

# Medicare DMEPOS

(Durable Medical Equipment, Prosthetics, Orthotics, and Supplies)

## Competitive Bidding Program

Round 2 Reopen  
& National Mail-Order Reopen

# Request for Bids (RFB)

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**PLEASE NOTE:** Terms are defined in a footnote the first time they appear in this document.

References to 42 CFR Part 414 are federal regulations that pertain to the Medicare DMEPOS Competitive Bidding Program and have been published in the Federal Register.

# Introduction

## Background

Section 1847 of the Social Security Act, as amended by section 302 of the [Medicare Prescription Drug, Improvement, and Modernization Act of 2003 \(MMA\)](#) and section 154 of the [Medicare Improvements for Patients and Providers Act of 2008 \(MIPPA\)](#), requires the Secretary to establish and implement a Medicare Durable Medical Equipment, Prosthetics, Orthotics, and Supplies (DMEPOS) Competitive Bidding Program. MIPPA required the competition for Round 2 to occur in 70 additional metropolitan statistical areas (MSAs)<sup>1</sup> and the [Patient Protection and Affordable Care Act of 2010 \(ACA\)](#) expanded Round 2 by 21 MSAs for a total of 91 MSAs.

The Competitive Bidding Program, which has been phased in over several years, utilizes bids<sup>2</sup> submitted by qualified suppliers to establish applicable payment amounts under Medicare Part B for certain DMEPOS items for beneficiaries receiving services in designated competitive bidding areas (CBAs<sup>3</sup>).

As authorized by [42 CFR §414.406](#), the Centers for Medicare & Medicaid Services (CMS) is conducting Round 2 Recompete for seven product categories in the same geographic areas that were included in Round 2. Most Round 2 Recompete MSAs have one CBA. However, the three largest MSAs (Chicago, Los Angeles, and New York) are subdivided into multiple CBAs. In addition, CBAs that previously included multiple states have been defined so that each CBA is located in one state. As a result, 117 CBAs are in Round 2 Recompete. The national mail-order recompete is conducted at the same time as Round 2 Recompete and includes the same areas as the initial national mail-order competition.

Under the program, DMEPOS suppliers compete to become Medicare contract suppliers by submitting bids to furnish certain items identified by the Healthcare Common Procedure Coding System (HCPCS)<sup>4</sup> codes in CBAs, and CMS awards contracts to a sufficient number of qualified suppliers to meet beneficiary demand for the bid items in the CBA. All suppliers awarded a contract must comply with the Medicare enrollment rules specified in [42 CFR §424.57\(c\)](#), have an active Provider Transaction Access Number (PTAN)<sup>5</sup>, be accredited, meet the quality standards, and meet financial and applicable licensing requirements.

The new, lower payment amounts resulting from the competition replace the Medicare DMEPOS fee schedule<sup>6</sup> amounts for the bid items in these CBAs. The intent of the Competitive Bidding Program is to improve the effectiveness of the methodology Medicare uses to set payment amounts. This will result in savings to the Medicare program and a reduction in beneficiary out-of-pocket expenses.

CMS awards contracts to those suppliers that meet all of the competitive bidding requirements and whose bid amounts fall at or below the pivotal bid (the lowest composite bid for a product category that includes a sufficient number of suppliers to meet beneficiary demand for the items in that product category). These qualified suppliers will be offered a competitive bidding contract for that product category in the CBA.

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<sup>1</sup> **Metropolitan statistical area (MSA):** Area designated by the U.S. Office of Management and Budget (OMB) for the purposes of census data and other urban population calculations. An MSA can include major cities and the suburban areas surrounding them.

<sup>2</sup> **Bid:** An offer to furnish an item for a particular price and time period that includes, where appropriate, any services that are directly related to the furnishing of the item. The bid should consider all costs associated with furnishing an item.

<sup>3</sup> **Competitive Bidding Area:** An area established by the Secretary under [42 CFR Part 414 Subpart F](#).

<sup>4</sup> **Healthcare Common Procedure Coding System (HCPCS):** A standardized coding system used to process certain claims, including those for DMEPOS items and services, submitted to Medicare, Medicaid, and other health insurance programs by providers, physicians, and other suppliers.

<sup>5</sup> **Provider Transaction Access Number (PTAN):** Medicare-only number issued to providers by a Medicare contractor upon enrollment to Medicare. Previously referred to as the NSC supplier or billing number.

<sup>6</sup> **Fee schedule:** In general, Medicare Part B payment amounts, authorized by [section 1834 of the Social Security Act](#), for DMEPOS items and services that are not included in the Competitive Bidding Program.

Contracts are awarded to multiple suppliers for each product category in each CBA. These contracts must be recompeted at least once every three years. This document provides instructions and requirements for completing and submitting a bid in Round 2 Recompete and in the national mail-order recompete. It is very important that you read these instructions thoroughly before you complete your bid.

## How the Bidding Process Works

Under the Medicare DMEPOS Competitive Bidding Program, suppliers are required to submit a bid in order to be awarded a contract to furnish certain DMEPOS items to Medicare beneficiaries residing in certain areas of the United States.

### The bidding process involves three steps:

1. Register for a user ID and password to access the online DMEPOS bidding system (DBidS) (see pages 14-15 of this document).
2. Submit bid(s) electronically in DBidS on Form A and Form B (see pages 15-16 of this document).
3. Send required hardcopy documents (see pages 16-17 of this document).

Bids (Form A and Form B) can only be submitted electronically through DBidS, and the required hardcopy documents that accompany the bid(s) should be submitted by common carrier (for example, U.S. Postal Service, Federal Express, United Parcel Service) or courier. Hand-delivered packages are also accepted until March 25, 2015. Complete bids are evaluated based on the supplier meeting eligibility and financial requirements, and contracts are awarded to Medicare suppliers that offer the best price and meet these standards.

## Additional Requirements to Consider:

If your organization is awarded a contract, you will be required to abide by all of the contract supplier obligations. A brief overview of requirements is listed below; however, please see the [Contract Supplier Obligations](#) fact sheet on the Competitive Bidding Implementation Contractor (CBIC)<sup>7</sup> website for a full list of requirements and additional information. Any deviation from the contract requirements, including a failure to comply with governmental agency or licensing organization requirements, constitutes a breach of contract. If a supplier breaches the contract, CMS has the right to take corrective action. For example, CMS could require a corrective action plan, suspend or terminate the contract, preclude the contract supplier from participating in the Competitive Bidding Program, or revoke the contract supplier's billing number.

**Period of Performance** – As a contract supplier, you must agree to furnish the competitively bid items for the full duration of the contract period throughout the entire CBA. The length of this contract period is two and a half (2 ½) years.

**Servicing the Entire CBA** – As a contract supplier, you will also be required to furnish all competitively bid items in the product category(s) included in your contract to any beneficiary

<sup>7</sup> **Competitive Bidding Implementation Contractor (CBIC):** CMS contractor that is responsible for conducting certain functions of the Competitive Bidding Program, including assisting CMS with performing bid evaluations, supporting CMS' education efforts, and monitoring the program. The CBIC's website is [www.dmecompetitivebid.com](http://www.dmecompetitivebid.com).

who maintains a permanent residence in or who visits a CBA and who requests those items from you. You must furnish all items in the product category(s), indicated in your contract, throughout the entire CBA(s) in accordance with [42 CFR §414.408](#), [§414.422](#) and the [DMEPOS Quality Standards](#). You will be responsible for completing the intake and assessment process, delivering and setting-up the equipment, and providing training and instruction to the beneficiary and/or caregiver(s). Failure to provide all items and services in the product category throughout the entire CBA may result in your contract being terminated.

Please note that the competitive bidding contract does not guarantee a minimum amount of business. You are also responsible to provide all items and services in the product category in the CBA even if you have reached your estimated capacity included on the bid.

Network<sup>8</sup> members<sup>9</sup> may share the responsibility to furnish competitively bid items in the product category throughout the entire geographic area of a CBA.

The only exception to the requirement that contract suppliers must service the entire CBA applies to **skilled nursing facilities (SNFs)** or **nursing facilities (NFs)** that bid for competitively bid items and are awarded a contract as a specialty supplier<sup>10</sup> to furnish the product category only to their own residents to whom they would otherwise furnish Part B services. If your organization is a SNF or NF that is also a DMEPOS supplier and wants to become a contract supplier or specialty supplier, you must submit a bid and be awarded a contract. Your organization must be enrolled as a DMEPOS supplier with the National Supplier Clearinghouse<sup>11</sup> (NSC) and meet the applicable competitive bidding requirements to become a contract supplier (see the **Eligibility Rules and Financial Standards** section).

If you do not become a contract supplier (either as a specialty supplier or a regular contract supplier), you cannot furnish bid items to your residents and must use contract suppliers in the CBA to furnish competitively bid items to your residents for Medicare to provide payment. For additional information, please see **Appendix B: Bidding Forms A & B and Certification Statement**.

**NMO CBA** – For the national mail-order recompetes, the CBA includes 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.

**Physical Location** – If awarded a contract, you must be ready to provide services in the CBA(s) for which your organization is awarded a contract on day one of the contract period.

- You should include all qualified locations on your bid that will furnish competitively bid items in the CBA. To ensure that only qualified suppliers become contract suppliers, a supplier must have at least one location listed on the bid that meets the requirements to furnish the competitively bid items in each CBA for which it is bidding. Suppliers with physical locations outside the CBA(s) for which they are bidding may bid on those CBAs. However, only those locations that meet the enrollment requirements, including applicable state licensing requirements and

<sup>8</sup> **Network:** A group of between two to twenty (20) small suppliers that form a legal entity to provide competitively bid items throughout an entire CBA. These suppliers must certify they cannot independently furnish all competitively bid items in the product category to beneficiaries throughout the entire geographic area of the CBA for which the network is submitting a bid. The network collectively submits a bid as a single entity.

<sup>9</sup> **Network member:** Any member of a network, including the primary network member. The primary network member is the supplier that is responsible for submitting the bid on behalf of the network.

<sup>10</sup> **Specialty supplier:** A skilled nursing facility or nursing facility that is awarded a competitive bidding contract to furnish competitively bid items only to its own residents to whom it would otherwise furnish Part B services.

<sup>11</sup> **National Supplier Clearinghouse (NSC):** CMS contractor that is responsible for the enrollment and re-enrollment process for DMEPOS suppliers.

accreditation requirements for the product category, by the close of bidding are eligible to be included on the contract.

- To be eligible for Medicare payments for competitively bid items in CBAs, each location that will provide these items under the contract must be identified by the PTAN on Form A in DBidS. Only locations that meet all of the enrollment requirements for the CBA and product category will be paid. If the billing location is not enrolled for the specific CBA and product category, that location's (PTAN) claim(s) will be denied.
- You will be responsible for ensuring delivery of any competitively bid item(s) in your contract to any beneficiary in the CBA that requests that an item be delivered.
- You may add eligible locations or remove locations from your contract at any time during the contract period. To add or remove locations, please complete the Location Update Form on the CBIC website. Please note that throughout the contract period you must have at least one eligible location remaining on your contract to furnish items in the CBA(s) or your contract will be terminated.

