

Round 2021

Request for Bids (RFB)

Medicare DMEPOS

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

Competitive Bidding Program

Table of Contents

- Introduction4
- Background4
- Bid Instructions and Requirements.....4
- Bidding Overview5
- Requirements to Consider:5
- Eligibility Rules, Bid Surety Bond Requirements, and Financial Standards9
- Enrollment Records Must Reflect an Active PTAN, Licensure, and Accreditation9
- Licensure Requirements9
- Accreditation Requirements 10
- Bid Surety Bond Requirements..... 11
- Financial Standards 12
- General Program Requirements..... 13
- Choice of CBAs and Product Categories 13
- Bona Fide Bids 13
- Bid Preparation Worksheets and Utilization Report 13
- Lead Item Pricing 14
- Change of Ownership (CHOW)..... 14
- For Commonly Owned or Commonly Controlled Suppliers 15
- For Network Bidders..... 15
- Bidding Process 16
- Step 1 – Register for DBidS and Connexion Access 16
- Step 2 – Obtain Bidder Number and Submit Bid(s) in DBidS 19
- Step 3 – Prepare and Upload Required Documents in Connexion 20
- Required Documents 21
- Financial Documents..... 21
- Bid Surety Bond 28
- Non-Financial Documents 29
- Network Bidders..... 29
- Bidders That Have Been Sanctioned or Otherwise Disciplined in the Last Five Years 29
- Suppliers Precluded from Competitive Bidding..... 29
- After the Bid Window Closes 30
- Confidentiality 30

Process for Reviewing Covered Documents.....	30
Preliminary Bid Evaluation Process.....	31
Bona Fide Bid Process.....	31
Bidder Inquiry Process	32
Appendix A: Important Dates	33
Appendix B: Sample Bid Surety Bond Template.....	34
Appendix C: Bidding Forms A & B and Certification Form Statement	36
Form A: Bid Application	36
Form B: Bidding Form	39
The Bid Form.....	39
Certification Statement	40
Appendix D: Required Financial Documents by Business Type Table	41
Appendix G: Required Documents Checklist.....	54

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. Bidders should consult 42 CFR Part 414 when preparing their bids.

Introduction

Background

Section 1847 of the Social Security Act requires the Secretary to establish and implement a Medicare Durable Medical Equipment, Prosthetics, Orthotics, and Supplies (DMEPOS) Competitive Bidding Program. The statute requires that Medicare payment for competitively bid DMEPOS items and services be based on bids submitted and accepted for such items and services.

In the DMEPOS Competitive Bidding Program, the Centers for Medicare & Medicaid Services (CMS) utilizes bids¹ submitted by bidders for certain DMEPOS items and services to establish Medicare payment amounts for such items and services in designated competitive bidding areas (CBAs²). Bidders compete to become contract suppliers³ by submitting bids to furnish certain items identified by the Healthcare Common Procedure Coding System (HCPCS⁴) codes in CBAs, and CMS awards contracts to a sufficient number of bidders to meet beneficiary demand for the bid items in the CBA.

CMS offers contracts to bidders that meet all of the competitive bidding requirements in these Request for Bids (RFB) Instructions and whose bid amounts fall at or below the pivotal bid⁵. These bidders will be offered a competitive bidding contract for that competition. Contracts are awarded to multiple bidders for each product category in each CBA.

All bidders that are awarded a contract must continue to comply with the Medicare enrollment rules specified in [42 CFR §424.57\(c\)](#) and have an active Provider Transaction Access Number (PTAN⁶) at contract award and for the duration of the contract period of performance. Their locations (i.e., identified by PTAN) must be accredited by a CMS approved accrediting organization and licensed by the state as applicable, and they must follow the [DMEPOS Quality Standards](#) and [DMEPOS Supplier Standards](#).

CMS is conducting Round 2021 in the same CBAs (geographic areas) that were included in Round 1 2017 and the Round 2 Recompete for a total of 130 [CBAs](#). Round 2021 includes 16 [product categories](#).

Bid Instructions and Requirements

The following instructions explain the bidding requirements and provide guidelines for completing and submitting a bid in Round 2021. It is very important that you read these instructions thoroughly before you complete your bid as some instructions and requirements have changed from those provided in previous rounds of bidding. Below are several examples of the changes that are a part of CMS' ongoing continuous improvement process for the competitive bidding program, many of which are outlined in the revised regulations at 42 CFR §§ 414.414 and 414.416:

¹ **Bid:** An offer to furnish an item or items for a particular price and time period that includes, where appropriate, any services that are directly related to the furnishing of the item or items. The bidder should consider all costs associated with furnishing an item or items.

² **CBA:** An area established by the Secretary for the purposes of the Medicare DMEPOS Competitive Bidding Program. The area is defined by ZIP codes and may be larger than or smaller than the related metropolitan statistical area.

³ **Contract Supplier:** An entity awarded a contract by CMS to furnish items under a DMEPOS Competitive Bidding Program.

⁴ **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.

⁵ **Pivotal Bid:** The lowest bid for the lead item in the product category based on bids submitted by suppliers for a product category in a CBA competition that includes a sufficient number of suppliers to meet the projected beneficiary demand for the items in that competition.

⁶ **PTAN:** A Medicare enrollment numerical identifier assigned to each supplier location.

- [Lead item pricing](#) methodology
- Single payment amounts based on the maximum winning bid amount
- [Bid surety bond](#) requirement

In addition, bidder documents must now be uploaded in Connexion, the program's secure portal.

The Competitive Bidding Implementation Contractor (CBIC⁷) is the official source for bidders and contract suppliers for accurate, up-to-date information about the Medicare DMEPOS Competitive Bidding Program. CMS encourages bidders to review applicable statutory and regulatory guidance in addition to the numerous resources and tools on the [CBIC](#) website to assist with the bidding process. To sign up to receive important competitive bidding announcements and reminders, subscribe to [email updates](#) on the CBIC website.

If you have any questions, please call the CBIC customer service center at 877-577-5331 between 9 a.m. and 7 p.m. prevailing Eastern Time, Monday through Friday. Hours are extended to 9 p.m. prevailing Eastern Time during the last two weeks of the registration and bidding windows.

Bidding Overview

Under the Medicare DMEPOS Competitive Bidding Program, suppliers are required to submit a bid 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 (see ***Bidding Process*** for detailed instructions):

1. Register for a user ID and password in the CMS Enterprise Portal and add access to the DMEPOS Bidding System, DBidS, and to Connexion.
2. Submit a bid(s) electronically in DBidS by entering required Form A and Form B information.
3. Prepare and upload required documents in [Connexion](#). **Hand-delivered, mailed, faxed, or emailed packages will not be considered.** A complete bid meets all eligibility rules and financial requirements and includes a bid surety bond for each CBA for which a supplier submits a bid(s).

Requirements to Consider:

Contractual Obligations – Contract suppliers will be required to comply with all terms of the contract for the full duration of the contract period of performance. A brief synopsis of these obligations is provided below; however, please see the [Contract Supplier Obligations, Monitoring and Education](#) fact sheet for a more detailed overview of contract terms and additional information. Any deviation from the contract requirements, including a failure to comply with any governmental agency or state licensing

⁷ **CBIC:** The contractor that is responsible for conducting certain functions, including assisting CMS with performing bid evaluations, supporting CMS' education efforts, and monitoring the DMEPOS Competitive Bidding Program.

requirements, constitutes a breach of contract. If a contract supplier breaches its contract, CMS may take one or more of the following actions as specified in [42 CFR §414.422\(g\)\(2\)](#); 1) suspend the contract; 2) terminate the contract; 3) preclude the contract supplier from participating in the DMEPOS Competitive Bidding Program; and 4) avail itself of other remedies allowed by law.

Contract Period of Performance – As a contract supplier, you must furnish all competitively bid items in the product category(s) for the full duration of the contract period of performance, which is scheduled to become effective January 1, 2021, through December 31, 2023.

Servicing the Entire CBA – As a contract supplier, you must furnish all competitively bid items under your contract to any beneficiary who maintains a permanent residence in or visits the CBA and requests the competitively bid item(s) from you. You must furnish the contracted items throughout the entire CBA. You are responsible for completing the intake and assessment process, submitting claims of behalf of the beneficiary, coordinating care with the physician, delivering DMEPOS items, and, as applicable, setting up the equipment and providing training/instruction to the beneficiary and/or caregiver(s). You as a contract supplier would be accountable for ensuring that all of the services associated with furnishing the item, including subcontracted services, are performed in compliance with the physician’s order and Medicare rules and guidelines. Failure to furnish all items and services in the product category throughout the entire CBA is a breach of contract and may result in CMS taking one or more actions specified in [42 CFR §414.422\(g\)\(2\)](#).

Please note, as a contract supplier, you are not guaranteed a minimum amount of business. Contract suppliers must furnish all items for which they have been awarded a contract even if they have reached the estimated capacity they included on their bid.

Network⁸ members⁹ may share the responsibility to furnish competitively bid lead and non-lead items in the product category throughout the entire geographic area of a CBA for which they have been awarded a contract.

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 supplier¹⁰ to furnish the enteral nutrition 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 Clearinghouse¹¹ (NSC) and meet all 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 competitively bid enteral nutrition items to your residents and you must use contract suppliers for the CBA to furnish these items to your residents for Medicare to provide payment. For additional information, please see ***Appendix C: Bidding Forms A & B and Certification Form Statement***.

⁸ **Network:** A group of between two to 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.

⁹ **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.

¹⁰ **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.

¹¹ **National Supplier Clearinghouse (NSC):** The contractor that works with CMS to issue or revoke Medicare supplier billing privileges for suppliers of DMEPOS.

Physical Location – If awarded a contract, you must be ready to furnish all items and services in the CBA(s) in your contract on day one of the contract period of performance.

- You should include all properly enrolled locations on your bid that will furnish competitively bid lead and non-lead items in the CBA. Your location(s) must meet the enrollment requirements to furnish the entire product category in each CBA. If you include a physical location outside the CBA(s) on your bid, those locations must meet the enrollment requirements, including applicable state licensing requirements and accreditation requirements for the product category, by the close of the bid window to be included on the contract. It is important to note that no accreditation exemptions are applicable for participation in the DMEPOS Competitive Bidding Program. Locations must be accredited to furnish all lead and non-lead items in the product category regardless of any exemptions extended for Medicare enrollment purposes.
- To be eligible for Medicare payments for furnishing competitively bid lead and non-lead items in CBAs, each location that will furnish these items under the contract must be identified by the PTAN on Form A in DBidS. Only properly enrolled supplier locations that are included on the supplier's contract will be eligible to furnish competitively bid items and be reimbursed by Medicare. If the billing location does not meet the applicable enrollment requirements, that location's claim(s) will be denied.
- As a contract supplier, you will be responsible for ensuring delivery of any competitively bid item(s) included in your contract to any beneficiary in the CBA that requests an item from you.
- As a contract supplier, you may add eligible locations or remove locations from your contract at any time during the contract period of performance. To add or remove locations, you must complete the Contract Supplier Change of Location Form in Connexion.
- Throughout the contract period of performance, you must have at least one properly enrolled location on your contract to furnish the item(s) in each product category. Failure to have at least one properly enrolled location on your contract for each competition is a breach of contract and may result in your entire contract being terminated.

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

Subcontracting – As a contract supplier, you may use subcontractors to assist with carrying out certain terms of your 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.

Consistent with the Medicare DMEPOS Supplier Standards, contract suppliers may use a subcontractor to perform the following services.

- Purchase of inventory
- Maintenance and repair of rented equipment
- Delivery and instruction on the use of a Medicare-covered item

You will be responsible for the items and services you furnish 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. The DMEPOS Quality Standards document many supplier services and are, therefore, a good reference tool for distinguishing the role of a contract supplier versus the role of a subcontractor.

As 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 DMEPOS Competitive Bidding Program, please see the [Subcontracting of DMEPOS Services](#) fact sheet and the **Non-Financial Documents** section on page 29.

Non-discrimination Against Beneficiaries – As required in [42 CFR §414.422\(c\)](#), the items furnished by a contract supplier under the DMEPOS 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 items as are furnished to non-Medicare customers. The exception to this rule is a SNF or NF that has been awarded a contract as a specialty supplier. As specified in 42 CFR §414.422(e)(2), SNFs and NFs that are specialty suppliers may furnish the items in the enteral nutrition product category to their own SNF or NF residents exclusively.

