

Centers for Medicare & Medicaid Services
Special Open Door Forum:
Medicare Durable Medical Equipment, Prosthetics, Orthotics, and Supplies (DMEPOS)
Competitive Bidding Program Bidders' Conference:
Open Call

Wednesday, November 4, 2009
2:00 pm-3:00 pm Eastern Time
Conference Call Only

Please join us for the eighth and final Special Open Door Forum (ODF) bidders' conference for the Round 1 Rebid of the Medicare durable medical equipment, prosthetics, orthotics, and supplies (DMEPOS) competitive bidding program. At this Special ODF, we will respond to prospective bidders' questions about the competitive bidding process. If you have questions you would like to submit in advance of the ODF, please e-mail them to CMS at cbic.teleconference@PalmettoGBA.com by November 1, 2009.

Reminder: Bidding is open. All bids must be submitted in DBidS, the on-line bidding system, by 9 p.m. prevailing Eastern Time on December 21, 2009; all required hardcopy documents that must be included as part of the bid package must be postmarked by 11:59 p.m. on December 21, 2009. CMS urges all bidders to take advantage of the new covered document review process. Under this new process we will notify suppliers that submit their hardcopy financial documents by the Covered Document Review Date (CDRD) of any missing financial documents. **The CDRD for the Round 1 Rebid is November 21, 2009 - financial documents must be postmarked by 11:59 p.m. on November 21, 2009 to qualify for the covered document review process.**

Only suppliers that have registered and received a user ID and password will be able to access the on-line bidding system and submit bids. The target registration dates for Authorized Officials (AOs) and Backup Authorized Officials (BAOs) to register in CMS' Individuals Authorized Access to the CMS Computer Services (IACS) system have passed. End Users (EUs), as well as any AOs and BAOs who have not yet registered, should now be registering. If the AO for your company has not already registered, we cannot guarantee that he or she will be able to complete the registration process before registration closes. If your AO does not register, you cannot bid and will not be eligible for a contract. In addition, suppliers whose AOs have not registered are at risk of experiencing delays in accessing the on-line bidding system to get a bidder number and thereby missing the opportunity to submit financial documents by the CDRD.

Registration will close on November 4, 2009 at 9:00 p.m. EST – no AOs, BAOs, or EUs can register after registration closes. Suppliers that do not register cannot bid and are not eligible for contracts. To register and bid, visit the Competitive Bidding Implementation Contractor (CBIC) web site, www.dmecompetitivebid.com.

Background:

The Round 1 Rebid competitive bidding areas (CBAs), product categories, DBidS information, bidder charts, educational materials, and complete RFB instructions can be found on the CBIC web site, www.dmecompetitivebid.com. Suppliers should review this

information prior to submitting their bid(s). CMS will send important bidding updates via e-mail, so all suppliers interested in bidding are urged to sign up for E-mail Updates on the home page of the CBIC website. If you have any questions about the bidding process, please contact the CBIC Customer Service Center at 1-877-577-5331.

We look forward to your participation.

Special Open Door Participation Instructions:

Dial: 1-800-837-1935 & Reference Conference ID: 23045924

Note: TTY Communications Relay Services are available for the Hearing Impaired. For TTY services dial 7-1-1 or 1-800-855-2880. A Relay Communications Assistant will help.

An audio recording of this Special Forum will be posted to the Special Open Door Forum website at http://www.cms.hhs.gov/OpenDoorForums/05_ODF_SpecialODF.asp and will be accessible for downloading beginning Monday, November 16, 2009.

For Open Door Forum schedule updates, E-Mailing list subscriptions, and to view Frequently Asked Questions please visit our website at <http://www.cms.hhs.gov/opendoorforums/>.

Thank you for your interest in CMS Open Door Forums.

Audio File for this Transcript:

<http://media.cms.hhs.gov/audio/DMEPOSCompetBid110409.mp3>

**Centers for Medicare & Medicaid Services
Special Open Door Forum:
Medicare Durable Medical Equipment, Prosthetics, Orthotics and Supplies
Competitive Bidding Program Bidders' Conference- Open Call Part 2
Moderator: Natalie Highsmith
November 4, 2009
2:00 pm ET**

Operator: Good afternoon, my name is Christy and I will be your conference facilitator today. At this time I would like to welcome everyone to the Centers for Medicare and Medicaid Services Special Open Door Forum on Medicare Durable Medical Equipment, Prosthetics, Orthotics and Supplies Competitive Bidding Program Bidders' Conference.

All lines have been placed on mute to prevent any background noise. After the speakers' remarks, there will be a question and answer session. If you would like to ask a question during this time, simply press star then the number '1' on your telephone keypad. If you would like to withdraw your question, please press the pound key. Thank you.

Ms. Natalie Highsmith, you may begin your conference.

Natalie Highsmith: Thank you Christy and good day to everyone and thank you for joining us for this final Special Open Door Forum on the Medicare Durable Medical Equipment, Prosthetics, Orthotics and Supplies Competitive Bidding Program. Today is the second open call; the follow-up to our first open call we had a couple of weeks ago. And we will be responding to prospective bidders' questions about the competitive bidding process.

I will turn the call over to Martha Kuespert.