**Networks** – Each network member must provide all items in the product category for which the network is awarded a contract.

**Subcontracting** – Suppliers participating in the Competitive Bidding Program may use subcontractors to assist them in carrying out the terms of the competitive bidding contract. If you intend to use the services of a subcontractor for purposes of satisfying the competitive bidding contract terms, you must ensure the subcontractor is accredited, if applicable.

The supplier standards describe the services for which a Medicare-enrolled supplier may subcontract to another entity. Those functions include the:

- purchase of inventory
- maintenance and repair of rented equipment,
- and delivery and instruction on use of a Medicare covered item.

As a contract supplier, you will be responsible for the items and services you provide directly or through the use of your subcontractor(s). This includes maintaining proper documentation and ensuring appropriate delivery, setup, and/or instruction. Please see the [NSC website](#) for a detailed explanation of subcontracting requirements and the supplier standards.

If you become a contract supplier, you will be required to notify CMS of your subcontractor(s) and disclose whether it is accredited, if applicable. For more information about subcontracting as it pertains to the Competitive Bidding Program, please see the [Subcontracting](#) fact sheet on the CBIC website and the **Non-Financial Documents** section on page 17.

**Non-discrimination Against Beneficiaries** – As required in [42 CFR §414.422\(c\)](#), the items furnished by a contract supplier under the Competitive Bidding Program must be the same items that the contract supplier makes available to other customers. As a contract supplier, you must furnish Medicare customers the same selection of brands and models of DMEPOS as are furnished to non-Medicare customers.

**Single Payment Amount (SPA)** – The existing Medicare DMEPOS fee schedule amounts are replaced with the single payment amount (SPA) for all competitively bid items in each CBA. The SPA for an item is equal to the median of the accepted bids for that item (as discussed more fully in [42 CFR §414.416](#)).

The SPA remains in effect for the entire contract period and, absent a change in federal law, is not adjusted by any update factor (see [42 CFR §414.408\(b\)](#)). However, SPAs may be adjusted as a result of HCPCS code revisions in accordance with [42 CFR §414.426](#).

**Physician Authorization Requirements** – When a physician or treating practitioner prescribes a particular brand or mode of delivery of an item to avoid an adverse medical outcome, the contract supplier must: 1) furnish the particular brand or mode of delivery as prescribed; or 2) consult with the physician or treating practitioner to find an appropriate alternative brand or mode of delivery and obtain a revised prescription; or 3) assist the beneficiary in locating a contract supplier that can furnish the particular brand or mode of delivery (see [42 CFR §414.420](#)). Further explanation is provided in the [Prescription for a Specific Brand or Mode of Delivery to Avoid an Adverse Medical Outcome](#) fact sheet on the CBIC website.

**Enrollment, Accreditation, and Licensure Requirements** – To be awarded a contract, your location(s) must meet the enrollment requirements for the CBA and product category for which you are bidding by the close of the bid window<sup>12</sup>. This includes having an active PTAN, being accredited by a Medicare-approved accrediting organization for the product category, and being in compliance with all applicable state licensing requirements throughout the duration of the contract period. See the licensure subsection under the **Eligibility Rules and Financial Standards** section for more information and bidding instructions.

The CBIC is the official source for bidders and contract suppliers for accurate, up-to-date information about the Medicare DMEPOS Competitive Bidding Program.

Numerous tools are available on the CBIC website, [www.dmecompetitivebid.com](http://www.dmecompetitivebid.com).

**You may also call the CBIC customer service center at 877-577-5331 from 9 a.m. to 9 p.m. prevailing Eastern Time, Monday through Friday, during the registration and bidding periods.**

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<sup>12</sup> **Bid window:** The period of time during which the bidder can submit bids for consideration in a competitive bidding round. No bids are accepted after the bid window closes.



## Eligibility Rules and Financial Standards

### Eligibility Rules

You must meet the following eligibility criteria to be considered for a contract:

#### Enrollment Records Must Reflect an Active PTAN

Bidding suppliers must be Medicare-enrolled DMEPOS suppliers in good standing with an active **PTAN for each location listed on the bid**. You should ensure that your enrollment record is up-to-date in the Provider Enrollment, Chain and Ownership System (PECOS) as information in your enrollment record will be verified during the registration and bidding process.

All updates to the CMS-855S enrollment application for each location(s) (PTAN) on your bid(s) must be in PECOS by the close of the bid window for CMS to consider them when evaluating your bid. This includes, but is not limited to the following:

- Ensuring that all locations listed in PECOS and included on your bid are active.
- Updating your PECOS record with the states where you furnish, or will furnish, DMEPOS items and services under the Competitive Bidding Program.
- Ensuring you have responded to any revalidation requests from the NSC.
- Ensuring the NSC has copies of all licenses.
- Ensuring that your accreditation information is correct and that your location(s) is accredited for the DMEPOS items and services you furnish or will furnish under the Competitive Bidding Program.

Your bid for the CBA and product category combination will be disqualified if your enrollment record in PECOS does not show that you have a location that meets all of the bidding requirements for the CBA(s) and product category(s) included on your bid. To be awarded a contract, all requirements must be met by the close of the bid window. You cannot plan to open a location to meet these requirements if awarded a contract. See **Appendix A: Important Dates** for the bidding deadline.

#### Enrollment Records Must Reflect Proper Accreditation

Each location (PTAN) identified on your bid must be accredited by a CMS approved accrediting organization<sup>13</sup> for the DMEPOS items and services it furnishes, or will furnish, under the Competitive Bidding Program. Your bid(s) for the CBA and product category combination(s) will be disqualified if you do not have a location that meets the accreditation requirements. A list of CMS approved accrediting organizations is on the [CMS website](#). Contracts for a specific CBA and product category are only awarded to bidders whose location(s) is accredited for all items in the product category.

#### Enrollment Records Must Reflect Proper Licensure

Each location (PTAN) identified on your bid must meet the applicable state licensing requirements to furnish the items in the product category in the CBA. You must have a current copy of the applicable state license(s) on file with the NSC and in PECOS by the close of the bid window. Your bid(s) for the CBA and product category combination(s) will be disqualified if you do not meet all the applicable state licensing requirements.

This requirement also applies to suppliers bidding in the national mail-order recompetes. The CBA for the national mail-order recompetes includes all parts of the United States, including the 50 states, the District of Columbia, Puerto Rico, the U.S. Virgin Islands, Guam, and American

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<sup>13</sup> **CMS approved accreditation organization:** An organization that has been approved by CMS to accredit suppliers of DMEPOS items. A listing of approved accreditation organizations can be found by visiting: [http://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/DMEPOSCompetitiveBid/downloads/DMEPOS\\_Accreditation\\_Organizations.pdf](http://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/DMEPOSCompetitiveBid/downloads/DMEPOS_Accreditation_Organizations.pdf)

Samoa. You must have the applicable licenses required for every part of the United States included in the national mail-order recompetete CBA. Please note that all states do not require a license to mail diabetic testing supplies. It is your responsibility to determine which states require a license. Every supplier location must be licensed as applicable for each state in which it furnishes diabetic testing supplies. If you have only one location to service the national mail-order recompetete CBA, then that one location must have a license for each state that requires a license to be awarded a competitive bidding contract.

For additional information, please see the [licensure directory](#) on the NSC website, [www.palmettoqba.com/nsc](http://www.palmettoqba.com/nsc), and the [Licensure for Bidding Suppliers](#) fact sheet on the CBIC website.

## Financial Standards

You are required to submit specified financial documents to the CBIC, which are used to determine if your organization meets the financial standards for participation in the Competitive Bidding Program. These documents must be RECEIVED by the close of the bid window to be considered for evaluation. Late, faxed, or e-mailed financial documents will not be accepted, regardless of reason. For more information, please see the ***Required Hardcopy Documents*** section.

CMS will determine the financial viability of your organization based on financial ratios calculated from your submitted financial documents. The financial ratios can be found on the [CBIC website](#).

## General Program Requirements

### For All Bidders

#### Choice of CBAs/Product Categories

You do not have to submit a bid for all Round 2 Recompete product categories and CBAs. Rather, you may choose to bid only for certain product categories in certain CBAs. However, you must bid to furnish all items included in a product category. For example, the general home equipment and related supplies and accessories product category includes hospital beds and related accessories, group 1 and group 2 support surfaces, commode chairs, patient lifts, and seat lifts. If you are bidding in this product category, you cannot bid on hospital beds only; you must bid on all items in the product category.

You may choose to bid in either or both Round 2 Recompete or the national mail-order recompete.

#### Bona Fide Bids

Your bid amount for each item must be bona fide (rational and feasible for you to furnish the item(s) to the beneficiary at the bid amount<sup>14</sup>). Your bid amount should include all costs related to furnishing the item (including overhead and profit) to Medicare beneficiaries throughout the CBA. For more information, please see the [Requirement to Submit a Bona Fide Bid](#) fact sheet on the CBIC website.

CMS will evaluate bids to ensure they are bona fide. You may be asked to provide a valid and reasonable rationale and documentation, such as manufacturers' invoices, to support your bid amount.

If you submit a non-bona fide bid for any competitively bid item in a product category, your bid for the entire product category in that CBA will be disqualified. For the national mail-order recompete, the entire bid will be disqualified.

#### Bid Preparation Worksheets

[Bid preparation worksheets](#) are available on the CBIC website to assist you with determining your bid amount. Do NOT mail a bid preparation worksheet to the CBIC with your package of required hardcopy documents. However, if you are asked to validate your bid during the bona fide bid review, the worksheet may be submitted along with a rationale and supporting documentation to support the validity of your bid.

#### Change of Ownership (CHOW)

If a CHOW occurs before the bid window closes and you have already entered information in DBidS, you must update your information in DBidS to reflect the CHOW by March 25, 2015. If you have already submitted your hardcopy documents, you must resubmit them by the close of the bid window to reflect the CHOW. You must also notify the NSC of the CHOW in accordance with the supplier standards.

If a CHOW occurs after the close of the bid window, your bid will be evaluated based on the information you provided in DBidS at the close of bidding and in your package of hardcopy

<sup>14</sup> **Bid price/amount:** *The amount a bidder offers to furnish a competitively bid item to Medicare beneficiaries in a specific CBA as part of the Competitive Bidding Program. The bid amount must be bona fide for each item (identified by the HCPCS codes) in accordance with 42 C.F.R. §414.414(b)(4). It should be rational, feasible, and supportable, include the cost of furnishing (including delivery) the item throughout the CBA (except for SNFs and NFs that elect to participate as specialty suppliers) for the duration of the contract period, and include overhead and profit.*

documents as of March 25, 2015. Information submitted about a new owner after the bid window closes will not be used to evaluate your bid. Please see **Attachment A: Important Dates** for the bid window opening and closing dates.

If a supplier is offered a contract and later executes a CHOW transaction, it must abide by the CHOW requirements provided in [42 CFR §414.422\(d\)](#).