Single Payment Amount (SPA) – The existing Medicare DMEPOS fee schedule amounts are replaced with a SPA for each competitively bid lead and non-lead item in a CBA. The SPA for a lead item is equal to the maximum bid submitted for that item by bidders whose lead item bids are equal to or below the pivotal bid for that product category in a CBA. The SPAs for the non-lead items within the product category are determined by multiplying the lead item SPA by a relative ratio. The ratios are based on the historic differences in the fee schedule amounts for the lead item and non-lead items. Refer to the [Lead Item Pricing](#) fact sheet and the [Lead Item Pricing Calculator](#) for more information.

The SPA remains in effect for the entire contract period of performance 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](#).

Accepting Assignment – As a contract supplier, you must accept assignment on all items under your contract, as specified in 42 CFR §414.408(c).

Physician Authorization Requirements – When a physician or treating practitioner prescribes a particular brand or mode of delivery for a beneficiary to avoid an adverse medical outcome, the contract supplier must, as a term of its contract, ensure that the beneficiary receives the needed item(s). The contract supplier has three options:

1. Furnish the particular brand or mode of delivery as prescribed; or
2. Consult with the physician or treating practitioner to find an appropriate brand of item or mode of delivery for the beneficiary and obtain a revised written prescription; or
3. Assist the beneficiary in locating a contract supplier that will furnish the particular brand of item or mode of delivery prescribed by the physician or treating practitioner (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.¹² This includes having an active PTAN, being accredited by a

¹² **Bid window:** The period of time during which the bidder can submit bids for consideration in a DMEPOS Competitive Bidding Program round. No bids are accepted after the bid window closes.

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 of performance. See the licensure subsection under the ***Eligibility Rules and Financial Standards*** section and the [Licensure for Bidders](#) fact sheet for more information and bidding instructions.

Bid Surety Bond Requirement - All bidders in Round 2021 of the DMEPOS Competitive Bidding Program are required, pursuant to 42 CFR §414.412(g), to obtain a \$50,000 bid surety bond from an authorized surety on the Department of the Treasury's [List of Certified Companies](#) for each CBA for which they submit a bid. Bidders must provide proof of having obtained the required bid surety bond(s) by uploading a copy of the bond(s) in Connexion by the close of the bid window. For more information, see the [Bid Surety Bonds](#) page.

Eligibility Rules, Bid Surety Bond Requirements, and Financial Standards

Your organization must meet the following eligibility criteria to be considered for a contract.

Enrollment Records Must Reflect an Active PTAN, Licensure, and Accreditation

You must be a Medicare DMEPOS supplier in good standing with the NSC and possess an active PTAN for each location listed on the bid. You must have your CMS-855S enrollment application up to date with the NSC and reflected in PECOS for the states and products you currently furnish or plan to furnish if awarded a DMEPOS competitive bidding contract. It is imperative that your PECOS records are up to date with current and accurate information as information in PECOS will be used for verification 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. See ***Appendix A: Important Dates*** for the close of the bid window. This includes but is not limited to ensuring the following have been completed.

- All locations included on your bid(s) remain active and in good standing.
- Your PECOS record is up to date with the states or areas where you furnish, or will furnish, DMEPOS items and services under the DMEPOS Competitive Bidding Program.
- Responses have been provided to any revalidation requests from the NSC.
- NSC has all licenses (current and renewals) reflected in PECOS.
- Your accreditation information is correct, and your location(s) is accredited for all DMEPOS items and services in the product category you furnish or will furnish under the DMEPOS Competitive Bidding Program.
- Your name and email address are accurate and up to date in PECOS.

Your bid(s) 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(s). To be awarded a contract, all requirements outlined in statute, regulations, and these RFB Instructions must be met by the close of the bid window.

Licensure Requirements

The location(s) identified on your bid for a competition must have all applicable state licenses required to furnish all items in the product category. CMS will not award a contract to you if this requirement is

not met. As part of the bid evaluation process, CMS will verify with PECOS that each location (identified by a PTAN) listed on Form A in DBidS has the required licenses to furnish the lead item and non-lead items in a product category for the particular CBA.

Therefore, you must have current, non-expired licenses for each supplier location in PECOS by the close of the bid window to be eligible for a competitive bidding contract.

Note: If awarded a contract, you will be required to maintain compliance with all state licensing requirements throughout the duration of the contract period of performance.

Required Supporting Documentation

In certain circumstances, you may not be required to obtain a particular state license(s) based on the products and/or services furnished at the supplier location. For example, some states require a sterilization or disinfection permit to provide hospital beds; however, this permit may not be applicable if the supplier location only furnishes new mattresses. This information can be found in the notes section of the [DMEPOS State License Directory](#) on the NSC website.

However, this information is not recorded in PECOS. Therefore, if you receive a preliminary bid evaluation (PBE) notice that a supplier location(s) on your bid does not meet a licensing requirement, you must upload evidence in Connexion that the state licensing requirement is not applicable to the supplier location(s).

Uploaded supporting documentation must include:

- The state and specific name of the state license(s) identified in the PBE notice that is not applicable to the supplier location(s), and
- Explanation of how/why the supplier location(s) is not required to obtain that license(s).

A [DMEPOS State License Directory](#) for each state, the District of Columbia, and the U.S. territories may be found on the NSC website. This directory provides general licensing requirements for DMEPOS product categories and contact information for each state's licensing board or agency. **This is only a guide.** Licensing requirements change periodically, and it remains the responsibility of the bidder to identify, obtain, and have all current, non-expired required licenses reflected in PECOS by the close of the bid window. For more information about licensing requirements, please consult the appropriate state licensing board/agency.

Accreditation Requirements

Your location(s) must be accredited by a CMS approved accrediting organization for the lead item and all non-lead items in each product category for which you submit a bid. CMS cannot award a contract to a bidder whose location(s) is not accredited. It is important to note that accreditation exemptions are not applicable for participation in the Medicare DMEPOS Competitive Bidding Program. Additionally, each supplier location (identified by PTAN) on your bid must be accredited for every item in the product category. A listing of [CMS approved accrediting organizations](#) is on the CMS website.

Bid Surety Bond Requirements

You must obtain a \$50,000 bid surety bond from an authorized surety on the Department of the Treasury's List of Certified Companies for each CBA for which you submit a bid. In addition, you must provide proof of having obtained the required bid surety bond(s) by uploading a copy of the bond(s) in Connexion by the close of the bid window.

Each contract offer will indicate when your bid amount is at or below the median composite bid rate for all bidders included in the calculation of the SPAs in the competition.

Obtaining a Bid Surety Bond

You may want to contact the surety that provided your bond for enrollment with the NSC. It is important to note, however, that bid surety bonds required for bidding in the DMEPOS Competitive Bidding Program are **not** the same as the surety bonds required for DMEPOS supplier enrollment purposes. To ensure that the bid surety bond complies with requirements noted below, CMS suggests you provide the surety with the Bid Surety Bond fact sheet and the sample bid surety bond template. You and your surety should also review information on the bid surety bond requirement in the 2017 final rule to ensure that the bond(s) submitted meets all requirements outlined in [42 CFR §414.412\(g\)](#). You are only required to obtain one bond per CBA regardless of the number of product categories for which you are submitting a bid. Please see the [bid surety bond FAQs](#) for additional information.

The bid surety bond issued must include at a minimum:

- The bidding entity's legal business name as the principal/obligor. This is the same company name in the Business Organization Information section of Form A in DBidS;

Important: The LBN on the bidding entity's bid surety bond must be the same as the LBN associated with the PTAN you use to register for the DBidS. This LBN will auto-populate in the Business Organization Information section of Form A in DBidS.

- The name and National Association of Insurance Commissioners number of the authorized surety;
- CMS as the named obligee;
- The CBA covered by the bond;
- The bond number;
- The date of issuance;
- The bid bond value of \$50,000; and
- The conditions of the bond defining when the bond will be subject to forfeiture, as specified in 42 CFR §414.412(g)(3)(i)

Conditions for Forfeiture

Pursuant to [42 CFR §414.412\(g\)\(3\)\(i\)](#), if you are offered a contract for a competition and your composite bid for the competition is at or below the median composite bid rate for all bidding entities included in the calculation of the SPA within the competition, and you do not accept the contract offer, your bid surety bond for that CBA will be forfeited and CMS will collect on the bond via electronic funds transfer. As one bid surety bond is required for each CBA for which you are submitting a bid, the failure to accept a contract offer for any product category within the CBA when your bid is at or below the median composite bid rate will result in forfeiture of the bid surety bond for that CBA.

Conditions for Release of the Bond

Bid surety bonds must remain in full force and effect until they are either collected upon by CMS due to forfeiture or the liability is returned for not meeting forfeiture conditions (e.g., you are not offered a contract or are offered a contract for a product category where your median composite bid is above the median composite bid rate and you do not accept the offer). CMS will collect on bid surety bonds that meet the forfeiture conditions from the respective authorized surety upon written notice to you and the surety. If a bid does not meet the forfeiture conditions, the bid surety bond liability will be returned to you within 90 days of the Round 2021 public announcement of the contract suppliers for the CBA. CMS will notify you that it did not meet the forfeiture requirements, and the bid surety bond will not be collected by CMS. CMS intends to issue appropriate notice to the surety as well.

Additional Bid Surety Bond Information

- Bidders who do not submit a bid surety bond for each CBA for which they submit a bid(s) will have their bid(s) for the CBA(s) disqualified.
- There are no exceptions, exemptions, or waivers to the bid surety bond requirement.
- Bidders who attempt to avoid forfeiting their bid surety bond(s) by accepting a contract and subsequently not performing under the terms of the contract will have their entire contract terminated, and the bidders will be precluded from participating in the next round of the competitive bidding program in accordance with 42 CFR §414.412(g)(4)(ii).
- Bidders that provide a falsified bid surety bond(s) may be prohibited from participation in the DMEPOS Competitive Bidding Program for both the current and the next round of the program in accordance with 42 CFR §414.412(g)(4)(i). Additionally, these bidders will be referred to the Office of Inspector General and Department of Justice for further investigation.
- When a bidding entity receives a contract offer after the initial public announcement of contract suppliers for the CBA, but the contract offer is made within 90 days of the initial public announcement of contract suppliers for the CBA, that entity's bid surety bond will still be subject to forfeiture if it meets the specified forfeiture conditions in 42 CFR §414.412(g)(3)(i).

Financial Standards

You are required to upload specified financial documents, which are used to determine if your organization meets the financial standards for participation in the DMEPOS Competitive Bidding Program. These documents must be uploaded in Connexion by the close of the bid window to be considered for evaluation. Faxed, hand-delivered, mailed, or emailed financial documents will not be considered. For more information, please see the **Required Documents** section.

CMS will determine the financial viability of your organization based on [financial ratios](#) calculated from your submitted financial documents. However, in an effort to limit disqualifications in Round 2021, if a financial document(s) is deemed unacceptable (e.g., ending cash on the statement of cash flows does not equal the cash reported on the balance sheet), your bid will not automatically be disqualified. Rather, you will receive a zero score for all financial ratios associated with the unacceptable document(s). In these situations, you may still be able to receive a financial score that meets the financial requirements and be eligible for further evaluation.

General Program Requirements

Choice of CBAs and Product Categories

You do not have to submit a bid for all product categories in every CBA included in Round 2021. Rather, you may choose to bid only for certain product categories in certain CBAs. However, if awarded a contract for a specific product category and CBA, you must furnish all lead and non-lead items included in the product category throughout the CBA.

Bona Fide Bids

Regulations require that each bidder submit a bona fide bid amount¹³ that complies with all the terms and conditions specified in these RFB Instructions (see 42 CFR §414.414(b)(4)). Per 42 CFR §414.402, a bid means an offer to furnish an item or items for a particular price and time period that includes, where appropriate, any services that are directly related to the furnishing of the item or items. Bidders will only submit a bid amount for the lead item in each product category. However, bidders should consider all anticipated costs (including overhead) and desired profit associated with furnishing both the lead item and non-lead items in the product category throughout the CBA when submitting their bid amount. In accordance with 42 CFR §414.416(b), the SPA is set based off the maximum winning bid for the lead item and calculated for all non-lead items in the competition. Please refer to the [Lead Item Pricing Calculator](#) to determine the impact of your bid amount for the lead item on the potential SPAs for the non-lead items in the product category, and the [Lead Item Pricing](#) fact sheet for more information on the lead item pricing methodology.

You must submit a bid amount for a new item. Bid amounts for used, refurbished, remanufactured, or rental items will not be accepted. Once the bid window is closed, you will not be given the opportunity to correct keying errors (e.g., \$1.00 versus \$100.00); therefore, please review your bid amounts carefully. All bids are screened to ensure they are bona fide. In certain circumstances, you may be asked to submit rationale and documentation to verify that a bid is bona fide. If you do not provide the necessary information, or the information provided does not verify the bid is bona fide, your entire bid for the applicable competition will be disqualified. Please check your bid(s) carefully before you certify in DBidS. You may change your bid(s) while the bid window is open, but bid amounts cannot be amended or changed after the bid window closes. For more information on how bids are screened and evaluated to ensure they are bona fide, please see the [Requirement to Submit a Bona Fide Bid](#) fact sheet on the CBIC website.

