

# The Actual “Mechanics” of Round 2021: Why HME Providers MUST Learn New Strategies!



**SWMESA**  
Southwest Medical Equipment  
Suppliers Association

August 8, 2019



CMS' November 14, 2018 Final rule changed many aspects of the next Medicare DMEPOS Competitive Bidding Program (CBP), featuring a new auction format, "lead item" bidding rules and new product categories.

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A "temporary gap" in the CBP started January 1, 2019

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June 16, 2019 – bid window opens!

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January 1, 2021 – expected start date of contracts

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Contract will be for three years

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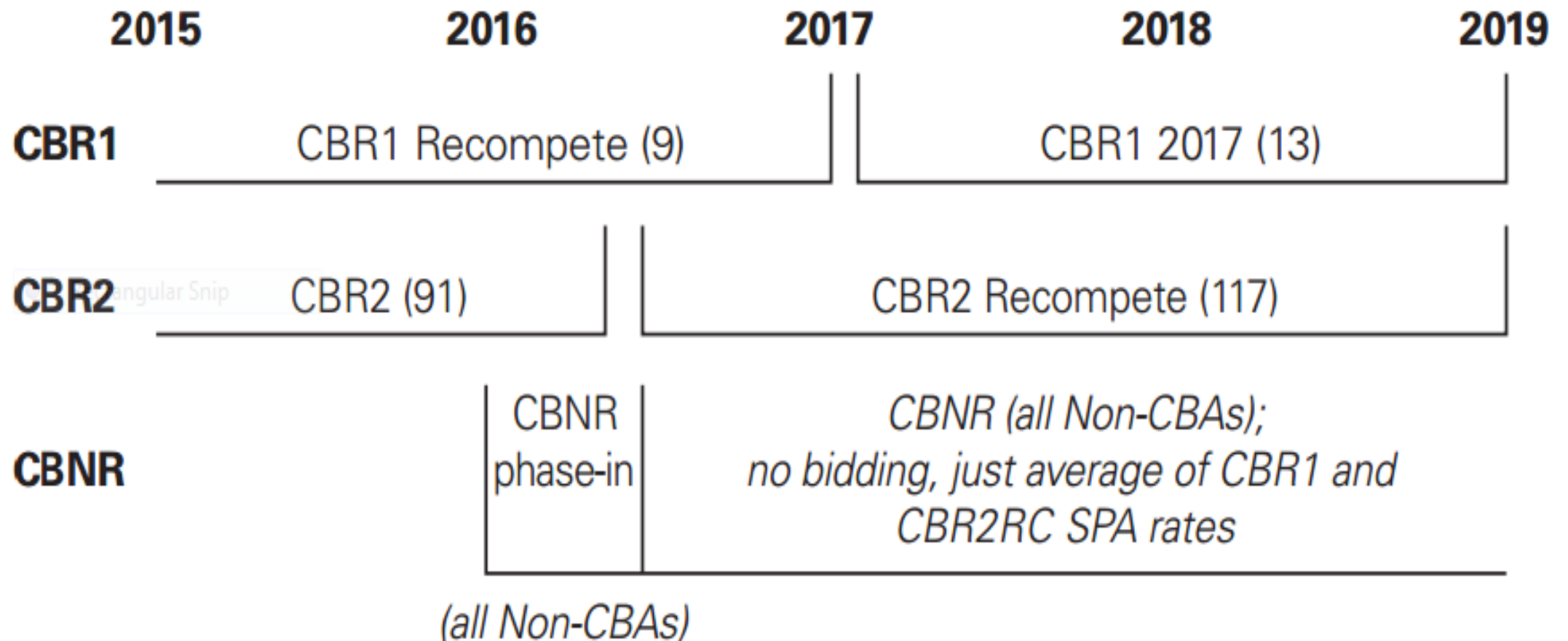
100 MSAs, 130 competitive bid areas (CBAs)

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Today: learn about the new Round 2021 CBP!!



# Previous Bid Rounds



# The “Gap Period” 2019 and 2020

In rural and non-contiguous areas: CMS pays at the “50-50 blended rates” provided in May 11, 2018 IFR for all former bid items.

In the non-rural/non-former CBAs: payment is at the current regional rate.

In the former 130 competitive bidding areas for bid items: 2018 single payment amount (SPA) + 2.5% CPI/U update (except oxygen).