## For Commonly Owned or Commonly Controlled Suppliers

Two or more suppliers are considered commonly owned if one or more of them have an ownership interest totaling at least 5 percent in the other(s). An ownership interest is the possession of equity in the capital, stock, or profits of another supplier. Commonly controlled suppliers are those where either one or more of the supplier's owners are also an officer, director, or partner in another supplier.

If your organization is a franchise that shares only the company name or corporate marketing services with the franchisor company, it is not considered commonly owned or commonly controlled for bidding purposes. Instead, each bidding franchise must submit a separate bid and send its own financial documents.

You may not bid against yourself for the same product category in the same CBA. Therefore, if you are a commonly owned or commonly controlled supplier, you must submit one bid that includes all commonly owned or commonly controlled locations (identified by PTAN) that would furnish competitively bid items in the same product category in the same CBA or that would furnish mail-order diabetic testing supplies nationally. Commonly owned and/or controlled locations located outside of the CBA that would routinely furnish items in the product category to beneficiaries in the CBA must also be included on the bid. This information should be completed in Form A under the location-specific section. See the [Common Ownership or Common Control](#) fact sheet on the CBIC website for additional information.

If suppliers that are commonly owned or commonly controlled submit a bid(s) for the same CBA and product category combination(s), the bid(s) will be disqualified, and none of these suppliers will be awarded a contract for that CBA and product category combination(s).

## For Network Bidders

If you are a small supplier unable to independently furnish all of the items in the product category to Medicare beneficiaries throughout the entire geographic area of a CBA, you have the option of joining a network. A small supplier is defined as one that generates gross revenue of \$3.5 million or less in annual receipts, including Medicare and non-Medicare revenue.

Please note that networks are excluded from bidding in the national mail-order recompetes because all suppliers in the national mail-order recompetes must be able to independently furnish all of the items in the product category throughout the entire geographic area.

- Networks must have at least two (2) but not more than twenty (20) members.
- Each member of the network must certify that it cannot independently furnish all competitively bid items in the product category to Medicare beneficiaries throughout the entire CBA for which the network is bidding.

- A network must form a single legal entity<sup>15</sup> and collectively submit a bid. All network agreements or contracts required to create the entity must be in place and signed before the network submits a bid. These agreements must be submitted with the network's hardcopy document package.
- You may join one or more networks but cannot submit an individual bid to furnish the same product category in the same CBA as a network in which you are a member.
- You may not be a member of more than one network if those networks submit bids to furnish the same product category in the same CBA.
- At the time the network submits its bid, its current market share for each product category in the CBA may not exceed 20 percent of the total Medicare demand for that product category in the CBA.

If the network has provided greater than 20 percent of Medicare volume for the entire product category in the CBA during the last calendar year, that network's bid will be disqualified. Please see the [bid preparation worksheets](#) on the CBIC website for assistance with determining market share.

- To be awarded a contract, each network member's location(s) must meet all eligibility requirements including accreditation and licensure. Each network member must also meet all of the financial requirements (see the ***Eligibility Rules and Financial Standards*** section) by the bidding deadline (see ***Appendix A: Important Dates*** for the bidding deadline).

**If one member of the network does not meet one or more of the eligibility requirements at the time of bidding, the entire network's bid will be disqualified.**

## For National Mail-Order Bidders

In accordance with [42 CFR §414.411](#), if you are bidding to furnish mail-order diabetic testing supplies, you must demonstrate that your bid includes at least 50 percent of all types of diabetic testing strips on the market. This rule ensures that Medicare beneficiaries have access to a wide variety of mail-order diabetic supplies.

You must complete the National Mail-Order 50 Percent Compliance form in DBidS to indicate the brands of diabetic testing strips you intend to furnish if awarded a contract. Please note that acknowledgement of your form meeting the 50 percent requirement is not a guarantee of compliance. The form will be verified to ensure completeness and accuracy.

For additional information, please refer to the [National Mail-Order Recompete for Diabetic Supplies](#) fact sheet on the CBIC website.

<sup>15</sup> **Entity:** For competitive bidding purposes, the term "entity" refers to a unique bidder. For example, for a supplier that is commonly owned and/or commonly controlled and has multiple locations, all the locations furnishing competitively bid items within the designated CBA are considered one entity.

## Bidding Process

### Step 1 – Register

You must obtain a user ID and password before you can access DBidS to complete your bid application and submit a bid. To do so, you must register in the Individuals Authorized Access to CMS Computer Services (IACS) online application. Even if you registered in IACS during a previous round (Round 1 Rebid, Round 2, the national mail-order competition, or Round 1 Recompete), you must register again to access DBidS. However, please note that the user ID that you receive in this round of bidding will not be electronically stored. It is important that you keep your user ID for future use.

You only need to register in IACS **one time with one PTAN** (even if you are bidding in both Round 2 Recompete and the national mail-order recompete). The PTAN that you use for registration becomes your primary location in DBidS, and you can also add locations to your bid in DBidS.

Primary members of a network only register ONE time. If the primary network member wants to submit an individual bid for a CBA and product category combination that is separate from the network's bid(s), the primary member should still register one time but with two PTANs: one for the network bid and another for the individual bid. However, members of a network (who are not the primary network member) who are submitting a bid(s) for a CBA and product category combination separate from the network bid(s) will need to register to submit their separate bid.

You can access IACS on the CBIC website when registration opens (see **Appendix A: Important Dates**). You can also find step-by-step instructions in the [IACS Reference Guide](#) and on the [How to Register to Submit a Bid](#) video on the CBIC website to assist you with registering.

Only an individual identified as an authorized official (AO)<sup>16</sup> on your CMS-855S enrollment application can register the organization. After the AO's registration is completed, the AO can approve the registration of backup authorized officials (BAOs)<sup>17</sup> and end users (EUs). BAOs must also be identified as an AO on the CMS-855S enrollment application and can serve as a backup to the AO. EUs, who help enter bid data, do not have to be listed on the CMS-855S enrollment application.

#### Common mistakes to avoid during registration:

- Registering more than one PTAN. The ONLY exception is if you are bidding both as the primary network member and independently for different product category(s)/CBA(s).
- The AO's name does not match exactly with PECOS enrollment records.
- The BAO and EU(s) attempting to register before the AO has completed his/her registration.

<sup>16</sup> **Authorized official (AO):** The authorized official must be an individual identified as an authorized official on CMS-855S enrollment application. This individual must be appointed by the supplier and be the supplier's general partner, chairman of the board, chief financial officer, chief executive officer, president, direct owner of the supplier organization, or must hold a position of similar status and authority within the supplier's organization. The authorized official has the legal authority granted by the supplier to submit a bid on behalf of the company and to enter into a contract with Medicare to furnish competitively bid items to Medicare beneficiaries. For registration purposes, there can only be one AO for an organization. The AO must approve or reject the request for backup authorized officials (BAO) and end users to access and enter data in DBidS.

<sup>17</sup> **Backup authorized official (BAO):** One or more individuals listed on CMS-855S enrollment application as an AO (see above) and who can serve as a backup to the authorized official (AO) in order to avoid disruption in the bidding process should the AO leave the organization or become unavailable during the bid window. For registration purposes, there can be one or more BAOs in an organization.

- The AO not approving the registration request for the BAO and/or EU within the allotted time.
- Using an incorrect user ID and/or password to log into DBidS.
- Changing your contact information (e-mail, phone number, etc) and not updating your records in PECOS.

## Step 2 – Complete and Submit Bid

You must complete and submit your bid(s) electronically in DBidS and the AO or BAO must also approve Form A and certify Form B (see **Appendix B: Bidding Forms A & B and Certification Statement**).

After registering in IACS and receiving a user ID and password, you can access DBidS on the CBIC website when bidding opens. You have a minimum of 60 days to complete and submit your bid(s) (see **Appendix A: Important Dates** for dates of the bid window). Hardcopy paper bids will not be considered.

After you complete the business organization section in Form A in DBidS, you are assigned a bidder number. Your bidder number will appear in the upper left corner on each page of your bid form in DBidS. It is important that you record this bidder number as it will be requested when speaking with a CBIC customer service representative about your bid, and you will be required to write the number on each page of your hardcopy documents.

You are responsible for the timely submission of your bid. We strongly encourage you to complete and submit your bid early and not wait until the last few days of the bid window. Changes can be made in DBidS at any time during the bid window.

View your DBidS status page often to check on the completeness of your bid. You can click on the link on the status page to see which pages/sections are incomplete. You can also click on the link for a page/section, and you will be taken to the page/section. The missing information will be noted at the top of the page.

You will find step-by-step instructions in the DBidS User Guide on the DBidS 'Welcome' page and in the 'Help' section of the left navigation menu. You will be able to view *How to Complete Form A* and *How to Complete Form B* videos on the CBIC website from your computer, tablet, or smartphone. Also, the [bid preparation worksheets](#), which are on the CBIC website, define the bidding units for each HCPCS code; whether to submit a bid for the rental of an item or purchase, the weight or each item, and utilization of each HCPCS code. These worksheets are designed to help you determine your estimated capacity and bid amount for each item in the product category.

If you are bidding in the national mail-order recompetes, you are required to complete a form in DBidS showing your compliance with the 50 percent rule. Please see the **For Network Bidders** section of the **General Program Requirements** section for more information.

### Common mistakes to avoid when completing a bid:

- Bidders not allowing sufficient time to complete and review their bids before bidding closes.
- The AO or BAO not re-approving Form A and/or re-certifying Form B after a change has been made to the form(s). An unapproved Form A and/or uncertified Form B is an incomplete bid and will not be considered.
- Commonly owned and/or commonly controlled suppliers bidding against each other in the same CBA and product category. Please see the **For Commonly Owned and**

**Commonly Controlled Suppliers** section on page 12 and in **Appendix B** for more information.

- The AO not completing the first section in Form A, which prevented the end user(s) from completing the remainder of Form A.
- Bidders submitting bid amounts that do not meet the definition of a bidding unit. For example, an item, such as a hospital bed, is furnished to beneficiaries as a monthly rental item. However, the definition of a bidding unit for a hospital bed is the “purchase of one (1) new unit.” The bidder incorrectly entered a “rental” amount instead of a “purchase” amount for the hospital bed in DBidS.
- Bidders not carefully reviewing their bid amounts for accuracy (e.g., ensuring no keying error(s) when entering bid amounts).

### Step 3 – Submit Required Hardcopy Documents

In addition to completing and approving Form A and completing and certifying Form B in DBidS (see **Appendix B: Bidding Forms A & B and Certification Statement**), you must send the required package of hardcopy documents in one complete package to the CBIC. Only ONE PACKAGE of hardcopy documents is required for each bidder number<sup>18</sup>, regardless of how many bids (Form Bs) are submitted. The only reason you should have more than one bidder number is if you are bidding as a primary network member and also bidding independently for a different CBA and product category combination(s). See **How to Submit Your Hardcopy Document Package** on page 24 for additional instructions. You may also view the video on how to submit your package on the CBIC website for further assistance.

To ensure all documents remain together, you must indicate your **bidder number** on each page of the documents or your bid may not be processed.