Bid Preparation Worksheets and Utilization Report

The [Bid Preparation Worksheet\(s\) and Utilization Report](#) include data about items (identified by the HCPCS code) in each of the 16 product categories for each CBA in Round 2021. They are designed to assist you with determining your bid amount and estimated capacity for the lead item in the product

¹³ **Bona fide bid amount:** A bid is defined as an offer to furnish an item or items for a particular price and time period that includes, where appropriate, any services that are directly related to the furnishing of the item or items. In accordance with [42 CFR §414.414\(b\)\(4\)](#), each supplier must submit a bona fide bid that complies with all the terms and conditions contained in these RFB Instructions. When determining whether a bid is bona fide, CMS will evaluate whether the bid is rational, feasible, and supportable, includes the cost of furnishing the item throughout the CBA (except for skilled nursing facilities and nursing facilities that elect to participate as specialty suppliers) for the duration of the contract period of performance, and includes overhead and profit.

category. You should review the worksheets and the Utilization Report carefully before entering your bid amount and expected capacity for the lead item in DBidS. We also suggest using the [Lead Item Pricing Calculator](#) to determine your lead item bid amount's impact on the non-lead items in the product category. Do **not** upload your bid preparation worksheet in Connexion with your required documents. However, if you are asked to validate your bid during the bona fide bid review, the worksheet may be uploaded along with a rationale and supporting documentation to support the validity of your bid.

Lead Item Pricing

Beginning in Round 2021, CMS is implementing the lead item pricing methodology for all product categories in the DMEPOS Competitive Bidding Program. Under this methodology, CMS establishes the SPAs for competitive bidding items based on maximum winning bid amounts for the lead item in each product category. This new pricing methodology is set forth at 42 CFR §§ 414.414 and 414.416. Your bid for the lead item is a bid for furnishing all items in the product category. If awarded a contract, you will be responsible for furnishing all items in the product category for which you are submitting bids.

Under the DMEPOS Competitive Bidding Program, CMS has adopted new definitions for lead item and composite bid under §414.402. Lead item is defined as the item in a product category with multiple items with the highest total nationwide Medicare allowed charges of any item in the product category prior to each competition. Composite bid means the bid submitted by the supplier for the lead item in the product category. Your bid for the lead item represents your bid for furnishing the lead item and all other items in the product category, i.e., you now submit one composite bid for furnishing all of the items in the product category as a whole. Bids for the lead item in the product category will be used to calculate the SPAs for all of the items within that product category. For more information about lead item pricing, refer to the [Lead Item Pricing](#) fact sheet on the CBIC website.

Change of Ownership (CHOW)

If a change of ownership (CHOW) occurs before the close of the bid window and you have already entered information in DBidS, you must update your information in DBidS to reflect the CHOW by the close of the bid window. If you have already uploaded your required documents in Connexion prior to the CHOW, you must upload the updated required documents by the close of the bid window to reflect the CHOW transaction. 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, but before contracts are awarded, your bid will be evaluated based on the information you provided in DBidS and the required documents that you uploaded in Connexion as of the close of the bid window. Information submitted about a CHOW after the close of the bid window will not be used to evaluate your bid. Please see **Attachment A: Important Dates** for the bid window opening and closing dates.

If you are awarded a contract and later execute a CHOW transaction, you must abide by the CHOW requirements provided in [42 CFR §414.422\(d\)](#).

If you are considering or involved in a CHOW during bidding, we recommend that you contact the CBIC with any questions and/or concerns regarding your individual situation.

For Commonly Owned or Commonly Controlled Suppliers

- Two or more suppliers are commonly owned if one or more of them have 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.”
- Suppliers are commonly controlled if one or more of a supplier’s owners are also an officer, director, or partner in another supplier.

Commonly owned and/or commonly controlled suppliers are prohibited from competing against themselves when submitting bids in the same competition. Therefore, suppliers that are commonly owned and/or commonly controlled must bid together when bidding in the same competition.

If supplier organizations that are commonly owned and/or commonly controlled submit separate bids for the same competition(s), their bids for the competition will be disqualified.

Commonly owned and/or commonly controlled suppliers may submit separate bids if they are bidding on different product categories in the same CBA, the same product category in different CBAs, or different product categories in different CBAs. In these situations, suppliers have the option to register with more than one PTAN and submit separate bids in DBidS.

Suppliers sharing common ownership and/or common control with other suppliers must list on Form A in DBidS all commonly owned and/or commonly controlled locations (identified by PTAN) that would furnish any items in the same competition for which the suppliers are submitting a bid. This includes locations physically located inside or outside the CBA that currently furnish items and services to beneficiaries in that CBA or will do so if the supplier is awarded a contract in that CBA. If commonly owned and/or commonly controlled suppliers are awarded a contract, all suppliers that have a qualified location(s) listed on Form A during bidding will be considered contract suppliers for that competition.

Commonly owned and/or commonly controlled suppliers must ensure that the company’s legal business name (LBN) in the Business Organization Information section of Form A in DBidS matches the LBN of the principal/obligor on the bid surety bond associated with the supplier’s bid. If awarded a contract, CMS will contract with the legal business entity identified by the LBN for the PTAN you registered with in the CMS Enterprise Portal.

Commonly owned and/or commonly controlled suppliers must upload the required financial and other documents and bid surety bond(s) in Connexion for all the commonly owned and/or controlled suppliers included on the bid(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.

- Networks may be comprised of at least two, but not more than 20 small suppliers.
- A network must form a single legal entity¹⁴ 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. The network agreement or contract must be uploaded in Connexion with the network's other required documents.
- The primary network member must print the certification statement at the end of Form B in DBidS, and each network member must sign the certification statement 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 uploaded in Connexion with the network's required documents, as outlined in [§414.414\(b\) through \(d\)](#).
- 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.
- To be awarded a contract, each network member's location(s) must meet all enrollment requirements, including accreditation and licensing. The network must obtain a bid surety bond for each CBA on its bid (see ***Bid Surety Bond Requirements***). Each network member must also meet all of the financial requirements (see the ***Eligibility Rules and Financial Standards*** section) by the close of the bid window (see ***Appendix A: Important Dates*** for the close of the bid window). If one member of the network does not meet one or more of these requirements at the time of bidding, the network's bid for the applicable competition(s) will be disqualified.

Bidding Process

To submit a bid for Round 2021 of the DMEPOS Competitive Bidding Program, you must have access to DBidS and Connexion to upload required documents.

Step 1 – Register for DBidS and Connexion Access

If you already have a CMS Enterprise Portal account when registration opens for Round 2021, you will need to:

1. Log into the CMS Enterprise Portal with your user ID and password and add access to DBidS and Connexion.
2. Select your role: authorized official (AO), backup authorized official (BAO), or end user (EU). You must select the **same** role for DBidS and Connexion.

¹⁴ **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.

3. Enter the same company information and PTAN for both DBidS and Connexion. This PTAN will be your primary location in DBidS; however, you may add locations to your bid(s) while the bid window is open. You must use the **same** PTAN to add access for DBidS and Connexion. When selecting your PTAN for registration purposes, it's important to note:
 - The legal business name (LBN) on your company's bid surety bond must be the same as the LBN associated with the PTAN you use to register for DBidS and Connexion. This LBN will auto-populate in the Business Organization Information section of Form A in DBidS.
 - CMS will contract with the organization represented by the PTAN used for registration purposes.

Important: The LBN on your company's bid surety bond must be the same as the LBN associated with the PTAN you use to register for DBidS. This LBN will auto-populate in the Business Organization Information section of Form A in DBidS.

If you do not have a CMS Enterprise Portal account (for applications such as SPOT-FCSO, PS&R, Novitasphere, or HPG/HETS), you will need to register to obtain a user ID and password before completing the three steps above. For helpful information about how to successfully complete the registration process to apply for a user ID and password, review the [CMS Enterprise Portal User Manual](#).

Important Registration Reminders

Only an individual identified as an AO on your company's CMS-855S enrollment application can register as an AO or BAO. One AO listed on your CMS-855S enrollment application must register first with one PTAN assigned to a location. The LBN associated with this location will auto-populate in the Business Organization Information section of Form A in DBidS. This LBN must be the same LBN on your company's bid surety bond. When the bid window opens, you may add locations in DBidS. You are also urged to register at least one BAO. You may also register EUs to help enter bid data. EUs do not have to be identified as an AO on the CMS-855S enrollment application. It is critical your email address entered in the CMS Enterprise Portal is current and active since the CBIC will send important communications to you using this address.

Each person who intends to view or enter data in DBidS and upload bidding documents and view messages in Connexion must be registered in the CMS Enterprise Portal, have his or her own user ID and password, and add DBidS and Connexion access to his or her profile. Sharing user IDs and passwords is strictly prohibited as they are for the individual's use only and serve as an electronic signature. Sharing of user IDs may result in termination of system access privileges and/or other adverse actions up to and including legal prosecution. Please reference the [DBidS and Connexion User Role Table](#) for detailed information on what functions each user role can perform.

If you are bidding as a part of a network, please be advised that primary members of a network only register ONE time. If the primary network member wants to submit an individual bid for a competition 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 competition separate from the network bid(s) will need to register to submit their separate bid.

If you are bidding as a commonly owned or commonly controlled supplier, please refer to the [Common](#)

[Ownership or Common Control](#) fact sheet for specific registration guidance and other information.

Before you register, please review the **Registration for DBidS and Connexion Checklist** below for helpful information about how to successfully complete the registration process. You may also reference the CMS Enterprise Portal User Manual and the Registration Reference Guide for DBidS and Connexion for more detailed information.

Common mistakes to avoid during registration:

- Registering more than one PTAN. The **only** two exceptions are 1) if you are bidding both as the primary network member and independently in another competition(s); and 2) if your organization has separate entities – such as subsidiaries or commonly owned and/or commonly controlled organizations – that are bidding in a separate competition. If either of these two exceptions applies, you should then register a different PTAN for each type of bid.
- Bidding against yourself – commonly owned and/or controlled bidders cannot bid for the same product category in the same CBA.
- The AO's name does not match exactly with PECOS enrollment records.
- BAO(s) or EU(s) attempting to register before the AO has completed his/her registration.
- The AO not approving the registration request for a BAO and/or EU within the allotted time.
- Using an incorrect user ID and/or password to log into DBidS.
- Changing your contact information (email, phone number, etc.) and not updating your records in PECOS.
- Not updating or providing an incorrect or inactive email address in the CMS Enterprise Portal.
- Adding access to Connexion with a different PTAN and/or user role than the one used for DBidS registration.

Registration for DBidS and Connexion Checklist:

- Ensure your enrollment information reflected in PECOS is up to date and correct. When creating an account for the CMS Enterprise Portal, the following information provided by the AO and (BAO(s)) must match exactly with PECOS enrollment records:
 - Last name of the person registering
 - Social Security number
 - Date of birth
- Determine the PTAN or billing number you will use to access Connexion and DBidS when registration opens in June. You must enter the same PTAN to access DBidS and Connexion. When selecting your PTAN for registration purposes, it's important to note:
 - The LBN on your company's bid surety bond must be the same as the LBN associated with the PTAN you use to register for DBidS and Connexion. This LBN will auto-populate in the Business Organization Information section of Form A in DBidS.
 - CMS will contract with the organization represented by the PTAN used for registration purposes.
- Designate one AO listed on the CMS-855S enrollment application to act as your AO for registration purposes. AOs must register first and must approve other users' requests to access DBidS and Connexion.

- Make sure the email address you enter into the CMS Enterprise Portal is correct and is working at the time of registration and throughout the bid evaluation period.
- Prepare your computer by:
 - Ensuring your screen resolution is set to a minimum of 800X600 based upon CMS' design.
 - Using Internet Explorer version 11.0. You may also use Mozilla Firefox, Google Chrome, or Safari.
 - Avoiding the use of mobile devices such as tablets or iPhones. The CMS Enterprise Portal does not support these devices.
 - Verifying that the latest version of JAVA and ActiveX is installed on your computer.
 - Disabling pop-up blockers prior to attempting to access the CMS Enterprise Portal.
 - Avoiding the use of Windows XP. The CMS Enterprise Portal does not support this version.
- Refer to the [CMS Enterprise Portal User Manual](#) for additional information and for specific guidance on how to register for a user ID and password and to the Registration Reference Guide for DBidS and Connexion for direction on how to add access to DBidS and Connexion.
- Subscribe to receive [email updates](#) and announcements on the CBIC website.

