

## Bid Evaluation Process

### Product Categories

CMS Final Rule states that HME providers bid on the right to service Medicare beneficiaries in selected competitive bidding areas (CBAs) with selected products. Products affected by the competitive bidding process are broken down into product categories. Bidding is done by product category and requires bidders to submit bids on multiple items (by HCPC code) within the category. **Bidders may bid in any or all product categories, but MUST bid on ALL products within the product categories they elect to bid.**

Round One Rebid Product Categories:

- Oxygen Supplies & Equipment
- Standard Power Wheelchairs, Scooters, and Related Accessories
- Complex Rehab Power Wheelchairs and Accessories (Group 2)
- Mail-Order Diabetic Supplies
- Enteral Nutrients, Equipment, and Supplies
- CPAP and RADs
- Hospital Beds
- Walkers
- Support Surfaces (Group 2 in Miami)

### Supplier Capacity

Bidding suppliers are required to estimate the amount of products (by HCPC code) that they realistically anticipate having the ability to provide.

The specific process for determining a supplier capacity number has not been released. CMS has stated that they will be using a record of previous Medicare billing by supplier, along with the bid capacity amount to determine a supplier's capacity. The process is a bit arbitrary, and is not transparent.

*Note: For the purposes of this example we will be using a method similar to the process industry analysts anticipate will be used by CMS. **Understand that this does not necessarily give an exact method for calculating what CMS will determine to be your capacity.** We will be using a composite weighted capacity number. Each individual HCPC code will be given a weighted capacity, which will be the product of the capacity (provided by the bidder per HCPC code) and the bid weight (provided on the RFB). The composite capacity will be the sum of the individual weighted capacities for the product category.*

### Bidding

Bidders are required to submit an individual bid amount for each product (by HCPC code) within the product categories they chose to bid. Form B may only be submitted when a bid amount has been submitted for ALL products within a given product category. Bid amounts cannot exceed the current fee schedule amount. Bid limits are available on each CBAs request for bid sheet (RFB).

Bid amounts include the cost of:

- Furnishing the item throughout the CBA
- Providing the item and all services related to the item, including:
  - Beneficiary training

- Follow-up
- Manufacturer shipping charges
- Maintenance of rented equipment
- Delivery
- Set-up
- Retrieval
- Providing the item for the entire duration of the bidding contract period
- Provisions of non-discrimination
  - Medicare beneficiaries must receive the same products the contract supplier makes available to other customers, including:
    - Brand names
    - Makes
    - Models
- Furnishing items on either a rental or purchase basis

### **Product Weights**

Products within the product categories are weighted based on utilization. The weights are assigned not by cost or Medicare reimbursement dollars, but instead utilization. The more a product is billed to Medicare, the higher its bid weight will be. Low cost-high utilization products have high weights, whereas high cost-low utilization products will have lower bid weights.

For example, see product category Standard Power Mobility Devices. HCPC code E2365, Sealed Lead Acid Battery, has a bid limit of \$112.17 and a bid weight of .1555523791. All Group 1 and Group 2 Mobility Devices (17 total HCPC codes) have a combined bid weight of .121802869. The Group 1 and Group 2 Mobility Devices have reimbursement amounts ranging from \$1,292.77 to \$6,269.30, and an average of \$3,245.81. The mobility devices themselves, the product the category surrounds, have less total bid weight than one particular type of battery.

When weights are applied within the product category, the effect is to possibly distort the composite bid amount in a way that is not immediately obvious.

### **Composite Bid**

CMS will aggregate individual bids into a composite bid, giving a means of comparing bidders with each other. The “**composite bid**” will be equal to the sum of the weighted bids within the product category.

### **Pivotal Bid**

The “**pivotal bid**” is the point at which beneficiary demand for the CBA has been met by aggregate supplier capacity. CMS starts with the lowest bona fide bid, and works toward the highest, until demand is met. The last bid taken (the highest bid) is the pivotal bid. Bidders with composite bid amounts at or below the pivotal bid (and meeting all other eligibility requirements) are considered “winning bidders” and will be offered a contract by CMS. Bidders submitting bids above the pivotal bid amount will generally be non-contract suppliers.