Packages must include both the required financial and non-financial documents as applicable.

Your package of hardcopy documents must be **RECEIVED by the CBIC on or before March 25, 2015** (see **Appendix A: Important Dates**). Late packages will not be considered, regardless of reason or mode of delivery. In addition, we will not consider faxed or e-mailed copies of the required documents. Hand-delivered packages to the CBIC document control facility before the close of bidding will be accepted. However, documents hand delivered after 11:59:59 on the date the bid window closes will not be considered.

CMS strongly recommends that you send your package early by a method that can be tracked and that requires a signature upon receipt. You should check with your common carrier or courier to determine the best method of delivery. We strongly encourage you to track your package after it has been sent to ensure timely delivery.

<sup>18</sup> **Bidder Number:** System generated number that identifies each unique bidding entity, assigned after the AO has completed the business organization section of Form A in DBidS.



## Financial Documents

### All Bidders Must Submit:

- Tax return extract for the most current year filed (must be either a 2013 or 2014 tax return)
- Financial statements
  - income statement<sup>19</sup>
  - balance sheet<sup>20</sup>
  - statement of cash flows<sup>21</sup>
- Current credit report with a credit score (report must contain name and date)

See the **Required Financial Documents** section for a detailed description of all documents.

## Non-Financial Documents

### Network Bidders

If you are bidding as part of a network in Round 2 Recompete, the primary network member must include the following in the network's hardcopy document package in addition to all of the financial documents listed above under "All Bidders Must Submit."

- **Network Legal Agreement(s):** Any agreement, including contracts, required to create the network as a legal entity. The agreement(s) must be in place and signed by each member of the network before the network submits a bid.
- **Certification Statement:** Each network member must sign a statement certifying that it joined the network because it was unable to independently furnish all items in the product category throughout the entire CBA. Printable copies of the certification statement are in DBidS. The primary network member should have each network member sign the statement.

### Bidders That Intend to Subcontract

At the time of bidding, if you intend to subcontract, you must include a **letter of intent**<sup>22</sup> to enter into a subcontracting agreement or an **executed agreement** (if already in a subcontracting relationship) in your package of hardcopy documents.

A signed letter of intent to enter into a subcontracting agreement must include the following:

- Anticipated length of agreement
- Identification of the parties
- Language clearly indicating that the subcontractor has agreed to supply items/functions/services
- Attestation that the subcontractor possesses all required state licenses, if applicable, for every CBA it will be servicing

<sup>19</sup> **Income statement (profit and loss statement or statement of operations):** A financial report on the results of a business' performance as reflected in the profitability of a business over a certain period. It itemizes the revenues and expenses of past performance that led to the current profit or loss.

<sup>20</sup> **Balance sheet:** A financial statement that summarizes a company's assets, liabilities, and owner's equity at a specific point in time.

<sup>21</sup> **Statement of cash flows:** Includes cash flows resulting from operating, financing, and investing activities and beginning and ending cash balances.

<sup>22</sup> **Letter of intent:** A signed letter that represents an agreement to enter into a subcontracting relationship, but is not the contract between the supplier and the subcontractor.

- Attestation that the subcontractor, if applicable, is accredited by a CMS-approved accrediting organization
- Signature of both the AO for the bidding entity and the subcontractor; and
- Language obligating the subcontractor to abide by state and federal privacy and security requirements, including the privacy provisions stated in the regulation for this program

See the **Subcontracting** section on page 7 for more information. You may also reference the [Subcontracting](#) fact sheet located under *Round 2 Recompete & National Mail-Order Recompete* on the CBIC website.

### **Bidders That Have Been Sanctioned or Otherwise Disciplined in the Last Five Years**

If you and/or your organization have been sanctioned by any governmental agency, accrediting or licensing organization within the last five years, you must also include in your hardcopy document package a **settlement agreement** or **corporate integrity agreement** that has been reached between your organization and the sanctioning organization.

You and/or your organization must also disclose information about any prior or current legal actions, revocations from the Medicare program, program-related convictions, exclusions or debarments imposed against you, or any members of your board of directors, chief corporate officers, high-level employees, affiliated companies, or subcontractors, by any federal, state, or local agency. You must certify in your bid that any information provided in response to this requirement is complete and accurate, or that you have nothing to disclose in response to this requirement.

### **Preclusion from Competitive Bidding**

Pursuant to CMS' authority under [42 C.F.R. §414.422\(g\)\(2\)\(iv\)](#), contract suppliers may be precluded from participating in a future round(s) of competition if the supplier breaches the requirements of the contract.

NOTE: Suppliers who have been precluded from Round 2 Recompete and/or national mail-order recompetes will not be permitted to participate in this round of bidding.

## After the Bid Window Closes

Bids will be evaluated based on the information provided on Form A and Form B in DBidS and in the package of hardcopy documents. The CBIC must have all of the following on or before bidding closes for your bid to be evaluated and considered for a contract:

1. A completed and approved Form A,
2. A completed and certified Form B, and
3. A complete package of required hardcopy documents (must be received on or before March 25, 2015)

Once the bid window closes, all bids are considered final and cannot be amended. You may continue to view your DBidS status page after the bid window closes to verify whether your bid is complete, approved, and certified by the AO or BAO. However, no changes can be made to the bid after the bid window has closed except to the extent permitted by the covered document review date process (see the [Covered Document Review Date](#) fact sheet on the CBIC website for more information). Acknowledgement in DBidS of a complete bid does not mean that the bid is accurate or otherwise meets CMS' criteria.

The DBidS status page indicates whether your hardcopy document package was received on time by the CBIC. If your document was received after the bid window closes, DBidS will not acknowledge receipt of the document(s), and the "Hardcopy Document Receipt" indicator will remain "NO."

It is your responsibility to ensure that you have submitted a complete bid along with an entire package of all required hardcopy documents, and that the package is received by the CBIC by March 25, 2015. Late, faxed, or e-mailed packages will not be considered, no matter the reason.

After bidding closes, you will be notified that your bid(s) has been preliminarily reviewed and if any competitive bidding or enrollment requirements (active PTAN, licensed, accredited, common ownership/control) were not met by the close of bidding. This evaluation gives you the opportunity to provide information that confirms the location(s) on your bid(s) met the bidding or enrollment requirements on or before the close of the bid window.

Authorized official and back-up authorized official(s) will receive an e-mail from the CBIC when this review is complete. You will then be able to go into DBidS to view your results. This preliminary evaluation does not include the review of your required financial documents, which is a separate notification process (see **Covered Document Review Process** section below). Please add [iacs\\_support@cms.hhs.gov](mailto:iacs_support@cms.hhs.gov), [@palmettogba.com](mailto:@palmettogba.com), and [@dmecompetitivebid.com](mailto:@dmecompetitivebid.com) to your e-mail contact list to ensure our e-mails are not filtered into your spam or junk mail folder.

CMS reserves the right to seek clarification or corrections from a bidder if necessary. CMS will seek such clarifications or corrections uniformly.

### **Confidentiality**

CMS will protect the confidentiality of bidders' proprietary financial and bidding information to the extent provided by law and will follow the procedure stated in [45 CFR §5.65](#). CMS will not share information about any bidder's proposal with other bidders.

However, an independent evaluator may be granted access to bidders' or networks' bidding information as permitted by law. Any reports that are created by CMS or its contractors to evaluate the program will report bidding information in an anonymous or aggregate format. Bidding information may be reviewed as required by law by the U.S. Government Accountability Office (GAO) and the Department of Health and Human Services (DHHS) Office of Inspector

General (OIG), and by the Department of Justice (DOJ) as permitted by law. CMS will request that any reports created to evaluate the program by the GAO and DHHS/OIG will report bidding information in an anonymous or aggregate format.

Contractor staff with access to bidding information are required to sign a statement agreeing to maintain the confidentiality of each bidder's information.

## Covered Document Review Process

CMS will review financial documents that have been **RECEIVED** on or before the covered document review date (CDRD) to determine if any required financial documents are missing. The CDRD is either 30 days before the end of the bid window or 30 days after the start of the bid window, whichever is later (see **Appendix A: Important Dates** for the CDRD). Other required (non-financial) documents are not subject to the covered document review process as set forth in [section 1847\(a\)\(1\)](#) of the Social Security Act. Only those suppliers that submit their financial documents on or before the CDRD deadline will be notified of missing financial documents. With the exception of submission of missing documents requested during the CDRD process, bidders cannot make any changes to their bids after the bid window closes.

- If you submit your hardcopy financial documents and they are RECEIVED on or before the CDRD, you will be notified in writing by CMS within 90 days after the CDRD of any missing financial documents. You will have ten business days from the date of the notice to submit the identified missing financial document(s). Documents must be RECEIVED by the CBIC by this deadline for your document(s) to be considered. Late, faxed or e-mailed documents submitted in response to the CDRD process will not be considered, regardless of reason.
- Bidders may only submit the financial documents requested as part of the covered document review process, and may not submit corrections or additions to any other document(s).
- The covered document review process determines only if any required financial documents were missing from your package. It does not indicate if the financial documents received are acceptable, accurate, or meet applicable requirements.
- If you do not submit any hardcopy financial documents on or before the CDRD, you will not be notified of any missing financial documents.

See the [Covered Document Review Date](#) fact sheet on the CBIC website for more information.

# Required Financial Documents

## 1. Tax Return Extract

You must submit the tax return extract for the most current year in which a tax return has been filed.

- DO NOT submit the entire tax return. Only send the required pages, depending on your business type (see **Appendix C: Required Financial Documents by Business Type Chart**).
- The required pages of the tax return and the financial statements discussed below must cover the **SAME** 12-month accounting period.

**Parent/Subsidiary** – If your organization is a subsidiary of a parent organization and you file your own tax return, you must submit your own tax return extract and your own financial documents. However, if you, the subsidiary, do not file your own tax return, you must submit the parent organization's tax return extract and the parent organization's financial documents. A combination of financial documents from both the parent and subsidiary companies is **not** acceptable.

**Municipality** – and state-owned entities – If your organization is a municipality-owned or state-owned entity that does not submit tax returns, you are not required to submit a tax return extract. However, you must include a copy of your tax exempt certificate or other documentation certifying that you are tax exempt. You are still required to submit the required financial statements and credit report with a credit score (credit report must contain name and a date).

## 2. Financial Statements *(You must submit all 3 financial statements)*

The **Income Statement** must include:

- Revenues
- Adjustments to revenues (if applicable)
- Cost of goods sold (if applicable)
- Expenses by category such as salary, utilities, rent, etc.
- Net income/loss

The **Balance Sheet** must include:

- Current assets
- Total assets
- Current liabilities
- Total liabilities
- Stockholders' equity or owner's capital

The **Statement of Cash Flows** must include:

- Cash flow resulting from operating activities
- Cash flow resulting from financing activities
- Cash flow resulting from investing activities
- Beginning and ending cash balances

## Financial Statement Requirements

- All financial statements must be for the most current year (either fiscal or calendar) in which a tax return was filed with the Internal Revenue Service (IRS). The tax return extract must be either a 2013 or 2014 tax return.
- All financial statements must be for the **same** 12-month accounting period and match the year of the tax return. Individual financial statements for each month are not acceptable. For example, if the tax return was filed for calendar year 2013, the financial statements must also be for calendar year 2013. If the tax return was for fiscal year 2013, the financial statements must also be for fiscal year 2013.
- If your 2013 or 2014 tax return filed was for less than 12 months, the financial statements that correspond to the same partial year tax return are required. Financial statements (actual or pro forma) for months subsequent to the tax return must be submitted to meet the 12-month requirement.