Add the following to your address book so emails do not go to your spam, blocked, or junk mail folder: donotreply@cms.gov; padministrator@palmettogba.com; cmrs.no.reply@dmecompetitivebid.com; cbits.no.reply@dmecompetitivebid.com; cbes.no.reply@dmecompetitivebid.com; padministrator@webmail.palmettogba.com. **If your email settings are administered by your business organization, please ask your technical department to add this address to your safe sender list.**

Step 2 – Obtain Bidder Number and Submit Bid(s) in DBidS

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

After registering in the CMS Enterprise Portal and receiving a user ID and password, you can access DBidS and Connexion from the CBIC website when bidding opens. See **Appendix A: Important Dates** for dates of the opening and closing of the bid window.

After you complete the business organization information section in Form A in DBidS, you will be assigned a bidder number. Your bidder number will appear in the upper left corner on each page of your bid form in DBidS. (Note: Once you obtain your bidder number, you may complete Step 3 below concurrently with Step 2.)

You should 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, 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. Also, the [Bid Preparation Worksheet and Utilization Reports](#) include data about the items in each product category for each CBA. They are designed to assist you with determining your bid amount and estimated capacity for the lead item in the product category. We also suggest you use the [Lead Item Pricing Calculator](#) to determine your lead item bid amount's impact on the non-lead items in the product category.

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 before the bid window closes. Required documents may be uploaded in Connexion once you receive your bidder number in DBidS. DBidS and access to Connexion to upload documents close at 8:59:59 p.m. prevailing Eastern Time when the bid window closes.

Common mistakes to avoid when completing a bid:

- Bidders not allowing sufficient time to complete and review their bids before the closing of the bid window.
- 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.
- Bidders not checking their status page often to ensure their bids are complete.
- 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 14 for more information.
- The AO not completing the first section in Form A, which prevented an 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 new unit." The bidder incorrectly entered in DBidS a "rental" amount instead of a "purchase" amount for the hospital bed.
- Bidders not carefully reviewing their bid amounts for accuracy (e.g., ensuring no keying error(s) when entering bid amounts).

Step 3 – Prepare and Upload Required Documents in Connexion

In addition to completing and approving Form A and completing and certifying Form B in DBidS (see **Appendix C: Bidding Forms A & B and Certification Form Statement**), you must upload a copy of your bid surety bond, financial documents and any other required documents in Connexion. Mailed, faxed, emailed or hand-delivered documents will **not** be accepted. CMS strongly recommends that you upload your documents in Connexion early. **Your required documents must be uploaded in Connexion before the close of the bid window (see Appendix A: Important Dates).** Connexion's document upload feature will not be available after 8:59:59 p.m. prevailing Eastern Time when the bid window closes.

Prepare **one** set of financial documents per bidder number, regardless of the number of Form Bs you complete. Commonly owned and/or commonly controlled suppliers have additional requirements for financial documents. Please refer to the **Special Instructions for Specific Bidder Types** information on page 27. You must **only** upload the required documents. Other documents such as bank

references, personal financial statements of corporate stockholders, advertising materials, or bank statements should not be uploaded. Only required documents will be evaluated; supplemental documents will be disregarded. The only exception to this requirement is that you may also upload additional information in the form of organizational charts or other supplemental information such as an Internal Revenue Service (IRS) Form 851 that explains your organization's business structure or provides additional details about information reflected in your required financial documents.

To assist you in complying with all requirements, please refer to **Appendix D: Required Financial Documents by Business Type Table** and **Appendix G: Required Documents Checklist** when preparing your documents.

Only the financial documents identified and requested in a written notification from the CBIC, as a result of the process for reviewing covered documents, will be considered after the close of the bid window (see the **Process for Reviewing Covered Documents** section).

Please refer to the instructions on how to upload the required documents in Connexion. After each upload, a message will appear in Connexion confirming whether your file was uploaded successfully or failed. If you receive a message that your upload failed, please attempt to upload the document again following the instructions. If problems persist or you have any questions, please contact the CBIC customer service center at 877-577-5331 for assistance.

Required Documents

Financial Documents

Bidders in the Durable Medical Equipment, Prosthetics, Orthotics, and Supplies (DMEPOS) Competitive Bidding Program must upload the required financial documents specified in these RFB Instructions in Connexion, the program's secure portal, by the close of the bid window.

1. Tax Return Extract

You must upload in Connexion the tax return extract for the most recent year (either calendar or fiscal) in which a tax return has been filed with the IRS. Generally, the tax return extract must be either a 2017 or 2018 tax return extract. However, a 2016 tax return extract may be acceptable for fiscal year filers depending on the business type, form being submitted, and their tax year end date (see the [Financial Documents By Business Type Table](#) for more information concerning the acceptable IRS forms and dates). Only send the required pages depending on your business type.

Parent/Subsidiary – If your organization is a subsidiary of a parent organization and you, as a subsidiary, file your own tax return, you must upload your own tax return extract and your own financial documents. However, if the subsidiary is included on the parent organization's tax return, you must upload the parent organization's tax return extract and the parent's financial documents. Please also upload the parent's IRS Form 851. A combination of financial documents from both the parent and subsidiary companies is not acceptable.

Municipality/State Owned Entities – If your organization is a municipality or state owned entity that does not submit tax returns, you are not required to upload a tax return extract. However, you must obtain and upload an IRS governmental information letter documenting this status. You are still

required to upload the required financial statements and credit report with a numerical credit score or rating (see the Credit Report with Numerical Credit Score or Rating section below for additional information).

2. Financial Statements *(You must upload all three financial statements. All statements should have detailed account information and subtotaled sections.)*

Income Statement

- Legal business name
- Reporting period
- Revenues
- Cost of goods sold, if applicable
- Depreciation, if applicable
- Amortization, if applicable
- Expenses by category such as salary, utilities, rent, etc.
- Net income (loss)

Balance Sheet

- Legal business name
- Reporting period
- Current assets, if applicable
- Total assets
- Current liabilities, if applicable
- Total liabilities, if applicable
- Equity

Statement of Cash Flows

- Legal business name
- Reporting period
- Net income (loss), only if using indirect method
- Cash flows resulting from operating activities
- Cash flows resulting from financing activities, if applicable
- Cash flows resulting from investing activities, if applicable
- Increase (decrease) in cash
- Beginning cash balance
- Ending cash balance

Note: Please see the [Sample Financial Statements](#) for further clarification.

Financial Statement Requirements

- All financial statements must be for the same 12-month accounting period and match the reporting period of the tax return. For example, if the tax return was filed for calendar year 2018, the financial statements must also be for calendar year 2018. If the tax return was for fiscal year ending June 30, 2018, the financial statements must also be for fiscal year ending June 30, 2018.

- If your 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 uploaded to cover the exact 12-month requirement. For example:
 - A bidder that started its business on July 1, 2017, and submits its tax return on a calendar year basis must upload an initial tax return for the six month period from July 1, 2017, through December 31, 2017, along with corresponding financial statements for the same period. To cover the exact 12-month requirement, the bidder must also upload the actual financial statements for the period from January 1, 2018, through June 30, 2018.
 - A bidder that started its business on January 1, 2019, and submits a tax return on a calendar year basis will not yet have been required to submit a tax return prior to the opening of the bid window in June 2019. In this instance, to satisfy the exact twelve-month requirement, the bidder (i.e., new supplier) may upload actual financial statements for the five months ending May 31, 2019, and pro forma financial statements for the seven month period from June 1, 2019, through December 31, 2019.

For any situation in which a tax return covers less than 12 months, financial statements matching the partial year tax return period plus separate actual or pro forma financial statements for the subsequent months (to meet the 12-month requirement) must be uploaded. Do not upload month to month statements.

- The financial statements must be prepared on the accrual, cash, or tax basis of accounting.
- Each financial statement should correspond with related financial statements. For example, ending cash on the statement of cash flows should equal to cash reported on the balance sheet.
- Each financial statement's information should accurately total. For example, in the balance sheet total assets should equal the sum of total liabilities and equity.
- Financial statements should be prepared in accordance with generally accepted accounting principles (GAAP) to the extent possible. While not GAAP, cash and tax basis financial statements are acceptable.
- Forms you submit to federal agencies for other purposes, such as Small Business Administration forms, are not acceptable substitutes for financial statements.

For Parent/Subsidiary Situations

Financial statements should be at the same organization level as the tax return extract. For example, a subsidiary that files its own tax returns must upload its own financial statements (i.e., they must be at the subsidiary level) to correspond with its tax return extract. However, if a parent organization files the tax return on its subsidiary's behalf, the financial statements and tax return extract provided by the subsidiary must be at the parent organization level. Business division or line of business financial statements that do not correspond to the tax return extract will not be accepted. If the parent organization files the tax return on their subsidiary's behalf, then Form 851 should also be uploaded.

We recommend that the financial statements be compiled, reviewed, or audited by an accounting professional and that you provide the accounting professional a copy of the Request for Bids (RFB) Instructions along with the [Required Financial Documents by Business Type Table](#) to help ensure that you meet all documentation requirements. However, it is the bidder's responsibility to upload required financial documents that are in compliance with these RFB Instructions, regardless of whether it engages the services of an accounting professional.

- You must upload all documents as identified for your business type in the Required Financial Documents by Business Type Table.
- You may upload additional information (e.g., organizational charts) that explains your organization's business structure or provides additional details about the information reflected in your required financial documents. Do **not** include other documents such as bank references, personal financial statements of corporate stockholders, advertising materials, or bank statements.

Basic Requirements to Verify When Preparing Your Financial Documents

- Income Statement
 - Include the legal business name.
 - Ensure the reporting period matches the tax return extract.
 - Report revenues net of adjustments.
 - Include cost of goods sold, if applicable.
 - Report depreciation separately from amortization, if applicable.
 - Show expenses by category such as salary, utilities, rent, etc.
 - Clearly state net income (loss).
- Balance Sheet
 - Subtotal each subsection of the balance sheet.
 - Include detailed account balances for each subsection.
 - State accounts receivable as gross with the allowance for doubtful accounts stated separately.
 - Include current portion of long term debt in the current liability subsection.
 - Include overdrafts of cash accounts in the current liability subsection.
 - Ensure the balance sheet balances. Total assets should equal the sum of total liabilities and equity. Please be consistent if rounding numbers.
- Statement of Cash Flows
 - Use either the direct or indirect method of preparing the statement of cash flows; either is acceptable.
 - If using the indirect method, the net income is reported under the operating activities and is then followed by the adjustments needed to convert the net income to the cash flows from operating activities. Note that the net income on the statement of cash flows should equal the net income reported on the income statement. Additionally, all depreciation expenses should be included under the operating activities.
 - If using the direct method, the cash amounts received and paid by the company are listed in the operating activities section.
 - Investing section should include:

- all cash paid for equipment acquisitions
- all cash loaned to or collected from others
- Financing section should include:
 - all cash for loans acquired and payments
 - any distributions to shareholders, owners, partners, or members
- Subtotal the operating, investing and financing sections.
- Clearly state the sum of the three sections as increase (decrease) in cash during the period.
- Clearly state the beginning of the period cash amount.
- Ensure the sum of the increase (decrease) in cash and the beginning cash equal the cash balance at the end of the period.
- Ensure the ending cash balance reported on the statement of cash flows equals cash reported on the balance sheet.
- Include a cash reconciliation that reflects beginning and ending cash balances as well as the net increase or decrease (net change) between the two. The net change must equal the change in cash reported on the statement of cash flows.

3. Credit Report with Numerical Credit Score or Rating

You must upload a copy of your business' credit report showing a numerical credit score or rating, your company's name, and the date that the credit report was prepared – no earlier than **90 calendar days prior** to the opening of the bid window. If the numerical credit score or rating is generated separately from your credit report, your company's name and the date it was prepared must be shown on the credit report and included with the numerical credit score or rating.

Your business credit report must be from one of the four approved credit reporting agencies and include one of the acceptable numerical credit scores or ratings listed in the table below.

Business Credit Reports	
Approved Credit Reporting Agency	Acceptable Numerical Credit Score or Rating
Dun & Bradstreet	<ul style="list-style-type: none"> • Delinquency Predictor Risk Class • Commercial Credit Score • Paydex • Financial Stress Class • Supplier Evaluation Risk Rating
Experian	<ul style="list-style-type: none"> • Intelliscore Credit Ranking Score • Financial Stability Risk Class
Equifax	<ul style="list-style-type: none"> • Business Payment Index • Business Credit Risk Score • Business Delinquency Score • Business Failure Risk Score
Standard & Poor's	<ul style="list-style-type: none"> • S & P Rating

- Credit reports from other credit reporting agencies, not listed above, will not be considered.
- Your credit report must include a numerical credit score or rating from one of the acceptable scores or ratings listed in the table above. Any other forms of gauging credit (such as arrows indicating relative value of credit or the number of days beyond term) are not acceptable. The

only exception is an alpha score from Standard & Poor's. All of the other acceptable credit scores or ratings yield a numerical score.