## Bidding Process Example

For this example, a condensed version of the RAD & CPAP category will be used. Bidders will be bidding on **five selected products (by HCPC code)**.

<b>HCPC</b>	<b>Description</b>	<b>Bid Weight</b>	<b>Bid Limit</b>
<b>E0601</b>	<b>CPAP</b>	<b>0.120</b>	<b>\$1,117.10</b>
<b>E0470</b>	<b>Bi-Level w/o Backup</b>	<b>0.260</b>	<b>\$2,566.00</b>
<b>E0471</b>	<b>Bi-Level w/Backup</b>	<b>0.220</b>	<b>\$5,421.70</b>
<b>A7030</b>	<b>Face Mask</b>	<b>0.080</b>	<b>\$188.64</b>
<b>A7035</b>	<b>Headgear</b>	<b>0.320</b>	<b>\$35.76</b>

Notice that each HCPC code has been assigned a **bid weight**, determined by product utilization. Also notice that the sum of all bid weights in the product category is 1, or 100%.

<b>HCPC</b>	<b>Description</b>	<b>Bid Weight</b>	<b>Bid Limit</b>
<b>E0601</b>	<b>CPAP</b>	<b>0.120</b>	<b>\$1,117.10</b>
<b>E0470</b>	<b>Bi-Level w/o Backup</b>	<b>0.260</b>	<b>\$2,566.00</b>
<b>E0471</b>	<b>Bi-Level w/Backup</b>	<b>0.220</b>	<b>\$5,421.70</b>
<b>A7030</b>	<b>Face Mask</b>	<b>0.080</b>	<b>\$188.64</b>
<b>A7035</b>	<b>Headgear</b>	<b>0.320</b>	<b>\$35.76</b>

**Bid limits** are assigned to each HCPC code. Limits generally match the current Medicare reimbursement allowable for the CBA. Bids submitted will only be accepted if they fall at least \$0.01 under the bid limit.

<b>HCPC</b>	<b>Description</b>	<b>Bid Weight</b>	<b>Bid Limit</b>
<b>E0601</b>	<b>CPAP</b>	<b>0.120</b>	<b>\$1,117.10</b>
<b>E0470</b>	<b>Bi-Level w/o Backup</b>	<b>0.260</b>	<b>\$2,566.00</b>
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<b>A7030</b>	<b>Face Mask</b>	<b>0.080</b>	<b>\$188.64</b>
<b>A7035</b>	<b>Headgear</b>	<b>0.320</b>	<b>\$35.76</b>

HCPC codes within the product category, product descriptions, bid weights, and bid limits are all available on each CBAs RFB. Based on the given information, suppliers will submit bids for each individual HCPC code.

For this example, nine companies will be submitting bids:

- HomeMed
- ResCare
- O<sub>2</sub> Pros
- MedMart
- Bob's Medical
- RespAir
- Oxygen Plus
- ABC Medical
- HomeEquip

A few assumptions are made for this example:

- All bidding companies meet all requirements
- Beneficiary demand for the area is 2500

On the bid sheet, suppliers will have control over two items:

1) The **bid amount** for each HCPC code

**HomeMed**

HCPC	<u>Bid Amount</u>	<u>Bid Capacity</u>	<u>Weighted Bid</u>	<u>Weighted Capacity</u>
E0601	\$949.54	200	\$113.94	24
E0470	\$2,236.51	500	\$581.49	60
E0471	\$5,022.85	400	\$1,105.03	48
A7030	\$169.78	150	\$13.58	18
A7035	\$31.99	600	\$10.24	72

Composite Bid: \$1,824.28  
Capacity: 222

**ResCare**

HCPC	<u>Bid Amount</u>	<u>Bid Capacity</u>	<u>Weighted Bid</u>	<u>Weighted Capacity</u>
E0601	\$1,052.23	300	\$126.27	78
E0470	\$2,248.53	600	\$584.62	156
E0471	\$4,869.54	300	\$1,071.30	78
A7030	\$159.52	250	\$12.76	65
A7035	\$32.85	600	\$10.51	156