For example, a new supplier that started its business on July 1, 2013, and submits its tax return on a calendar year basis must submit an initial tax return for the six month period from July 1, 2013, through December 31, 2013, along with corresponding financial statements for the same period. To meet the 12-month requirement, the supplier must also submit the actual financial statements for the period from January 1, 2014, through June 30, 2014.

For any situation in which a tax return covers less than 12 months, financial statements matching the partial year tax return period plus separate pro forma financial statements for the subsequent months (to meet the 12-month requirement) must be submitted.

- The financial statements must be prepared on the accrual or cash basis of accounting.
- Each financial statement must correspond with related financial statements. For example, ending cash on the statement of cash flows must equal ending cash on the balance sheet.
- Each financial statement's information must accurately total. For example, in the balance sheet, total assets must equal the sum of total liabilities and owner's equity.
- Financial statements should be prepared in accordance with generally accepted accounting principles (GAAP).
- Forms you submit to federal agencies for other purposes, such as Small Business Administration forms, are not acceptable substitutes for financial statements.
- For parent/subsidiaries – financial statements should be at the same organization level as the tax extract. For example, if a subsidiary's parent organization files the tax return, the financial statements provided by the subsidiary must be at the parent organization level. A subsidiary that files its own tax returns must submit its own financial statements (i.e., they must be at the subsidiary level). Similarly, an organization that has different lines of business and submits a tax return at the organization level, not according to the product line, must submit its financial statements at the organization level.
- We strongly recommend that the financial statements be compiled, reviewed, or audited by an accounting professional and that you provide the accounting professional a copy of these RFB instructions along with the **Required Financial Documents by Business Type Chart** to help ensure that you meet all documentation requirements.

- You must include all documents as identified for your business type in **Appendix C: Required Financial Documents by Business Type Chart**.

### 3. Credit Report with Numerical Credit Score

You must submit a copy of your credit report with numerical score (report must include your company's name and date) that was prepared no earlier than **90 days prior** to the opening of the bid window by **one of the five** approved credit reporting agencies:

1. Dun & Bradstreet
2. Experian
3. Equifax
4. TransUnion
5. Standard & Poor's

Credit reports from other companies will **not** be considered. See **Appendix A: Important Dates** for acceptable credit report with score preparation dates.

Credit reports must include your company's name and a date along with a numerical score. The only exception is an alpha score from Standard & Poor's. Any other forms of gauging credit other than a numerical score (such as arrows indicating relative value of credit or the number of days beyond term) are not acceptable. In addition, a credit summary does not qualify as an acceptable credit report.

If your organization's credit report is not available, a personal credit report with a numeric score for the principal business owner is acceptable as long as it is prepared by an acceptable credit reporting agency no earlier than 90 days prior to the opening of the bid window. However, a personal credit report with score is not acceptable from bidders filing a regular 'C' corporation tax return (Form 1120), except in cases of newly formed corporations.

### Basic Requirements to Check When Preparing Your Financial Documents

- Balance Sheet
  - The balance sheet must balance – total assets must equal the sum of total liabilities and owner's equity.
- Statement of Cash Flows
  - The net income reported on the statement of cash flows must equal the net income reported on the income statement.
  - The ending cash balance reported on the statement of cash flows must equal the ending cash reported on the balance sheet.
  - A cash reconciliation must be included that reflects beginning and ending cash balances as well as the net increase or decrease between the two. The net change must equal the change in cash reported on the statement of cash flows.
- Credit Report
  - The credit report with score must be dated. See **Appendix A: Important Dates** for acceptable credit report with score preparation dates.
  - The credit report must include name and date.
- Tax Extract
  - The tax return extract and financial statements must be for the same time period.
  - The tax return extract must be either a 2013 or 2014 tax return.

- Suppliers that submit a tax return extract for a period less than 12 months should ensure that financial statements (actual or pro forma) for months subsequent to the tax return extract are submitted in order to meet the 12-month requirement.
- Financial Statements for Parent/Subsidiaries:
  - Financial statements should be on the same organizational level as the tax return extract. For example, if taxes are filed by the parent organization and not the subsidiary, the financial statements and tax return extract must be submitted for the parent.

## How to Submit Your Hardcopy Document Package

- Submit ONE package of documents per bidder number, regardless of the number of Form Bs you complete.
- To ensure your documents are associated with the correct bidder, your bidder number must be on EACH PAGE of EVERY document. Your bid may not be processed unless you include your bidder number on each page. You will be assigned a bidder number after you complete the business organization section in Form A of DBidS. Your bidder number will appear in the upper left corner on each page of your bid form in DBidS.
- Submit all documents in loose page format – no binders, folders, spiral binding, staples, or paper clips.
- Submit ONLY the required documents. Do NOT include other documents such as bank references, personal financial statements of corporate stockholders, advertising materials, or bank statements. Only required documents will be evaluated; supplemental documents will be disregarded. The only exception to this requirement is that you may also submit additional information in the form of organizational charts or other supplemental information that explains your organization’s business structure or provides additional details about information reflected in your required financial documents.
- To ensure you comply with all requirements, please refer to **Appendix C: Required Financial Documentation by Business Type Chart** and **Appendix E: Hardcopy Document Package Checklist** when preparing your package.
- Hardcopy document packages must be mailed or hand-delivered to the CBIC at the following address:

Palmetto GBA  
Competitive Bidding Implementation Contractor  
2743 Perimeter Pkwy, Suite 200-400  
Augusta, GA 30909-6499

- Faxed or e-mailed documents will NOT be considered.
- All hardcopy document packages must be **RECEIVED** by the CBIC **on or before March 25, 2015** (see **Appendix A: Important Dates**). Please send your package early by a method that can be tracked and requires a signature upon receipt. You should check with your common carrier or courier to determine the best method of delivery. We suggest you track your document package after it has been sent to help ensure timely delivery.
- Document packages that are not received by March 25, 2015, will not be considered under any circumstances.



- Only CDRD eligible financial documents identified and requested in a written notification from the CBIC as a result of the CDRD process will be considered after March 25, 2015 (see the **Covered Document Review Process** section).

## Special Instructions for Specific Bidder Types

### Commonly Owned or Commonly Controlled Suppliers

For commonly owned or commonly controlled suppliers, each organization's financial and non-financial documents must be submitted in ONE package. For example, if you are bidding with five other suppliers and you are all commonly owned, you must submit six complete sets of required financial and non-financial, if applicable, documents in one hardcopy package (one set for each of the suppliers included on the bid).

### New Suppliers

If you are a new supplier that has been in business for less than one year from the date on which you submit your bid, you must submit appropriate actual and pro forma data on your financial statements, representing the months to which they apply, to equal a 12-month period.

For example, a supplier in business for six months would submit actual financial statements for the six months actually in business and pro forma, or prospective financial statements, for the subsequent six months. Actual and pro forma financial statements should not be aggregated or combined for the same period. This means that you cannot put pro forma information on actual statements and you cannot put actual information on pro forma statements. Actual and pro forma statements must be reported separately, and collectively they must cover a 12-month period. Each statement must cover the appropriate portion of the 12-month period.

### Networks

For networks, the primary member must obtain and submit financial and non-financial documents from EACH network member in ONE package. If you have two bidder numbers because you are submitting an individual bid for a different CBA and product category combination and also bidding as the primary member of a network, you must submit separate hardcopy document packages for each bidder number – one package to support your individual bid(s) and one to support your network's bid(s). Each network member must sign a certification statement.

Please note that bidders in the national mail-order recompile are excluded from participating in a network.

### Tax-Exempt

If you are a tax-exempt supplier, you must include a copy of your tax exempt certificate or other documentation certifying that your organization is tax-exempt.

## Appendix A: Important Dates

### Round 2 Recompete and the National Mail-Order Recompete

**October 24, 2014**

Credit report with score must be prepared on or after this date

**December 18, 2014**

Registration for user IDs and passwords begins

**January 6, 2015**

Authorized officials are strongly encouraged to register no later than this date

**January 20, 2015**

Backup authorized officials are strongly encouraged to register no later than this date

**January, 22, 2015**

CMS opens 63-day bid window for Round 2 Recompete and the national mail-order recompete

**February 17, 2015**

User ID and password registration closes at 9 p.m. prevailing Eastern Time

**February 23, 2015**

Covered document review date (CDRD)

**March 25, 2015**

- All required hardcopy documents must be RECEIVED by the CBIC on or before this date

**March 26, 2015\***

Bid window closes

- All required state licenses must be EFFECTIVE and ON FILE WITH THE NSC and IN PECOS on or before this date
- All bids must be submitted in DBidS before 9 p.m. prevailing Eastern Time on this date

Revised 3/25/2015

**Winter 2016\***

CMS announces SPAs, begins contracting process

**Spring 2016\***

CMS announces contract suppliers, begins contract supplier education campaign

**July 1, 2016\***

Implementation of Round 2 Recompete and the national mail-order recompete contracts and prices

*\* Dates listed are target dates. Actual dates will be announced through listserv notice. Keep informed – sign up on the [CBIC website](#) to receive important updates regarding the DMEPOS Competitive Bidding Program.*

## **Appendix B: Bidding Forms A & B and Certification Statement**

You must complete Form A and Form B in DBidS, which you can access on the CBIC website on the day that bidding opens (see **Appendix A: Important Dates**). An electronic bid in DBidS is not considered complete unless the AO or BAO has approved its Form A and has certified its Form B(s). Below are general instructions for completing the forms. Please refer to the instructions and help content in DBidS, the *DBidS User Guide* on the *Welcome* screen and *Help* menu in DBidS, and the instructional videos on the CBIC website for additional information. You may also call the CBIC customer service center at 877-577-5331 from 9 a.m. to 9 p.m. prevailing Eastern time during registration and bidding for assistance in completing your bid.

### **Improvements in DBidS**

- You will not need to enter location specific data. Location information will be pre-populated with your enrollment data (address, National Provider Identifier (NPI), Taxpayer Identification Number (TIN), etc.) from the Medicare Provider Enrollment, Chain and Ownership System (PECOS).
- You can easily add locations that have the same TIN or different TINs that are associated with your business organization.
- Summary tables will be provided throughout DBidS that you can sort and/or filter.
- You can assign multiple CBA and product category combinations to multiple locations at one time by using the various sorting and filtering options.
- You will be able to copy and paste your expansion plan and manufacturer information from one bid to another.
- You will be able to select manufacturer, model name, and model number from pre-populated drop-down lists in most instances.
- If you are bidding in the national mail-order competition, you will complete the 50 Percent Compliance Form in DBidS.