Martha Kuespert: Thank you Natalie. Hello everyone and thank you very much for joining us today. We hope you'll find today's session helpful and informative. Before we begin we have some information that we'd like to share with you. First of all, today is your very last day to register. Registration closes at 9:00 pm Eastern Standard Time tonight.

As everyone knows, the target registration dates for Authorized Officials and Back-up Authorized Officials to register have passed quite some time ago. Any Authorized Officials, Back-up Authorized Officials, or End Users who have not registered yet must register before today's 9:00 pm deadline. Nobody, no Authorized Officials, Back-up Authorized Officials, or End Users, can register after registration closes at 9:00 o'clock today. If you still need to register, go to the Competitive Bidding Implementation Contractor or CBIC Web site at www.dmecompetitivebid.com.

I'd also like to remind everybody of the upcoming covered document review process deadline. All bidders have to submit certain required hard-copy documents that are specified in the Request for Bid instructions. Please take advantage of this new covered document review process.

Under this new process, we will notify suppliers that submit their hard-copy financial documents by the covered document review date of any missing financial documents. The covered document review date for the Round 1 Rebid is November 21, 2009. So your financial documents must be postmarked by 11:59 pm on November 21 to qualify for the covered document review process.

This process only determines if there are any missing financial documents. It does not indicate if the documents are acceptable, accurate, or meet applicable requirements. Suppliers that submit

financial documents by the covered document review date will be notified of any missing financial documents within 45 days of the covered document review date. Suppliers will then be required to submit the missing financial documents within 10 business days of the notification.

We have a covered document review date factsheet on the CBIC website - again that's DMECompetitiveBid.com - that explains this whole new process in detail.

There are some key things I'd like to highlight for you to keep in mind when you are preparing your hard copy documents. It's very important for you to review the request for bids (RFB) instructions very carefully to make sure that your documents comply with all requirements. You should be submitting all of your required documents in one package. You only need to submit one package per bidder. So that's one package of all documents for each bidder.

Be sure that you submit all of the required documents and only the required documents. We don't need documents that are not specified. And please, please put your bidder number on every single page of every single document. I can't stress the importance of putting that bidder number on every page enough.

We need that bidder number because it is the way that we match your hard-copy documents to your electronic bid. Now, you get your bidder number when you complete Form A. It's not your registration number. It's the bidder number that you get when you complete Form A.

We recently added a "What's New" section to the CBIC website. I encourage everyone to check it out. You can get there very easily, and it's a really fast way to find out new information. It's very easy to find. Just go to the homepage of the CBIC website,

DMECompetitiveBid.com and look for the big, blue button that says "Click Here to View What's New".

Also, we issued a list serve message last Friday to announce a new final regulation.

As we have done in some previous years, we included some DMEPOS provisions in the final rule for the Physician Fee Schedule update. This final rule does include some issues regarding DMEPOS, on the following subjects: first, maintenance and servicing of oxygen equipment; second, the establishment of a notification process for grandfathered suppliers under the competitive bidding program; and there's also a provision in there regarding the process for damages resulting from termination of contract that were awarded in the first Round 1, in 2008.

If you'd like to look at this rule, you can find it at the Federal Register website at <http://federalregister.gov/page2.aspx>.

We would like to encourage everybody to submit feedback and comments about this Open Door Forum Bidders conference or any of the other Bidders conferences in this series. If you would like to submit a comment, please send us an email addressed to CBIC.admin@palmettogba.com. Cindy Dreher, the Policy and Content Lead for the CBIC will once again be providing today's presentation. So I'll now turn things over to her - Cindy?

Cindy Dreher: Thanks Martha and good afternoon everybody. We received about 30 questions ahead of time in the CBIC.teleconference email box. And so I'm going to go over those first and then we'll open up the phone lines and take your questions.

We got a question about a company that is located in North Carolina, but they also service patients that are in South Carolina. And South

Carolina doesn't issue out-of-state medical gases/ legend devices permits. And they confirmed this via letter with the Board of Pharmacy in South Carolina. Please instruct us on how to handle this in our application.

Well first of all, as you know, you've got to have all the required state licenses before you bid. And we're going to verify this licensure status with the National Supplier Clearinghouse. So you need to make sure that you have all the required licenses on file with the NSC before you bid.

The licensure requirements, again, are dependent upon the specific state's regulations. So you don't need to get licenses that are not required by the state.

Next question, In Round 1 of the competitive bidding, we were allowed to submit all bid item manufacturer information (name, which is the main manufacturer of code, etc.,) on an Excel spreadsheet. Will we be allowed to do this in the Round 1 Rebid?

And no, you're going to provide the manufacturer, model name and the model number information on Form B in DBidS. Now this is different from Round 1. This time around, you're only providing us information for the top HCPCS codes in the product category; not all the codes as required in Round 1.

So it's a lot smaller amount that you're going to provide the information for. You can find more information about this requirement in the DBidS Reference Guide. And that's located on the Web site if you go to the Bidding Process section.

Another question they ask is, their company that's a non-profit corporation files a Form 990 with the IRS. Their fiscal year-end is 9/30. In November 2008 Company A merged with Company B and became the surviving entity maintaining its Federal Tax ID number but changing its legal name.