Composite Bid: \$1,805.46  
Capacity: 533

**O<sub>2</sub> Pros**

HCPC	<u>Bid Amount</u>	<u>Bid Capacity</u>	<u>Weighted Bid</u>	<u>Weighted Capacity</u>
E0601	\$1,061.25	450	\$127.35	99
E0470	\$2,309.40	800	\$600.44	176
E0471	\$5,204.83	600	\$1,145.06	132
A7030	\$160.34	350	\$12.83	77
A7035	\$29.32	850	\$9.38	187

Composite Bid: \$1,895.07  
Capacity: 671

**MedMart**

HCPC	<u>Bid Amount</u>	<u>Bid Capacity</u>	<u>Weighted Bid</u>	<u>Weighted Capacity</u>
E0601	\$1,058.55	600	\$127.03	48
E0470	\$2,181.10	1000	\$567.09	80
E0471	\$5,054.54	1000	\$1,112.00	80
A7030	\$158.85	250	\$12.71	20
A7035	\$33.80	1500	\$10.82	120

Composite Bid: \$1,829.63  
Capacity: 348

**Bob's Medical**

HCPC	<u>Bid Amount</u>	<u>Bid Capacity</u>	<u>Weighted Bid</u>	<u>Weighted Capacity</u>
E0601	\$1,040.00	25	\$124.80	8
E0470	\$2,412.63	75	\$627.28	24
E0471	\$5,225.80	50	\$1,149.68	16
A7030	\$169.65	30	\$13.57	10
A7035	\$29.85	125	\$9.55	40

Composite Bid: \$1,924.88  
Capacity: 98

**RespAir**

HCPC	<u>Bid Amount</u>	<u>Bid Capacity</u>	<u>Weighted Bid</u>	<u>Weighted Capacity</u>
E0601	\$998.58	60	\$119.83	19
E0470	\$2,284.52	120	\$593.98	38
E0471	\$4,822.33	100	\$1,060.91	32
A7030	\$165.25	50	\$13.22	16
A7035	\$32.28	200	\$10.33	64

Composite Bid: \$1,798.27  
Capacity: 170

**Oxygen Plus**

HCPC	<u>Bid Amount</u>	<u>Bid Capacity</u>	<u>Weighted Bid</u>	<u>Weighted Capacity</u>
E0601	\$1,011.25	150	\$121.35	48
E0470	\$2,185.61	300	\$568.26	96
E0471	\$5,250.85	225	\$1,155.19	72
A7030	\$171.25	150	\$13.70	48
A7035	\$31.25	300	\$10.00	96

Composite Bid: \$1,868.50  
Capacity: 360

**ABC Medical**

HCPC	<u>Bid Amount</u>	<u>Bid Capacity</u>	<u>Weighted Bid</u>	<u>Weighted Capacity</u>
E0601	\$995.85	150	\$119.50	48
E0470	\$2,364.25	200	\$614.71	64
E0471	\$4,995.35	190	\$1,098.98	61
A7030	\$168.75	40	\$13.50	13
A7035	\$33.50	150	\$10.72	48

Composite Bid: \$1,857.40  
Capacity: 234

**HomeEquip**

HCPC	<u>Bid Amount</u>	<u>Bid Capacity</u>	<u>Weighted Bid</u>	<u>Weighted Capacity</u>
E0601	\$1,055.80	200	\$126.70	64
E0470	\$2,245.54	500	\$583.84	160
E0471	\$5,125.25	400	\$1,127.56	128
A7030	\$154.56	150	\$12.36	48
A7035	\$30.85	500	\$9.87	160