### **Form A: Bid Application**

You should complete only ONE Form A regardless of your business organization type (supplier with single location, supplier with multiple locations, or network). Only ONE exception could apply:

If you are a member of a network that is bidding independently for a different CBA and product category combinations(s), you must register with your own PTAN and receive your own user ID and password to submit an independent bid.

You cannot bid against yourself for the same product category in the same CBA. Therefore, **you may NOT bid for the same product category in the same CBA as both a single independent bidder and as part of a network.** Please refer to the [IACS Reference Guide](#) for additional information and guidance on registering more than one PTAN.

## Business Organization Screen

You will be required to identify your organization as a specific business type. You should select the answer that best describes your organization.

- **Single Location**

A single location supplier is a bidding entity with only one location that has one or more owners and is represented by a single PTAN.

- **Multiple Location**

Multiple location suppliers have two or more locations with one or more owners (may be commonly owned or commonly controlled), and each location is identified by a unique PTAN. Multiple-location suppliers may or may not share a common taxpayer identification number (TIN). Multiple-location suppliers should identify on their bid all locations by PTAN that will be furnishing items to beneficiaries under the Competitive Bidding Program. Multiple location suppliers may be one of the following:

- **Parent Company with Subsidiaries or Holding Company**

Parent-subsubsidiaries are separate entities where one entity has ownership and control of another entity. In general, a parent entity is a company that owns controlling interests in one or more companies. A subsidiary is a company that is controlled by a parent company. These companies do not have to operate in the same locations or even in the same line of business. (See **Appendix C: Required Financial Documents per Business Type** chart to ensure you provide the correct documents.)

- **Commonly Owned or Commonly Controlled Suppliers**

Commonly owned suppliers are those where one or more suppliers has an ownership interest totaling at least five percent in the other(s). The term, "ownership interest" is defined as the possession of equity in the capital, stock, or profits of another supplier." Commonly controlled suppliers are those where one or more of a supplier's owners is also an officer, director, or partner of another supplier.

- **National Chain**

A DMEPOS chain organization is defined by the NSC as 25 or more DMEPOS supplier locations. Chain organizations must identify all locations inside and outside of the CBA that would routinely furnish the items in the product category to beneficiaries within the CBA.

- **Franchise**

A franchise is a company that purchases a license from an owner of a trademark or trade name permitting another to sell a product or service under the name or mark.

- **Network**

A network is two (2) to twenty (20) small suppliers that form a legal entity to provide competitively bid items throughout an entire CBA because they cannot independently service the entire CBA.

The network must identify a primary network member that will be responsible for submitting a bid on behalf of the network.

The primary network member must provide a name for the network on Form A in DBidS and identify all of its members and their locations. This includes any locations that would routinely furnish items in the product category to beneficiaries within the CBA.

Please see the **General Program Requirements** section for additional rules pertaining to networks.

- **Specialty Suppliers**

SNFs and NFs are not exempt from the DMEPOS Competitive Bidding Program. If your organization is a SNF or NF that is also enrolled as a DMEPOS supplier and wants to become a contract supplier to furnish specific bid items to your residents, you must submit a bid. As a SNF or NF, you may choose to bid as a specialty supplier. A specialty supplier is a SNF or NF that elects to furnish competitively bid items only to its own residents. Only SNFs and NFs may bid as a specialty supplier.

To bid as a specialty supplier, you must select the specialty supplier option on Form A. You must be enrolled as a DMEPOS supplier with the NSC and meet the applicable competitive bidding requirements to submit a bid to become a contract supplier (see the **Eligibility Rules** section).

If you do not become a contract supplier (either as a specialty supplier or a regular contract supplier), you must use a contract supplier(s) in the CBA to furnish competitively bid items to your residents.

#### Information for Business Organization

You will be asked to select all CBA and product category combination(s) for which your business organization will be bidding.

#### Bidder Number

You will be assigned a bidder number once you complete the business organization information screen in Form A. A pop-up box will appear with your bidder number. This number will also appear in the upper left hand corner of each page of DBidS. **RECORD THIS NUMBER.** It is important that the AO, BAOs, and EUs know where to locate this number. You are required to indicate it on **EACH PAGE** of your hardcopy documents.

#### Primary Location

Information on the primary location (PTAN) will be pre-populated in DBidS with data from your enrollment record in PECOS. You must then confirm whether this information for your primary location is accurate. If you select "NO," you will be asked to identify the correct information in the text box. **Please note that when you enter the correct information in DBidS, the new information will not automatically be updated in your enrollment record. You must update this information in PECOS.**

You will be asked to provide a toll-free number for the primary location, if available.

Next, you will select the CBA and product category combination(s) that the primary location will service if awarded a contract. You must select at least one combination for the primary location.

#### Additional Locations

Pre-populated information (legal business name, mailing address, telephone number, PTAN, NPI and TIN) for all locations associated with the TIN of your primary location is provided. If your organization has additional PTANs associated with another TIN, you can

add that TIN by identifying the PTAN, TIN and NPI in the *Find Additional Location* section. Select all locations that will be included on your bid(s). Information for these locations will be pre-populated with the data in your enrollment record(s) in PECOS.

### **Assignment of CBA and Product Category Combinations**

You will select the CBA(s) and product category(s) that you wish to assign to a location(s). The assigned location(s) will be evaluated to ensure it meets all of the competitive bidding requirements. If you are awarded a contract, only this location(s) will be eligible for payment for this CBA and product category combination(s). You can assign multiple CBA and product category combinations to multiple locations at one time by using the various sorting and filtering options.

**Please be sure you correctly assign a location(s) to a CBA and product category combination(s). All assigned locations will be evaluated to ensure they meet all competitive bidding requirements. If awarded a contract, only the assigned locations will be eligible for payment unless you later add qualified locations to your contract through the Location Update Form on the CBIC website.**

View your status page in DBidS often to check your current bid status. The status page will indicate if Form A is completed and approved and if Form B is completed and certified. No changes can be made after the bid window closes except to the extent permitted by the covered document review date process.

## **Form B: Bidding Form**

Form B includes the bidding forms for each CBA and product category combination—also known as a competition. You must complete a separate Form B for each CBA and product category combination for which you bid.

You will be required to provide historic information about your experience in the CBA and product category. You must provide the number of units for the top HCPCS codes in the product category that you furnished to all customers, Medicare and non-Medicare, in the CBA during the past calendar year.

You will also be required to identify the manufacturer and model of certain products you plan to make available to beneficiaries in the CBA. National mail-order bidders will provide this manufacturer and model information on the 50 Percent Compliance form in DBidS. If you are awarded a contract, this information may be used to populate the Medicare Supplier Directory on the Medicare website, [www.medicare.gov/supplierdirectory](http://www.medicare.gov/supplierdirectory).

It is important that you provide accurate product information on Form B. The Medicare Supplier Directory lists the manufacturer information for specific items provided by contract suppliers, and is used by Medicare beneficiaries, caregivers, referral providers, and 1-800-MEDICARE customer service representatives to assist beneficiaries with making informed choices about available products.

### **The Bid Form**

The bid form is prepopulated with item descriptions, bid types, item weights and the fee schedule amounts that serve as the bid limits.

You must complete the following fields:

### **Total Estimated Capacity**

The number of units per HCPCS code you estimate you can furnish throughout the entire CBA for one year.

As the definition of a “unit” for each item may be different, please review the definition of a bidding unit for each HCPCS code on the [bid preparation worksheets](#) on the CBIC website. To determine your expected capacity, calculate the number of units you currently furnish in the area on a yearly basis and add any units you would be capable of providing annually as of the start of the contract period. It is anticipated that you will be able to maintain this level, or greater, throughout the contract period. For the respiratory equipment product category, your estimated capacity is the number of rental units you currently furnish in the area on a yearly basis and any additional units you would be capable of providing annually as of the start of the contract period.

### **Bid Price**

The amount for which you can provide the item, including all costs associated with furnishing the item.

The bid price must be rational and feasible and must indicate the cost of furnishing a new item, or the rental of a new item, at the bid price submitted. **Please carefully review your bid amounts for keying errors and to ensure you are correctly entering either a purchase or rental amount for a new item as instructed.** Please see the **General Program Requirements** section for information about submitting a bona fide bid.

Once you have completed a Form B(s), the **AO or BAO for your organization must certify the form(s). A Form B(s) that is not completed and certified will not be evaluated.** Changes made to a Form B after it has been certified will require the AO or BAO to recertify the form. To ensure that your Form A is approved and Form B is certified, check your status page in DBidS. Remember, no changes can be made in DBidS after the bid window closes.

### **Certification Statement**

For your bid to be considered, an AO or BAO for your organization must approve Form A and certify that the information provided on Form A, Form B, and in the package of required hardcopy documents is true, correct, and complete by completing the certification statement in DBidS by the close of the bid window. The certification statement serves as the bidder’s electronic signature.

Changes made to Form A after it has been approved or to Form B after it has been certified will require the AO or BAO to reapprove Form A or recertify Form B. You can verify the status of your bid by visiting the DBidS status page. We suggest you check this page after each use.

For networks, the primary network member must print the certification statement at the end of Form B in DBidS, and each network member must sign a copy certifying that it joined the network because it was unable to independently furnish all the items in the product category throughout the entire CBA for which the network is submitting a bid. The certification statement must be submitted with the network’s hardcopy document package.

## **Appendix C: Required Financial Documents by Business Type Chart**

All business types (e.g., corporation, sole proprietorship, partnership, etc.) must submit the hardcopy financial documentation detailed in the Request for Bids (RFB) instructions. The tax return extract must be either a 2013 or 2014 tax return.

The tax return extract and the three financial statements must be for the same 12-month accounting period and must correspond. For example, if the tax return extract is for the calendar year 2013, the financial statements must be for calendar year 2013.

We strongly recommend the use of an accounting professional to prepare your financial statements. We suggest that you provide the accounting professional with a copy of this **Required Financial Documents by Business Type** chart, the financial section of the RFB instructions and the **Hardcopy Document Package Checklist**. All packages must be prepared in accordance with generally accepted accounting principles (GAAP) and must be prepared according to this checklist and the RFB instructions.