Diabetic supplies (non-mail order): remain at current rate

Items not included in CB program: 2018 rates +2.3% (for example: prosthetics)



# Bid Rates set rates in Non-Bid Areas

Since January 1, 2016, CMS has been required to adjust payments in non-bid areas, based upon NCB rates, per the Patient Protection and Affordable Care Act

The CBP therefore sets rates in all areas of the country – bid and non-bid areas

50% of beneficiaries reside in the 100 MSAs/130 CBAs

When new NCB rates start, new rates will begin in non-CBAs



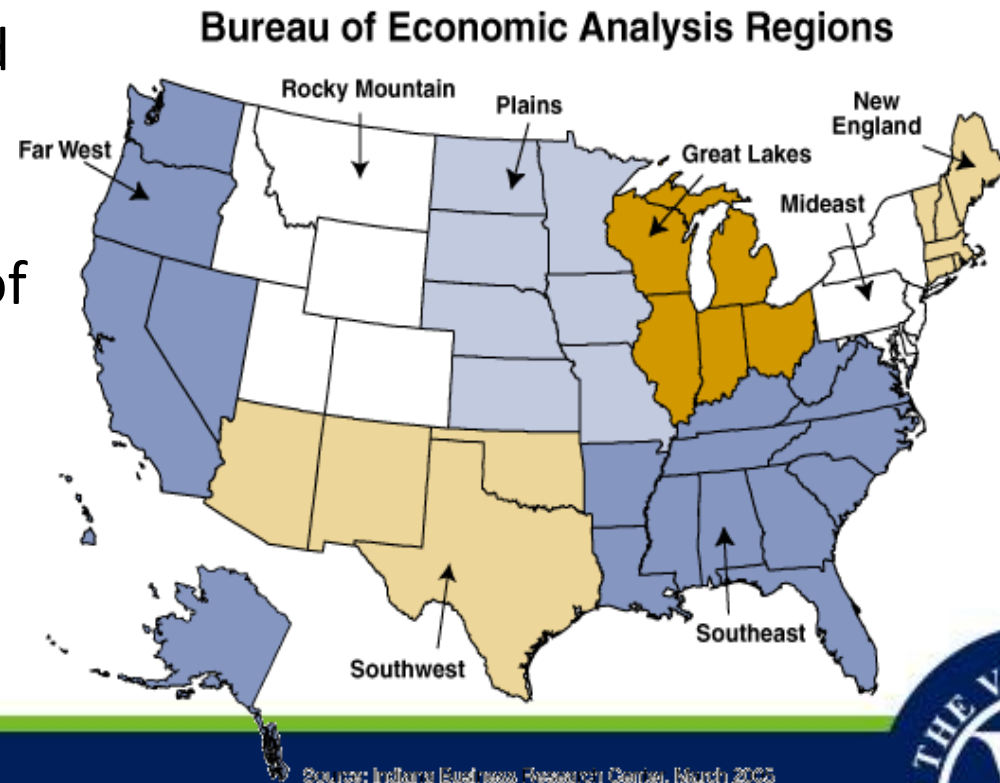
# How are the nationwide Non-CBA rates determined?

- CMS established 8 geographic regions and 8 Regional Single Payment Amounts (“RSPAs”).
- CMS calculates the RSPA for each region using the unweighted average of the SPAs for a DMEPOS item from all CBAs that are fully or partially located in that region, regardless of population.
- CMS averages the RSPAs, weighted by the number of states in that region, to calculate a national average RSPA.



# Let's look at this more closely...

- CMS adjusts fee schedules for states in different regions of the country based on previous competitive bidding round pricing in these “regions”.
- The regional prices are limited by a national ceiling (110% of the average of regional prices) and floor (90% of the average of regional prices).
- CMS uses the eight “Bureau of Economic Analysis Regions”



# Timeline

- 6/10/19 – Registration opened for DBidS & Connexion
- 7/16/19 – Bid window opens
- 8/16/19 – DBidS registration closes (Connexion still open)
- 8/19/19 – CDRD date for bidders to upload financials
- 9/18/19 – Bid window closes
- Fall 2019 – preliminary bid evaluation notification
- Summer 2020 – CMS announces SPAs
- Fall 2020 – CMS announces contractors
- January 1, 2021 – start date of Round 2021, 3-year contracts





# Basic Rules to Bid

- Suppliers must submit a bid to be awarded a contract
- Bidders must meet all eligibility criteria
- Suppliers can bid for 1 to 16 product categories per CBA
- The bid ceiling is higher than the current 2019 rates
  - = “the unadjusted 2019 fee schedule” = “unadjusted 2015 fee schedule plus CPI
- Commonly-owned or controlled suppliers must submit a single bid per CBA

CBIC Fact Sheets, RFB, and More:

- [www.dmecompetitivebid.com](http://www.dmecompetitivebid.com)



# Basic Rules for Contractors



Medicare payment rules apply,  
e.g., prior authorization

EXCEPT Mandatory assignment



No annual inflation rate in years 2 and 3



Must cover the entire CBA

Directly or via subcontractors or  
network



Must accept all referrals that meet Medicare coverage  
criteria



Must provide all HCPCS codes in product category



Non-discrimination rules apply

# Snowbird Rules



Applies where primary residence is in a bid area *and* item is a bid item



If visiting area is not a bid area or item is not included in visiting CBA, can obtain from any supplier