Composite Bid: \$1,860.33  
Capacity: 560

## 2) Capacity per HCPC code

### HomeMed

HCPC	<u>Bid</u> Amount	<u>Bid</u> Capacity	<u>Weighted</u> Bid	<u>Weighted</u> Capacity
E0601	\$949.54	200	\$113.94	24
E0470	\$2,236.51	500	\$581.49	60
E0471	\$5,022.85	400	\$1,105.03	48
A7030	\$169.78	150	\$13.58	18
A7035	\$31.99	600	\$10.24	72

Composite Bid: \$1,824.28  
Capacity: 222

### ResCare

HCPC	<u>Bid</u> Amount	<u>Bid</u> Capacity	<u>Weighted</u> Bid	<u>Weighted</u> Capacity
E0601	\$1,052.23	300	\$126.27	78
E0470	\$2,248.53	600	\$584.62	156
E0471	\$4,869.54	300	\$1,071.30	78
A7030	\$159.52	250	\$12.76	65
A7035	\$32.85	600	\$10.51	156

Composite Bid: \$1,805.46  
Capacity: 533

### O<sub>2</sub> Pros

HCPC	<u>Bid</u> Amount	<u>Bid</u> Capacity	<u>Weighted</u> Bid	<u>Weighted</u> Capacity
E0601	\$1,061.25	450	\$127.35	99
E0470	\$2,309.40	800	\$600.44	176
E0471	\$5,204.83	600	\$1,145.06	132
A7030	\$160.34	350	\$12.83	77
A7035	\$29.32	850	\$9.38	187

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Capacity: 671

### MedMart

HCPC	<u>Bid</u> Amount	<u>Bid</u> Capacity	<u>Weighted</u> Bid	<u>Weighted</u> Capacity
E0601	\$1,058.55	600	\$127.03	48
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A7030	\$158.85	250	\$12.71	20
A7035	\$33.80	1500	\$10.82	120

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Capacity: 348

### Bob's Medical

HCPC	<u>Bid</u> Amount	<u>Bid</u> Capacity	<u>Weighted</u> Bid	<u>Weighted</u> Capacity
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A7030	\$169.65	30	\$13.57	10
A7035	\$29.85	125	\$9.55	40

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### RespAir

HCPC	<u>Bid</u> Amount	<u>Bid</u> Capacity	<u>Weighted</u> Bid	<u>Weighted</u> Capacity
E0601	\$998.58	60	\$119.83	19
E0470	\$2,284.52	120	\$593.98	38
E0471	\$4,822.33	100	\$1,060.91	32
A7030	\$165.25	50	\$13.22	16
A7035	\$32.28	200	\$10.33	64

Composite Bid: \$1,798.27  
Capacity: 170

### Oxygen Plus

HCPC	<u>Bid</u> Amount	<u>Bid</u> Capacity	<u>Weighted</u> Bid	<u>Weighted</u> Capacity
E0601	\$1,011.25	150	\$121.35	48
E0470	\$2,185.61	300	\$568.26	96
E0471	\$5,250.85	225	\$1,155.19	72
A7030	\$171.25	150	\$13.70	48
A7035	\$31.25	300	\$10.00	96

Composite Bid: \$1,868.50  
Capacity: 360

### ABC Medical

HCPC	<u>Bid</u> Amount	<u>Bid</u> Capacity	<u>Weighted</u> Bid	<u>Weighted</u> Capacity
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E0470	\$2,364.25	200	\$614.71	64
E0471	\$4,995.35	190	\$1,098.98	61
A7030	\$168.75	40	\$13.50	13
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Composite Bid: \$1,857.40  
Capacity: 234

### HomeEquip

HCPC	<u>Bid</u> Amount	<u>Bid</u> Capacity	<u>Weighted</u> Bid	<u>Weighted</u> Capacity
E0601	\$1,055.80	200	\$126.70	64
E0470	\$2,245.54	500	\$583.84	160
E0471	\$5,125.25	400	\$1,127.56	128
A7030	\$154.56	150	\$12.36	48
A7035	\$30.85	500	\$9.87	160

Composite Bid: \$1,860.33  
Capacity: 560

Although bidders will not actually see this process happen, bid weights will then be applied to submitted bids. The **weighted bid amount** is simply the product of the bid weight and bid amount.