Business Type	Tax Return Extract	Income Statement	Balance Sheet	Statement of Cash Flows	Credit Report & Numerical Score
<p align="center"><b>LLC, PC, S or C Corporation</b></p>	<p>Most current year for which a tax return has been submitted. The tax return extract must be either a 2013 or 2014 tax return.</p> <p>Note: For a parent/subsidiary, see special rules on corresponding financial statements.</p> <p><b>MUST INCLUDE:*</b></p> <ul style="list-style-type: none"> <li>• Form 1120: pages 1 – 5 <i>or</i></li> <li>• Form 1120S: pages 1 – 5 <i>or</i></li> <li>• Schedule C: pages 1 – 2 <i>or</i></li> <li>• Form 1065: pages 1 – 5 <i>or</i></li> <li>• Form 990: pages 1 and 9 – 11</li> </ul>	<p>Financial statements and tax extract must correspond and cover the same accounting period.</p> <p><b>MUST INCLUDE:</b></p> <ul style="list-style-type: none"> <li>• Revenue</li> <li>• Adjustment to revenues (if applicable)</li> <li>• Cost of goods sold (if applicable)</li> <li>• Expenses by category</li> <li>• Net income/loss</li> </ul>	<p>Financial statements and tax extract must correspond and cover the same accounting period.</p> <p><b>MUST INCLUDE:</b></p> <ul style="list-style-type: none"> <li>• Current assets</li> <li>• Total assets</li> <li>• Current liabilities</li> <li>• Total liabilities</li> <li>• Stockholder equity</li> </ul>	<p>Financial statements and tax extract must correspond and cover the same accounting period.</p> <p><b>MUST INCLUDE:</b></p> <ul style="list-style-type: none"> <li>• Operating activities</li> <li>• Financing activities</li> <li>• Investing activities</li> <li>• Beginning and ending cash balances</li> </ul>	<p>Dated credit report with score that was completed no earlier than 90 days prior to the opening of the bid window.**</p> <p>See RFB <b>Appendix A</b> for date the credit reports/scores must be prepared.</p> <p><b>MUST BE PREPARED BY ONE OF THE FOLLOWING:</b></p> <ul style="list-style-type: none"> <li>• Dun &amp; Bradstreet</li> <li>• Experian</li> <li>• Equifax</li> <li>• TransUnion</li> <li>• Standard &amp; Poor's</li> </ul>

Business Type	Tax Return Extract	Income Statement	Balance Sheet	Statement of Cash Flows	Credit Report & Numerical Score
Sole Proprietor	<p>Most current year for which a tax return has been submitted. The tax return extract must be either a 2013 or 2014 tax return.</p> <p>MUST INCLUDE:</p> <ul style="list-style-type: none"> <li>• Schedule C: pages 1 – 2</li> </ul>	<p>Financial statements and tax extract must correspond and cover the same accounting period.</p> <p>MUST INCLUDE:</p> <ul style="list-style-type: none"> <li>• Revenue</li> <li>• Adjustment to revenues (if applicable)</li> <li>• Cost of goods sold (if applicable)</li> <li>• Expenses by category</li> <li>• Net income/loss</li> </ul>	<p>Financial statements and tax extract must correspond and cover the same accounting period.</p> <p>MUST INCLUDE:</p> <ul style="list-style-type: none"> <li>• Current assets</li> <li>• Total assets</li> <li>• Current liabilities</li> <li>• Total liabilities</li> <li>• Owner's capital</li> </ul>	<p>Financial statements and tax extract must correspond and cover the same accounting period.</p> <p>MUST INCLUDE:</p> <ul style="list-style-type: none"> <li>• Operating activities</li> <li>• Financing activities</li> <li>• Investing activities</li> <li>• Beginning and ending cash balances</li> </ul>	<p>Dated credit report with score that was completed no earlier than 90 days prior to the opening of the bid window.**</p> <p>See RFB <b>Appendix A</b> for date the credit reports/scores must be prepared.</p> <p>MUST BE PREPARED BY ONE OF THE FOLLOWING:</p> <ul style="list-style-type: none"> <li>• Dun &amp; Bradstreet</li> <li>• Experian</li> <li>• Equifax</li> <li>• TransUnion</li> <li>• Standard &amp; Poor's</li> </ul>

Business Type	Tax Return Extract	Income Statement	Balance Sheet	Statement of Cash Flows	Credit Report & Numerical Score
<b>Partnership</b>	<p>Most current year for which a tax return has been submitted The tax return extract must be either a 2013 or 2014 tax return.</p> <p><b>MUST INCLUDE:</b></p> <ul style="list-style-type: none"> <li>• Form 1065: pages 1 – 5</li> </ul>	<p>Financial statements and tax extract must correspond and cover the same accounting period.</p> <p><b>MUST INCLUDE:</b></p> <ul style="list-style-type: none"> <li>• Revenue</li> <li>• Adjustment to revenues (if applicable)</li> <li>• Cost of goods sold (if applicable)</li> <li>• Expenses by category</li> <li>• Net income/loss</li> </ul>	<p>Financial statements and tax extract must correspond and cover the same accounting period.</p> <p><b>MUST INCLUDE:</b></p> <ul style="list-style-type: none"> <li>• Current assets</li> <li>• Total assets</li> <li>• Current liabilities</li> <li>• Total liabilities</li> <li>• Partners' capital</li> </ul>	<p>Financial statements and tax extract must correspond and cover the same accounting period.</p> <p><b>MUST INCLUDE:</b></p> <ul style="list-style-type: none"> <li>• Operating activities</li> <li>• Financing activities</li> <li>• Investing activities</li> <li>• Beginning and ending cash balances</li> </ul>	<p>Dated credit report with score that was completed no earlier than 90 days prior to the opening of the bid window.**</p> <p>See RFB <b>Appendix A</b> for date the credit reports/scores must be prepared.</p> <p><b>MUST BE PREPARED BY ONE OF THE FOLLOWING:</b></p> <ul style="list-style-type: none"> <li>• Dun &amp; Bradstreet</li> <li>• Experian</li> <li>• Equifax</li> <li>• TransUnion</li> <li>• Standard &amp; Poor's</li> </ul>

Business Type	Tax Return Extract	Income Statement	Balance Sheet	Statement of Cash Flows	Credit Report & Numerical Score
<b>Non-Profit Organization</b>	<p>Most current year for which a tax return has been submitted. The tax return extract must be either a 2013 or 2014 tax return.</p> <p><b>MUST INCLUDE:</b></p> <ul style="list-style-type: none"> <li>• Form 990: pages 1 and 9 – 11</li> </ul>	<p>Financial statements and tax extract must correspond and cover the same accounting period.</p> <p><b>MUST INCLUDE:</b></p> <ul style="list-style-type: none"> <li>• Revenue</li> <li>• Adjustment to revenues (if applicable)</li> <li>• Cost of goods sold (if applicable)</li> <li>• Expenses by category</li> <li>• Net income/loss</li> </ul>	<p>Financial statements and tax extract must correspond and cover the same accounting period.</p> <p><b>MUST INCLUDE:</b></p> <ul style="list-style-type: none"> <li>• Current assets</li> <li>• Total assets</li> <li>• Current liabilities</li> <li>• Total liabilities</li> <li>• Total net assets or fund balances</li> </ul>	<p>Financial statements and tax extract must correspond and cover the same accounting period.</p> <p><b>MUST INCLUDE:</b></p> <ul style="list-style-type: none"> <li>• Operating activities</li> <li>• Financing activities</li> <li>• Investing activities</li> <li>• Beginning and ending cash balances</li> </ul>	<p>Dated credit report with score that was completed no earlier than 90 days prior to the opening of the bid window.**</p> <p>See RFB <b>Appendix A</b> for date the credit reports/scores must be prepared.</p> <p><b>MUST BE PREPARED BY ONE OF THE FOLLOWING:</b></p> <ul style="list-style-type: none"> <li>• Dun &amp; Bradstreet</li> <li>• Experian</li> <li>• Equifax</li> <li>• TransUnion</li> <li>• Standard &amp; Poor's</li> </ul>

Business Type	Tax Return Extract	Income Statement	Balance Sheet	Statement of Cash Flows	Credit Report & Numerical Score
<p style="text-align: center;"><b>Municipality- or State-Owned Organization</b></p>	<p>A tax extract is submitted only if the municipality- or state-owned organization has a tax filing requirement.</p> <p>The tax return extract must be either a 2013 or 2014 tax return.</p>	<p>Financial statements and tax extract must correspond and cover the same accounting period.</p> <p><b>MUST INCLUDE:</b></p> <ul style="list-style-type: none"> <li>• Revenue</li> <li>• Adjustment to revenues (if applicable)</li> <li>• Cost of goods sold (if applicable)</li> <li>• Expenses by category</li> <li>• Net income/loss</li> </ul>	<p>Financial statements and tax extract must correspond and cover the same accounting period.</p> <p><b>MUST INCLUDE:</b></p> <ul style="list-style-type: none"> <li>• Current assets</li> <li>• Total assets</li> <li>• Current liabilities</li> <li>• Total liabilities</li> <li>• Total net assets or fund balances</li> </ul>	<p>Financial statements and tax extract must correspond and cover the same accounting period.</p> <p><b>MUST INCLUDE:</b></p> <ul style="list-style-type: none"> <li>• Operating activities</li> <li>• Financing activities</li> <li>• Investing activities</li> <li>• Beginning and ending cash balances</li> </ul>	<p>Dated credit report with score that was completed no earlier than 90 days prior to the opening of the bid window.**</p> <p>See RFB <b>Appendix A</b> for date the credit reports/scores must be prepared.</p> <p><b>MUST BE PREPARED BY ONE OF THE FOLLOWING:</b></p> <ul style="list-style-type: none"> <li>• Dun &amp; Bradstreet</li> <li>• Experian</li> <li>• Equifax</li> <li>• TransUnion</li> <li>• Standard &amp; Poor's</li> </ul>

Business Type	Tax Return Extract	Income Statement	Balance Sheet	Statement of Cash Flows	Credit Report & Numerical Score
<p><b>New Supplier</b></p>	<p>If a tax return has been filed, refer to the relevant business types above for requirements.</p> <p>The tax return extract must be either a 2013 or 2014 tax return.</p> <p><b>MUST INCLUDE:*</b></p> <ul style="list-style-type: none"> <li>• Form 1120: pages 1 – 5 <i>or</i></li> <li>• Form 1120S: pages 1 – 5 <i>or</i></li> <li>• Form 1065: pages 1 – 5 <i>or</i></li> <li>• Schedule C: pages 1 – 2 <i>or</i></li> <li>• Form 990: pages 1 and 9 – 11</li> </ul>	<p>Income statements for a 12-month period with actual and pro forma data separately prepared for the months to which they apply.</p> <p><b>MUST INCLUDE:</b></p> <ul style="list-style-type: none"> <li>• Revenue</li> <li>• Adjustment to revenues (if applicable)</li> <li>• Cost of goods sold (if applicable)</li> <li>• Expenses by category</li> <li>• Net income/loss</li> </ul>	<p>Balance sheets for a 12-month period with actual and pro forma data separately prepared for the months to which they apply.</p> <p><b>MUST INCLUDE:</b></p> <ul style="list-style-type: none"> <li>• Current assets</li> <li>• Total assets</li> <li>• Current liabilities</li> <li>• Total liabilities</li> <li>• Stockholders' equity or owner's capital</li> <li>• Non-profit, municipality or state-owned organizations must include total net assets or fund balances instead of stockholders' equity or owner's capital</li> </ul>	<p>Statements of cash flows for a 12-month period with actual and pro forma data separately prepared for the months to which they apply.</p> <p><b>MUST INCLUDE:</b></p> <ul style="list-style-type: none"> <li>• Operating activities</li> <li>• Financing activities</li> <li>• Investing activities</li> <li>• Beginning and ending cash balances</li> </ul>	<p>Dated credit report with score that was completed no earlier than 90 days prior to the opening of the bid window.**</p> <p>See RFB <b>Appendix A</b> for date the credit reports/scores must be prepared.</p> <p><b>MUST BE PREPARED BY ONE OF THE FOLLOWING:</b></p> <ul style="list-style-type: none"> <li>• Dun &amp; Bradstreet</li> <li>• Experian</li> <li>• Equifax</li> <li>• TransUnion</li> <li>• Standard &amp; Poor's</li> </ul> <p>If a credit report is not available for the business, the principal business owner must supply a personal credit report with numerical score prepared no earlier than 90 days prior to the opening of the bid window by one of the credit agencies listed.</p>