If visiting area is a bid area, must obtain item from a contract supplier



Payment amount is bid amount in primary residence CBA



# Grandfathering Rules

- Applies to suppliers that are not awarded a contract for oxygen, capped rental and/or frequent & substantial service items in CBAs they are currently providing
- Both the non-contract supplier and the beneficiary must choose to continue
- The beneficiary can opt to receive the items and services from a contract supplier
- Grandfathered supplier must furnish the items/services for the remaining rental months or until medical need ends, whichever is later
- Grandfathered suppliers must agree to continue to serve all beneficiaries in that product category, and provide all items in the PC



# Grandfathering Rules

- Grandfathered supplier must accept assignment
- Payment is based on SPA
- Grandfathered suppliers must provide beneficiaries written notice of their decision to continue services
- If beneficiary elects to move to contract supplier, the contract supplier will be paid for an entire 13 months for capped rental and a minimum of 10 months for oxygen



# Grandfathering Rules

## For Oxygen

- Medicare law requires the supplier that furnishes oxygen during the 36<sup>th</sup> month to continue to furnish through 60 months or end of medical need; cannot transfer that obligation to a contractor
- A beneficiary receiving oxygen from a grandfathered supplier can choose to move to a contractor at any time during the first 36 months
- If so, the new contractor will be paid the SPA for the duration of the equipment rental period



# Practitioner Exemptions

Exemptions to the rule that only contract suppliers can furnish bid items in CBAs

- Physicians and treating practitioners and Hospitals
  - For walkers and folding manual wheelchairs furnished to their own patients as part of their professional services; payment is based on SPA in the CBA
- PTs/OTs/Physicians
  - For OTS back and knee braces
  - If furnishing as part of their practice



# SNFs and Enteral Nutrition

SNFs must submit bids and win contracts to provide enteral nutrition to their Part B residents

Otherwise, SNF must use a contractor to provide enteral nutrition to its Part B residents





# Small Supplier Participation Target

- If not enough qualified small suppliers (less than \$3.5 million in total sales) are at or below the pivotal bid to meet the small supplier target, additional contracts will be offered to qualified small suppliers with a composite bid above the pivotal bid.
- Contracts are offered until the 30 percent target is reached or no more qualified small suppliers for that product category are in that competitive bidding area.
- The SPAs are calculated before the small supplier target process and do not change as a result.



# What's New

- Higher Bid Ceiling – How High Can I Bid?
- Bid Surety Bonds
- Maximum Winning Bid
- Lead Item Pricing and Bidding



# New – Higher Bid Ceiling

## How High Can I Bid?

- CMS Final Rule November 2016
- CMS changed the bid ceiling to be the higher “unadjusted” fee schedules to make the program sustainable
- “adjusted” = CBP-based
- “unadjusted” = not based on bid prices
- ***The bid ceiling is now the unadjusted 2019 fee schedules*** which are NOT the current 2019 “adjusted” fee schedules that are based on the former bid rates
- EXCEPT for New Product categories: NIVs and braces and additions to the wheelchair categories
  - Bid ceiling is 2019 adjusted fee schedule



# New - Higher Bid Ceiling

Item	2019 Rate	Bid Ceiling
E1390 Oxygen Concentrator	\$72.50	\$189
E0260 Hospital Bed	\$60.85	\$139
K0823 Group 2 Standard PMD	\$1828	\$3993

# The Bid Surety Bond

- April 2016 law, Medicare Access and CHIP Reauthorization Act of 2015 (MACRA) designed to ensure that bidders honor their bids and disincentivize unscrupulous bidding
- Initially effective for contracts beginning January 2019; now for Round 2021
- It is important to note 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.
- One \$50,000 bond per bidder per CBA



# New for Round 2021: The “Bid Bond”...

- **Bid Bond** - A bidding supplier must obtain a \$50,000 bid surety bond for each CBA in which the supplier is submitting a bid. The bidder must submit proof of the bond by the deadline for the bid submission.  
(9/18/2019)
- **Bottom line:** You purchase a bond from one of the federal surety bond entities (there are over 250 on [dmecompetitivebid.com](https://dmecompetitivebid.com))...and while there are several that offer surety bonds for the DMEPOS program for overpayments, very few are participating in the bid bond program.



# Again, the deadline is 9/18/2019; we urge you to apply for your bid bond now

CBIC / Round 2021 / Timeline

## Round 2021 Timeline



What's New

Bidding

Bid Evaluation

Competitive Bidding Areas

Product Categories

Education Events

Fact Sheets

Timeline

News

### STAY CONNECTED

Keep up with the latest information about the DMEPOS Competitive Bidding Program by taking advantage of the Internet's connectivity.

