evaluations, supporting CMS' education efforts, and monitoring the program.

<sup>9</sup> **specialty supplier:** A skilled nursing facility or nursing facility that is awarded a competitive bidding contract to furnish competitively bid items only to its own residents to whom it would otherwise furnish Part B services.

<sup>10</sup> **National Supplier Clearinghouse (NSC):** The CMS contractor with responsibility for managing the assignment and maintenance of Medicare supplier numbers to the home medical equipment industry.

competitively bid items to your residents. For additional information on specialty suppliers, please see **Appendix B: Bidding Forms A & B and Certification Statement**.

## Physical Location

Contract suppliers must be ready to provide services in the CBA(s) for which they are awarded a contract on day one of the contract period. To ensure that only qualified suppliers become contract suppliers, a supplier must have at least one physical location that meets all requirements to serve a CBA in order to bid in that CBA. Suppliers with physical locations outside of CBAs may bid on those CBAs only if they meet all requirements (e.g., state licensure, accreditation) at the time of bidding. Only the locations identified by a PTAN on Form A in DBidS as servicing the CBA are eligible for Medicare payment for competitively bid items at the time the program begins (see **Appendix B: Bidding Forms A & B and Certification Statement**). Contract suppliers are required to provide contracted competitively bid items to any beneficiary in the CBA that requests an item. Contract suppliers may request that locations be added to or removed from their contracts at any time during the contract period. Change of Information forms are available on the CBIC website, <http://www.dmecompetitivebid.com>.

## Networks

Each network member<sup>11</sup> must provide all items in the product category for which the network is awarded a contract.

## Subcontracting

Contract suppliers may use a subcontractor<sup>12</sup> to assist them with carrying out the terms of the competitive bidding contract.

If a supplier intends to use the services of a subcontractor, the supplier must comply with the supplier standards in [42 CFR §424.57](#). The supplier standards describe the services for which a Medicare enrolled supplier may subcontract to another entity. Those functions include the:

- purchase of inventory,
- maintenance and repair of rented equipment,
- delivery only of a Medicare covered item; and
- setup and/or instruction on use of a Medicare covered item

Contract suppliers are responsible for the items and services they provide directly or through the use of a subcontractor. This includes maintaining proper documentation and ensuring appropriate delivery, setup, and/or instruction. Please see the NSC website, <http://www.palmettogba.com/NSC>, for a detailed explanation of subcontracting and the supplier standards.

If you become a contract supplier, you will be required to notify CMS of your subcontractors and disclose whether they are accredited, if applicable. For more information about subcontracting as it pertains to the competitive bidding program, please see the [Subcontracting](#) fact sheet on the CBIC website.

## Non-Discrimination Against Beneficiaries

The items furnished by a contract supplier as part of the competitive bidding program must be the same items that the contract supplier makes available to its other customers. This means that suppliers should furnish Medicare and non-Medicare customers with the same selection of brands and models of DMEPOS.

## Single Payment Amount (SPA)

The existing DMEPOS fee schedule payment amounts will be replaced with the SPA for all competitively bid items. The SPA for an item furnished under a competitive bidding program

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<sup>11</sup> **network member:** Any member of a network, including the primary network member.

<sup>12</sup> **subcontractor:** An entity, individual, or group of individuals that contracts with a contract supplier to supply a service either to a contract supplier or directly to the beneficiary. Medicare payment is made to the contract supplier for the cost of the service.

is equal to the median amount for bids submitted and accepted for that item (see [42 CFR §414.416](#)).

The SPA remains in effect for the entire contract period and is not adjusted by any update factor (see [42 CFR §414.408\(b\)](#)).

### **Physician Authorization Requirements**

When a physician or treating practitioner prescribes a particular brand or mode of delivery of an item to avoid an adverse medical outcome, the supplier must: 1) furnish the particular brand or mode of delivery as prescribed; 2) consult with the physician or treating practitioner to find an appropriate alternative brand or mode of delivery; or 3) assist the beneficiary in locating a contract supplier that can furnish the particular brand or mode of delivery (see [42 CFR §414.420](#)). Further explanation is provided in the [Prescription for Specific Brand or Mode of Delivery to Avoid an Adverse Medical Outcome](#) fact sheet on the CBIC website.

### **Accreditation and Licensure Requirements**

Contract suppliers must be accredited by a Medicare approved accreditation organization and comply with all applicable state licensure requirements for all items being bid. See the Licensure subsection under the ***Eligibility Rules and Financial Standards*** section of this document for more information and bidding instructions.

### **Questions?**

The CBIC is the official source for bidders and contract suppliers for accurate, up-to-date information about the Medicare DMEPOS Competitive Bidding Program.

Numerous tools are available on the CBIC website, <http://www.dmecompetitivebid.com/>.

Or you may call the CBIC customer service center at **877-577-5331** from 9 a.m. to 9 p.m. prevailing Eastern Time, Monday through Friday, during the registration and bidding periods.

# Eligibility Rules and Financial Standards

## Eligibility Rules

You must meet the following eligibility criteria to be considered for a contract:

### Have an Active PTAN

Each location identified in your bid must be a Medicare enrolled DMEPOS supplier in good standing with an active PTAN. Make sure that your enrollment file is up-to-date in the Provider Enrollment, Chain and Ownership System (PECOS)<sup>13</sup> and with the NSC as information in your enrollment file will be verified during the registration and bidding process.

### Be Accredited

Each location identified on your bid must be accredited by a CMS approved accreditation organization<sup>14</sup> for the products it offers to Medicare beneficiaries. A list of CMS approved accreditation organizations is available on the [CMS website](#). Contracts are awarded only to bidders that are accredited for all items in the product category.

### Be Licensed

You must have all applicable required state licenses on file with the NSC by the close of the bid window (see **Appendix A: Important Dates** for the licensure deadline). Your bid(s) will be disqualified if you do not meet all state licensure requirements for the applicable product categories and for every state in a CBA.

Each location identified in your bid must have all applicable licenses for every state in which it provides services. For a multiple-state CBA, you must collectively have all applicable licenses for every state in the CBA. Each location is not required to have licenses for every state in the CBA as long as each state has a bidding location licensed for the product category. A supplier with multiple locations<sup>15</sup> in a multiple-state CBA must have a licensed location for each state in the CBA.

For additional information, please see the [licensure directory](#) on the NSC website and the [Licensure for Bidding Suppliers](#) fact sheet on the CBIC website.

## Financial Standards

You are required to submit specified financial documents to the CBIC. These documents are used to determine if you meet the financial standards for participation in the competitive bidding program. These documents must be **RECEIVED** by the close of the bid window in order for the CBIC to consider these documents. CMS will determine the financial viability of your company based on financial ratios calculated from the financial information you submit. The financial ratios can be found on the [CBIC website](#). For more information, please see the **Required Hardcopy Documents** section of this document.

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<sup>13</sup> **Provider Enrollment, Chain and Ownership System (PECOS):** The Internet-based application that can be used in lieu of the Medicare enrollment application (i.e., paper CMS-855S) to enroll, view, or change enrollment information, track the enrollment application process, add or change a reassignment of benefits, submit changes to existing enrollment information, reactivate an existing enrollment record, or withdraw from the Medicare Program.

<sup>14</sup> **CMS approved accreditation organization:** An organization that has been approved by CMS to accredit suppliers of DMEPOS items. A listing of approved accreditation organizations can be found by visiting: <http://www.cms.gov/Medicare/Provider-Enrollment-and-Certification/MedicareProviderSupEnroll/downloads/DeemedAccreditationOrganizationsCMB.pdf>.

<sup>15</sup> **multiple locations:** Two or more locations that are owned by one owner or by more than one owner (commonly owned or commonly controlled). Each location must be identified by its unique 10-digit PTAN.

# General Program Requirements

## For All Bidders

### Choice of CBAs/Product Categories

You do not have to submit a bid for all Round 1 Reopen product categories and CBAs. Rather, you may choose to bid only for certain product categories in certain CBAs. However, you must bid on all items included in a product category. For example, the General Home Equipment and Related Supplies and Accessories product category includes hospital beds and related accessories, group 1 and group 2 support surfaces, transcutaneous electrical nerve stimulation (TENS) devices, commode chairs, patient lifts, and seat lifts. You must bid on all of the items included in the product category.