**HomeMed**

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A7030	\$169.78	150	\$13.58	18
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Composite Bid: \$1,824.28  
Capacity: 222

**ResCare**

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Capacity: 533

**O<sub>2</sub> Pros**

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Composite Bid: \$1,829.63  
Capacity: 348

**Bob's Medical**

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**RespAir**

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**Oxygen Plus**

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Capacity: 360

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A7030	\$154.56	150	\$12.36	48
A7035	\$30.85	500	\$9.87	160

Composite Bid: \$1,860.33  
Capacity: 560

Next, a **weighted capacity** number will be applied to each HCPC code. This number will be the product of the bid capacity amount (given by provider) and the bid weight (provide on RFB). This will give us a capacity number for each supplier bidding in a given category.

*As mentioned above, this is not necessarily the process used by CMS to determine supplier capacity. This method is being used for example purposes.*

**HomeMed**

HCPC	Bid Amount	Bid Capacity	Weighted Bid	Weighted Capacity
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Composite Bid: **\$1,824.28**  
Capacity: **222**

**ResCare**

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Composite Bid: **\$1,805.46**  
Capacity: **533**

**O<sub>2</sub> Pros**

HCPC	Bid Amount	Bid Capacity	Weighted Bid	Weighted Capacity
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A7030	\$160.34	350	\$12.83	77
A7035	\$29.32	850	\$9.38	187

Composite Bid: **\$1,895.07**  
Capacity: **671**

**MedMart**

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E0601	\$1,058.55	600	\$127.03	48
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A7030	\$158.85	250	\$12.71	20
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Composite Bid: **\$1,829.63**  
Capacity: **348**

**Bob's Medical**

HCPC	Bid Amount	Bid Capacity	Weighted Bid	Weighted Capacity
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Composite Bid: **\$1,924.88**  
Capacity: **98**

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E0470	\$2,185.61	300	\$568.26	96
E0471	\$5,250.85	225	\$1,155.19	72
A7030	\$171.25	150	\$13.70	48
A7035	\$31.25	300	\$10.00	96

Composite Bid: **\$1,868.50**  
Capacity: **360**

**ABC Medical**

HCPC	Bid Amount	Bid Capacity	Weighted Bid	Weighted Capacity
E0601	\$995.85	150	\$119.50	48
E0470	\$2,364.25	200	\$614.71	64
E0471	\$4,995.35	190	\$1,098.98	61
A7030	\$168.75	40	\$13.50	13
A7035	\$33.50	150	\$10.72	48

Composite Bid: **\$1,857.40**  
Capacity: **234**

**HomeEquip**

HCPC	Bid Amount	Bid Capacity	Weighted Bid	Weighted Capacity
E0601	\$1,055.80	200	\$126.70	64
E0470	\$2,245.54	500	\$583.84	160
E0471	\$5,125.25	400	\$1,127.56	128
A7030	\$154.56	150	\$12.36	48
A7035	\$30.85	500	\$9.87	160

Composite Bid: **\$1,860.33**  
Capacity: **560**

Using the weighted bid amounts (per HCPC code), a **composite bid amount** will be determined. The composite bid amount is the sum of the weighted individual bid amounts. This is a number that you will have the ability to calculate on your own, but bidders will not have the ability to compare their composite bid to that of others, as CMS does not intend to release this information. The composite bid gives CMS a means of comparing suppliers' bids.

