

National Mail-Order Competition for Diabetic Supplies

A national competition to furnish diabetic testing supplies that are delivered to beneficiaries' residences will occur at the same time as the Round 2 competition. Suppliers that are awarded a contract will be required to furnish mail-order diabetic testing supplies to Medicare beneficiaries in all parts of the United States, including the 50 states, the District of Columbia, Puerto Rico, the U.S. Virgin Islands, Guam, and American Samoa.

Beneficiaries may choose to pick up diabetic testing supplies in person from retail pharmacy locations or other local supplier storefronts or have them delivered to their homes. Once the program is implemented, only contract suppliers will be reimbursed by Medicare for providing diabetic testing supplies delivered to beneficiaries' residences. If the supplies are shipped or delivered by any means to the beneficiary's home, then the supplier that furnished the supplies must be a contract supplier. The only diabetic supplies not included in the program are those that are purchased directly by a beneficiary or caregiver by physically going to an enrolled DMEPOS supplier storefront and leaving the store with the diabetic supplies. The only entity that can bill for these non mail-order diabetic supplies is the entity from which the beneficiary or caregiver physically picked up the supplies. Diabetic supplies furnished by any means other than mail-order or pickup will not be covered.

The term "mail-order" means items shipped or delivered to the beneficiary's residence by **any** method. All suppliers are required to use the KL modifier on each claim for diabetic supplies furnished on a mail-order basis. Suppliers that furnish diabetic testing supplies on a mail-order basis that do not attach the mail-order modifier could be subject to significant penalties.

50 Percent Rule

The Medicare statute requires bidders for mail-order diabetic supplies to demonstrate that their bids cover at least 50 percent, by volume, of all types of diabetic testing strips on the market (the "50 percent rule").

Bidders must complete the National Mail-Order 50 Percent Compliance form on the Competitive Bidding Implementation Contractor (CBIC) website (www.dmecompetitivebid.com) to indicate the brands they intend to furnish if awarded a contract. This may include brands that bidding suppliers intend to furnish only on a limited basis in order to comply with the physician authorization process. In these cases, although the supplier does not intend to furnish a significant quantity of these brands, the brands would still be counted in determining whether the supplier is in compliance with the 50 percent rule.

The form **MUST** be received by the CBIC along with the other required hardcopy documents by the close of bidding. Only suppliers that meet the 50 percent rule and mail their forms in time to meet this deadline will be eligible for contract award. The brands provided on the form will also be used in the [Supplier Directory](#) on the Medicare website (www.medicare.gov) to assist beneficiaries and referral agents with selecting suppliers.

Anti-Switching Provision

Federal regulations include an "anti-switching" provision as a term of the contract for suppliers under the national mail-order competition for diabetic supplies. This regulation prohibits contract suppliers from influencing or incentivizing beneficiaries to switch their current glucose monitor and testing supplies brand to another brand. The anti-switching rule requires contract suppliers to furnish the brand of testing supplies that work with the monitor currently in use by the beneficiary. This rule was established to protect beneficiary and physician choice of glucose monitors. If a contract supplier does not carry the brand the beneficiary has been using, it can inform the beneficiary that it does not carry that brand. The beneficiary may then engage the contract supplier about alternative brands and the supplier can describe what brands it offers; however, the supplier cannot be the one to initiate this conversation. It is important to know that most suppliers can furnish alternative brands of glucose monitors at little or no cost to a beneficiary who decides to switch to an alternative brand. Manufacturer rebates and trade-in promotions have been widespread for several decades and have significantly reduced or, in most cases, entirely eliminated the cost of switching from one glucose monitor brand to another.