 SUBSCRIBE

 CONTACT

**3/7/2019**

The Centers for Medicare & Medicaid Services (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 the DMEPOS Bidding System, DBidS, and Connexion, the program's secure portal

**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

**1/1/2021**

Implementation of Round 2021 contracts and prices

**GET BONDED:** Bidders must provide proof of having obtained the required new bid bond(s). Bid bonds can be obtained from:

**VGM Insurance**

**1-866-497-0472**

[www.vgminsurance.com/vgmbonds](http://www.vgminsurance.com/vgmbonds)

**Merchants Bonding Company**

**1-800-678-8171**

[commercial@merchantsbonding.com](mailto:commercial@merchantsbonding.com)

**Old Republic Surety**

**515-657-5101**

**Contact Beth Harbeck:**

[bharbeck@orsurety.com](mailto:bharbeck@orsurety.com)

**For more information, visit:**

[www.dmecboeducation.com/bid-prerequisites](http://www.dmecboeducation.com/bid-prerequisites)

# The Bid Surety Bond

- One bid surety bond per CBA
  - no matter how many product categories are bid
- If you are not awarded a contract, you do not get a refund (i.e. the premium is “earned” upon issuance of the bond)
  - “pay to play”
- If you are offered a contract, the “price” you entered is evaluated for the lead item. If it is higher than the median of all offered contracts (by \$) you may reject the offer. If it is less, you must accept and “sign on the bottom line” – otherwise you forfeit the bid bond to CMS
- CMS/CBIC will notify bidders if their bid was above the median in the contract offer





# The Bid Surety Bond “Composite”

- If (i) the bidding supplier is offered a contract for any product category in a CBA, (ii) the bidding entity’s composite bid is at or below the median composite bid rate (\*) for all bidding entities included in the calculation of the SPA, and (iii) the bidding supplier does not accept the contract offered, the supplier’s bid bond for the applicable CBA will be forfeited and CMS will collect on the bid bond.
- A visual example of this “composite” determination follows...



“Median  
Bid  
Accepted  
for  
Contract  
Offer”

		BID CEILING FOR WIDGET x = \$100			
BIDDING SUPPLIER # (LOW TO HIGH)	PRICE (\$) OFFERED	LEAD ITEM DEMAND (UNITS) = 10000. (RIGHT HAND SIDE UNITS BELOW ARE *100. EXAMPLE 70 = 7000)		SUPPLIER CAPACITY OFFERED (UNITS)	CUMULATIVE CAPACITY OFFERED (UNITS)
...	...				
25	\$85.00			1000	CAPACITY REACHED
24	\$85.00			345	CAPACITY REACHED
23	\$84.23			2000	CAPACITY REACHED
22	\$83.15			320	CAPACITY REACHED
21	\$80.12			785	CAPACITY REACHED
20	\$77.00			300	CAPACITY REACHED
19	<b>\$76.50</b>			600	<b>10000</b>
18	\$75.60			200	9400
17	\$74.00			50	9200
16	\$72.50			300	9150
15	\$71.25			550	8850
14	\$70.00			1200	8300
13	\$68.05			750	7100
12	\$65.89			1000	6350
11	\$63.00			3000	5350
10	\$62.30			1000	3350
9	\$60.00			700	2350
8	\$58.76			550	1650
7	\$55.44			300	1100
6	\$52.00			250	800
5	<b>\$50.00</b>			<b>550</b>	550
4	\$45.00			50	NONE - BID NOT BONA FIDE
3	\$40.00			1000	NONE - BID NOT BONA FIDE
2	\$28.50			50	NONE - BID NOT BONA FIDE
1	\$24.25			100	NONE - BID NOT BONA FIDE



# Bid Surety Bond Requirements

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 the DMEPOS Bidding System (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 surety bond value of \$50,000



# Release of bid bond liability...

- For suppliers awarded contracts, if the forfeiture conditions do not exist, then the bond liability (i.e., the \$50,000) will then be returned to the bidding entity within 90 days of the Round 2021 public announcement of the contract suppliers for the CBA.
- CMS will notify the bidding entity 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.
- Finally, the rule established penalties for bidders that provide falsified surety bonds or accept a contract offer and then renege on it in order to avoid surety bond forfeiture.



# Maximum Winning Bid

- The SPA for the lead item in each product category and CBA based on the highest amount bid for the item by suppliers in the winning range
- CMS: It better ensures long-term sustainability of bid program



# Maximum Winning Bid

- CMS changed the method to calculate the SPAs
  - Former method: Median price
  - New method: Maximum winning bid
    - Once initial group of contractors is selected, the highest bid price in that group sets the price, or single payment amount (SPA)
    - Same as “clearing price”
    - Supported by auction economists
    - *No one gets paid less than their bid (except the highest bidding entity and small suppliers added after array is determined)*



# SPAs Based on Median Method vs. Maximum Winning Bid

Bidders	Bid for Lead Item	SPA based on Median Bid	SPA based on Maximum Bid /Clearing Price
Supplier 1	\$10		
Supplier 2	\$12		
Supplier 3	\$14	\$14	
Supplier 4	\$16		
Supplier 5	\$20		\$20

# “Lead Item” Pricing

- CMS changed the method of bidding in its November 2018 final rule
- Former method: Bid on all HCPCS codes in a product category
- New method: Lead item pricing
- While it appears simple...
- **Bidders must analyze the impacts of the lead item bid on all the non-lead items in the product category to ensure that the resulting non-lead item prices are sustainable**
- I will demo this shortly...