- A credit summary or business report does not qualify as an acceptable credit report.

If your business' credit report is not available, a personal credit report for the primary business owner is acceptable. If you upload a personal credit report, the business owner's name and the date the report was generated – no earlier than **90 calendar days prior** to the opening of the bid window – must appear on the same page as the numerical credit score or rating. However, a personal credit report with a numerical credit score or rating is not acceptable from bidders filing a regular 'C' corporation tax return (Form 1120), except in cases of newly formed corporations.

A personal credit report must be from one of the three approved credit reporting agencies and include one of the acceptable numerical scores or ratings listed in the table below.

Personal Credit Reports	
Approved Credit Reporting Agency	Acceptable Numerical Credit Score
Experian	<ul style="list-style-type: none"> • Plus Score • FICO Score • Vantage
Equifax	<ul style="list-style-type: none"> • Score • FICO Score • Vantage
Transunion	<ul style="list-style-type: none"> • Score • FICO Score • Vantage

How to Prepare your Required Documents for Uploading in Connexion

- Complete the business organization section in Form A of DBidS to obtain your bidder number. You must provide your bidder number in Connexion before you can upload your required documents in Connexion.
- Upload **one** set of documents per bidder number, regardless of the number of Form B's you complete. Commonly owned and/or commonly controlled suppliers have additional requirements for financial documents. Please refer to the Special Instructions for Specific Bidder Types information below. Upload **only** the required documents. Do **not** upload 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 upload 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 assist you in complying with all requirements, please refer to the Required Financial Documents by Business Type Chart and the Required Documents Checklist when preparing your documents.

- All required documents must be uploaded in Connexion by the close of the bid window. Mailed, faxed, emailed, or hand-delivered documents will **not** be considered.
- Required documents that are not uploaded in Connexion by the close of the bid window will not be considered under any circumstances.
- Only the covered documents¹⁵ identified and requested in a written notification from the CBIC as a result of the covered document review date (CDRD) process will be considered after the close of the bid window (see the Process for Reviewing Covered Documents fact sheet).

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 uploaded in Connexion. For example, if you are bidding with five other suppliers and you are all commonly owned, you must upload six complete sets of required financial and non-financial, if applicable, documents (one set for each of the suppliers included on the bid). As mentioned above, you may upload additional information (e.g., organizational charts) that explains your organization's business structure or provides additional details about information reflected in your required financial documents.

New Suppliers and Partial Year Tax Return Filers

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 upload 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, if you are a new supplier that began business on March 1, 2019, and submit a bid on August 10, 2019, you would have to upload your actual financial statements covering the period from March 1, 2019, through July 31, 2019, (assuming this is the latest month closed) and a set of pro forma or prospective - financial statements covering the period from August 1, 2019, through February 29, 2020, to cover the entire 12-month period. Actual and pro forma financial statements must not be aggregated or combined for the same period. This means you cannot put pro forma information on actual statements and you cannot put actual information on pro forma statements. Therefore, the set of actual and pro forma financial statements must be reported separately, and collectively they must cover an exact 12-month period. Each statement must cover the appropriate portion of the 12-month period and include no additional months.

If a business has a change in its structure resulting in the submission of a short year tax return to the IRS, it is required to upload two sets of financials: 1) one set must reflect the same reporting period as the tax return, and 2) the other set must reflect the reporting period following the tax return end date, which results in the required 12 months of activity.

For example, if a bidder elects to change its reporting period from December 31st to June 30th and files a short year tax return ending on June 30, 2018, the first set of financials will be for the period of January 1, 2018, to June 30, 2018. The second set will be for the period of July 1, 2018, to December

¹⁵ Per 42 CFR §414.402 a covered document means a financial, tax, or other document required to be submitted by a bidder as part of an original bid submission under a competitive acquisition program in order to meet the required financial standards. Please see the Process for Reviewing Covered Documents fact sheet for additional information.

31, 2018. This will result in the successful submission of the required 12 months of financial information needed to perform the evaluation.

Change in IRS Tax Entity Type

If a bidder elects to change its IRS tax entity type but not its reporting year, it must upload both tax return extracts and one entire 12-month set of financial documents. For example, a bidder files taxes on a calendar year basis and changes from an 1120-S to an 1120 on May 31, 2018. Because a new owner of the business is a corporation and the S-status is no longer valid, the bidder would upload the final Form 1120-S return (January 1, 2018 – May 31, 2018) and the short period Form 1120 return (June 1, 2018 – December 31, 2018). The bidder would also upload the normal calendar year 2018 set of financial documents to meet the 12-month reporting period requirement.

Note: New suppliers are encouraged to contact the CBIC with any questions and/or concerns regarding their individual situation.

Networks

For networks, the primary member must obtain and upload financial and non-financial documents from EACH network member in Connexion. If you have two bidder numbers because you are submitting an individual bid for a different competition and also bidding as the primary member of a network, you must upload separate documents for each bidder number – one set of documents to support your individual bid(s) and one to support your network's bid(s). Each network member must sign a certification statement, and the primary member must also upload it in Connexion.

Suppliers Exempt from Filing Federal Tax Returns

If your organization is a municipality or state-owned entity that is exempt from filing federal tax returns, you are not required to upload a tax return extract. However, you must obtain and upload an IRS governmental information letter documenting this status instead of the required tax extract forms. You are still required to upload the required financial statements and credit report with a numerical credit score or rating (credit report must contain a numerical credit score or rating, your company's name, and the date the credit report was prepared).

If your organization is recognized as a religious organization as described in Section 3 of IRS REV. Proc. 96-10 and is excused from IRS filing, you must upload a letter stating you meet this exception and are exempt from IRS filing in lieu of the required tax extract forms. You are still required to upload the required financial statements and credit report with a numerical credit score (credit report must contain a numerical credit score, your company's name, and the date the credit report was prepared).

If you have any questions about these document requirements, please contact the CBIC customer service center at 877-577-5331 for assistance.

Bid Surety Bond

All bidders must obtain a bid surety bond in the amount of \$50,000 for each CBA for which they submit a bid(s). Suppliers bidding together as a network or commonly owned and/or commonly controlled suppliers are required to purchase one bid surety bond per CBA in which the network or commonly owned and/or commonly controlled suppliers submit a bid. The LBN on Form A on the Business Organization Information page in DBidS must be the entity listed on the bid surety bond as the principal/obligor.

Bidders must upload a copy of the bid surety bond(s) in Connexion by the close of the bid window. Please review the bid surety bond requirements, including return and forfeiture conditions, fact sheet, checklist, bid surety bond sample template, FAQs and the regulations at 42 CFR §414.412(h).

Non-Financial Documents

Network Bidders

If you are bidding as part of a network in Round 2021, the primary network member must upload in Connexion the following required documents in addition to all required financial documents.

- **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 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 upload in Connexion 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.

Suppliers Precluded from Competitive Bidding

Round 2 Recompete, National Mail-Order Recompete and/or Round 1 2017 contract suppliers whose contracts were terminated and were precluded from participating in the competitive bidding program are not permitted to participate in Round 2021 of the DMEPOS Competitive Bidding Program. All precluded suppliers received a letter from the Competitive Bidding Implementation Contractor prior to the opening of the bid window as a reminder that they are precluded from participating in Round 2021.

Important: If the bidding entity (i.e., the company identified in the Business Organization Information section of Form A in DBidS) is precluded, the bidding entity will not be considered for a contract offer(s). If the bidding entity is not precluded, but its bid(s) includes a precluded supplier's location(s), the bid(s) including the precluded supplier's location(s) will be disqualified unless a non-precluded supplier(s) has a qualified location(s) on the same bid(s). In this situation, the precluded supplier's location(s) will not be considered and only the non-precluded supplier's location(s) will be considered.

After the Bid Window Closes

Once the bid window closes, all bid amounts 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. You will be able to review your bid in DBidS up to 90 days after the bid window closes. However, no changes can be made to your bid amount after the bid window has closed except to the extent permitted by the bona fide bid review, CDRD, and PBE processes. Acknowledgement in DBidS of a complete bid does not mean that CMS has determined the bid meets CMS' criteria as specified in these RFB Instructions.

The DBidS status page indicates whether your required documents were uploaded in Connexion. If your documents were not uploaded in Connexion by the close of the bid window, DBidS will not acknowledge receipt of the document(s), and the "Required Document Receipt" indicator will remain "NO." Additionally, visit your *My Upload History* page in Connexion to confirm receipt of your required documents. The *My Upload History* page displays a record of all documents that have been uploaded in Connexion. However, it does not confirm the accuracy or completeness of your documents.

It is your responsibility to ensure that you have submitted a complete bid along with all required documents, and that the documents were uploaded in Connexion by the close of the bid window. Faxed, mailed, hand-delivered, or emailed packages will not be considered.

Confidentiality

CMS or contractor staff who have signed agreements not to disclose such information, will not disclose confidential or proprietary information submitted by bidders, except: to the extent permitted by law or regulation; or upon request by law enforcement agencies, courts/administrative tribunals of proper jurisdiction, or Congressional committees. CMS will request that the Government Accountability Office or the U.S. Department of Health and Human Services' Office of the Inspector General omit any confidential or proprietary information submitted by bidders from their reports on the DMEPOS Competitive Bidding Program.

Process for Reviewing Covered Documents

If you upload your required financial documents in Connexion by the covered document review date (CDRD), your documents are included in the process for reviewing covered documents. You will be notified within 90 days after the CDRD which, if any, required financial documents are missing and the date that all **missing** documents must be uploaded in Connexion.

The process for reviewing covered documents is only to determine if any required financial documents are missing and is not a review of whether the documents are accurate, acceptable, and complete. All bidders participating in Round 2021 are urged to take advantage of the process by uploading their financial documents by the CDRD.

The CDRD is either the date that is 30 days before the final date of the closing of the bid window or 30 days after the opening of the bid window, whichever is later (see **Appendix A: Important Dates** for the CDRD). A covered document means a financial, tax, or other document required to be submitted by a bidder as part of an original bid submission under a competitive acquisition program in order to meet the required financial standards. Other required documents (i.e., bid surety bonds and non-financial documents) are not covered documents and, therefore, not included in the process for reviewing

covered documents as set forth in [section 1847\(a\)\(1\)\(F\)](#) of the Social Security Act. If you do not upload your required financial documents in Connexion by the CDRD, you will not be included in the process for reviewing covered documents, and will not be notified of any missing documents. Only bidders that are notified of missing financial documents may upload specific missing documents. You may not upload revised versions of previously uploaded documents after the close of the bid window.

See the [Process for Reviewing Covered Documents](#) fact sheet on the CBIC website for more information.

Preliminary Bid Evaluation Process

CMS will conduct a PBE of all bids after the close of the bid window. The PBE will determine if:

- A bid(s) was completed, certified, and approved in DBidS
- A required financial document and bid surety bond(s) were uploaded in Connexion by the close of the bid window
- The bidder's location(s) met the following enrollment requirements using the following enrollment data in the Provider Enrollment, Chain, and Ownership System (PECOS).
 - [Active PTAN](#) – PTAN has an active status (i.e., not inactive or revoked)
 - [Accreditation](#) – PTAN is accredited by a CMS approved accrediting organization to furnish all items in the competition.
 - [Licensure](#) – PTAN has all applicable state licenses required to furnish all items in the competition. Please see the [Licensure for Bidders](#) fact sheet for more information.
 - [Common Ownership/Control](#) – PTAN is not commonly owned and/or commonly controlled by another bidder in the same competition. For more information, please see the [Common Ownership and Common Control](#) fact sheet.

You will receive an email that a secure notification has been posted in Connexion. The PBE notification will inform you whether your bid(s) is eligible for further review, and if any enrollment requirement(s) could not be verified by the CBIC as being met by the close of the bid window. The review will determine if the above requirements were met. See the [Preliminary Bid Evaluation](#) fact sheet for more information.

This preliminary evaluation does not include the review of your required financial documents, which is a separate process explained above (see ***Process for Reviewing Covered Documents*** section on page 31).