Company A can supply all the required financial documentation to submit a bid, but the last available tax form, which in their case is a Form 990, is for the 12-month period ending on September 30, 2008 which contains the same Federal Tax ID number but the old legal name. And they're asking will this be acceptable documentation. And yes, that is acceptable documentation.

We got a question: Will the units for which we submit bids match the units described in the DME MAC Supplier manuals? For example, one unit of Enteral is 100 calories and a unit of pump supply kits equals a supply kit for one day. And yes, the descriptions that you'll see in DBidS - and they're also on the Bidder Information charts - are the same as those provided by and used by the DME MACs.

So in order to ensure that you submit your bid correctly, you need to look at both the description of the code and the definition of the bidding unit. So for example, for the Enteral code, the B4150, the code descriptor, excuse me -- indicates that one unit equals 100 calories of enteral formula.

And then the bidding unit indicates that the bid is for a purchase amount basis. Therefore you're going to submit a purchase bid amount for one unit consisting of 100 calories of enteral formula. We've got a FAQ on the website that further explains the bidder information charts.

Next question, once the competitive bidding process is done for the Round 1 Rebid and going forward for future months, will a complete

list of approved suppliers specific to each region be made publicly available with their NPI numbers and addresses?

There will be a list of contract suppliers published in the supplier directory that's on the Medicare website. That's at [Medicare.gov](https://www.medicare.gov), and this directory provides the company name, the address, a phone number with maps and directions to the location. And it will also list the manufacturer, the model name, and the model number that's provided by contract suppliers in DBidS and on their quarterly updates which is Form C.

How will grandfathered suppliers be made public to beneficiaries and Medicare Advantage Organizations that have Medicare Advantage members?

The little bit of definition for grandfathered suppliers -- remember that this process only applies to beneficiaries who are currently renting the item from their supplier before the start of the program.

So the supplier has the option to become a grandfathered supplier and the beneficiary also can choose to continue to rent the equipment from the current supplier which would be referred to as the grandfather supplier or the beneficiary can choose to switch to a contract supplier. Grandfather suppliers are required to notify their Medicare customers in writing in advance of the implementation of the program as to whether they intend to become grandfather suppliers for the item.

Last Friday, as Martha just said, CMS announced final regulations that specify the notification requirements grandfathers must meet. And these regulations are on display at the Office of the Federal Register and Martha provided the website link to that. We also have the announcement posted on the homepage of our website.

As a startup company, our proforma financial statement reflect significant marketing expenditures during the proforma period that will equal increased net income subsequent to the proforma period. Thus we will be financially stronger in the future than the proforma presents. Will this be taken into account or how do we highlight this in the application?

Well this should be reflected in your proforma financial statement. Your proforma statement should be based on detailed financial projections and also your historical relationship between different income statements and your balance sheet accounts. And also you should describe this in your expansion plan on Form B in DBidS.

On licensing, it's been stated that current licensure will be confirmed with the NSC. However, the way that the NSC process currently works licensure is submitted when you first apply to the NSC and then on re-enrollment or if there is a change in information such as an address change.

Re-enrollment is at least three years from initial enrollment and is initiated by the NSC so licenses are not submitted to the NSC as they are renewed as that is not a request of the NSC. Are you saying that suppliers need to submit the current licensure to the NSC even when not requested? If so, has there been a process worked out with the NSC for them to accept the licensure?

Well the supplier standard which is standard number 2 requires that suppliers maintain the accuracy of the information on the enrollment form. So this would include having updated licensure information with the NSC. Therefore you are required to have your current licenses on file with the NSC.

This is not a change in the NSC procedures. And CMS has been sending email reminders since May for suppliers to be sure that the licensure on file with the NSC is current. And as I said earlier, we will be verifying this licensure with the NSC during the bid evaluation process. So please make sure that you have current licenses on file with the NSC.

Form B, bid sheet mentioned during the last Open Door Forum, specifically we would like a clarification of the total estimated capacity and the Bid Price fields. How should we estimate next year's capacity for each item? Should the bid price on each item be for the price of one item or for one delivery? Should we be working with any possible subcontractors to arrive at this capacity?

Now your capacity is the number of units that you can furnish per HCPCS code or payment class to Medicare beneficiaries in a calendar year. So to determine your capacity for each one of the HCPCS codes, you'll calculate the number of units that you currently furnish on a yearly basis and then add any additional units or capacity you will be capable of providing annually, at the start of the contract period.

So for items in the oxygen product category, you're going to provide your estimated capacity for one year, which is the number of units in the payment class you estimate that you can rent in a year. Your estimated capacity should be a realistic estimate of the number of units of an item that you'd be capable of providing for one year. And you will be expected of being able to sustain this level for the entire contract period.

Your estimated capacity should be based on the unit of an item and your bid price should be for one unit of an item. You will find the definition of a unit in DBidS and also explained in the bidding information charts that are on the website. If you're planning to expand

your business under the Competitive Bidding Program, then you should also complete the expansion plan on Form B in DBidS. If you're planning to use subcontractors, then you can factor in their expected assistance when you determine your capacity.

When will all the transcripts and the recordings of the calls be available? The links to the transcripts and the recordings are posted as soon as they're available. Currently they're available for the first six Open Door Forums. We anticipate that the last Open Call will be out there very soon and this one will follow that as soon as possible.