### Bona Fide Bids

Your bid amount for each item must be bona fide (rational and feasible for you to furnish that item at the bid price/amount<sup>16</sup>). Your bid amount should include all costs related to furnishing the item to Medicare beneficiaries throughout the CBA. For more information, please see the [Bona Fide Bids](#) fact sheet on the CBIC website.

CMS will evaluate bids to ensure that they are bona fide and may require you to provide a valid and reasonable rationale to support your bid amount. This may include a request to submit additional information, such as manufacturers' invoices, to validate the bid amount.

**If you submit a non-bona fide bid for any competitively bid item in a product category, your bid for the entire product category in that CBA will be disqualified.**

[Bid preparation worksheets](#) are available on the CBIC website to assist you with determining your bid amount. Do **NOT** mail a bid preparation worksheet to the CBIC with your package of required hardcopy documents. If you are asked to validate your bid during the bona fide bid review, the worksheet may be submitted along with a rationale to support the validity of your bid.

### Commonly Owned or Commonly Controlled

Commonly owned suppliers are those where one or more of them has an ownership interest totaling at least five (5) percent in the other(s). An ownership interest is the possession of equity in the capital, stock, or profits of another supplier. Commonly controlled suppliers are those where one or more of the supplier's owners are also an officer, director, or partner in another supplier.

Additional common ownership and common control requirements can be found in [42 CFR §414.414\(e\)](#).

You may not bid against yourself for the same product category in the same CBA. Therefore, if you are a commonly owned or commonly controlled supplier, you must submit one bid that includes all commonly owned or controlled locations (identified by PTAN) that would furnish competitively bid items in the same product category in the same CBA.

If your company is a franchise that shares only the company name or corporate marketing services with the franchisor company, it is not considered commonly owned or controlled for bidding purposes. Instead, each bidding franchise must submit a separate bid and send its own financial documents.

**Commonly owned or controlled supplier organizations that submit separate bids for the same product category in the same CBA will have their bids disqualified.**

<sup>16</sup> **bid price/amount:** The amount a bidder offers to furnish a competitively bid item to Medicare beneficiaries in a specific CBA as part of the competitive bidding program. The bid amount must be bona fide for each item (identified by HCPCS code). It should be rational, feasible, and supportable; include the cost of furnishing the item throughout the CBA (except for SNFs and NFs that elect to participate as specialty suppliers) for the duration of the contract period; and include overhead and profit.



## Change of Ownership (CHOW)

If a CHOW occurs before the bid window<sup>17</sup> closes and you have already entered information in DBidS, you must update your information in DBidS to reflect the CHOW by the close of the bid window. If you have already submitted your hardcopy documents, you must resubmit them by the close of the bid window to reflect the CHOW. You must also notify the NSC of the CHOW in accordance with the supplier standards.

If a CHOW occurs during bid evaluation, your bid will be evaluated based on the information you provided in DBidS and in your package of hardcopy documents as of the close of the bid window. Information submitted about a new owner after the bid window closes will not be used to evaluate your bid. Please see **Attachment A: Important Dates** for the bid window opening and closing dates.

If a supplier is offered a contract and executes a CHOW transaction, it must abide by the CHOW requirements provided in [42 CFR §414.422\(d\)](#). A [fact sheet](#) regarding CHOWs can be found on the CBIC website.

**Contracts awarded under this program may not be sold** and may only be transferred when permitted by CMS consistent with the requirements in [42 CFR §414.422](#).

A CHOW does not guarantee that a purchaser will be allowed to assume a competitive bidding contract. The purchaser must meet all competitive bidding program requirements before CMS approves a novation agreement that transfers all contract obligations to the purchaser.

## For Network<sup>18</sup> Bidders

If you are a small supplier unable to independently provide all of the items in the product category to Medicare beneficiaries throughout the entire geographic area of a CBA, you have the option of joining a network. A small supplier is defined as one that generates gross revenue of \$3.5 million or less in annual receipts, including Medicare and non-Medicare revenue.

- Networks must have at least two, but may not have more than 20, members.
- Each member of the network must certify that it cannot independently furnish all the competitively bid items in the product category to Medicare beneficiaries throughout the entire CBA for which the network is bidding.
- A network must form a single legal entity<sup>19</sup> and collectively submit a bid. All network agreements or contracts required to create the entity must be in place and signed before the network submits a bid. These agreements must be submitted with the network's hardcopy document package.
- You may join one or more networks but cannot submit an individual bid to furnish the same product category in the same CBA as a network in which you are a member.
- You may not be a member of more than one network if those networks submit bids to furnish the same product category in the same CBA.

<sup>17</sup> **bid window:** The period of time during which bidders can submit bids for consideration in a competitive bidding round. No bids are accepted after the bid window closes.

<sup>18</sup> **network:** A group of between two and 20 small suppliers that form a legal entity to provide competitively bid items throughout an entire CBA. These suppliers must certify they cannot independently furnish all competitively bid items in the product category to beneficiaries throughout the entire geographic area of the CBA. The network collectively submits a bid as a single entity.

<sup>19</sup> **entity:** For competitive bidding purposes, the term "entity" refers to a unique bidder. For example, for a supplier that is commonly owned and/or commonly controlled and has multiple locations, all the locations furnishing competitively bid items within the designated CBA are considered one entity.

- At the time the network submits its bid, its current market share for each product category in the CBA may not exceed 20 percent of the total Medicare demand for that product category in the CBA.

**If the network has provided greater than 20 percent of Medicare volume for the entire product category in the CBA during the last calendar year, that network's bid will be disqualified.** Please see the [bid preparation worksheets](#) on the CBIC website for assistance with determining market share.

- Each member of the network, along with its locations, must meet all eligibility, accreditation, licensure, and financial requirements **at the time of bidding** (see the *Eligibility Rules and Financial Standards* section of this document).

**If one member of the network does not meet one or more of the eligibility requirements at the time of bidding, the entire network's bid will be disqualified.**

- **Commonly owned** or **commonly controlled** suppliers bidding as a network must abide by the same common ownership and control rules that apply to non-network bidders. Commonly owned or controlled suppliers that are members of a network must submit one bid that includes all locations that will provide the competitively bid items in the CBA.

**Separate bids for the same product category in the same CBA that are submitted by suppliers independently or as members of a network that are commonly owned or commonly controlled will be disqualified.**

# Bidding Process

## Step 1 – Register

You will need to obtain a user ID and password to access DBidS. To do so, you must first register in the Individuals Authorized Access to the CMS Computer Services (IACS) online application. Even if you registered during a previous round (Round 1 Rebid, Round 2, or the national mail-order competition), **you must register again to access DBidS. User IDs from previous rounds are no longer active.** You need to register in IACS only one time with one PTAN to create a single organization that represents all bids.

You can access IACS on the CBIC website when registration opens (see **Appendix A: Important Dates**). You can also find [step-by-step instructions](#) on the CBIC website to assist you with registering.

Only an individual identified as an authorized official (AO)<sup>20</sup> on your CMS-855S enrollment form can register the company and approve the registration of backup authorized officials (BAOs)<sup>21</sup> and end users (EUs). A BAO is someone who is also identified as an AO on the CMS-855S form and can serve as a backup to the AO. EUs, who help enter bid data, do not have to be listed on the CMS-855S form.

## Step 2 – Submit Bid

You must submit your bid(s) electronically in DBidS by approving Form A and certifying Form B. (see **Appendix B: Bidding Forms A & B and Certification Statement**). You will be able to access DBidS on the CBIC website when bidding opens and will have 60 days to submit your bid(s) (see **Appendix A: Important Dates** and **Appendix B: Bidding Forms A & B and Certification Statement**). Hardcopy paper bids will not be considered.

You are responsible for the timely submission of your bid. We strongly encourage you to submit your bid early and not wait until the last few days of bidding. Changes can be made to your electronic bid at any time during the bid window. **If you change either Form A or Form B after it has been approved and/or certified, your AO or BAO must re-approve Form A and/or recertify Form B.**

Bidding tools, including step-by-step instructions for entering information in DBidS and worksheets to assist you with bidding, are available on the CBIC website.

