

Exemptions from the Requirement to Be a Contract Supplier for Competitively Bid Items and Services

Non-contract suppliers that furnish competitively bid items in a competitive bidding area (CBA) are not eligible for Medicare Part B payment for the competitively bid items for that CBA unless one or more of the exceptions listed below applies.

Physicians and Treating Practitioners

Physicians and treating practitioners (physician assistants, nurse practitioners, and clinical nurse specialists) do not need a competitive bidding contract to receive payment for medically necessary walkers or folding manual wheelchairs they furnish to their own patients as part of their professional services. Payment to physicians and treating practitioners will be made based on the single payment amount for the item for the CBA where the beneficiary resides.

Hospitals

Hospitals do not need a competitive bidding contract to receive payment for medically necessary walkers or folding manual wheelchairs furnished to their own patients during an admission or on the date of discharge. A hospital under this exception does not include a hospital-owned DMEPOS supplier. Instead, a hospital is defined in accordance with section 1861(e) of the Social Security Act. Payment to hospitals will be made based on the single payment amount for the item for the CBA where the beneficiary resides. Hospital-owned DMEPOS suppliers must submit a bid and be awarded a contract to furnish competitively bid items to Medicare beneficiaries.

Primary Insurance Suppliers

Medicare may make a secondary payment for an item furnished by a non-contract supplier that the beneficiary is required to use under his or her primary insurance policy. This policy does not supersede any Medicare secondary payer payment laws, regulations, or policies. Payment will be calculated in accordance with Medicare secondary payer requirements.

Grandfathered Suppliers

Suppliers that are not awarded a contract for furnishing oxygen and oxygen equipment or rented durable medical equipment (DME) in a CBA can decide to be grandfathered suppliers for beneficiaries to whom they are furnishing these items at the time the competitive bidding program is implemented (i.e., when contracts for a given round of bidding take effect). For oxygen and oxygen equipment and items requiring frequent and substantial servicing, payment is based on the single payment amount for the item for the CBA where the beneficiary resides.

For other rented DME, payment is based on the lower of the supplier's actual charge or the fee schedule amount for the item for the state where the beneficiary resides.

Any beneficiary in a CBA who is receiving oxygen and oxygen equipment or rented DME from a non-contract supplier that elects to be a grandfathered supplier at the time the competitive bidding program is implemented may elect to continue to receive the item from the grandfathered supplier or begin receiving the item from a contract supplier. A grandfathered supplier cannot turn away a beneficiary if he or she elects to continue receiving the item from the grandfathered supplier. For more information, please refer to the Grandfathering for Rented DME or Grandfathering for Oxygen fact sheets.