What will the CBIC notice procedure and cure process be for missing or incomplete bidding documents and information? Well Martha explained earlier the covered document review process but I'll go over it briefly again.

The covered document review date is November 21. And suppliers who submit their financial documents by this date will be notified 15 days after the close of bidding that any of the required financial documents are missing. Suppliers will have 10 business days after they receive that notification to submit the missing documents.

So it's important to remember that this notification is only to alert you of any missing documents; not whether the documents are complete or accurate. So please be very careful and make sure that you include all the pages for all the required documents. You need to go back before you put that in the mail and look and make sure you've got every single page that you intend to submit.

After bidding closes, you cannot submit revised versions of previously submitted documents. You can only submit those documents that we identify in the notification that we're missing. There's also a covered

document review factsheet out on the website and explains this process in great detail.

Again as a reminder, please put your bidder number on each page. If you don't put your bidder number on the document then your bid may be disqualified for further consideration. We've got to have that bidder number to ensure that we associate your hard copy document to the correct electronic bid.

And as Martha said earlier, you'll find that bidder number on the upper, right hand corner of Form A in DBidS. And you must complete an approved Form A before you are assigned that bidder number.

And the next question is, if a company supplies mail order diabetic supplies nationwide as is likely the case with all mail order suppliers, will they have to submit nine individual bids or one nationwide bid? If they must submit nine individual bids, please explain the rationale for that.

Well the supplier is going to complete one Form A and they're going to list all the locations on that Form A. And then the supplier will complete a separate Form B for each product category/ competitive bidding area combination. So if the supplier plans to bid on all nine CBAs for diabetic testing suppliers, then the supplier is going to complete one Form A and nine Form Bs.

The reason you do a separate Form B is because each one of those Form Bs asks specific questions about providing that product category in that particular CBA. There's also pre-populated information on Form B that is specific to that CBA such as the fee schedule amount and the top HCPCS codes.

The next question: clearly there are risks and serious disadvantages to overestimating your capacity. Is there a risk of underestimating your capacity? Conversely, is there any benefit to overestimating your capacity?

Again your estimated capacity should be a realistic amount -- a realistic estimate of the number of units of an item that you'd be capable of providing for one year beyond what you currently furnish on a yearly basis. So you need to calculate the number of units that you currently furnish on a yearly basis and add any additional number of units or capacity that you'd be capable of providing annually at the start of the contract period.

You'll be expected to sustain this level of capacity for the entire contract period. Your financial documents should reflect that you have the financial stability to provide the stated number of items. If you plan to expand, then we'll also review your expansion plan to assess your ability to furnish your estimated capacity. If your financial health and your expansion plan does not support your estimated capacity then we'll adjust your estimated capacity to your historical level.

Next question: how will the capacity estimates be used to evaluate individual bids? If a bidder increases its capacity estimates would that have any impact on the likelihood that his bid will be accepted?

Again, you need to submit your best estimate of your capacity. When we evaluate the capacity of a supplier that plans to expand its capacity and that means that the total estimated capacity exceeds their historical claims for that CBA or for that particular category then we're going to look at the expansion plan as well as the hard copy financial documents to determine if that supplier has the ability to furnish that estimated capacity.

If a bidder's financial health and their financial plan does not support the estimated capacity, then we'll adjust the capacity, as I said earlier, to that supplier's historic level. Now, adjustments to the capacity have no affect on whether or not a supplier is awarded a contract. There is a factsheet on the website that explains how we review expansion plans and capacity in more detail. And I encourage everyone to review that factsheet.

The next question: I see that E0776 for the IV pole furnished in conjunction with Enteral Nutrition is included in the bidding but what about the pump for PEN, code B9004. Is the pump for PEN not included in the bidding?

Well the Medicare Improvements for Patients and Providers Act or MIPPA of 2008 said that the Round 1 Rebid must include the same items that were included in Round 1. The E0776 IV pole can be used for both enteral and parenteral nutrition. Therefore it's included in the enteral product category for Round 1 and is therefore included in the Rebid of Round 1. The infusion pump, B9004, is only used for parental nutrition which is not included in the competitive bidding program.

The next question, if a provider is awarded a bid in a given CBA and its service location is subsequently required to relocate due to a natural disaster or a government action such as imminent domain what steps should the provider take to ensure there is no interruption in service?

Well this process is the same that would be followed today. If a natural disaster occurs then CMS will issue specific instructions to the suppliers in the affected areas and also to the DME MACs on how to process the claims.

The next question: is the bid amount based on the 2008 Fee Schedule or the 2009 Fee Schedule? And it's based on the 2009 Fee Schedule amount. Your bid amount must be equal to or less than the 2009 Fee Schedule amount. You can find these amounts on the Bidding charts on the website and they're also published on Form B in the bidding system or DBidS.

The next question: Do the 2008 units reported in the bidding worksheet for capped rental items include only patients that reach the capped rental limit or do they include all patients? If they include all the patients, was a patient that only had a few months rental be reported as a partial unit or as a complete unit?

Well the numbers that include that are on the bidding worksheet, they include all beneficiaries who are furnished the item regardless of the number of months the beneficiary rented the item. However, you'll notice that in some cases the utilization number is greater than the beneficiary count. That is because the beneficiary used the item for less than 10 months. For competitive bidding purposes, 10 months of rental are calculated as one unit. And that explanation is on those charts too as a reminder.