## Step 3 – Submit Required Hardcopy Documents

You must send your required hardcopy documents to the CBIC in one complete package. You must indicate your bidder number on each page of the documents or your bid may not be processed. Only ONE PACKAGE of hardcopy documents is required for each bidder number<sup>22</sup>, regardless of how many bids (Form Bs) are submitted.

Your hardcopy document package must be **RECEIVED by the CBIC on or before the close of the bid window** (see **Appendix A: Important Dates**). CMS highly recommends that you send your package early by a method that can be tracked and requires a signature upon receipt. You should check with your common carrier or courier to determine the best method of delivery. We strongly suggest you track your document after it has been sent to ensure timely delivery.

<sup>20</sup> **authorized official (AO):** The authorized official must be an individual identified as an authorized official on the CMS-855S enrollment application. This individual must be appointed by the supplier and be the supplier's general partner, chairman of the board, chief financial officer, chief executive officer, president, direct owner of the supplier organization, or must hold a position of similar status and authority within the supplier's organization. The authorized official has the legal authority granted by the supplier to submit a bid on behalf of the company and to enter into a contract with Medicare to furnish competitively bid items to Medicare beneficiaries. For registration purposes, there can only be one AO for an organization. The AO may approve or reject the request for backup authorized officials (BAOs) and end users to access and enter data in DBidS.

<sup>21</sup> **backup authorized official (BAO):** One or more individuals listed on the CMS-855S form who can serve as a backup to the AO in order to avoid disruption in the bidding process should the AO leave the organization or become unavailable during the bid window. For registration purposes, there can be one or more BAOs in an organization.

<sup>22</sup> **bidder number:** System generated number that identifies each unique bidding entity, assigned after you have completed the Business Organization section of Form A in DBidS.

Late packages will not be considered. In addition, we will not consider faxed or e-mailed copies of the required documents.

For details, please see the **Required Hardcopy Documents** section of this document.

### Changing a Bid Submission

You may amend your bid(s) in DBidS as many times as necessary while the bid window is open. **Changes made to Form A or Form B will require you to reapprove Form A and/or recertify Form B.** Hardcopy documents may be amended prior to the close of the bid window as long as the amended documents are identified as “amended” and are RECEIVED by the CBIC on or before the close of the bid window. Check your status page in DBidS to ensure your Form A is complete and approved and that your Form B is complete and certified.

Once the bid window has closed, no further changes can be made to the electronic bid, and CMS will accept only hardcopy documents that it has requested through the covered document review process (refer to the **Covered Document Review Process** section of this document).

### After the Bid Window Closes

Bids will be evaluated based on the information provided on Form A and Form B in DBidS and submitted in the package of hardcopy documents. The CBIC must have a completed and approved Form A and a completed and certified Form B and timely receipt of a complete package of required hardcopy documents for your bid to be considered.

Once the bid window closes, all bids are considered final and cannot be amended. You may continue to view your DBidS status page up to 45 days after the bid window closes to verify whether your online bid is complete, approved, and certified by the AO or BAO.

The DBidS status page indicates whether your hardcopy document package was received on time by the CBIC. If your document was received after the bid window closes, DBidS will not acknowledge receipt of the document(s) and the “Hardcopy Document Receipt” indicator will remain “NO.” An indication that your hardcopy document package was received does not mean that the documents in the package are accurate, complete, or otherwise meet CMS’ criteria. It is each bidder’s responsibility to ensure that it has submitted the entire package of all required hardcopy documents to the CBIC and that the package is received by the CBIC by the close of the bid window. Late packages will not be considered.

CMS reserves the right to seek clarification or corrections from a bidder if necessary. CMS will seek such clarifications or corrections uniformly.

### Confidentiality

CMS will protect the confidentiality of bidders’ proprietary financial and bidding information to the extent provided by law and will follow the procedure stated in [45 CFR §5.65](#). CMS will not share information about any bidder’s proposal with other bidders.

However, an independent evaluator may be granted access to bidders’ or networks’ bidding information as permitted by law. Any reports that are created to evaluate the program will be reported in an anonymous or aggregate format. Bidding information may be reviewed as required by law by the U.S. Government Accountability Office (GAO) and the Department of Health and Human Services (DHHS) Office of Inspector General (OIG), and by the Department of Justice (DOJ) as permitted by law. CMS will request that any reports created by the GAO and DHHS/OIG to evaluate the program report bidding information in an anonymous or aggregate format.

Contractor staff with access to bidding information are required to sign a statement agreeing to maintain the confidentiality of each bidder’s information.

## Required Hardcopy Documents

In addition to completing and approving Form A and completing and certifying Form B in DBidS (see **Appendix B: Bidding Forms A & B and Certification Statement**), you must send the required hardcopy documents in one complete package to the CBIC.

**Only one package of hardcopy documents should be sent for each bidder number, regardless of how many Form Bs you submit.** Your hardcopy document package must include your bidder number on each page of the documents.

**Packages must include the following:**

### Financial Documents

#### All Bidders

- Tax return extract
- Financial statements
  - income statement<sup>23</sup>
  - balance sheet<sup>24</sup>
  - statement of cash flows<sup>25</sup>
- Credit report with score

See **Financial Documentation Requirements** outlined below for a detailed description of all documents.

### Non-Financial Documents

#### Network Bidders

If you are bidding as part of a network, the primary network member<sup>26</sup> must include the following in the network's hardcopy document package in addition to the financial documents (listed above) required for all bidders:

- **Network Legal Agreement(s):** Any agreement, including contracts, required to create the network as a legal entity. The agreement(s) must be in place and signed before the network submits a bid.
- **Certification Statements:** Each network member must sign a separate statement certifying that it joined the network because it was unable to independently furnish all the items in the product category throughout the entire CBA for which the network is submitting a bid. The primary network member should print copies of the online certification statement in DBidS and have each network member sign a copy. The primary network member is required to include a hardcopy certification statement for each member in the network's hardcopy documents package.

#### Bidders That Intend to Subcontract

- If you intend to subcontract, in addition to the financial documents listed above for all bidders, you must include a **letter of intent<sup>27</sup> to enter into a subcontracting agreement** or an **executed agreement** (if already in a subcontracting relationship) in your hardcopy document package.

<sup>23</sup> **income statement (profit and loss statement or statement of operations):** A financial report on the results of a business' performance as reflected in the profitability of a business over a certain period. It itemizes the revenues and expenses of past performance that led to the current profit or loss.

<sup>24</sup> **balance sheet:** A financial statement that summarizes a company's assets, liabilities, and owner's equity at a specific point in time.

<sup>25</sup> **statement of cash flows:** Includes cash flows resulting from operating, financing, and investing activities.

<sup>26</sup> **primary network member:** The network member that submits a bid on behalf of the network.

<sup>27</sup> **letter of intent:** A signed letter that represents an agreement to enter into a subcontracting relationship, but is not the contract between the supplier and the subcontractor.

A signed letter of intent to enter into a subcontracting agreement should include the following:

- Anticipated length of agreement
- Identification of the parties
- Language clearly indicating that the subcontractor has agreed to supply items/functions/services
- Attestation that the subcontractor currently possesses all required state licenses, if applicable, for every state in the CBA it will be servicing
- Attestation that the subcontractor currently meets all quality standards and is accredited by a CMS approved accreditation organization (if applicable)
- Signature of both the AO for the bidding entity and the subcontractor; and
- Language obligating the subcontractor to abide by state and federal privacy and security requirements, including the privacy provisions stated in the regulation for this program

See the **Subcontracting** section of this document for more information about subcontracting.

### **Bidders That Have Been Sanctioned in the Last Five Years**

- If your company has been sanctioned by any governmental agency or accreditation or licensure organization within the last five years, in addition to the financial documents listed above for all bidders, you must include in your hardcopy document package a **settlement agreement** or **corporate integrity agreement** that has been reached between your company and the sanctioning organization.

### **Covered Document Review Process**

CMS will review financial documents that have been **RECEIVED** on or before the covered document review date (CDRD) to determine if any required financial documents are missing. The CDRD is 30 days before the end of the bid window or 30 days after the start of the bid window, whichever is later (see **Appendix A: Important Dates** for the CDRD). Other required (non-financial) documents are not subject to the CDRD process as set forth in [MIPPA](#). You can check your status page in DBidS to see if you are eligible for CDRD and will be notified if you are missing any financial documents.

