



Non-Contract Suppliers are suppliers that are not awarded a contract by the Centers for Medicare & Medicaid Services (CMS) to furnish items included in a competitive bidding program.

Non-contract suppliers that furnish competitive bid items in a Competitive Bidding Area (CBA) are not eligible for Medicare payment for the competitive bid items selected for that CBA unless one of the following exceptions applies:

- Suppliers of Rental Equipment - To allow for a smooth transition, the Medicare DMEPOS competitive bidding program allows a beneficiary who is renting oxygen or durable medical equipment (DME) to continue to receive these items from a non-contract supplier if the supplier is willing to continue furnishing these items. This grandfathering process only applies to suppliers that began furnishing the bid items to beneficiaries in the bid area prior to the implementation of the competitive bidding program for that area. Please refer to the Grandfathering Fact Sheet for additional information.
- Repairs/Replacement - Beneficiaries may go to any Medicare-enrolled supplier (contract or non-contract supplier) for repairs or replacement parts for beneficiary owned items. Labor to repair equipment is not subject to competitive bidding and, therefore, will be paid in accordance with Medicare's general payment rules. Payment for parts that are not competitive bid items and that are needed to repair a beneficiary owned item will also be paid in accordance with these rules. Payment for replacement parts that are part of the competitive bidding program for the areas in which the beneficiary resides would be paid at the single payment amount. Beneficiaries must obtain replacement of a beneficiary owned item, other than parts needed for the repair of the item, from a contract supplier. A contract supplier is required to service all items included in its contract. Please refer to the Repairs/Replacement Fact Sheet for additional information.
- Mail Order for Diabetic Testing Suppliers - Medicare beneficiaries who permanently reside in a CBA and who choose to purchase their diabetic testing supplies through mail order must use a mail order contract supplier to obtain these items. Beneficiaries who choose not to receive diabetic testing supplies through mail order may obtain these items from a non-contract supplier. Non-contract suppliers that are not furnishing the diabetic testing supplies through the mail will be reimbursed at the fee schedule amount for the state in which the beneficiary maintains a permanent residence. Non-contract suppliers that are mail order suppliers will not be eligible for Medicare payment for items furnished to beneficiaries in a CBA. Please refer to the Mail Order Fact Sheet for additional information.
- Advance Beneficiary Notice (ABN) for Non-Contract Supplier - Non-contract suppliers are not eligible to furnish competitively bid items to beneficiaries maintaining a permanent residence within a CBA unless one of the exceptions (e.g., grandfathering) applies. If a non-contract supplier in a CBA furnishes a competitively bid item to any beneficiary and no exceptions apply, the beneficiary is not liable for payment unless the non-contract supplier obtains a signed ABN



from the beneficiary. Please refer to the ABN Fact Sheet for additional information.

- Medicare Secondary Payer - If a Medicare beneficiary is required to use a non-contract supplier under his or her primary insurance policy, Medicare may make a secondary payment to a non-contract Medicare-enrolled supplier. In addition, the supplier must be accredited, have a valid National Supplier Clearinghouse (NSC) number and be eligible to receive secondary payments. The amount paid to the supplier will be calculated in accordance with established Medicare secondary payment rules.