# Lead Item Pricing

- Bidders bid on the lead item, a single HCPCS code in a grouping of similar items, the product category
- Lead item has highest total national allowed charges (paid) during the base period
- CMS revised the definition of “composite bid” to be “the bid submitted by the supplier for the lead item in the product category”
- The bid on the lead item is the new “composite bid”
- Bidders are compared based upon these composite bids



# Lead Item Pricing

- Lead item drives the expected beneficiary demand in a CBA
- Lead item drives total supplier capacity in the product category
- The lead item SPA is used to establish the SPAs for the lead item and all other items in the product category
- **Non-lead items' SPAs are based on the relative difference in the fee schedule amounts for the lead and non-lead items in the 2015 fee schedule**
  - The 2015 unadjusted fee schedules determine the relative pricing ratios



# Lead Item Pricing Example...

Item	2015 Fee Schedule	Ratio	SPA Based on Lead Item MWB
Lead Item: Group 2 power wheelchair, captains chair	\$578.51	100%	\$433.88
Non-lead item: battery	\$107.25	18%	\$80.44



# Lead Item Pricing Example...

Item	2015 Fee Schedule	Ratio	SPA Based on Lead Item MWB
Lead Item: Group 2 power wheelchair, captains chair	\$578.51	100%	\$433.88
Non-lead item: battery	\$107.25	18%	\$80.44



# Pros of Lead Item Pricing

- Eliminates prior bid rounds' "price inversions"
  - Caused by bid methodology which rewards bidders who are most aggressive on items with highest allowed services
  - Results in lower SPAs for items with more features, etc., than other items or per CMS "when a more complicated item is cheaper than a simple version"
  - Occurred with standard power wheelchairs, walkers, hospital beds, enteral infusion pumps, TENS, support surface mattresses and overlays, and seat lift mechanisms
  - Simplifies the bid process for bidders and for CMS
    - Bidders no longer have to submit bids for all HCPCS codes in product categories
- Supported by auction economists



# Challenges with Lead Item Pricing!

- Product categories must be discreet to include “like” products
- CMS agrees: “it is likely that some of the larger, conglomerate product categories established to promote ‘one stop shopping’ for beneficiaries and referral agents would need to be split into multiple product categories so that lead item pricing is not implemented for categories that include different types of base equipment”
- **Bidder education! Industry site:**  
**<https://www.dmecbpeducation.com>**
- The bid amount for the lead item determines the bid price for all non-lead items in the category. Supplier **MUST** consider ALL costs for furnishing ALL items in the product category



# Product Categories

## Product Categories

1. Commode Chairs
2. Continuous Positive Airway Pressure (CPAP) Devices and Respiratory Assist Devices (RADs)
3. Enteral Nutrition
4. Hospital Beds
5. Nebulizers
6. Negative Pressure Wound Therapy (NPWT) Pumps
7. Non-Invasive Ventilators – E0466 (**new**)



## Product Categories

- 8.OTS Back Braces (new)
- 9.OTS Knee Braces (new)
- 10.Oxygen and Oxygen Equipment
- 11.Patient Lifts and Seat Lifts
- 12.Standard Manual Wheelchairs
- 13.Standard Power Mobility  
Devices
- 14.Support Surfaces (Groups 1  
and 2)
- 15.Transcutaneous Electrical  
Nerve Stimulation (TENS)  
Devices
- 16.Walkers

*\*No national mail order for diabetic  
supplies this round*





# “Bona Fide Bids” with Lead Items



Suppliers required to respond to bona fide bid requests to ensure their bid price is reasonable based on ability to provide



Historically, supplier provided a manufacturer invoice to prove the cost is less than bid amount



What about other indirect costs that affect ability to provide?



What about a profit margin?



## CMS Bona Fide Bid Determination

- Although bidders only submit bid for lead item in each PC, bidders must include all costs and profit associated with lead and non-lead items
- Bidders may have to provide a narrative rationale to explain how they will provide the lead and non-lead items in the PC – including how bidder considered impact lead item bid would have on SPAs for non-lead items
- Bidders may be asked for supporting documentation to substantiate ability to obtain items for less than bid amount



## CMS on Bona Fide Bids

- CBIC will evaluate lead item bid, compare it to all other bidders' bid amounts submitted for the same lead item in all CBAs.
- The CBIC may ask bidders to upload in Connexion
  - (1) a **narrative rationale that describes the bidder's ability to furnish the lead and non-lead items in the product category**, and
  - (2) supporting documentation that substantiates the bidder's ability to obtain the lead item for less than its bid amount. **The narrative rationale should explain how the bidder considered the impact its 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.