- No hardcopy documents will be considered after the bid window closes except for documents requested by the CBIC as part of the covered document review process.
- If you submit your hardcopy financial documents on or before the CDRD, you will be notified in writing by CMS within 90 days after the CDRD of any missing financial documents. You will have ten business days from the date of the notice to submit the identified missing financial document(s). Documents must be RECEIVED by the CBIC by this date in order for your bid to be considered. Late responses to CDRD will not be considered.
- Corrections to any of the required documents after the bid window has closed will not be considered.
- **The CDRD review only determines if there are any missing financial documents. It does not indicate if the documents received are acceptable, accurate, or meet applicable requirements.**
- If you do not submit any hardcopy financial documents on or before the CDRD, you will not be notified of any missing financial documents.

See the [Covered Document Review Date](#) fact sheet on the CBIC website for more information.

## Financial Documentation Requirements

### 1. Required Documents

#### Tax Return Extract

DO NOT submit the entire tax return. Only send the required pages, which depend on your business type (see **Appendix C: Required Financial Documents by Business Type Chart**).

Parent/Subsidiary – The tax return determines whose documents are required. If you are a subsidiary of a parent organization and you file your own tax return, you must submit your own financial documents. However, if you, the subsidiary, do not file your own tax return, you must submit the parent company's financial documents. A combination of financial documents from both the parent and subsidiary companies is not acceptable.

Municipality- and state-owned entities that do not submit tax returns are not required to submit a tax return extract. However, such entities must include a copy of their tax exempt certificate or other documentation certifying that they are tax exempt. These entities are still required to submit the required financial statements and credit report with score.

#### Financial Statements

The **Income Statement** must include:

- Revenues
- Adjustments to revenues (if applicable)
- Cost of goods sold (if applicable)
- Expenses by category such as salary, utilities, rent, etc.
- Net income/loss

The **Balance Sheet** must include:

- Current assets
- Total assets
- Current liabilities
- Total liabilities
- Stockholders' equity or owner's capital

The **Statement of Cash Flows** must include:

- Cash flow resulting from operating activities
- Cash flow resulting from financing activities
- Cash flow resulting from investing activities
- Beginning and ending cash balances

To avoid being disqualified for not meeting all financial requirements, we strongly recommend that the financial statements be compiled, reviewed, or audited by an accounting professional and that you provide the accounting professional a copy of the Request for Bids (RFB) instructions along with the Required Financial Documents by Business Type chart to ensure that you meet all documentation requirements.

#### Credit Report with Numerical Credit Score

You must submit a copy of your credit report with numerical score that was prepared **no earlier than 90 days prior** to the opening of the bid window by one of five approved credit reporting agencies:

- Dun & Bradstreet
- Experian
- Equifax
- TransUnion
- Standard & Poor's

Credit reports from other companies will not be considered. See **Appendix A: Important Dates** for acceptable credit report with score preparation dates.

Credit reports must include a numerical score. The only exception is an alpha score from Standard & Poor's. Any other forms of gauging credit other than a numerical score (such as arrows indicating relative value of credit or the number of days beyond term) are not acceptable.

If no credit report is available for the business, a personal credit report with numeric score for the principal business owner is acceptable as long as it is prepared by an acceptable agency no earlier than 90 days prior to the opening of the bid window. However, a personal credit report with score is not acceptable from bidders filing a regular "C" corporation tax return (Form 1120), except in cases of newly formed corporations.

## 2. Documentation Requirements

**All Financial statements must meet the following requirements to be considered:**

- Be for the most current year (either fiscal or calendar) in which a tax return was filed with the Internal Revenue Service (IRS).
- Be for the same 12-month accounting period and match the year of the tax return. Individual financial statements for each month are not acceptable. For example, if the tax return was filed for calendar year 2011, the financial statements must be for calendar year 2011. If the tax return was for fiscal year 2011, the financial statements must be for fiscal year 2011.

No part of an accounting year should include months prior to January 2009.

- Be prepared on the accrual or cash basis of accounting.
- Be on the same organizational level as the tax extract. For example, if you are a subsidiary and your parent files the tax return, your financial statements must be at your parent's level. Similarly, if your organization has different lines of business and you submit your tax return at the organization level, not according to the product line, your financial statements must be at your organization level.
- Include all documents as identified for your business type in **Appendix C: Required Financial Documents by Business Type Chart**.
- Correspond with related financial statements and accurately total. For example, ending cash on the statement of cash flows must equal ending cash on the balance sheet.

It is also important that financial statements be prepared in accordance with Generally Accepted Accounting Principles (GAAP). See **Appendix D: Sample Financial Statements**.

Forms you submit to federal agencies for other purposes, such as Small Business Administration (SBA) forms, are not acceptable substitutes for financial statements.

### Requirements for Hardcopy Document Package

- Submit ONE package of documents per bidder number, regardless of the number of Form Bs you completed.
- To ensure your documents are associated with the correct bidder, your bidder number must be on EACH PAGE of EVERY document. Your bid may not be processed unless you include your bidder number on each page. You will be assigned a bidder number after you complete the business organization section in Form A of DBidS. Your bidder number will appear in the upper left corner on each page of your bid form in DBidS.
- Submit all documents in loose page format – no binders, folders, spiral binding, staples, or paper clips.
- Submit ONLY the required documents. Do NOT include other documents such as bank references, personal financial statements of corporate stockholders, advertising materials, or bank statements. Only required documents will be evaluated; supplemental documents will be disregarded. The only exception to this requirement is that you may also submit additional



information in the form of organizational charts or other supplemental information that explains your organization's business structure or provides additional details about information reflected in your required financial documents.

- To ensure you comply with all requirements, please refer to **Appendix C: Required Financial Documentation by Business Type Chart** and **Appendix E: Hardcopy Document Package Checklist** when preparing your package.

- Hardcopy document packages must be mailed to the CBIC at the following address:

Palmetto GBA  
Competitive Bidding Implementation Contractor  
2743 Perimeter Pkwy, Suite 200-400  
Augusta, GA 30909-6499

- Faxed or e-mailed documents will NOT be considered.
- All hardcopy document packages must be **RECEIVED** by the CBIC **on or before the close of the bid window** (see **Appendix A: Important Dates**). Please send your package early by a method that can be tracked and require a signature upon receipt. You should check with your common carrier or courier to determine the best method of delivery. We suggest you track your document after it has been sent to ensure timely delivery.
- Document packages that are received after the close of the bid window will not be considered under any circumstances.
- Only CDRD eligible documents identified and requested in a written notification from the CBIC as a result of the covered document review process will be considered after the close of the bid window (see the **Covered Document Review Process** section of this document).

## Special Documentation Requirements for Specific Bidder Types

### Commonly Owned or Commonly Controlled

For commonly owned or commonly controlled suppliers, each company's financial and non-financial documents must be submitted in ONE package. For example, if you are bidding with five other companies and you are all commonly owned, you must submit six complete sets of required financial documents in one hardcopy package (one set for each of the suppliers included on the bid).

### New Suppliers

If you are a new supplier that has been in business for less than one year from the date on which you submit your bid, you must submit appropriate combinations of actual and pro forma data, representing the months to which they apply, to equal a one-year period.

For example, a supplier in business for six months would submit actual financial statements for the six months actually in business and pro forma or prospective financial statements for the remaining six months. Actual and pro forma financial statements should not be aggregated or combined for the same period. This means that you cannot put pro forma information on actual statements and you cannot put actual information on pro forma statements. The combination of actual and pro forma statements must collectively cover a 12-month period and each statement must cover the appropriate portion of the 12-month period.

### Networks

For networks, the primary member must obtain and submit financial and non-financial documents from EACH network member in ONE package. If you are also submitting an individual bid for a different product category or CBA, you must submit separate hardcopy document packages for each bidder number – one package to support the individual bid and one to support the network bid.

### Tax Exempt

If you are a tax exempt supplier, you must include a copy of your tax exempt certificate or other documentation certifying that you are tax exempt.

