

# Grandfathering for Rented DME

Suppliers that are not awarded a competitive bidding contract for furnishing oxygen and oxygen equipment or rented durable medical equipment (DME) in a competitive bidding area (CBA) can decide to be grandfathered suppliers for Medicare beneficiaries to whom they are furnishing these items at the time Round 1 2017 is implemented. See the [Grandfathering for Oxygen and Oxygen Equipment](#) fact sheet for additional information.

Any beneficiary in a CBA who is renting capped rental or inexpensive or routinely purchased (IRP) DME from a supplier that elects to be a grandfathered supplier at the time Round 1 2017 is implemented may elect to continue to receive the item from the grandfathered supplier or begin receiving the item from a Round 1 2017 contract supplier. A supplier who elects to be a grandfathered supplier cannot turn a beneficiary away if he or she chooses to continue receiving the item from the grandfathered supplier.

Here are some important points about grandfathering for rented DME for suppliers to consider when preparing their bids:

- A supplier that chooses to become a grandfathered supplier for a product category is required to grandfather all items within the product category to all beneficiaries who are renting the DME in the CBA.
- A grandfathered supplier for rented DME must furnish the item for the remaining months of the rental period, unless the item is no longer medically necessary. For capped rental DME, the grandfathering relationship ends when the ownership is transferred to the beneficiary or the item is no longer medically necessary.
- After the program is implemented, when a new period of continuous use begins following a break in need of greater than 60 days plus the days remaining in the last paid rental month, the beneficiary must obtain new or additional equipment from a contract supplier.
- Grandfathered suppliers may furnish competitively bid accessories and supplies that are used in conjunction with and are necessary for the effective use of a grandfathered item. Payment will be made at the single payment amount.
- The grandfathering option applies only to suppliers that are furnishing a rented competitively bid item(s) to beneficiaries who maintain a permanent residence in the CBA at the time that the Competitive Bidding Program is implemented in the CBA.
- The grandfathering provision also applies to beneficiaries who transition from a Medicare Advantage Plan.
- A beneficiary who would otherwise be entitled to receive rented DME from a grandfathered supplier may elect to transition to a contract supplier at any time during the rental period, and the contract supplier would be required to accept the beneficiary as a customer. See the [Transitioning Beneficiary](#) fact sheet. The contract supplier must accept assignment on the monthly rental claims. Payment to the contract supplier would be as follows:
  - For capped rental DME, a new 13-month rental period would begin. Payment would be based on the current round's single payment amount for rental of the item. The new 13-month capped rental period would begin regardless of how many months the previous supplier was paid; however, rental payments would continue only if the item continues to be medically necessary.
  - For IRP items, a new rental period would NOT begin. Rental payments would continue until the point at which total payments for the item equal 100 percent of the current round's single payment amount for purchase of the item; payments continue only if the item continues to be medically necessary.

Beneficiaries are responsible for the 20 percent coinsurance and any unmet annual deductible.

- When a beneficiary switches from a contract supplier to another contract supplier to receive rented DME, the new contract supplier is NOT entitled to a minimum number of months of payment and will be paid the

current round's single payment amount for the duration of the equipment rental period.

- If a beneficiary transitions to a contract supplier, the rented DME must be returned to the original supplier that owns the equipment. The contract supplier must provide replacement equipment from its own inventory or contract with other companies for the purchase of items necessary to fill the order as required by DMEPOS Supplier Standard #4 (42 CFR 424.57(c)(4)). The original supplier and the contract supplier need to coordinate the pickup of the old equipment and delivery of the new equipment so that there is no break in service for the beneficiary.
- Suppliers that lose their contract status in a subsequent round of the Competitive Bidding Program may choose to become grandfathered suppliers for that round and continue furnishing medically necessary rented DME to beneficiaries who choose to continue that relationship.

Suppliers that choose to be grandfathered suppliers for rented competitively bid DME items that were included in Round 1 Recompete and are subsequently included in Round 1 2017 will be paid at the new single payment amount for the relevant CBA. The grandfathered supplier must accept assignment on all claims for items furnished to Medicare beneficiaries in a CBA. The only exception is for accessories furnished for the continued use of non-competitively bid base equipment. Beneficiaries are responsible for the 20 percent coinsurance and any unmet annual Part B deductible.

The rental payments will continue until either:

- The item is no longer medically necessary or there is a break in need of greater than 60 days plus the days remaining in the last paid rental month;
- 13 months of continuous rental payments have been made in the case of a capped rental item and title to the equipment is transferred to the beneficiary; or
- Total payments for the item equal the current round's single payment amount for purchase of the item in the case of an IRP item.