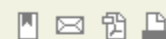
# CMS Beneficiary Demand Determination

- CMS beneficiary demand is based upon actual historic beneficiary utilization of the lead item in the product category over the previous two year period (two-year average of 2017 and 2018), plus expected growth in the number of beneficiaries enrolled in Medicare in the CBA as well as the expected growth in utilization of the lead item in the product category in the CBA.
- Historically, CMS provided only the most recent calendar year of the allowed units and the beneficiary count.
- Starting with Round 2021, CMS is providing the two most recent years of the allowed units and the beneficiary count for all lead and non-lead items in the Utilization Report.



CBIC / Round 2021 / Bidding

## Round 2021 Bidding



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The Durable Medical Equipment, Prosthetics, Orthotics, and Supplies (DMEPOS) Competitive Bidding Program uses bids submitted by qualified suppliers to establish payment amounts for certain DMEPOS items furnished to Medicare beneficiaries in designated [competitive bidding areas \(CBAs\)](#).

In addition to [CBAs](#), [product categories](#), [fact sheets](#), and [timeline](#) on the left, please review the information below to assist you with the bidding process.

Information will be periodically added to this page, so check back regularly. You can also [subscribe](#) to receive email updates about the DMEPOS Competitive Bidding Program.

#### Bid Limits

Information on bid limits for each lead item.

03/07/2019

#### Bid Preparation Worksheet and Utilization Reports

Data about the items (identified by the Healthcare Common Procedure Coding System (HCPCS) code) in each of the 16 product categories for each CBA in Round 2021.

05/07/2019

#### Bid Surety Bonds

Information for bidders and authorized sureties regarding the bid surety bond requirement.

03/07/2019

#### Common Ownership and Common Control Fact Sheet

Suppliers are prohibited from competing against themselves when submitting bids in the Durable Medical Equipment, Prosthetics, Orthotics, and Supplies (DMEPOS) Competitive Bidding Program.

05/07/2019

#### Connexion

Connexion is the Durable Medical Equipment, Prosthetics, Orthotics, and Supplies (DMEPOS) Competitive Bidding Program's secure portal.

06/10/2019

[Review of Bidder Capacity to Meet Projected Beneficiary Demand Fact Sheet](#)

05/07/2019

Describes how CMS establishes projected beneficiary demand and awards a sufficient number of contracts to meet projected beneficiary demand.



[Round 2021 Bid Preparation Worksheet \(PDF, 2713.75Kb\)](#)

05/07/2019



[Round 2021 Bid Preparation Worksheet \(XLSX, 190.15Kb\)](#)

05/07/2019

[Round 2021 Utilization Report \(ZIP, 26446.92Kb\)](#) **New!**

07/01/2019

Updated 07/01/2019 to remove HCPCS codes E0992 and K0056 from the standard power mobility devices product category.





A1 DMEPOS Competitive Bidding Program

	A	B	C	D	E	F	G	H
1	DMEPOS Competitive Bidding Program							
2	<b>Product Category: Continuous Positive Airway Pressure (CPAP) Devices and Respiratory Assist Devices (</b>							
3	<b>Lead Item HCPCS Code: E0601 Continuous Positive Airway Pressure (CPAP) Device</b>							
4								
9	<b>CBA State</b>	<b>CBA Name</b>	<b>Lead Item HCPCS Code</b>	<b>Lead Item HCPCS Code Description</b>	<b>Definition of a Bidding Unit</b>	<b>Two-year Average of 2017 and 2018 Allowed Units</b>	<b>Percent Increase</b>	<b>2021 Projected Demand</b>
10	AL	Birmingham-Hoover, AL	E0601	Continuous Positive Airway Pressure (CPAP) Device	Purchase	1,333	0.0	1,333
11	AR	Little Rock-North Little Rock-Conway, AR	E0601	Continuous Positive Airway Pressure (CPAP) Device	Purchase	1,894	7.2	2,030
12	AZ	Phoenix-Mesa-Scottsdale, AZ	E0601	Continuous Positive Airway Pressure (CPAP) Device	Purchase	5,141	33.5	6,863
13	AZ	Tucson, AZ	E0601	Continuous Positive Airway Pressure (CPAP) Device	Purchase	1,141	30.7	1,491
14	CA	Bakersfield, CA	E0601	Continuous Positive Airway Pressure (CPAP) Device	Purchase	432	3.6	448
15	CA	Fresno, CA	E0601	Continuous Positive Airway Pressure (CPAP) Device	Purchase	689	23.2	849
16	CA	Los Angeles County, CA	E0601	Continuous Positive Airway Pressure (CPAP) Device	Purchase	3,293	1.8	3,352
17	CA	Orange County, CA	E0601	Continuous Positive Airway Pressure (CPAP) Device	Purchase	1,852	0.0	1,852
18	CA	Oxnard-Thousand Oaks-Ventura, CA	E0601	Continuous Positive Airway Pressure (CPAP) Device	Purchase	785	9.3	858
19	CA	Riverside-San Bernardino-Ontario, CA	E0601	Continuous Positive Airway Pressure (CPAP) Device	Purchase	1,540	5.8	1,629
20	CA	Sacramento--Roseville--Arden-Arcade, CA	E0601	Continuous Positive Airway Pressure (CPAP) Device	Purchase	1,673	3.5	1,732
21	CA	San Diego-Carlsbad, CA	E0601	Continuous Positive Airway Pressure (CPAP) Device	Purchase	2,231	3.5	2,309
22	CA	San Francisco-Oakland-Hayward, CA	E0601	Continuous Positive Airway Pressure (CPAP) Device	Purchase	2,834	2.1	2,894
23	CA	San Jose-Sunnyvale-Santa Clara, CA	E0601	Continuous Positive Airway Pressure (CPAP) Device	Purchase	1,304	2.2	1,333
24	CA	Stockton-Lodi, CA	E0601	Continuous Positive Airway Pressure (CPAP) Device	Purchase	706	14.7	810
25	CA	Visalia-Porterville, CA	E0601	Continuous Positive Airway Pressure (CPAP) Device	Purchase	472	0.7	475