## Appendix A: Important Dates

### Important Dates for the DMEPOS Competitive Bidding Program Round 1 Recompete\*

#### **July 17, 2012**

Credit report with score must be prepared on or after July 17, 2012

#### **August 20, 2012**

Registration for user IDs and passwords begins

#### **September 7, 2012**

Authorized officials are strongly encouraged to register no later than this date

#### **September 28, 2012**

Backup authorized officials are strongly encouraged to register no later than this date

#### **October 15, 2012**

CMS opens 60-day bid window for Round 1 Recompete

#### **October 19, 2012**

User ID and password registration closes at 9 p.m. prevailing Eastern Time

#### **November 14, 2012**

Covered document review date (CDRD)

#### **December 14, 2012**

60-day bid window closes:

- All required state licenses must be EFFECTIVE and ON FILE WITH THE NSC on or before this date
- All required hardcopy documents must be RECEIVED by the CBIC on or before this date
- All bids must be submitted in DBidS before 9 p.m. prevailing Eastern Time on this date

#### **Spring 2013\***

CMS announces SPAs, begins contracting process

#### **Fall 2013\***

CMS announces contract suppliers, begins contract supplier education campaign. CMS begins supplier, referral agent, and beneficiary education campaign

#### **January 1, 2014\***

Implementation of Round 1 Recompete contracts and prices

\* *Dates listed are target dates. Actual dates will be announced through listserv notice. Keep informed – sign up on the [CBIC website](#) to receive important updates regarding the DMEPOS Competitive Bidding Program.*

## **Appendix B: Bidding Forms A & B and Certification Statement**

You are required to complete Form A and Form B in DBidS, which you will be able to access through the CBIC website on the day that bidding opens (see **Appendix A: Important Dates**). An electronic bid in DBidS is not considered complete unless the AO or BAO has approved Form A and has certified Form B(s).

### **Form A: Bid Application**

You should complete only ONE Form A for each business organization type (supplier with single location, supplier with multiple locations, or network).

There are **only two exceptions**:

1. You will need to complete more than one Form A if you are bidding independently in one CBA/product category and are also bidding as part of a network in another CBA. In this case, you will register once in IACS and then complete two Form As in DBidS:
  - 1) as an independent bidder; and
  - 2) as a network bidder if you are the primary network member.

In this situation, you will receive two different bidder numbers. You cannot bid against yourself for the same product category in the same CBA. Therefore, **you may NOT bid for the same product category in the same CBA as both a single entity and as part of a network.**

2. You will need to complete more than one Form A if you have more than one location within the same CBA AND one or more of the locations furnishes a different product category that does not compete against the other location(s). In this case, you will register once in IACS and associate or add a PTAN in IACS for the different non-competing product categories. You will have distinct bidder numbers and must complete separate Form As, Form Bs, and hardcopy packages representing each bidder number. In this case, you will register once in IACS and add (associate) a different PTAN to your profile that represents each PTAN's specific line of business (i.e., product category).

For example, ABC Company has three locations and is bidding in one CBA. All three locations provide respiratory equipment and one location also provides enteral nutrients. ABC Company will register in IACS once with a PTAN representing its bid for the respiratory equipment and add another PTAN to its IACS profile to represent its bid for enteral nutrition.

Please refer to the IACS Reference Guide for additional information and guidance.

### **Business Organization Screen**

You will be required to identify your organization as a specific business type. You should select the answer that best describes your company.

#### **1. Single Location**

A single-location supplier is a bidding entity with only one location that has one or more owners and is represented by a single PTAN.

#### **2. Multiple Location**

Multiple-location suppliers have two or more locations with one or more owners (may be commonly owned or commonly controlled), and each location is identified by a unique PTAN. Multiple-location suppliers may or may not share a common taxpayer identification number (TIN). Multiple-location suppliers may be one of the following:

- **Parent Company with Subsidiaries or Holding Company**

Parent-subsidaries are separate entities where one entity has ownership and control of another entity. In general, a parent entity is a company that owns controlling interests in one or more companies. A subsidiary is a company that is controlled by a

parent company. These companies do not have to operate in the same locations or even in the same line of business. See **Appendix C: Required Financial Documents by Business Type Chart** to ensure you provide the correct documents.

- **Commonly Owned or Commonly Controlled**

Commonly owned suppliers are those where one or more of them has an ownership interest totaling at least five (5) percent in the other(s). Commonly controlled suppliers are those where one or more of the suppliers' owners is also an officer, director, or partner in another supplier.

- **National Chain**

A DMEPOS chain organization is defined by the NSC as 25 or more DMEPOS supplier locations. Chain organizations must identify all locations inside and outside of the CBA that would routinely furnish the items in the product category to beneficiaries within the CBA.

- **Franchise**

A franchise is a company that purchases a license from an owner of a trademark or trade name permitting another to sell a product or service under the name or mark.

### 3. Network

A network is a group of between two and 20 small suppliers that forms a legal entity in order to provide competitively bid items throughout an entire CBA because, independently, they cannot service the entire CBA.

The network must identify a primary network member that will be responsible for submitting a bid on behalf of the network.

The primary network member must provide a name for the network on Form A in DBidS and identify all of its members and their locations. This includes any commonly owned or controlled locations outside of the CBA that would routinely furnish items in the product category to beneficiaries within the CBA

Please see the **General Program Requirements** section of this document for additional rules pertaining to networks.

### 4. Specialty Suppliers

SNFs and NFs are not exempt from the DMEPOS Competitive Bidding Program. If you are a SNF or NF that is also a DMEPOS supplier and want to become a contract supplier, you must submit a bid. As a SNF or NF, you may choose to become a specialty supplier. A specialty supplier is a SNF or NF that elects to furnish competitively bid items only to its own residents. To become a specialty supplier, you must select the specialty supplier option on Form A and be awarded a contract as a specialty supplier. You must be enrolled as a DMEPOS supplier with the NSC and meet the applicable competitive bidding requirements to submit a bid to become a contract supplier (see the **Eligibility Rules and Financial Standards** section of this document).

If you do not become a contract supplier (either as a specialty supplier or a regular contract supplier), you must use contract suppliers to furnish competitively bid items to your residents in a CBA.

### Information All Suppliers Must Complete for Their Business Organization

- Provide the legal business name, doing-business-as name (if any), mailing address, and physical address for the business organization.
- You will also be asked to select the CBA/product category combination(s) for which your business organization will be bidding.

- **If you are awarded a contract, only the PTANs entered on Form A will be eligible for Medicare payment for competitively bid items.** Contract suppliers may add locations after the program is implemented, if approved by CMS.

### Bidder Number

You will be assigned a bidder number once you complete the business organization information screen in Form A. A pop-up box will appear with your bidder number. This number will also appear in the upper left hand corner of each page of your electronic bid. **RECORD THIS NUMBER.** It is important that the AO, BAOs, and EUs for your company know where to locate this number. You are required to include it on **EACH PAGE** of your hardcopy documents.

### Location Specific Information Screen

- You will be required to provide identifying information for each location included on your bid.
- You will be asked to identify the type of business that describes your organization and how you currently furnish services to Medicare beneficiaries.
- You will also be asked to select the CBA and the product category combination that this location will service, if awarded a contract.

Once you have completed Form A, **the AO or BAO for your company must approve Form A before it is considered completed and before you can proceed to Form B.** Changes made to Form A after it has been approved may require the AO or BAO to reapprove Form A. View your DBidS status page often to check the current status of your bid. The status page will indicate if your Form A is complete and approved and if your Form B is complete and certified. No changes can be made after the bid window closes.

## Form B: Bidding Form

- Form B includes the bidding forms for each CBA/product category combination. You must complete a separate Form B for each combination on which you wish to bid.
- You will be required to provide historic information about your experience in the CBA/product category combination. You must provide the number of units you furnished to all customers, Medicare and non-Medicare, in the CBA for the top HCPCS codes in the product category during the past calendar year.
- You will also be required to identify the manufacturer and model of the products you plan to make available to beneficiaries in the CBA. If you are awarded a contract, this information will be used to populate the Medicare Supplier Directory on the Medicare website, <http://www.medicare.gov/>.

It is important that you provide accurate information on Form B. The supplier directory lists the manufacturer information for the top items provided by contract suppliers, and it is used by Medicare beneficiaries, caregivers, referral providers, and 1-800-MEDICARE customer service representatives to assist beneficiaries with making informed choices about available products.