The next question: Why are recently created CPAP HCPCS codes not included in competitive bidding, A7027 which is an oral nasal mask, A7028, an oral cushion, and A7029, which is nasal pillows. Again, MIPPA requires that we bid the same items and services in the rebid that we previously bid in Round 1 with certain limited exceptions and since these codes were not included in the first round because they weren't effective until January 1st, 2008 they're not included in the rebid.

Next question: We are scheduled to open a new branch office in January 2010 in Orlando to supplement the 3 existing branches we

have in the CBA. This branch does not yet have an NSC or NPI number, but will by the time the competitive bidding is effective in January 2011. How should we report this branch on the bid forms?

Well you can only include locations or branches that have an active NSC number; that have been accredited and possess the applicable surety bonds and state license. So you should not include the branch that you anticipate opening in January 2010.

Only those locations that are included on Form A will be included in the contract offer. Should you be awarded a contract then you'll be given instructions on how new locations can be added to your contract and what requirements must be met.

Next question, we're bidding as a pharmacy supplier under the DMEPOS competitive bidding program.

Looking at the state licensure guide on the Palmetto GBA website, if you have a pharmacy license in any of the ten MSAs you're not required to have a DME license. Do we need to submit with our hard-copy bid package our pharmacy license for all the states we're bidding in?

Well, first of all, do not include your licenses with your hard-copy package. You only include those documents that are listed in the RFB. Don't send us anything else. But your required licenses must have been submitted to the NSC when you submit your bid. Again, we're going to validate the licensure requirements with the NSC during the bid evaluation process. Remember, those guides on the website are only guides and are only for in-state locations.

Since you're out of state, it's very important that you check with the applicable state agency and not depend upon the guides on the website.

You could find the contact information for the state licensing agencies on these guides.

Next question: What if my location borders another state and it's licensed to provide services in both states; however, my NSC file is only showing the license for one state. I have submitted the additional license and the NSC is telling me they have 60 days to update my file. Must my license be on file at the NSC before my authorized official can certify Form A?

Well again, you must have all required licenses with the NSC at the time you submit your bid and certify your bid and that includes both Form A and Form B. However, you can go ahead and approve Form A.

Next question: If we complete Form A, can we add additional locations once we get our Medicare provider numbers for those locations assuming that we get the numbers prior to the close of bidding?

And again, the locations that you list on Form A must have active NSC numbers, must be accredited and possess the applicable state license and surety bonds. Once your new locations meet all these requirements and only if they meet these requirements. And you can go back and modify Form A and add these locations.

Now remember if you modify Form A then you've got to have the authorized official approve it again or the backup authorized official and also recertify Form B prior to the close of bidding.

Next question: If a supplier's been in business for less than one year there would be no tax return filed yet since calendar year 2009 is not

completed. Is the income statement balance sheet and statement of cash flow with actual and projected data sufficient?

Well if there is no tax return then the tax return is not required. But you should submit actual and proforma data equal with the length of time that you've been in business. And you must submit the three required financial statements, your credit report, and your credit score. If the credit report is not available for the business yet then the principal business owner must supply a personal credit report with a numerical score.

Is the - next question: Is the credit report supposed to be submitted with the financial statements when submitting by the November 21 for the covered document review date process?

And, yes, the credit report and the credit score are considered financial documents and they must be submitted along with all the other required financial documents and other documents. You must submit a credit report again that includes a credit score.

Now to clarify, the CDRD process does not mean that you only submit your financial documents by this date. As Martha said earlier, you should submit all the required documents in one package, at one time.

However, the CDRD process only reviews the financial documents to determine if any financial documents are missing. So for example, if you're bidding as a network and you don't include a certification statement, then that document will not be identified on the notification of missing financial documents through the CDRD process.

Again, please, please, please review the request for bid instructions for complete information on the hard-copy documents that must be

submitted and carefully review the documents before you send them to us.

Next question: Can the provider I subcontract with provide products from his inventory and sell it to me whenever I instruct him to deliver it to the patient? Is there any guidance on when the product title has to transfer to the provider during the billing? Can patients contact my subcontractors instead of me?

Well the supplier standards require that you must own the inventory at the time it's furnished to the beneficiary. So as the contract supplier you're responsible for the overall service of furnishing the item and for coordinating the care for the beneficiary in compliance with the physician order and the Medicare rules and guidelines.

So to be in compliance with the supplier standards and the quality standards, it's expected that Medicare beneficiaries, and the referral agents, will communicate with the primary supplier to arrange for furnishing of the items and services. If a Medicare beneficiary contacts a non-contract supplier for an item, then that non-contract supplier should refer the beneficiary to a contract supplier who must provide the item from his own inventory.

And the contract supplier must adhere to the contract subcontracting standards. And remember they can only subcontract for the purchase of inventory, for the delivery and instruction of the Medicare covered item, and for the repair and maintenance of rented items. The contract supplier is ultimately responsible for services furnished to beneficiaries and subcontractors are not allowed to do everything. Please review the subcontracting factsheet that's on our website and also there are FAQs out there on subcontracting as well.