Bona Fide Bid Process

As explained above, the DMEPOS Competitive Bidding Program regulations require each bidder to submit a bona fide bid that complies with all the terms and conditions specified in 42 CFR §414.414(b)(4). After the close of the bid window, the CBIC may ask you to upload in Connexion, the program's secure portal, (1) a narrative rationale that describes your ability to furnish the lead and non-lead items in the product category and (2) supporting documentation that substantiates your ability to obtain the lead item for less than its bid amount. The narrative rationale should explain how you

considered the impact your bid amount for the lead item would have on the potential SPAs for the non-lead items.

The types of documentation that can substantiate a bid amount include, but may not be limited to:

- manufacturer invoices;
- receipts (including retail sales receipts);
- letters of intent from manufacturers or wholesalers;
- manufacturer price lists; and
- **signed** written quotes.

For more information on CMS' bona fide bid evaluation process, please see the [Requirement to Submit a Bona Fide Bid](#) fact sheet on the CBIC website.

Bidder Inquiry Process

There is no administrative or judicial review of the awarding of competitive bidding contracts (section 1847(b)(11)(B) of the Social Security Act and 42 CFR §414.424(a)(2)). However, if you receive a bid disqualification notice in Connexion, you will have the opportunity to submit an inquiry regarding the bid disqualification(s).

New for Round 2021, you must submit the inquiry in Connexion within 30 calendar days of the date on the disqualification notice. No new or follow-up inquiries can be uploaded after the 30 calendar day deadline. Upon receipt of the inquiry, CMS will re-evaluate all bid disqualification reasons, and you will receive a notification in Connexion with CMS' findings. Additional information regarding the bidder inquiry process will be provided after bidding.

Please note that the bid surety bond requirements and forfeiture conditions under 42 CFR §414.412(g) apply to all bidders, including bidders that receive a contract offer(s) after the resolution of the bidder inquiry. Please see the [Bid Surety Bond](#) fact sheet for additional information.

Appendix A: Important Dates

Bidding Timeline for the DMEPOS Competitive Bidding Program Round 2021

3/7/2019

CMS announces the pre-bidding supplier awareness program

5/7/2019

CMS announces bidding timeline and begins bidder education program

6/10/2019*

Registration window opens for DBidS and Connexion

7/16/2019*

Bid window opens

8/16/2019*

DBidS registration closes (Connexion registration always remains open)

8/19/2019*

Covered document review date for bidders to upload financial documents in Connexion

9/18/2019*

Bid window closes

Fall 2019*

Preliminary bid evaluation notification

Summer 2020*

CMS announces single payment amounts and begins contracting process

Fall 2020*

CMS announces contract suppliers

January 1, 2021*

Start date of Round 2021 contract period of performance and single payment amounts

* Dates listed are target dates. Actual dates will be announced through listserv notice.

Subscribe for [email updates](#) to receive important updates regarding the DMEPOS Competitive Bidding Program.

Appendix B: Sample Bid Surety Bond Template

**Durable Medical Equipment, Prosthetics, Orthotics, and Supplies
(DMEPOS) Competitive Bidding Program:
Sample Bid Surety Bond Template**

PRINCIPAL/OBLIGOR (*Bidding entity*):

Legal Business Name: _____

Tax Identification Number (TIN): _____

SURETY (*Name and business address*): _____

Surety's NAIC Number: _____ Bid Surety Bond Number: _____

OBLIGEE: United States of America, acting through the Centers for Medicare & Medicaid Services (“CMS”), a component agency of the United States Department of Health and Human Services (“HHS”). CMS is the sole obligee of this Bid Surety Bond, and no action may be brought on this Bid Surety Bond by, or on behalf of, or for the use or benefit of, any entity other than CMS.

BID SURETY BOND VALUE: \$50,000.00

Competitive Bidding Area (CBA) covered by this Bid Surety Bond: _____

KNOW ALL PERSONS BY THESE PRESENTS, that subject to the terms, conditions, and limitations of this Bid Surety Bond, the PRINCIPAL and SURETY are held and firmly bound unto the United States of America, acting through CMS, a component agency of HHS, as OBLIGEE, in the BID SURETY BOND VALUE of FIFTY THOUSAND AND NO/100 Dollars (\$50,000.00) for the payment of which PRINCIPAL and SURETY bind themselves, their heirs, executors, administrators and assigns, jointly and severally, by these presents.

WHEREAS, PRINCIPAL is a bidder in the Medicare Durable Medical Equipment, Prosthetics, Orthotics, and Supplies (DMEPOS) Competitive Bidding Program and has submitted a bid to furnish competitively bid items and services for the CBA identified above; and

WHEREAS, pursuant to Section 522 of the Medicare Access and CHIP Reauthorization Act of 2015 (“MACRA”) (Pub. L. 114-10), Section 1847(a)(1)(G)-(H) of the Social Security Act (42 U.S.C. 1395w-3(a)(1)(G)-(H)), and related regulations at 42 CFR § 414.412(g), the PRINCIPAL is required to obtain,

and provide proof of having obtained, a bid surety bond as a condition of submitting a bid for the Medicare DMEPOS Competitive Bidding Program, and this Bid Surety Bond is provided in compliance with the PRINCIPAL's obligations as set forth in MACRA and the related federal statutes and regulations.

This Bid Surety Bond is intended to be a statutory bond pursuant to the statutes and regulations set forth above, the terms and conditions of which are incorporated herein by reference.

NOW THEREFORE, if OBLIGEE (to include OBLIGEE's acting through its Competitive Bidding Implementation Contractor) offers a contract to the PRINCIPAL, and the PRINCIPAL does not accept the contract offer for a product category where the PRINCIPAL'S composite bid(s), as defined at 42 CFR §414.402, is at or below the median composite bid rate(s) for all bidding entities included in the calculation of the single payment amounts for the product category in the CBA identified above, this shall constitute an event of default, and upon written notice of same to the SURETY by the OBLIGEE, SURETY shall promptly tender the BID SURETY BOND VALUE of this Bond to the OBLIGEE via electronic funds transfer.

If the PRINCIPAL is not offered a contract or if the PRINCIPAL is offered a contract for a product category where its median composite bid is above the median composite bid rate, the Bid Surety Bond shall be null and void upon issuance of appropriate notice to both the PRINCIPAL and the SURETY by the OBLIGEE.

All notices to the SURETY shall be sent to the address listed on the first page of this Bid Surety Bond.

In witness whereof, the undersigned PRINCIPAL and SURETY have set their hands and seals on this ____ day of _____, 20__.

PRINCIPAL

Print Name

SURETY

Surety TIN: _____
Agent TIN: _____ (if separate from Surety)

Disclaimer: This Sample Bid Surety Bond Template is for education purposes only and may not reflect an actual bid surety bond provided by a surety. It is the responsibility of a bidder to obtain a bid surety bond(s) meeting the requirements specified in 42 CFR §414.412(g).

Appendix C: Bidding Forms A & B and Certification Form Statement

You must complete Form A and Form B in DBidS, which you can access through the CBIC website on the day the bid window 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). Additionally, you must obtain and provide proof of a bid surety bond for each CBA for which you are submitting a bid. For more information about the bid surety bond requirements, please review the [Bid Surety Bond](#) fact sheet.

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 the Help menu in DBidS for additional information. For assistance in completing your bid, you may also call the CBIC customer service center toll-free at 877-577-5331 from 9 a.m. to 7 p.m. prevailing Eastern Time, Monday through Friday. Hours are extended to 9 p.m. prevailing Eastern Time during the last two weeks of the registration and bidding windows.

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 **two** exceptions may apply:

1. If you are a member of a network that is bidding independently for different competition(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 Registration Reference Guide for DBidS and Connexion for additional information and guidance on registering more than one PTAN.

2. If your business organization has commonly owned or commonly controlled entities that are bidding on different product categories in the same CBA or the same product category in different CBAs, you have the option to register one PTAN for each bid. Remember, commonly owned or commonly controlled bidders cannot bid for the same product category in the same CBA.

Business Organization Screen

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

Single Location

A supplier with only one location owned by one or more owners and is represented by a single PTAN.

Multiple Location

Two or more locations owned by one or more (may be commonly owned or commonly controlled) suppliers. Each location must be identified by its 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 DMEPOS Competitive Bidding Program. Multiple location suppliers may be one of the following:

- **Parent Company with Subsidiaries or Holding Company**
An organization where a parent company has ownership and control of another entity. 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 D: Required Financial Documents by Business Type Table*** to ensure you provide the correct documents.)
- **Commonly Owned or Commonly Controlled Suppliers**
Common ownership exists 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.” This relationship is identified through the TIN of each company identified in the transaction. Common control exists when one or more of a supplier’s owners is also an officer, director, or partner in another supplier. For more information, please see the [Common Ownership and Common Control](#) fact sheet.
- **National Chain**
A DMEPOS chain organization is defined as 25 or more DMEPOS supplier locations. Chain organizations must identify all locations that currently furnish or will furnish the lead item and non-lead items in the product category(s) to beneficiaries who maintain a permanent residence in the CBA or visit the CBA. Only those locations (PTANs) identified on the bid will be included on the contract, and those are the only locations eligible for payment if the bidder is awarded a contract.
- **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. If a franchise only shares the company name or corporate marketing services from the franchisor company, these companies are not considered commonly owned for bidding purposes. Each franchise must submit a separate bid and upload its own financial documents in Connexion.
- None of the above: Supplier organizations that do not fit any of the above descriptions should select this option in DBidS and provide a description of the business organization structure.

Network

A group of at least two but no more than twenty small suppliers that form a legal entity to furnish 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.

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

The primary network member must provide a name for the network as the bidding entity 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

The DMPOS Competitive Bidding Program applies to skilled nursing facilities (SNFs) and nursing facilities (NFs) to the extent that they furnish enteral nutrition under Medicare Part B. SNFs and NFs that elect to be specialty suppliers and are awarded a contract may not furnish any competitively bid items other than the enteral nutrition product category to its own residents for purposes of Medicare payment. If a SNF or NF is not selected as a contract supplier, it must use a contract supplier for the competitive bidding area (CBA) to furnish the enteral nutrition and other items in the product category to its residents.

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 items in the enteral nutrition product category to your residents, you must submit a bid. As a SNF or NF, you may choose to bid as a specialty supplier that furnishes items in the enteral nutrition product category only to its own residents. Only SNFs and NFs may bid as a specialty supplier. Suppliers that are affiliated with SNFs or NFs but are not enrolled in Medicare as a SNF or NF do not qualify for this option.

To bid as a specialty supplier, you must select the specialty supplier option on Form A in DBidS. 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**, **Bid Surety Bond Requirement**, and **Financial Standards** section). SNFs and NFs that become specialty suppliers may not furnish items and services in the enteral nutrition product category to Medicare beneficiaries outside their facilities.

Information for Business Organization

You will be asked to select all competition(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 for future reference.**

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 competition(s) that the primary location will service if awarded a contract. You must select at least one competition for the primary location.

Additional Locations

Pre-populated information (legal business name, 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 Locations 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 Competitions

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 competition(s). You can assign multiple competitions 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 competition(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 Change of Location Form in Connexion.

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 process.

Form B: Bidding Form

Form B includes the bidding forms for each competition. You must complete a separate Form B for each competition for which you bid.

You will be required to provide historic information about your experience in the competition. You must provide the number of units for the lead item HCPCS codes in each 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. If you are awarded a contract, this information may be used to populate the [Medicare Supplier Directory](#) on the Medicare website.

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 agents, 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 the lead item and non-lead item HCPCS codes, product category identifier, item descriptions, type of bid, and the bid limits.

You must complete the following fields:

Total Estimated Capacity – The number of units for the lead item (identified by the HCPCS code) that you estimate you can furnish throughout the entire CBA for one year. To determine your capacity for the lead item, calculate the number of units you currently furnish on a yearly basis and add any number

of units or capacity you would be capable of furnishing annually at the start of the contract period of performance.

For the oxygen and oxygen equipment product category, you must furnish specific modalities of oxygen (concentrator, liquid, or gaseous) when prescribed by the physician. For the oxygen and oxygen equipment and non-invasive ventilators product category, your estimated capacity is based on one month's rental, not purchase, of the equipment.

Bid Price - You must indicate your bid price for the lead item. Your bid price must be a bona fide bid amount. Your bid price must be rational, feasible, supportable, and reflect all costs associated with providing the lead item and services. It should take into account the costs of furnishing the lead item throughout the CBA (except for SNFs and NFs that elect to participate as specialty suppliers). for the duration of the contract period. Refer to the [Lead Item Pricing Calculator](#) for the lead item's bid amount impact on the non-lead items for the product category. 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 lead item as instructed. Bid amounts for refurbished or used lead items will not be accepted. Please see the **General Program Requirements** section on page 10 for information about submitting a bona fide bid.

Important: Always check your bid amounts and capacity estimation carefully for each lead item.