### The Bid Form

Form B is prepopulated with item descriptions, bid types, item weights, and fee schedule amounts. You must complete the following fields:

**Total Estimated Capacity** – Your expected capacity or the number of units per HCPCS code you estimate you can furnish throughout the entire CBA for one year. As the definition of a “unit” for each item may be different, please review the definition of a bidding unit for each HCPCS code on the [bid preparation worksheets](#) on the CBIC website. To determine your expected capacity, calculate the number of units you currently furnish in the area on a yearly basis and add units you would be capable of providing annually as of the start of the contract period. It is anticipated that you will be able to maintain this level, or greater, throughout the contract period. For the respiratory equipment product category, your estimated capacity is the number of rental units you currently furnish in the area on a yearly basis and any additional units you would be capable of providing annually as of the start of the contract period.

**Bid Price** – The amount for which you can furnish the item, including all costs associated with furnishing the item. The bid price must be rational and feasible and must indicate the cost of furnishing a new item or the rental of a new item at the bid price submitted. Please see the **General Program Requirements** section of this document for information about submitting a bona fide bid.

Once you have completed Form B(s), the **AO or BAO for your company must certify the form(s).** **Form Bs that are not completed and certified will not be evaluated.** Changes made to a Form B after it has been certified may require the AO or BAO to recertify. To ensure that your Form A is approved and Form B is certified, check your status page in DBidS. Remember, no changes can be made after the bid window closes.

## Certification Statement

In order for your bid to be considered, an AO or BAO for your company must approve Form A and certify that the information provided on Form A, Form B, and in the package of required hardcopy documents is true, correct, and complete by completing the certification statement in DBidS by the close of the bid window. The certification statement serves as the bidder's electronic signature.

Changes made to Form A after it has been approved or to Form B after it has been certified may require the AO or BAO to reapprove Form A or recertify Form B. You can verify the status of your bid by visiting the DBidS status page. We suggest you check this page after each use.

For networks, the primary network member must print the certification statement in DBidS, and each network member must sign a separate copy certifying that it joined the network because it was unable to independently furnish all the items in the product category throughout the entire CBA for which the network is submitting a bid. These certification statements must be submitted with the network's hardcopy document package.

## Appendix C: Required Financial Documents by Business Type Chart

All business types (e.g., corporation, sole proprietorship, partnership, etc.) must submit the hardcopy financial documentation detailed in the Request for Bids (RFB) instructions. Bidders that file tax returns for a calendar year must submit financial documents that represent calendar year 2010 or 2011. Fiscal year filers should submit financial documents that represent the latest filed. The tax extract and the three financial statements must be for the same 12-month accounting period and must correspond. No part of an accounting year may include months prior to 2009. For example, if the tax extract is for the calendar year 2011, the financial statements must be for calendar year 2011.

We strongly recommend use of an accountant to prepare your financial statements. We suggest that you provide the accountant with a copy of this Required Financial Documents by Business Type chart, the financial section of the RFB instructions and Hardcopy Document Package Checklist. All packages must be prepared in accordance with Generally Accepted Accounting Principles (GAAP) and must be prepared according to this checklist and the RFB instructions.

Business Type	Tax Return Extract	Income Statement	Balance Sheet	Statement of Cash Flows	Credit Report & Numerical Score
<b>LLC, PC, S or C Corporation</b>	<p>Most current year for which a tax return has been submitted (should not include any months prior to 2009 for fiscal filers). For parent/subsidiary see special rules on corresponding financial statements.</p> <p><b>MUST INCLUDE:*</b></p> <ul style="list-style-type: none"> <li>• Form 1120: pages 1 – 5 or</li> <li>• Form 1120S: pages 1 – 4 or</li> <li>• Schedule C: pages 1 – 2 or</li> <li>• Form 1065: pages 1 – 5 or</li> <li>• Form 990: pages 1 and 9 – 11</li> </ul>	<p>Financial statements and tax extract must correspond and cover the same accounting period.</p> <p><b>MUST INCLUDE:</b></p> <ul style="list-style-type: none"> <li>• Revenue</li> <li>• Adjustment to revenues (if applicable)</li> <li>• Cost of goods sold (if applicable)</li> <li>• Expenses by category</li> <li>• Net income/loss</li> </ul>	<p>Financial statements and tax extract must correspond and cover the same accounting period.</p> <p><b>MUST INCLUDE:</b></p> <ul style="list-style-type: none"> <li>• Current assets</li> <li>• Total assets</li> <li>• Current liabilities</li> <li>• Total liabilities</li> <li>• Stockholders' equity</li> </ul>	<p>Financial statements and tax extract must correspond and cover the same accounting period.</p> <p><b>MUST INCLUDE:</b></p> <ul style="list-style-type: none"> <li>• Operating activities</li> <li>• Financing activities</li> <li>• Investing activities</li> <li>• Beginning and ending cash balances</li> </ul>	<p>Credit report with score that was completed no earlier than 90 days prior to the opening of the bid window.** See Appendix A for date the credit reports/scores must be prepared.</p> <p><b>MUST BE PREPARED BY ONE OF THE FOLLOWING:</b></p> <ul style="list-style-type: none"> <li>• Dun &amp; Bradstreet</li> <li>• Experian</li> <li>• Equifax</li> <li>• TransUnion</li> <li>• Standard &amp; Poor's</li> </ul>
<b>Sole Proprietor</b>	<p>Most current year for which a tax return has been submitted (should not include any months prior to 2009 for fiscal filers).</p> <p><b>MUST INCLUDE:</b></p> <ul style="list-style-type: none"> <li>• Schedule C: pages 1 – 2</li> </ul>	<p>Financial statements and tax extract must correspond and cover the same accounting period.</p> <p><b>MUST INCLUDE:</b></p> <ul style="list-style-type: none"> <li>• Revenue</li> <li>• Adjustment to revenues (if applicable)</li> <li>• Cost of goods sold (if applicable)</li> <li>• Expenses by category</li> <li>• Net income/loss</li> </ul>	<p>Financial statements and tax extract must correspond and cover the same accounting period.</p> <p><b>MUST INCLUDE:</b></p> <ul style="list-style-type: none"> <li>• Current assets</li> <li>• Total assets</li> <li>• Current liabilities</li> <li>• Total liabilities</li> <li>• Owner's capital</li> </ul>	<p>Financial statements and tax extract must correspond and cover the same accounting period.</p> <p><b>MUST INCLUDE:</b></p> <ul style="list-style-type: none"> <li>• Operating activities</li> <li>• Financing activities</li> <li>• Investing activities</li> <li>• Beginning and ending cash balances</li> </ul>	<p>Credit report with score that was completed no earlier than 90 days prior to the opening of the bid window.** See Appendix A for date the credit reports/scores must be prepared.</p> <p><b>MUST BE PREPARED BY ONE OF THE FOLLOWING:</b></p> <ul style="list-style-type: none"> <li>• Dun &amp; Bradstreet</li> <li>• Experian</li> <li>• Equifax</li> <li>• TransUnion</li> <li>• Standard &amp; Poor's</li> </ul>