#### HomeMed

HCPC	Bid Amount	Bid Capacity	Weighted Bid	Weighted Capacity
E0601	\$949.54	200	\$113.94	24
E0470	\$2,236.51	500	\$581.49	60
E0471	\$5,022.85	400	\$1,105.03	48
A7030	\$169.78	150	\$13.58	18
A7035	\$31.99	600	\$10.24	72

**Composite Bid: \$1,824.28**

**Capacity: 222**

#### ResCare

HCPC	Bid Amount	Bid Capacity	Weighted Bid	Weighted Capacity
E0601	\$1,052.23	300	\$126.27	78
E0470	\$2,248.53	600	\$584.62	156
E0471	\$4,869.54	300	\$1,071.30	78
A7030	\$159.52	250	\$12.76	65
A7035	\$32.85	600	\$10.51	156

**Composite Bid: \$1,805.46**

**Capacity: 533**

#### O<sub>2</sub> Pros

HCPC	Bid Amount	Bid Capacity	Weighted Bid	Weighted Capacity
E0601	\$1,061.25	450	\$127.35	99
E0470	\$2,309.40	800	\$600.44	176
E0471	\$5,204.83	600	\$1,145.06	132
A7030	\$160.34	350	\$12.83	77
A7035	\$29.32	850	\$9.38	187

**Composite Bid: \$1,895.07**

**Capacity: 671**

#### MedMart

HCPC	Bid Amount	Bid Capacity	Weighted Bid	Weighted Capacity
E0601	\$1,058.55	600	\$127.03	48
E0470	\$2,181.10	1000	\$567.09	80
E0471	\$5,054.54	1000	\$1,112.00	80
A7030	\$158.85	250	\$12.71	20
A7035	\$33.80	1500	\$10.82	120

**Composite Bid: \$1,829.63**

**Capacity: 348**

#### Bob's Medical

HCPC	Bid Amount	Bid Capacity	Weighted Bid	Weighted Capacity
E0601	\$1,040.00	25	\$124.80	8
E0470	\$2,412.63	75	\$627.28	24
E0471	\$5,225.80	50	\$1,149.68	16
A7030	\$169.65	30	\$13.57	10
A7035	\$29.85	125	\$9.55	40

**Composite Bid: \$1,924.88**

**Capacity: 98**

#### RespAir

HCPC	Bid Amount	Bid Capacity	Weighted Bid	Weighted Capacity
E0601	\$998.58	60	\$119.83	19
E0470	\$2,284.52	120	\$593.98	38
E0471	\$4,822.33	100	\$1,060.91	32
A7030	\$165.25	50	\$13.22	16
A7035	\$32.28	200	\$10.33	64

**Composite Bid: \$1,798.27**

**Capacity: 170**

#### Oxygen Plus

HCPC	Bid Amount	Bid Capacity	Weighted Bid	Weighted Capacity
E0601	\$1,011.25	150	\$121.35	48
E0470	\$2,185.61	300	\$568.26	96
E0471	\$5,250.85	225	\$1,155.19	72
A7030	\$171.25	150	\$13.70	48
A7035	\$31.25	300	\$10.00	96

**Composite Bid: \$1,868.50**

**Capacity: 360**

#### ABC Medical

HCPC	Bid Amount	Bid Capacity	Weighted Bid	Weighted Capacity
E0601	\$995.85	150	\$119.50	48
E0470	\$2,364.25	200	\$614.71	64
E0471	\$4,995.35	190	\$1,098.98	61
A7030	\$168.75	40	\$13.50	13
A7035	\$33.50	150	\$10.72	48

**Composite Bid: \$1,857.40**

**Capacity: 234**

#### HomeEquip

HCPC	Bid Amount	Bid Capacity	Weighted Bid	Weighted Capacity
E0601	\$1,055.80	200	\$126.70	64
E0470	\$2,245.54	500	\$583.84	160
E0471	\$5,125.25	400	\$1,127.56	128
A7030	\$154.56	150	\$12.36	48
A7035	\$30.85	500	\$9.87	160

**Composite Bid: \$1,860.33**

**Capacity: 560**

After all composite bids are calculated, and supplier eligibility is verified (for the purposes of this exercise, all are deemed eligible), CMS will determine who the “winning bidders” are.