Business Type	Tax Return Extract	Income Statement	Balance Sheet	Statement of Cash Flows	Credit Report & Numerical Score
<b>Network</b>	<p>For each network member, refer to the relevant business types above for tax extract requirements.</p> <p>The tax return extract must be either a 2013 or 2014 tax return.</p> <p><b>MUST INCLUDE:*</b></p> <ul style="list-style-type: none"> <li>• Form 1120: pages 1 – 5 <i>or</i></li> <li>• Form 1120S: pages 1 – 5 <i>or</i></li> <li>• Form 1065: pages 1 – 5 <i>or</i></li> <li>• Schedule C: pages 1 – 2 <i>or</i></li> <li>• Form 990: pages 1 and 9 – 11</li> </ul>	<p>One year for each network member. Financial statements and tax extract cover same accounting period.</p> <p><b>MUST INCLUDE:</b></p> <ul style="list-style-type: none"> <li>• Revenue</li> <li>• Adjustment to revenues (if applicable)</li> <li>• Cost of goods sold (if applicable)</li> <li>• Expenses by category</li> <li>• Net income/loss</li> </ul>	<p>One year for each network member. Financial statements and tax extract cover same accounting period.</p> <p><b>MUST INCLUDE:</b></p> <ul style="list-style-type: none"> <li>• Current assets</li> <li>• Total assets</li> <li>• Current liabilities</li> <li>• Total liabilities</li> <li>• Stockholders' equity or owners' capital</li> </ul>	<p>One year for each network member. Financial statements and tax extract cover same year.</p> <p><b>MUST INCLUDE:</b></p> <ul style="list-style-type: none"> <li>• Operating activities</li> <li>• Financing activities</li> <li>• Investing activities</li> <li>• Beginning and ending cash balances</li> </ul>	<p>Dated credit report with score, for each network member that was completed no earlier than 90 days prior to the opening of the bid window.**</p> <p>See RFB <b>Appendix A</b> for date the credit reports/scores must be prepared.</p> <p><b>MUST BE PREPARED BY ONE OF THE FOLLOWING:</b></p> <ul style="list-style-type: none"> <li>• Dun &amp; Bradstreet</li> <li>• Experian</li> <li>• Equifax</li> <li>• TransUnion</li> <li>• Standard &amp; Poor's</li> </ul>

\* The required form depends on your accounting period and business type. Contact your tax preparer if you have any questions.

\*\* Credit reports must reflect a numerical score unless you are using Standard & Poor's. Standard & Poor's credit report uses an alpha score instead of a numerical score; therefore, the report must contain the alpha grade such as AAA, AA, etc. Gauges with an arrow indicating the relative value of credit or a credit report indicating the number of days beyond term are not acceptable.

Note: Financial statements should be prepared in accordance with GAAP.

# Appendix D: Sample Financial Statements

## Sample Financial Statements Income Statement

[Company Name]

[Period ending date]

Revenue	Year to Date
	Amount
Gross sales	
<i>Less sales returns and allowances</i>	
Net sales	
Cost of Sales	Year to Date
	Amount
Beginning inventory	
Plus goods purchased/manufactured	
Total goods available	
Less ending inventory	
Total cost of goods sold	
Gross profit (loss)	
Operating Expenses	Year to Date
	Amount
<b>Selling</b>	
Salaries and wages	
Commissions	
Advertising	
Depreciation	
Total selling expenses	
<b>General/Administrative</b>	
Salaries and wages	
Employee benefits	
Payroll taxes	
Insurance	
Rent	
Utilities	
Depreciation and amortization	
Office supplies	
Travel and entertainment	
Postage	
Equipment maintenance and rental	
Interest	
Furniture and equipment	
Total general/administrative expenses	
Total operating expenses	
Net income before taxes	
Taxes on income	
<b>Net Income (Loss)</b>	

### Important Tips

The **Income Statement** must include:

- Revenues
- Adjustments to revenues (if applicable)
- Cost of goods sold
- Expenses by category such as salary, utilities, rent, etc.
- Net income/loss



## Sample Financial Statements Balance Sheet

[Date]

### ASSETS

#### Current Assets

Cash	
Accounts receivable	
(less doubtful accounts)	
Inventory	
Temporary investment	
Prepaid expenses	
<b>Total Current Assets</b>	

#### Fixed Assets

Long-term investments	
Land	
Buildings	
(less accumulated depreciation)	
Plant and equipment	
(less accumulated depreciation)	
Furniture and fixtures	
(less accumulated depreciation)	
<b>Total Net Fixed Assets</b>	

**TOTAL ASSETS**

### LIABILITIES

#### Current Liabilities

Accounts payable	
Short-term notes	
Current portion of long-term notes	
Interest payable	
Taxes payable	
Accrued payroll	
<b>Total Current Liabilities</b>	

#### Long-Term Liabilities

Mortgage	
Other long-term liabilities	
<b>Total Long-Term Liabilities</b>	
<b>TOTAL LIABILITIES</b>	

#### Stockholder's Equity

Capital stock	
Retained earnings	
<b>Total Stockholder's Equity</b>	

**TOTAL LIABILITIES & EQUITY**

#### Important Tips

The **Balance Sheet** must include:

- Current assets
- Total assets
- Current liabilities
- Total liabilities
- Stockholder's equity or owner's capital

**Total Assets  
must equal  
Total Liabilities & Equity**



## Sample Financial Statements Statement of Cash Flows

[Company Name]	[Time Period]
<b>Cash flows from operating activities</b>	
Cash received from customers	
Cash paid for merchandise	
Cash paid for wages and other operating expenses	
Cash paid for interest	
Cash paid for taxes	
Other	
<b>Net cash provided (used) by operating activities</b>	
<b>Cash flows from investing activities</b>	
Cash received from sale of capital assets (plant and equipment, etc.)	
Cash received from disposition of business segments	
Cash received from collection of notes receivable	
Cash paid for purchase of capital assets	
Cash paid to acquire businesses	
Other	
<b>Net cash provided (used) by investing activities</b>	
<b>Cash flows from financing activities</b>	
Cash received from issuing stock	
Cash received from long-term borrowings	
Cash paid to repurchase stock	
Cash paid to retire long-term debt	
Cash paid for dividends	
Other	
<b>Net cash provided (used) in financing activities</b>	
Increase (decrease) in cash during the period	
Cash balance at the beginning of the period	
<b>Cash balance at the end of the period</b>	

**Important Tips**

The **Statement of Cash Flows** must include:

- Cash flow resulting from **operating** activities
- Cash flow resulting from **investing** activities
- Cash flow resulting from **financing** activities
- Beginning and ending cash balances

Cash balance at the end of the period must agree to cash on the balance sheet. The increase (decrease) in cash during the period must equal the sum of the increase (decrease) in cash during the period from the three cash flows.

## **Appendix E: Hardcopy Document Package Checklist**

### **Hardcopy Document Package Checklist**

This checklist is not a required document, but a guide to help you prepare your package of hardcopy documents for submission. Fact sheets, charts and other resources pertaining to submitting a package can be found on the Competitive Bidding Implementation Contractor website, [www.dmecompetitivebid.com](http://www.dmecompetitivebid.com). **Follow the RFB instructions carefully to ensure your documents meet all requirements.**

**We strongly recommend use of an accounting professional to prepare your financial documents, and that you provide the accounting professional with a copy of this checklist, financial section of the RFB and the Required Financial Documents by Business Type chart. All packages must be prepared in accordance with this checklist and the RFB instructions. Remember, financial statements should be prepared according to GAAP.**

#### **Financial Documentation\***

- Income Statement** – include the following:
  - Revenues
  - Net income/loss
  - Cost of goods sold (if applicable)
  - Expenses by category such as salary, utilities, rent, etc.
  - Adjustments to revenues (if applicable)
- Balance Sheet** – include the following:
  - Current assets
  - Total assets
  - Current liabilities
  - Total liabilities
  - Stockholders' equity or owners' capital
- Statement of Cash Flows** – include the following:
  - Cash flow resulting from operating activities
  - Cash flow resulting from financing activities
  - Cash flow resulting from investing activities
  - Beginning and ending cash balances
- Tax Return Extract** (DO NOT send the entire tax return, only the required pages.)\*\* See special requirements for parent/subsidiary.
- Dated Credit Report** with score prepared no earlier than 90 days prior to the opening of the bid window by one of the five approved credit reporting agencies. Please refer to the RFB for the date the credit reports/scores must be prepared. (Dun & Bradstreet, Experian, Equifax, TransUnion, or Standard & Poor's)

#### **\*\*Non-Financial Documentation**

- Legal Agreement and signed Network Certification page for EACH network member** – (if applicable)
- Signed Letter of Intent to Enter into a Subcontracting Agreement or an Executed Agreement** – (if applicable)
- Settlement Agreement or Corporate Integrity Agreement** – (if applicable)

## **Miscellaneous**

- **Bidder number on EACH page of EVERY document.**
- **All documents submitted in loose page format** – no binders, folders, spiral binding, staples or paper clips.
- **ONE package per bidder number, regardless of number of bids for each product category / competitive bidding area.** For commonly owned or commonly controlled suppliers, each organization's financial and non-financial documents must be submitted in ONE package. For networks, the primary member must obtain and submit financial and non-financial documents from EACH network member in ONE package.
- **If you need to submit amended required documents before March 25, 2015, only submit those documents and not the entire package.**

All hardcopy document packages must be **RECEIVED** by the CBIC on or before March 25, 2015. Packages received after the close of the bid window or by fax or e-mail will not be considered for any reason. Packages should be sent early by a method that can be tracked and requires a signature upon receipt to ensure consideration. You should check with your common carrier or courier to determine the best method of delivery. We suggest you track your document after it has been sent to help ensure timely delivery.

Visit your DBidS status page often to check the status of your bid and receipt of your package of hardcopy documents. The status page displays receipt of all document(s) that were submitted timely. However, it does not confirm the accuracy or completeness of the package.

Packages should be sent to:

PALMETTO GBA  
COMPETITIVE BIDDING IMPLEMENTATION CONTRACTOR  
2743 PERIMETER PKWY SUITE 200-400  
AUGUSTA, GA 30909-6499

\* Refer to the **Required Financial Documents by Business Type** chart for specific requirements based on your business type.

\*\* Refer to the **Non-Financial Documents** section of the Request for Bids (RFB) instructions for specific requirements.