Next question: I'm preparing to register for my bidder number on Form A. I read and was under the impression that I only need one NSC number for the bidding process, but when adding a new CBA physical location, it asks for the NSC number for this location. Do I use the same bidder number from location number 1 or use the NSC number for that location?

Okay, remember your bidder number is assigned by the bidding system or DBidS once you complete an approved Form A. And in most cases you're going to complete one Form A with all your locations. And then you'll be asked to provide specific information for each location.

The NSC number that you registered with will appear first so you should provide location-specific information for that location first. And then you can provide location-specific information for all your other locations. You'll have one bidder number for all your locations and you don't enter that bidder number anywhere in the DBidS system.

So for further information, please go to the DBidS Reference Guide that we mentioned earlier that's located under the bidding process. This guide will walk you through each step of the bidding process in DBidS.

And our last question: Our company is licensed in one state and does CPAP mail order business nationwide. Will we be required to be licensed in each state and do we need an office in each state?

Well again, you're required to have the applicable state licenses for each CBA for which you're submitting a bid. So if you're doing one in each state then you need to contact the state agency to find out what the licensure requirements are. This policy is applicable to any

supplier not just those that are participating in the competitive bidding program.

And again there's that licensure guide on our website that provides the contact information for each state licensing agency and please contact the agency for the state requirements. The licensure must be on file at the NSC at the time you submit your bid. Some states require that you have a physical location in the state before you obtain a license and others do not.

The competitive bidding program does not require that you be physically located in the competitive bidding area -- excuse me -- in order to bid for that CBA unless the state requires you to have a physical location to get the state license. Now it's important to remember that the supplier and the quality standards require that the location that receives the physician's order, performs all intake activities, and provides the item to the beneficiary be the one that's listed on the claim form.

Okay, that completes the questions that were submitted to us prior to the teleconference. And now we'll open it up for your other questions.

Operator: At this time I would like to remind everyone, in order to ask a question, please press star then the number 1 on your telephone keypad. We'll pause just for a moment to compile the Q&A roster. And our first question comes from Deanne Birch from Utah. Your line is now open.

Deanne Birch: Yes, I have a question regarding capacity. You indicated that our capacity should be based on the number of units that we're currently providing for that competitive bid product. But what if our capacity or what we currently provide, let's just say it's \$5 million for that product but that is not necessarily for Medicare beneficiaries and perhaps \$1

million of that \$5 million was provided to Medicare beneficiaries.
Would we not base our capacity on the \$5 million number versus the \$1 million number?

Cindy Dreher: I'll say it again, it's not based on dollar amounts, remember. It's based on units. And how many of these items can you furnish in a calendar year.

Deanne Birch: Okay so let me rephrase that.

Cindy Dreher: Yes. So don't relate it to dollar amounts. But to answer your question, yes we want to know how many of these items can you provide to Medicare beneficiaries in a calendar year.

Deanne Birch: So we would not use the number of units that we provided for that particular category overall?

Cindy Dreher: Yes. The question is how many of these items are you capable that you estimate that you're capable of providing in a calendar year to Medicare beneficiaries.

Deanne Birch: So when you say that you will look at historical claim data to document that, you're going to look at what was actually billed by that supplier?

Cindy Dreher: Right.

Deanne Birch: Okay, thank you.

Cindy Dreher: Thank you.

Operator: Your next question comes from Lisa Getson from California. Your line is now open.

Lisa Getson: Good afternoon and thank you very much for the call. Our question also is centered around capacity. I want to emphasize that we understand a lot of basic assumptions about capacity. We understand how CMS will estimate the total size of the market in each CBA as though it were the third year of the contract.

We understand how to report our current units or capacity for both Medicare and non-Medicare. We understand that CMS will review the financials to support the growth in capacity and adjust that number downward if the financials don't support the growth or expansion plan.

But what is not exactly clear to us and we would appreciate it if you could illuminate us on this, is how CMS in the CBIC will use the factor known as the growth capacity which is 4B on the form itself when determining the final number of winners or the pivotal bid?

In other words, when CMS arrays the final qualified bidders from lowest composite price to the highest composite price, does CMS plan to use A) the current capacity that's been reported or B) the growth in the capacity that the provider is capable of providing? And therefore when that factor is used that obviously determines what the pivotal bid is and how many final winners are allowed into the pool.

So the question really is how do you plan to use the capacity factor when you're arraying the qualified bidder from lowest to highest and determining the cutoff point or pivotal bid?

Cindy Dreher: Okay, Lisa, thanks for the question. What we will do, as we said earlier, we will look at the supplier's estimated capacity. Then we're going to validate that estimated capacity. If their estimated capacity is exactly as the historical capacity is in the past, they haven't stated any kind of growth capacity then we'll go with that.

If they state some type of growth capacity then we're going to go back and look at their historical capacity. We're going to also look at their financial documents to determine whether that supplier has the financial stability to grow to reach that capacity. And then we'll also go to look at the expansion plan to see how that supplier intends to be able to provide items to the Medicare beneficiaries at that level of growth.

Once we have enough suppliers who can supply every item in the product category then that's when we reach that pivotal point. That's the point where the demand meets the capacity. And so it will be a generous capacity. In other words, we're going to be actually awarding contracts to more than enough suppliers to meet the demand for the Medicare beneficiaries.