Step one is to organize the composite bids, beginning with the lowest and moving to the highest:

<b>Composite Bid</b>	
RespAir	\$1,798.27
ResCare	\$1,805.46
HomeMed	\$1,824.28
MedMart	\$1,829.63
ABC Medical	\$1,857.40
HomeEquip	\$1,860.33
Oxygen Plus	\$1,868.50
O2 Pros	\$1,895.07
Bob's Medical	\$1,924.88

CMS will then include the capacity for all suppliers.

	<b>Composite Bid</b>	<b>Capacity</b>
RespAir	\$1,798.27	170
ResCare	\$1,805.46	533
HomeMed	\$1,824.28	222
MedMart	\$1,829.63	348
ABC Medical	\$1,857.40	234
HomeEquip	\$1,860.33	560
Oxygen Plus	\$1,868.50	360
O2 Pros	\$1,895.07	671
Bob's Medical	\$1,924.88	98

Demand for this competitive bidding area was set at 2500. No supplier may be given credit for the capacity of more than 20% of the demand. 20% of 2500 is 500. Capacity levels must be adjusted.

	<b>Composite Bid</b>	<b>Capacity</b>
RespAir	\$1,798.27	170
ResCare	\$1,805.46	500
HomeMed	\$1,824.28	222
MedMart	\$1,829.63	348
ABC Medical	\$1,857.40	234
HomeEquip	\$1,860.33	500
Oxygen Plus	\$1,868.50	360
O2 Pros	\$1,895.07	500
Bob's Medical	\$1,924.88	98



Now that the proper adjusted capacity for each bidder has been determined, the pivotal bid can be set. To determine the pivotal bid, CMS will need to take enough suppliers to meet demand for the area (2500).

In this model, eight suppliers are needed to meet demand, with O2 Pros adjusted capacity of 500 giving enough to reach the 2500 necessary for supply to meet demand.

	<b>Composite Bid</b>	<b>Capacity</b>	<b>Aggregate</b>
RespAir	\$1,798.27	170	170
ResCare	\$1,805.46	500	670
HomeMed	\$1,824.28	222	892
MedMart	\$1,829.63	348	1240
ABC Medical	\$1,857.40	234	1473
HomeEquip	\$1,860.33	500	1973
Oxygen Plus	\$1,868.50	360	2333
O2 Pros	\$1,895.07	<b>500</b>	<b>2833</b>
Bob's Medical	\$1,924.88	98	2931

The pivotal bid is set at \$1,895.07 because that is the bid of the bidder where demand is met. All bidders submitting a bid at or below \$1,895.07 would be considered “winning bidders” and would be offered a Part B Medicare billing contract. We will assume for the purposes of this exercise that all providers offered a contract will accept the contract.

Now that the pool of winning bidders has been determined, the reimbursement amounts for each item can be determined. Reimbursement amounts are the **median bid** (middle bid), per HCPC code, of all suppliers submitting bids at or below the pivotal bid.

Here are the bids submitted (per HCPC code) by all suppliers submitting bids at or below the pivotal bid. The numbers highlighted in red are the median bid. These will be the new reimbursement amounts for each item.

	<b>HomeMed</b>	<b>ResCare</b>	<b>O<sub>2</sub> Pros</b>	<b>MedMart</b>	<b>Respair</b>	<b>Oxygen Plus</b>	<b>ABC Medical</b>	<b>HomeEquip</b>
E0601	\$949.54	\$1,052.23	\$1,061.25	\$1,058.55	\$998.58	<b>\$1,011.25</b>	\$995.85	\$1,055.80
E0470	\$2,236.51	\$2,248.53	\$2,309.40	\$2,181.10	\$2,284.52	\$2,185.61	\$2,364.25	<b>\$2,245.54</b>
E0471	<b>\$5,022.85</b>	\$4,869.54	\$5,204.83	\$5,054.54	\$4,822.33	\$5,250.85	\$4,995.35	\$5,125.25
A7030	\$169.78	\$159.52	<b>\$160.34</b>	\$158.85	\$165.25	\$171.25	\$168.75	\$154.56
A7035	\$31.99	\$32.85	\$29.32	\$33.80	\$32.28	<b>\$31.25</b>	\$33.50	\$30.85