Once you have completed a Form B(s), the AO or a 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 Form B after it has been certified will require the AO or BAO to recertify the form. To ensure 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 uploaded required 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 before the bid window closes. 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 the certification statement 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 required documents.

Appendix D: Required Financial Documents by Business Type Table

All business types (e.g., corporation, sole proprietorship, partnership, etc.) that submit bids for Round 2021 must upload the required financial documents in Connexion, the program's secure portal, by the close of the bid window. The tax return extract and the three financial statements (income statement, balance sheet, and statement of cash flows) must be for the same 12-month accounting period and must correspond. For example, if the tax return extract is for the calendar year 2018, the financial statements must also be for the calendar year 2018.

The tax return extract uploaded must be the most recent year (either calendar or fiscal) in which a tax return has been filed with the Internal Revenue Service (IRS). Generally, the tax return extract must be either a 2017 or 2018 tax return extract. However, a 2016 tax return extract may be acceptable for fiscal year filers depending on the business type, form being submitted, and their tax year end date. Please use the table provided below to determine acceptable tax year end dates by business type and form. Only tax return extracts with a tax year ending on or after the applicable tax year end date, indicated in the table below, will be accepted.

Business Type	Form	Tax Year End Date
Non-Profit	990	On or after 9/1/2017
Sole Proprietor	1040	On or after 10/1/2017
Partnership	1065	On or after 11/1/2017
Corporation	1120	On or after 10/1/2017
S-Corporation	1120s	On or after 11/1/2017

We strongly recommend the use of an accounting professional to prepare your financial statements.

We recommend that you provide an accounting professional with a copy of this **Required Financial Documents by Business Type** table, the financial section outlined in these Instructions, and the **Required Document Checklist**. However, it is the bidder's responsibility to submit required financial documents that are in compliance with these Instructions, regardless of whether it engages the services of an accounting professional. In addition, all financial documents should be prepared in accordance with generally accepted accounting principles (GAAP) to the extent possible. While not GAAP, cash and tax basis financial statements are acceptable.

Business Type	Tax Return Extract	Income Statement	Balance Sheet	Statement of Cash Flows	Credit Report & Numerical Score or Rating
All financial statements must include a legal business name, the reporting period, and level of detail specified below.					
LLC, PC, S or C Corporation	<p>Most current year for which a tax return has been submitted.</p> <p>Note: For a parent/subsidiary, upload IRS Form 851.</p> <p>MUST INCLUDE:</p> <ul style="list-style-type: none"> • Form 1120: pages 1 – 5; (pages 1 – 6 for 2018 returns) <i>or</i> • Form 1120S: pages 1 – 5 (Tax year ending on or after 11/1/2017), <i>or</i> • Schedule C: pages 1 – 2 (Tax year ending on or after 10/1/2017) <i>or</i> • Form 1065: pages 1 – 5 (Tax year ending on or after 11/1/2017), <i>or</i> • Form 990: pages 1 and 9 – 11 (Tax year ending on or after 9/1/2017) 	<p>Financial statements and tax extract must correspond and cover the same reporting period.</p> <p>SHOULD INCLUDE:</p> <ul style="list-style-type: none"> • Revenues • Cost of goods sold, if applicable • Expenses by category • Depreciation, if applicable • Amortization, if applicable • Net income (loss) 	<p>Financial statements and tax extract must correspond and cover the same reporting period.</p> <p>SHOULD INCLUDE:</p> <ul style="list-style-type: none"> • Current assets, if applicable • Total assets • Current liabilities, if applicable • Total liabilities • Equity 	<p>Financial statements and tax extract must correspond and cover the same reporting period.</p> <p>SHOULD INCLUDE:</p> <ul style="list-style-type: none"> • Operating activities • Financing activities, if applicable • Investing activities, if applicable • Increase (decrease) in cash • Beginning cash balance • Ending cash balance 	<p>Dated credit report with score that was issued by the credit reporting agency no earlier than 90 days prior to the opening of the bid window. *</p> <p>See RFB Instructions: Appendix A 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"> • Dun & Bradstreet • Experian • Equifax • TransUnion • Standard & Poor's (See Credit Report Tables below for acceptable scores or ratings)

Business Type	Tax Return Extract	Income Statement	Balance Sheet	Statement of Cash Flows	Credit Report & Numerical Score or Rating
All financial statements must include a legal business name, the reporting period, and level of detail specified below.					
Sole Proprietor	<p>Most current year for which a tax return has been submitted.</p> <p>MUST INCLUDE:</p> <ul style="list-style-type: none"> • Schedule C: pages 1 – 2 (Tax year ending on or after 10/1/2017) 	<p>Financial statements and tax extract must correspond and cover the same reporting period.</p> <p>SHOULD INCLUDE:</p> <ul style="list-style-type: none"> • Revenue • Cost of goods sold, if applicable • Expenses by category • Depreciation, if applicable • Amortization, if applicable • Net income (loss) 	<p>Financial statements and tax extract must correspond and cover the same reporting period.</p> <p>SHOULD INCLUDE:</p> <ul style="list-style-type: none"> • Current assets • Total assets • Current liabilities • Total liabilities • Owner's capital 	<p>Financial statements and tax extract must correspond and cover the same reporting period.</p> <p>SHOULD INCLUDE:</p> <ul style="list-style-type: none"> • Operating activities • Financing activities, if applicable • Investing activities, if applicable • Increase (decrease) in cash • Beginning cash balance • Ending cash balance 	<p>Dated credit report with score that was issued by the credit reporting agency no earlier than 90 days prior to the opening of the bid window. *</p> <p>See RFB Instructions: Appendix A 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"> • Dun & Bradstreet • Experian • Equifax • TransUnion • Standard & Poor's (See Credit Report Tables below for acceptable scores or ratings)

Business Type	Tax Return Extract	Income Statement	Balance Sheet	Statement of Cash Flows	Credit Report & Numerical Score or Rating
All financial statements must include a legal business name, the reporting period, and level of detail specified below.					
Partnership	<p>Most current year for which a tax return has been submitted</p> <p>MUST INCLUDE:</p> <ul style="list-style-type: none"> • Form 1065: pages 1 – 5 (Tax year ending on or after 11/1/2017) 	<p>Financial statements and tax extract must correspond and cover the same reporting period.</p> <p>SHOULD INCLUDE:</p> <ul style="list-style-type: none"> • Revenue • Cost of goods sold, if applicable • Expenses by category • Depreciation, if applicable • Amortization, if applicable • Net income (loss) 	<p>Financial statements and tax extract must correspond and cover the same reporting period.</p> <p>SHOULD INCLUDE:</p> <ul style="list-style-type: none"> • Current assets • Total assets • Current liabilities • Total liabilities • Partners' capital 	<p>Financial statements and tax extract must correspond and cover the same reporting period.</p> <p>SHOULD INCLUDE:</p> <ul style="list-style-type: none"> • Operating activities • Financing activities, if applicable • Investing activities, if applicable • Increase (decrease) in cash • Beginning cash balance • Ending cash balance 	<p>Dated credit report with score that was issued by the credit reporting agency no earlier than 90 days prior to the opening of the bid window. *</p> <p>See RFB Instructions: Appendix A 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"> • Dun & Bradstreet • Experian • Equifax • TransUnion • Standard & Poor's (See Credit Report Tables below for acceptable scores or ratings)

Business Type	Tax Return Extract	Statement of Activity and Change in Net Assets	Statement of Financial Position	Statement of Cash Flows	Credit Report & Numerical Score or Rating
All financial statements must include a legal business name, the reporting period, and level of detail specified below.					
Non-Profit Organization	<p>Most current year for which a tax return has been submitted.</p> <p>MUST INCLUDE:</p> <ul style="list-style-type: none"> • Form 990: pages 1 and 9 – 11 (Tax year ending on or after 9/1/2017) • Municipality or state-owned organization that is exempt from filing must upload an IRS governmental information letter. • Religious organizations must upload a letter stating they are exempt from IRS filing. IRS Rev. Proc. 96-10 	<p>Financial statements and tax extract must correspond and cover the same reporting period.</p> <p>SHOULD INCLUDE:</p> <ul style="list-style-type: none"> • Revenue • Cost of goods sold, if applicable • Expenses by category • Depreciation, if applicable • Amortization, if applicable • Change in net assets 	<p>Financial statements and tax extract must correspond and cover the same reporting period.</p> <p>SHOULD INCLUDE:</p> <ul style="list-style-type: none"> • Current assets • Total assets • Current liabilities • Total liabilities • Total net assets or fund balances 	<p>Financial statements and tax extract must correspond and cover the same reporting period.</p> <p>SHOULD INCLUDE:</p> <ul style="list-style-type: none"> • Operating activities • Financing activities, if applicable • Investing activities, if applicable • Increase (decrease) in cash • Beginning cash balance • Ending cash balance 	<p>Dated credit report with score that was issued by the credit reporting agency no earlier than 90 days prior to the opening of the bid window.*</p> <p>See RFB Instructions: Appendix A 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"> • Dun & Bradstreet • Experian • Equifax • TransUnion • Standard & Poor's (See Credit Report Tables below for acceptable scores or ratings)

Business Type	Tax Return Extract	The Statement of Revenues, Expenses, and Change in Net Position	Balance Sheet	Statement of Cash Flows	Credit Report & Numerical Score or Rating
All financial statements must include a legal business name, the reporting period, and level of detail specified below.					
Municipality or State Government Component Unit	<p>A tax extract is uploaded only if the municipality or a state government component unit has a tax filing requirement.</p> <p>If exempt from IRS filing, must upload an IRS governmental information letter.</p>	<p>Financial statements and tax extract must correspond and cover the same reporting period.</p> <p>MUST INCLUDE:</p> <ul style="list-style-type: none"> • Revenue • Cost of goods sold, if applicable • Expenses by category • Excess (deficiency) revenues over expenditures • Changes in net position 	<p>Financial statements and tax extract must correspond and cover the same reporting period.</p> <p>MUST INCLUDE:</p> <ul style="list-style-type: none"> • Current assets • Total assets • Current liabilities • Total liabilities • Total net assets or fund balances 	<p>Financial statements and tax extract must correspond and cover the same reporting period.</p> <p>MUST INCLUDE:</p> <ul style="list-style-type: none"> • Operating activities • Financing activities, if applicable • Investing activities, if applicable • Increase (decrease) in cash • Beginning cash balance • Ending cash balance • Restricted funds detail, if applicable 	<p>Dated credit report with score that was issued by the credit reporting agency no earlier than 90 days prior to the opening of the bid window.*</p> <p>See RFB Instructions: Appendix A 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"> • Dun & Bradstreet • Experian • Equifax • TransUnion • Standard & Poor's (See Credit Report Tables below for acceptable scores or ratings)

Business Type	Tax Return Extract	Income Statement	Balance Sheet	Statement of Cash Flows	Credit Report & Numerical Score or Rating
All financial statements must include a legal business name, the reporting period, and level of detail specified below.					
New Supplier	<p>If a tax return has been filed, refer to the relevant business types above for requirements.</p> <p>MUST INCLUDE:</p> <ul style="list-style-type: none"> • Form 1120: pages 1 – 5; (pages 1 – 6 for 2018 returns) <i>or</i> • Form 1120S: pages 1 – 5 (Tax year ending on or after 11/1/2017), <i>or</i> • Form 1065: pages 1 – 5 (Tax year ending on or after 11/1/2017) <i>or</i> • Schedule C: pages 1 – 2 (Tax year ending on or after 10/1/2017), <i>or</i> • Form 990: pages 1 and 9 – 11 (Tax year ending on or after 9/1/2017) 	<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>MUST INCLUDE:</p> <ul style="list-style-type: none"> • Revenue • Cost of goods sold, if applicable • Expenses by category • Depreciation, if applicable • Amortization, if applicable • Net income (loss) 	<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>MUST INCLUDE:</p> <ul style="list-style-type: none"> • Current assets • Total assets • Current liabilities • Total liabilities • Stockholders' equity or owner's capital • Non-profit, municipality or state-owned organizations must include total net assets or fund balances instead of stockholders' equity or owner's capital 	<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>MUST INCLUDE:</p> <ul style="list-style-type: none"> • Operating activities • Financing activities, if applicable • Investing activities, if applicable • Increase (decrease) in cash • Beginning cash balance • Ending cash balance 	<p>Dated credit report with score that was issued by the credit reporting agency no earlier than 90 days prior to the opening of the bid window.*</p> <p>See RFB Instructions: Appendix A 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"> • Dun & Bradstreet • Experian • Equifax • TransUnion • Standard & Poor's <p>(See Credit Report Tables below for acceptable scores or ratings)</p> <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 or Rating
All financial statements must include a legal business name, the reporting period, and level of detail specified below.					
Network	<p>For each network member, refer to the relevant business types above for tax extract requirements.</p> <p>MUST INCLUDE:</p> <ul style="list-style-type: none"> • Form 1120: pages 1 – 5; (pages 1 – 6 for 2018 returns) <i>or</i> • Form 1120S: pages 1 – 5 (Tax year ending on or after 11/1/2017), <i>or</i> • Form 1065: pages 1 – 5 (Tax year ending on or after 11/1/2017) <i>or</i> • Schedule C: pages 1 – 2 (Tax year ending on or after 10/1/2017), <i>or</i> • Form 990: pages 1 and 9 – 11 (Tax year ending on or after 9/1/2017) 	<p>One year for each network member. Financial statements and tax extract cover same reporting period.</p> <p>MUST INCLUDE:</p> <ul style="list-style-type: none"> • Revenue • Cost of goods sold, if applicable • Expenses by category • Depreciation, if applicable • Amortization, if applicable • Net income (loss) 	<p>One year for each network member. Financial statements and tax extract cover same reporting period.</p> <p>MUST INCLUDE:</p> <ul style="list-style-type: none"> • Current assets • Total assets • Current liabilities • Total liabilities • Stockholders' equity or owners' capital 	<p>One year for each network member. Financial statements and tax extract cover same reporting period.</p> <p>MUST INCLUDE:</p> <ul style="list-style-type: none"> • Operating activities • Financing activities, if applicable • Investing activities, if applicable • Increase (decrease) in cash • Beginning cash balance • Ending cash balance 	<p>Dated credit report with score, for each network member that was issued by the credit reporting agency no earlier than 90 days prior to the opening of the bid window.*</p> <p>See RFB Instructions: Appendix A 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"> • Dun & Bradstreet • Experian • Equifax • TransUnion • Standard & Poor's (See Credit Report Tables below for acceptable scores or ratings)

