



# MEDICARE DURABLE MEDICAL EQUIPMENT, PROSTHETICS, ORTHOTICS, AND SUPPLIES (DMEPOS) COMPETITIVE BIDDING PROGRAM

## Tip Sheet for Mail Order Diabetic Testing Suppliers

MAY 2008



Mail order diabetic testing supplies are one of the competitively bid items covered under the Medicare Durable Medical Equipment, Prosthetics, Orthotics, and Supplies (DMEPOS) Competitive Bidding Program, which is effective July 1, 2008. This will affect beneficiaries who permanently reside in designated competitive bidding areas (CBAs) who use mail order diabetic testing supplies. Specifically, beneficiaries who permanently reside in one of the 10 CBAs are required to obtain mail order diabetic testing supplies from a contract supplier for the CBA.

Note that **non-mail order** diabetic testing supplies (e.g., those purchased at the store front of a local pharmacy or other enrolled DME supplier location) are not being phased in under the first round of the Medicare DMEPOS Competitive Bidding Program and can be provided by any enrolled supplier in a CBA. Also, a non-contract supplier that provides diabetic testing supplies to a beneficiary through its retail storefront may **not** continue to provide these supplies if the beneficiary decides to switch to a contract mail order diabetic supplier.

### Mail order supplies defined

Mail order supplies are items that are ordered remotely (i.e., by phone, e-mail, internet, or mail) and delivered to the beneficiary's residence by common carriers (e.g., U.S. Postal Service, Federal Express, United Parcel Service).

### Supplies included in the mail order diabetic supplies product category

The complete list of supply items included in the mail order diabetic testing supplies category under the DMEPOS Competitive Bidding Program can be found by visiting the DMEPOS Competitive Bidding Program dedicated web page at <http://www.cms.hhs.gov/DMEPOSCompetitiveBid/> on the CMS website. Go to the "Product Categories and Items" section then scroll down to "Related Links Outside CMS" and click on "Round 1 Product Category Items".

### Contract supplier for mail order diabetic supplies defined

A contract supplier for mail order diabetic supplies is a supplier that is awarded a contract under the DMEPOS Competitive Bidding Program to furnish mail order supplies (as defined above) to beneficiaries who maintain a permanent residence in a specific CBA.

### Contract and non-contract supplier billing for mail order diabetic testing supplies

Mail order diabetic testing suppliers must be billed using the use the HCPCS modifier KL on each claim to indicate that the item was provided on a mail order basis. Failure to use the HCPCS modifier KL on claims may be subject to penalties under the False Claims Act.

## Medicare payment for mail order diabetic testing supplies

- Contract suppliers for mail order diabetic supplies will be reimbursed at the single payment amount for mail order diabetic testing supplies for the CBA for which they have been awarded a contract.
- Medicare payment will not be made to suppliers that provide mail order diabetic testing supplies to beneficiaries residing in a CBA for which they have not been awarded a contract for mail order diabetic supplies.
- Any supplier that furnishes mail order diabetic testing supplies to any Medicare beneficiary who does not maintain a permanent residence in a CBA will be paid based on the fee schedule amount for the state where the beneficiary resides.

## Additional Information

For more information about the DMEPOS Competitive Bidding Program, visit the dedicated web page at <http://www.cms.hhs.gov/DMEPOSCompetitiveBid/> on the CMS website.