# Beneficiary Demand Determination

- CMS establishes projected beneficiary demand in each PC/CBA
- BD is based upon:
  - actual historic utilization of lead item in the PC over the previous 2-year period (average of 2017 & 2018), plus
  - expected growth in beneficiary enrollment, plus
  - expected growth in utilization of lead item in the PC in the CBA
  - No reduction if demand expected to decrease or to account for grandfathering (=15%)





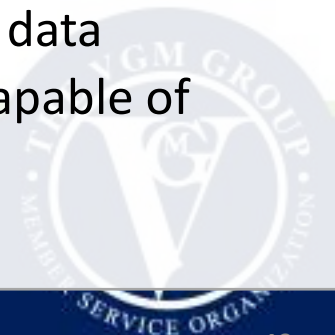
# CMS Bidder Capacity Determination

## Step 1

- Analysis of each qualified bidder's financial health
- If financial score meets threshold to receive capacity beyond historical amount, CMS accepts that. If not, or if new supplier, CMS only accepts historical capacity
- If accepted capacity is greater than 20% of projected demand, CMS reduced to 20%

## Step 2

- Analysis to ensure demand will be met if some supplier need time to ramp up
- Uses most recent 12 months of claims data
- Further scrutiny to confirm bidder is capable of exceeding historical capacity
- No expansion plans in bid



# CMS Bidder Capacity Determination

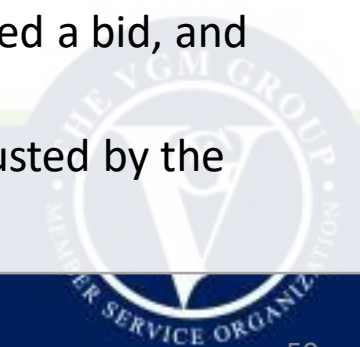
## Step 2 (cont'd)

### Group 1

- Meets minimum financial threshold to receive additional capacity
- Has experience furnishing lead item in CBA, and
- Has sufficient ramp-up revenue

### Group 2

- Meets minimum financial threshold to receive additional capacity
- Does not have experience with lead item in the CBA but has it in other CBAs where bidder submitted a bid, and
- Has sufficient ramp-up revenue
- These bidders will have their capacity adjusted by the “experience factor”



# CMS Bidder Capacity Determination

## Step 2 (cont'd)

### Group 3

- Does not meet minimum financial threshold to receive additional capacity, or
- Is a new supplier or specialty supplier, or
- Does not have experience furnishing lead item in the CBA, or
- Does not have sufficient ramp-up revenue
- CMS accepts historical capacity, which is zero for bidders with no experience furnishing the item



# Navigating Connexion Software & Submitting the Actual Bid: Quick Tips(\*)

Round 2021

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STAY CONNECTED

CBIC / Round 2021 / Bidding / Connexion

Bidding

CONNEXION

Paperless • Interactive • Secure

Connexion is the Durable Medical Equipment, Prosthetics, Orthotics, and Supplies (DMEPOS) Competitive Bidding Program's secure portal.

When the bid window opens, bidders will be able to access Connexion to upload their required documents. **Hand-delivered, mailed, faxed, or emailed packages will not be considered.**

In addition, bidders will receive an email during the bid evaluation period from the Competitive Bidding Implementation Contractor (CBIC), [padministrator@dmecompetitivebid.com](mailto:padministrator@dmecompetitivebid.com), to view their **My To-Do List** in Connexion and respond to requests for additional information. Contract documents will also be posted in Connexion for bidders to review.