Business Type	Tax Return Extract	Income Statement	Balance Sheet	Statement of Cash Flows	Credit Report & Numerical Score
<b>Partnership</b>	<p>Most current year for which a tax return has been submitted (should not include any months prior to 2009 for fiscal filers).</p> <p><b>MUST INCLUDE:</b></p> <ul style="list-style-type: none"> <li>• Form 1065: pages 1 – 5</li> </ul>	<p>Financial statements and tax extract must correspond and cover the same accounting period.</p> <p><b>MUST INCLUDE:</b></p> <ul style="list-style-type: none"> <li>• Revenue</li> <li>• Adjustment to revenues (if applicable)</li> <li>• Cost of goods sold (if applicable)</li> <li>• Expenses by category</li> <li>• Net income/loss</li> </ul>	<p>Financial statements and tax extract must correspond and cover the same accounting period.</p> <p><b>MUST INCLUDE:</b></p> <ul style="list-style-type: none"> <li>• Current assets</li> <li>• Total assets</li> <li>• Current liabilities</li> <li>• Total liabilities</li> <li>• Partners' capital</li> </ul>	<p>Financial statements and tax extract must correspond and cover the same accounting period.</p> <p><b>MUST INCLUDE:</b></p> <ul style="list-style-type: none"> <li>• Operating activities</li> <li>• Financing activities</li> <li>• Investing activities</li> <li>• Beginning and ending cash balances</li> </ul>	<p>Credit report with score that was completed no earlier than 90 days prior to the opening of the bid window.** See Appendix A for date the credit reports/scores must be prepared.</p> <p><b>MUST BE PREPARED BY ONE OF THE FOLLOWING:</b></p> <ul style="list-style-type: none"> <li>• Dun &amp; Bradstreet</li> <li>• Experian</li> <li>• Equifax</li> <li>• TransUnion</li> <li>• Standard &amp; Poor's</li> </ul>
<b>Non-Profit Organization</b>	<p>Most current year for which a tax return has been submitted (should not include any months prior to 2009 for fiscal filers).</p> <p><b>MUST INCLUDE:</b></p> <ul style="list-style-type: none"> <li>• Form 990: pages 1 and 9 – 11</li> </ul>	<p>Financial statements and tax extract must correspond and cover the same accounting period.</p> <p><b>MUST INCLUDE:</b></p> <ul style="list-style-type: none"> <li>• Revenue</li> <li>• Adjustment to revenues (if applicable)</li> <li>• Cost of goods sold (if applicable)</li> <li>• Expenses by category</li> <li>• Net income/loss</li> </ul>	<p>Financial statements and tax extract must correspond and cover the same accounting period.</p> <p><b>MUST INCLUDE:</b></p> <ul style="list-style-type: none"> <li>• Current assets</li> <li>• Total assets</li> <li>• Current liabilities</li> <li>• Total liabilities</li> <li>• Total net assets or fund balances</li> </ul>	<p>Financial statements and tax extract must correspond and cover the same accounting period.</p> <p><b>MUST INCLUDE:</b></p> <ul style="list-style-type: none"> <li>• Operating activities</li> <li>• Financing activities</li> <li>• Investing activities</li> <li>• Beginning and ending cash balances</li> </ul>	<p>Credit report with score that was completed no earlier than 90 days prior to the opening of the bid window.** See Appendix A for date the credit reports/scores must be prepared.</p> <p><b>MUST BE PREPARED BY ONE OF THE FOLLOWING:</b></p> <ul style="list-style-type: none"> <li>• Dun &amp; Bradstreet</li> <li>• Experian</li> <li>• Equifax</li> <li>• TransUnion</li> <li>• Standard &amp; Poor's</li> </ul>
<b>Municipality- or State-Owned Organization</b>	<p>A tax extract is submitted only if the municipality- or state-owned organization has a tax filing requirement.</p>	<p>Financial statements and tax extract must correspond and cover the same accounting period.</p> <p><b>MUST INCLUDE:</b></p> <ul style="list-style-type: none"> <li>• Revenue</li> <li>• Adjustment to revenues (if applicable)</li> <li>• Cost of goods sold (if applicable)</li> <li>• Expenses by category</li> <li>• Net income/loss</li> </ul>	<p>Financial statements and tax extract must correspond and cover the same accounting period.</p> <p><b>MUST INCLUDE:</b></p> <ul style="list-style-type: none"> <li>• Current assets</li> <li>• Total assets</li> <li>• Current liabilities</li> <li>• Total liabilities</li> <li>• Total net assets or fund balances</li> </ul>	<p>Financial statements and tax extract must correspond and cover the same accounting period.</p> <p><b>MUST INCLUDE:</b></p> <ul style="list-style-type: none"> <li>• Operating activities</li> <li>• Financing activities</li> <li>• Investing activities</li> <li>• Beginning and ending cash balances</li> </ul>	<p>Credit report with score that was completed no earlier than 90 days prior to the opening of the bid window.** See Appendix A for date the credit reports/scores must be prepared.</p> <p><b>MUST BE PREPARED BY ONE OF THE FOLLOWING:</b></p> <ul style="list-style-type: none"> <li>• Dun &amp; Bradstreet</li> <li>• Experian</li> <li>• Equifax</li> <li>• TransUnion</li> <li>• Standard &amp; Poor's</li> </ul>

Business Type	Tax Return Extract	Income Statement	Balance Sheet	Statement of Cash Flows	Credit Report & Numerical Score
<b>New Supplier</b>	<p>If a tax return has been filed, refer to the relevant business types above for requirements.</p> <p><b>MUST INCLUDE:*</b></p> <ul style="list-style-type: none"> <li>Form 1120: pages 1 – 5 <i>or</i></li> <li>Form 1120S: pages 1 – 4 <i>or</i></li> <li>Form 1065: pages 1 – 5 <i>or</i></li> <li>Schedule C: pages 1 – 2 <i>or</i></li> <li>Form 990: pages 1 and 9 – 11</li> </ul>	<p>Income statements for a 12-month period with actual and pro forma data separately prepared for the months to which they apply.</p> <p><b>MUST INCLUDE:</b></p> <ul style="list-style-type: none"> <li>Revenue</li> <li>Adjustment to revenues (if applicable)</li> <li>Cost of goods sold (if applicable)</li> <li>Expenses by category</li> <li>Net income/loss</li> </ul>	<p>Balance sheets for a 12-month period with actual and pro forma data separately prepared for the months to which they apply.</p> <p><b>MUST INCLUDE:</b></p> <ul style="list-style-type: none"> <li>Current assets</li> <li>Total assets</li> <li>Current liabilities</li> <li>Total liabilities</li> <li>Stockholders' equity or owner's capital</li> <li>Non-profit, municipality- or state-owned organizations must include total net assets or fund balances instead of stockholders' equity or owner's capital</li> </ul>	<p>Statements of cash flows for a 12-month period with actual and pro forma data separately prepared for the months to which they apply.</p> <p><b>MUST INCLUDE:</b></p> <ul style="list-style-type: none"> <li>Operating activities</li> <li>Financing activities</li> <li>Investing activities</li> <li>Beginning and ending cash balances</li> </ul>	<p>Credit report with score that was completed no earlier than 90 days prior to the opening of the bid window.** See Appendix A for date the credit reports/scores must be prepared.</p> <p><b>MUST BE PREPARED BY ONE OF THE FOLLOWING:</b></p> <ul style="list-style-type: none"> <li>Dun &amp; Bradstreet</li> <li>Experian</li> <li>Equifax</li> <li>TransUnion</li> <li>Standard &amp; Poor's</li> </ul> <p>If a credit report is not available for the business, the principal business owner must supply a personal credit report with numerical score prepared within 90 days prior to the opening of the bid window by one of the credit bureaus listed above.</p>
<b>Network</b>	<p>For each network member, refer to the relevant business types above for tax extract requirements.</p> <p><b>MUST INCLUDE:*</b></p> <ul style="list-style-type: none"> <li>Form 1120: pages 1 – 5 <i>or</i></li> <li>Form 1120S: pages 1 – 4 <i>or</i></li> <li>Form 1065: pages 1 – 5 <i>or</i></li> <li>Schedule C: pages 1 – 2 <i>or</i></li> <li>Form 990: pages 1 and 9 – 11</li> </ul>	<p>One year for each network member. Financial statements and tax extract cover same accounting period.</p> <p><b>MUST INCLUDE:</b></p> <ul style="list-style-type: none"> <li>Revenue</li> <li>Adjustment to revenues (if applicable)</li> <li>Cost of goods sold (if applicable)</li> <li>Expenses by category</li> <li>Net income/loss</li> </ul>	<p>One year for each network member. Financial statements and tax extract cover same accounting period.</p> <p><b>MUST INCLUDE:</b></p> <ul style="list-style-type: none"> <li>Current assets</li> <li>Total assets</li> <li>Current liabilities</li> <li>Total liabilities</li> <li>Stockholders' equity or owners' capital</li> </ul>	<p>One year for each network member. Financial statements and tax extract cover same year.</p> <p><b>MUST INCLUDE:</b></p> <ul style="list-style-type: none"> <li>Operating activities</li> <li>Financing activities</li> <li>Investing activities</li> <li>Beginning and ending cash balances</li> </ul>	<p>Credit report with score, for each network member, that was completed no earlier than 90 days prior to the opening of the bid window.** See Appendix A for date the credit reports/scores must be prepared.</p> <p><b>MUST BE PREPARED BY ONE OF THE FOLLOWING:</b></p> <ul style="list-style-type: none"> <li>Dun &amp; Bradstreet</li> <li>Experian</li> <li>Equifax</li> <li>TransUnion</li> <li>Standard &amp; Poor's</li> </ul>

\* The required form depends on your accounting period and business type. Contact your tax preparer if you have any questions.