* Credit reports must reflect a numerical score unless you are using Standard & Poor's. Standard & Poor's credit report uses an alpha rating 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.

Credit Report Tables

Your business credit report must be from one of the four approved credit reporting agencies and include one of the acceptable credit scores or ratings listed in the table below.

Business Credit Reports	
Approved Credit Reporting Agency	Acceptable Credit Score or Rating
Dun & Bradstreet	<ul style="list-style-type: none"> • Delinquency Predictor Risk Class • Commercial Credit Score • Paydex • Financial Stress Class • Supplier Evaluation Risk Rating
Experian	<ul style="list-style-type: none"> • Intelliscore Credit Ranking Score • Financial Stability Risk Class
Equifax	<ul style="list-style-type: none"> • Business Payment Index • Business Credit Risk Score • Business Delinquency Score • Business Failure Risk Score
Standard & Poor's	<ul style="list-style-type: none"> • S & P rating

A personal credit report must be from one of the three approved credit reporting agencies and include one of the acceptable scores or ratings listed in the table below.

Personal Credit Reports	
Approved Credit Reporting Agency	Acceptable Credit Score or Rating
Experian	<ul style="list-style-type: none"> • Plus score • FICO score • Vantage
Equifax	<ul style="list-style-type: none"> • Score • FICO score • Vantage
Transunion	<ul style="list-style-type: none"> • Score • FICO score • Vantage

For additional information regarding credit reports, please reference the [Required Financial Documents](#) fact sheet.

Income Statement

(Format does not apply to all bidders)

[Legal Business Name]	[Reporting Period]
Revenue	
Gross sales	
<i>Less sales returns and allowances</i>	
Net sales	
Cost of Sales	
Beginning inventory	
Plus goods purchased/manufactured	
Total goods available	
Less ending inventory	
Total cost of goods sold	
Gross profit (loss)	
Operating Expenses	
Selling	
Salaries and wages	
Commissions	
Advertising	
Depreciation	
Total selling expenses	
General/Administrative	
Salaries and wages	
Employee benefits	
Payroll taxes	
Insurance	
Rent	
Utilities	
Depreciation	
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	
Net Income (Loss)	

Important Information to include:

- Legal business name
- Reporting period
- Revenues
- Cost of goods sold (if applicable)
- Depreciation (if applicable)
- Amortization (if applicable)
- Expenses by category such as salary, utilities, rent, etc.
- Net income (loss)

Statement of Cash Flows (Direct Method)

[Legal Business Name]	[Reporting Period]
Cash flows from operating activities	
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	
Net cash provided (used) by operating activities	
Cash flows from investing activities	
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: plant and equipment, etc.	
Cash paid to acquire businesses	
Other	
Net cash provided (used) by investing activities	
Cash flows from financing activities	
Cash received from issuing stock	
Cash received from credit/debt borrowings	
Cash paid to repurchase stock	
Cash paid to retire debt	
Cash paid for dividends	
Other	
Net cash provided (used) in financing activities	
Increase (decrease) in cash during the reporting period	
Cash balance at the beginning of the reporting period	
Cash balance at the end of the reporting period	

Important Information to Include

- Legal business name
- Reporting period
- Operating activities
- Investing activities, if applicable
- Financing activities, if applicable
- Increase (decrease) in cash
- Beginning cash balance
- Ending cash balance

- The cash balance at the end of the reporting period should match the cash on the balance sheet.

- Increase (decrease) in cash during the reporting period should equal the sum of the three cash flow activities (operating, investing, and financing.)
- A cash reconciliation should be included. Increase (decrease) in cash during the reporting period plus the cash balance at the beginning of the reporting period must equal the cash balance at the end of the reporting period.

Statement of Cash Flows (Indirect Method)

[Legal Business Name]	[Reporting Period]
Cash flows from operating activities	
Net Income (Loss)	
Non-cash expenses: depreciation, amortization, etc.	
Non-operating (gain) loss: sale of non-current assets, investments, etc.	
(Increase) decrease in current assets: accounts receivable, prepaid expenses, inventory, etc.	
Increase (decrease) in current liabilities: accounts payable, accrued liabilities, etc.	
Net cash provided (used) by operating activities	
Cash flows from investing activities	
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: plant and equipment, etc.	
Cash paid to acquire businesses	
Other	
Net cash provided (used) by investing activities	
Cash flows from financing activities	
Cash received from issuing stock	
Cash received from credit/debt borrowings	
Cash paid to repurchase stock	
Cash paid to retire debt	
Cash paid for dividends	
Other	
Net cash provided (used) in financing activities	
Increase (decrease) in cash during the reporting period	
Cash balance at the beginning of the reporting period	
Cash balance at the end of the reporting period	

Important Information to Include

- Legal business name
- Reporting period
- Net income (loss)
- Operating activities
- Investing activities, if applicable
- Financing activities, if applicable
- Increase (decrease) in cash
- Beginning cash balance
- Ending cash balance

- The net income on the statement of cash flows should match the net income on the income statement.
- The cash balance at the end of the reporting period should match the cash on the balance sheet.

- Increase (decrease) in cash during the reporting period should equal the sum of the three cash flow activities (operating, investing, and financing).
- A cash reconciliation should be included. Increase (decrease) in cash during the reporting period plus the cash balance at the beginning of the reporting period should equal the cash balance at the end of the reporting period.

Balance Sheet

[Legal Business Name]	[Reporting Period]
-----------------------	--------------------

Important information to include:

- Legal business name
- Reporting period
- Current assets, (if applicable)
- Total assets
- Current liabilities, (if applicable)
- Total liabilities
- Equity

ASSETS

Current Assets

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

Long-Term Assets

Long-term investments	
Land	
Buildings	
(less accumulated depreciation)	
Plant and equipment	
Less accumulated depreciation	
Furniture and fixtures	
(less accumulated depreciation)	
Total Long-Term Assets	

TOTAL ASSETS

LIABILITIES

Current Liabilities

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

Long-Term Liabilities

Mortgage	
Other long-term liabilities	
Total Long-Term Liabilities	

TOTAL LIABILITIES

Equity

Capital stock	
Retained earnings	
Total Equity	

TOTAL LIABILITIES & EQUITY

Total Assets
should equal
Total Liabilities & Equity

Appendix G: Required Documents Checklist

This checklist is not a required document, but is a guide to help you prepare your required documents to upload in Connexion, the program's secure portal, by the close of the bid window. Fact sheets, tables, and other resources pertaining to the required documents and how to upload them in Connexion can be found on the [CBIC](#) website. **Please follow these instructions carefully to ensure your documents meet all requirements.**

We recommend use of an accounting professional to prepare your required financial documents, and that you provide the accounting professional with a copy of this checklist and these RFB Instructions. However, it is the bidder's responsibility to submit required financial documents that are in compliance with these RFB Instructions, regardless of whether it engages the services of an accounting professional. Remember, financial statements should be prepared in accordance with generally accepted accounting principles (GAAP) to the extent possible. While not GAAP, cash and tax basis financial statements are acceptable.

Financial Documentation¹⁶

Income Statement:

- | | |
|-------------------------------------------------------------------------------------|------------------------------------------------------|
| <input type="checkbox"/> Legal business name | <input type="checkbox"/> Reporting period |
| <input type="checkbox"/> Revenues | <input type="checkbox"/> Depreciation, if applicable |
| <input type="checkbox"/> Cost of goods sold, if applicable | <input type="checkbox"/> Amortization, if applicable |
| <input type="checkbox"/> Expenses by category such as salary, utilities, rent, etc. | <input type="checkbox"/> Net income (loss) |

Balance Sheet:

- | | |
|-------------------------------------------------------------|--------------------------------------------|
| <input type="checkbox"/> Legal business name | <input type="checkbox"/> Reporting period |
| <input type="checkbox"/> Current assets, if applicable | <input type="checkbox"/> Total liabilities |
| <input type="checkbox"/> Total assets | <input type="checkbox"/> Equity |
| <input type="checkbox"/> Current liabilities, if applicable | |

Statement of Cash Flows:

- | | |
|--------------------------------------------------------------|---------------------------------------------------------------------------|
| <input type="checkbox"/> Legal business name | <input type="checkbox"/> Reporting period |
| <input type="checkbox"/> Operating activities | <input type="checkbox"/> Beginning cash balance |
| <input type="checkbox"/> Financing activities, if applicable | <input type="checkbox"/> Ending cash balance |
| <input type="checkbox"/> Investing activities, if applicable | <input type="checkbox"/> Net income (loss), only if using indirect method |
| <input type="checkbox"/> Increase (decrease) in cash | |

- Tax Return Extract** – Do **not** upload the entire tax return, only the required pages. See the special requirements for a parent/subsidiary in the [Required Financial Documents](#) fact sheet. The financial statements must correspond to the same reporting period date as the tax return extract.
- Dated Credit Report with Score** prepared no earlier than 90 days prior to the opening of the bid window. Your credit report must be from one of the approved credit reporting agencies and include one of the acceptable numerical scores or ratings found in the Required Financial Documents fact sheet. Please refer to **Appendix A** for the date the credit reports with numerical scores or ratings must be prepared.

¹⁶ Refer to the **Required Financial Documents by Business Type** table for specific requirements based on your business type

Bid Surety Bond¹⁷

- One bid surety bond per competitive bidding area (CBA), regardless of the number of product categories for which you are submitting a bid.

Non-Financial Documentation¹⁸

- Legal Agreement and signed Network Certification page for **each** network member, if applicable.
- Executed Subcontracting Agreement, if applicable.
- Settlement Agreement or Corporate Integrity Agreement, if applicable.

Important Information

For commonly owned and/or commonly controlled suppliers bidding under the same bidder number, each organization's financial and non-financial documents must be uploaded in Connexion.

For networks, the primary member must obtain and upload financial and non-financial documents from **each** network member.

You may upload 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. Do **not** upload other documents such as bank references, personal financial statements of corporate stockholders, advertising materials, or bank statements.

All required documents must be **uploaded in Connexion** by the close of the bid window. Documents should be uploaded in Connexion early. After each upload, a message will appear in Connexion confirming whether your file was uploaded successfully or failed. If you receive a message your upload failed, please attempt to upload the document again following the instructions. If problems persist or you have any questions, please contact the CBIC customer service center at 877-577-5331 for assistance. If you need to upload amended required documents in Connexion before the close of the bid window, only upload those documents. Do not re-upload all of your documents.

Visit your *DBidS Status* page often to check the status of your bid. Additionally, please visit your *My Upload History* page in Connexion to confirm receipt of your required documents. The *My Upload History* page displays details for all documents that have been uploaded in Connexion. However, it does not confirm the accuracy or completeness of your documents.

¹⁷ Refer to the [Bid Surety Bonds](#) page for more information.

¹⁸ Refer to the **Non-Financial Documents** section of these RFB Instructions for specific requirements.