And to give you a little example, we might have 20 suppliers who can meet the demand for 15 of the 20 items in a product category. We're going to keep going until we have enough suppliers to meet the demand for every single item in that product category. So there is a built-in cushion used in this process that ensures that we have enough suppliers to meet the capacity - I mean to meet the demand. I'm sorry. Did I answer your question?

Lisa Getson: Yes and additional information is helpful. Basically if someone has 5% of the capacity today or share and they report that they can grow to ten and the financials support it and the plan is well thought of, etc., then you're saying that you'll put them down, if you will, for the ten?

Cindy Dreher: That's right.

Lisa Getson: Okay, thank you very much Cindy.

Cindy Dreher: Thank you.

Operator: Your next question comes from Joe Aguilar from Florida. Your line is now open.

Bill: Hi, I'm Bill from Breathe Rite. I'm trying to fill out the Form B, Number 4A under the positive airway pressure device there is a CPAP, BIPAP, and ASV. Now my question is that different, separate form? Or is it in one?

Cindy Dreher: I'm sorry I'm not following where you are. Which question are you trying to complete?

Bill: Number 4A.

Cindy Dreher: Okay, we're going to have to - look I can't remember every single question, its number, off the top of my head. So let's see, 4A says- what's the specific question? Is it asking about manufacturer information or your geographic area?

Bill: No, my question is, under the positive airway pressure device there's CPAP out to BIPAP and ASV. So is that all part of the airway pressure? Should I write all of them in this one sheet or I should make a different, separate form?

Cindy Dreher: Oh you're trying to complete a paper form?

Bill: Yes, yes.

Cindy Dreher: Oh no, you have to be in the system, Joe. You're going to have to login to the - have you already registered?

Bill: Yes.

Cindy Dreher: All right, then you're going to have to go into the DBidS system and complete it. Those paper forms that are provided on the website are just for informational purposes. So you don't use those. Go into the system. And also please refer to the DBidS Guide.

Bill: Yes?

Cindy Dreher: And that will help you a lot in completing the application. And also when you're in DBidS, you'll see a little "i" icon in the corner. If you click on that it gives you additional helpful information. Go into the DBidS system to complete your application.

Bill: All right. Okay, I'll do that. Thank you.

Cindy Dreher: If you have any problems then give us a call.

Bill: All right, thank you.

Cindy Dreher: Thank you.

Operator: Your next question comes from Linda Penchanaski from Florida. Your line is now open.

Albert: Hi this is Albert. I've got a question on Form B; it's question 3, it has two parts to it. The first part, indicate the counties in CBA where you currently furnish this product category. And the second part is, indicate the percentage of the total geographic area, all counties where you currently furnish items in this product category.

I'm having trouble with both parts of this thing. How do I correlate the zip codes that you gave us to counties?

Cindy Dreher: Okay, okay again remember that there will be some zip codes that don't contain the entire county. And again, we are not looking here for specifics; we just want estimates to this question. And so if you can figure out how many beneficiaries again, look at the zip codes.

We provided a map on the Web site that also displays the counties. But we're just wanting to know how many beneficiaries in that area do you serve and of that beneficiaries, how many are Medicare.

And then the next question that talks about the geographic area, but just give us an estimate of what, how much of that geographic area do you serve. And then again that's the CBA which is just the zip codes and then of that, how many are Medicare.

Albert: Okay. And then on the second part where indicates a percentage of total geographic area; we're a mail order business. So if we have a customer in a county do we include that whole county?

Cindy Dreher: I'm trying to figure what you're asking me. If you've got a customer, just one customer, in a county?

Albert: How do I figure a percentage of a total geographic area?

Cindy Dreher: All right, to figure the percentage for your total geographic area you're going to need -- again, we're just looking for estimates here -- so what we want you to do is look at your patient base and of that patient base, how many of those are in that geographic area.

So again if you only serve one beneficiary in an entire county and that entire county all the zip codes are not located within the CBA then I wouldn't include that one because that's not a good representation.

Albert: Oh okay, I think I'm getting it. It's basically you try to figure out how many counties we can serve?

Cindy Dreher: Well we want to know how many counties you serve now.

Albert: Okay.

Cindy Dreher: It's not a future question. We're asking you right now, what does your demographics look like?

Albert: Okay, so we basically just want to include counties that the whole county is included in the zip code list that you gave us, not the ones that are partially included in the list of zip codes.

Cindy Dreher: I know that's a little complicated there because we may have an entire county and only one zip code that's included in that county so just an estimate for those counties would be helpful.

Albert: Okay. Thank you.

Cindy Dreher: Thank you.

Operator: Your next question is from Mike Walsh from Utah. Your line is now open.

Mike Walsh: Hello, thank you very much for the call. Two very brief questions, one is if we bid in multiple CBAs and somehow we inadvertently don't meet the licensure requirement in a given CBA, does that only disqualify us from receiving a contract in that one CBA for which we didn't meet the licensure requirements? Or does it affect our entire bid?

Cindy Dreher: It would affect that location that's not licensed.

Mike Walsh: Okay. Very good, so every CBA for which we do meet the licensure requirements, we'd still be - our bid will still be valid?