\*\* Credit reports must reflect a numerical score unless you are using Standard & Poor's. Standard & Poor's credit report uses an alpha score instead of a numerical score; therefore, the report must contain the alpha grade such as AAA, AA, etc. Gauges with an arrow indicating the relative value of credit or a credit report indicating the number of days beyond term are not acceptable.

# Appendix D: Sample Financial Statements

## Sample Financial Statements

### Income Statement

[Company Name]

[Period ending date]

Revenue	Year to Date
	Amount
Gross sales	
<i>Less sales returns and allowances</i>	
Net sales	
Cost of sales	Year to Date
	Amount
Beginning inventory	
Plus goods purchased/manufactured	
Total goods available	
Less ending inventory	
Total cost of goods sold	
Gross profit (loss)	
Operating expenses	Year to Date
	Amount
<b>Selling</b>	
Salaries and wages	
Commissions	
Advertising	
Depreciation	
Total selling expenses	
<b>General/administrative</b>	
Salaries and wages	
Employee benefits	
Payroll taxes	
Insurance	
Rent	
Utilities	
Depreciation and amortization	
Office supplies	
Travel and entertainment	
Postage	
Equipment maintenance and rental	
Interest	
Furniture and equipment	
Total general/administrative expenses	
Total operating expenses	
Net income before taxes	
Taxes on income	
<b>Net income (loss)</b>	

### Important Tips

**The Income Statement** must include:

- Revenues
- Adjustments to revenues (if applicable)
- Cost of goods sold
- Expenses by category such as salary, utilities, rent, etc.
- Net income/loss

Sample Financial Statements  
**Balance Sheet**

[Date]

**ASSETS**

**Current Assets**

Cash  
 Accounts receivable  
 (less doubtful accounts)  
 Inventory  
 Temporary investment  
 Prepaid expenses

**Total Current Assets**

**Fixed Assets**

Long-term investments  
 Land  
 Buildings  
 (less accumulated depreciation)  
 Plant and equipment  
 (less accumulated depreciation)  
 Furniture and fixtures  
 (less accumulated depreciation)

**Total Net Fixed Assets**

**TOTAL ASSETS**

**LIABILITIES**

**Current Liabilities**

Accounts payable  
 Short-term notes  
 Current portion of long-term notes  
 Interest payable  
 Taxes payable  
 Accrued payroll

**Total Current Liabilities**

**Long-Term Liabilities**

Mortgage  
 Other long-term liabilities

**Total Long-Term Liabilities**

**TOTAL LIABILITIES**

**Stockholders' Equity**

Capital stock  
 Retained earnings

**Total Stockholders' Equity**

**TOTAL LIABILITIES & EQUITY**

**Important Tips**

The Balance Sheet must include:

- Current assets
- Total assets
- Current liabilities
- Total liabilities
- Stockholders' equity or owner's capital

## Sample Financial Statements

### Statement of Cash Flows

[Company Name]	[Time Period]
<b>Cash flows from operating activities</b>	
Cash received from customers	
Cash paid for merchandise	
Cash paid for wages and other operating expenses	
Cash paid for interest	
Cash paid for taxes	
Other	
<b>Net cash provided (used) by operating activities</b>	
<b>Cash flows from investing activities</b>	
Cash received from sale of capital assets (plant and equipment, etc.)	
Cash received from disposition of business segments	
Cash received from collection of notes receivable	
Cash paid for purchase of capital assets	
Cash paid to acquire businesses	
Other	
<b>Net cash provided (used) by investing activities</b>	
<b>Cash flows from financing activities</b>	
Cash received from issuing stock	
Cash received from long-term borrowings	
Cash paid to repurchase stock	
Cash paid to retire long-term debt	
Cash paid for dividends	
Other	
<b>Net cash provided (used) in financing activities</b>	
Increase (decrease) in cash during the period	
Cash balance at the beginning of the period	
<b>Cash balance at the end of the period</b>	

#### Important Tips

**The Statement of Cash Flows** must include:

- Cash flow resulting from operating activities
- Cash flow resulting from investing activities
- Cash flow resulting from financing activities
- Beginning and ending cash balances

## Appendix E: Hardcopy Document Package Checklist

### Hardcopy Document Package Checklist

This checklist is not a required document, but a guide to help you prepare your package of hardcopy documents for submission. Fact sheets, charts and other resources pertaining to submitting a package can be found on the Competitive Bidding Implementation Contractor website, [www.dmecompetitivebid.com](http://www.dmecompetitivebid.com). **Follow the RFB Instructions carefully to ensure your documents meet all requirements. We strongly recommend use of an accountant to prepare your financial documents and provide the accountant with a copy of this checklist, financial section of the RFB and the Required Financial Documents by Business Type chart. All packages must be prepared in accordance with this checklist and the RFB instructions. Remember, financial statements should be prepared according to Generally Accepted Accounting Principles (GAAP).**

#### Financial Documentation\*

- Income Statement** – include the following:
  - Revenues
  - Adjustments to revenues (if applicable)
  - Cost of goods sold (if applicable)
  - Expenses by category such as salary, utilities, rent, etc.
  - Net income/loss
- Balance Sheet** – include the following:
  - Current assets
  - Total assets
  - Current liabilities
  - Total liabilities
  - Stockholders' equity or owners' capital
- Statement of Cash Flows** – include the following:
  - Cash flow resulting from operating activities
  - Cash flow resulting from financing activities
  - Cash flow resulting from investing activities
  - Beginning and ending cash balances
- Tax Return Extract** (DO NOT send the entire tax return, only the required pages.) See special requirements for parent/subsidiary.
- Credit Report** with score prepared no earlier than 90 days prior to the opening of the bid window by one of the five approved credit reporting agencies. Please refer to the RFB for the date the credit reports/scores must be prepared. (Dun & Bradstreet, Experian, Equifax, TransUnion, or Standard & Poor's)

#### Non-Financial Documentation\*\*

- Legal Agreement and signed Network Certification page for EACH network member** – (if applicable)
- Signed Letter of Intent to Enter into a Subcontracting Agreement** – (if applicable)
- Settlement Agreement or Corporate Integrity Agreement** – (if applicable)

#### Miscellaneous

- Bidder number on EACH page of EVERY document.**
- All documents submitted in loose page format** – no binders, folders, spiral binding, staples or paper clips.
- ONE package per bidder number, regardless of number of bids for each product category/competitive bidding area.** For commonly owned or commonly controlled suppliers, each company's financial and non-financial documents must be submitted in ONE consolidated package. For

networks, the primary member must compile and submit financial and non-financial documents from EACH network member in ONE package.

- **If you need to submit revised or additional required documents before the close of the bid window, only submit those documents and not the entire package.**

All hardcopy document packages must be **RECEIVED** by the CBIC on or before the close of the bid window. Packages received after the close of the bid window will not be considered. Packages should be sent early by a method that can be tracked and require a signature upon receipt to ensure consideration. You should check with your common carrier or courier to determine the best method of delivery. We suggest you track your package after it has been sent to ensure timely delivery.

Visit your DBidS status page often to check the status of your bid and receipt of your package of hardcopy documents. The status page acknowledges receipt of all document(s) timely submitted. However, it does not acknowledge the accuracy or completeness of the package.

Packages should be sent to:

PALMETTO GBA  
COMPETITIVE BIDDING IMPLEMENTATION CONTRACTOR  
2743 PERIMETER PKWY SUITE 200-400  
AUGUSTA, GA 30909-6499

\* Refer to the Required Financial Documents by Business Type chart for specific requirements based on your business type.

\*\* Refer to the Non-Financial Documents section of the Request for Bid (RFB) Instructions for specific requirements.