Cindy Dreher: That's right.

Mike Walsh: Okay, thank you and the other one is, if we use our distributor -- we're a mail order company -- and if we have our distributor drop ship supplies to beneficiaries would that distributor have to be listed as a subcontractor? Or does that fall outside of the scope of that definition?

Cindy Dreher: A subcontractor on the supplier standards is somebody that does deliver. So again, if you use somebody to deliver your products then it would be included as a subcontractor.

Mike Walsh: Okay. And would that include both the distributor and the postal carrier?

Cindy Dreher: Yes.

Mike Walsh: Okay. Thank you very much.

Cindy Dreher: And when you talk about postal carrier, again, that may be in my mind I was thinking like a Federal Express or UPS, some common carrier not a postal carrier.

Mike Walsh: I'm sorry. So like the United States Postal Service, would that be considered a subcontractor?

Cindy Dreher: No, no.

Mike Walsh: Okay.

Cindy Dreher: Just if you use a common carrier.

Mike Walsh: Okay. So then but the distributor that's sending the supplies through US Postal would be considered a subcontractor?

Cindy Dreher: Again, now for instance, you don't use - you don't have a subcontracting agreement with like Fed Ex or UPS or?

Mike Walsh: Correct.

Cindy Dreher: Okay. Then if there's no kind of agreement in place with a common carrier like that then no -- I'm sorry, I'm talking in circles to you and I apologize -- but that would not be considered a subcontractor. If you subcontract with somebody that is not a common carrier, it's a delivery service, then that would be considered a subcontractor. Does that make sense?

Mike Walsh: Okay, yes that does. It helps a lot. And so the company that I buy my supplies from that I would have drop shipping it to the customer, would they be considered a subcontractor if they're sending it to a beneficiary instead of to me?

Cindy Dreher: Yes because you're buying it from that - right? You said you're buying it from them so that would be considered a subcontractor.

Mike Walsh: Okay, thank you very much.

Cindy Dreher: Thank you.

Natalie Highsmith: Okay Christy, we have time for one final question.

Operator: Okay our final question is from Jennifer Pressotto from Tennessee. Your line is now open.

Jennifer Pressotto: Good afternoon. I was questioning as far as with the NSC as far as getting our data files updated. We've only recently submitted other state licenses. We only have one location. But we're actually licensed in several states. But previously they had only requested of us the license for our physical location to be on file.

So as I said we've only recently submitted that information. And I'm just wondering if they putting a priority on those types of 855 submissions where we're updating that licensure with them?

Cindy Dreher: Not to my knowledge, Jennifer. They're not prioritizing the licensure submissions. So it would be the usual standard processes.

Jennifer Pressotto: Okay. So what happens if they haven't updated our file by the time our bid is submitted?

Cindy Dreher: If the licensure is not on file with the NSC then that your bid would be disqualified. Because the requirement is that you have the licensure on file at that time.

Jennifer Pressotto: Okay. So since the NSC was the one that was telling us only to have our physical location license on file, I mean isn't that a conflict?

Cindy Dreher: No we've been educating since May that you need to have applicable license for each state in which you do business. So you're saying that you're doing business in a state that you don't have the physical location?

Jennifer Pressotto: Correct.

Cindy Dreher: All right. Then you need to contact that state agency and find out what licenses are required for that state.

Jennifer Pressotto: No, no we've always had the licenses. We just haven't had them on file with the NSC because the NSC told us to only send the license for our physical location.

Cindy Dreher: I'm not aware of that process with the NSC. It's been my understanding and I believe this is correct that you have to have the license on file for every state in which you do business.

Jennifer Pressotto: Okay that's not been the answer that we've received in the past. But I mean we'll certainly be more careful to update it going forward.

Cindy Dreher: Okay.

Jennifer Pressotto: But.

Cindy Dreher: And we will be verifying that you are licensed in that CBA before we can award the contract.

Jennifer Pressotto: Right which we are. Like I said, we've had the licenses the whole time; we just haven't had them on file with the NSC.

Cindy Dreher: Okay.

Jennifer Pressotto: Thank you.

Cindy Dreher: Thank you.

Natalie Highsmith: Okay, Cindy - I'm sorry. Not Cindy, Christy, we're going to go ahead and end the call now. And I'll turn the call over to Martha for closing remarks.

Martha Kuespert: Thank you Natalie and thanks everyone again who joined us for these Special Open Door Forum Bidders' Conferences. We are very, very

interested in your feedback about these series of calls. So if you have any comments you'd like to share with us, please email us at CBIC.admin@PalmettoGBA.com .

And although our bidders' conferences are now over, we are still here to assist you throughout the bidding process. You can find the Round 1 Rebid competitive bidding areas, product categories, DBidS information, bidders' charts, educational materials, and complete request for bid instructions on the CBIC website, which is www.DMECompetitiveBid.com .

And of course, you can also contact the CBIC customer service center at 1-877-577-5331 and that's open Monday through Friday, 9:00 am through 9:00 pm Eastern time. And thank you very much.

Natalie Highsmith: Christy, can you tell us how many people joined us on the call today?

Operator: We had 333 participants.

Natalie Highsmith: Wonderful, thank you.

Operator: And this now concludes today's conference call. You may now disconnect.

END