Additional information, instructions, and resources will be published soon on this website.

(\*) *But you will have a LOT of reading to do!!*



# Register for the “DBidS” & Connexion Update!

- Go to the CBIC (dmecompetitivebid.com) website and read about the “open portal” to register. DEADLINE IS AUGUST 16!!!
- Note! If you have an active CMS user ID and password (to access applications such as myCGS or a previous DBidS) you do not need to apply for a new CMS user ID and password, but should go to the CMS portal and confirm it is still active.
- If you need to register go to the CMS Enterprise Portal (<https://portal.cms.gov/wps/portal/unauthportal/home/>) and create a user ID and password.
- After you have registered, you will log into the CMS Enterprise Portal with your CMS user ID and password and add access to the DMEPOS Bidding System, DBidS, and Connexion, the DMEPOS Competitive Bidding Program’s secure portal. You can apply for your CMS user ID at any time.



If you have any questions or need assistance, please call the CBIC customer service center at 877-577-5331. During the registration and bid windows, the customer service center will be open 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 bid windows.

Durable Medical Equipment, Prosthetics, Orthotics, and Supplies (DMEPOS)  
Competitive Bidding Program • Round 2021

## Webcast FAQs

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Webcast 1: Bid Surety Bonds and Lead Item Pricing

[Lead Item Pricing](#)

[Bid Surety Bond](#)

Webcast 2: Preparing and Submitting Financial Documents

[Financial](#)

Webcast 3: Registering and Submitting a Bid - Part 1

[Registration](#)

[Miscellaneous Questions](#)

### Lead Item Pricing

**With the new lead item pricing methodology for Round 2021, will the non-lead item bid amounts be screened by the Centers for Medicare & Medicaid Services (CMS) to ensure they are bona fide?**

A supplier's bid for a lead item represents its bid for furnishing the lead item and all non-lead items in the product category, i.e., each supplier now submits one composite bid for furnishing all of the items in the product category as a whole. Therefore, due to lead item pricing, it is not feasible to use pricing documentation (e.g., invoices) alone to determine if the supplier's composite bid is bona fide. While the lead item is, generally speaking, the major revenue generator for suppliers, CMS will review pricing documentation for the lead item and other information to substantiate the supplier's ability to furnish both the lead item and non-lead items in the product category.

For example, in addition to requiring pricing documentation for the lead item, suppliers who are required to substantiate their bid will also be required to submit a narrative rationale that describes their ability to furnish all items in the product category. An acceptable narrative rationale should demonstrate how the supplier considered the impact its bid amount for the lead item would have on the potential single payment amounts for the non-lead items. If a supplier is asked to provide a narrative rationale and documentation to substantiate its bid amount and they do not provide the necessary information, or the information provided does not substantiate its bid amount, that supplier's bid for the applicable competitive bidding area (CBA) and product category combination(s) will be disqualified.



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[Connexion](#)

06/10/2019

Connexion is the Durable Medical Equipment, Prosthetics, Orthotics, and Supplies (DMEPOS) Competitive Bidding Program's secure portal.

[DBidS: DMEPOS Bidding System](#)

06/10/2019

The online bid submission system for the DMEPOS Competitive Bidding Program.

[Forms](#)

05/07/2019

**For reference only. You cannot submit your bid using PDF files.** Bidders are required to provide the information requested on Form A and Form B by using the Durable Medical Equipment, Prosthetics, Orthotics, and Supplies (DMEPOS) Bidding System (DBidS).

[Lead Item Pricing Calculator](#)

03/07/2019

Calculate the impact of the lead item bid amount on the non-lead items in the product category.

[Lead Item Pricing Fact Sheet](#)

03/07/2019

Information on the lead item pricing methodology.

[Licensure for Bidders Fact Sheet](#)

03/07/2019

Bidders must meet all applicable state licensing requirements for every item in the product category.



[Request for Bids \(RFB\) Instructions \(PDF - 1438 KB\)](#)

05/07/2019

These instructions explain the bidding requirements and provide guidelines for completing and submitting a bid in Round 2021.

[Required Financial Documents](#)

03/07/2019

Information on the required financial documents that each bidder must upload in Connexion.





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# 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.

<sup>14</sup> Entity: For competitive bidding purposes, the term "entity" refers to a unique bidder. For example, for a supplier that is commonly owned and/or commonly controlled and has multiple locations, all the locations furnishing competitively bid items within the designated CBA are considered one entity.

- 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](#).



[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.



## 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 15 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.



### 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"><li>• Delinquency Predictor Risk Class</li><li>• Commercial Credit Score</li><li>• Paydex</li><li>• Financial Stress Class</li><li>• Supplier Evaluation Risk Rating</li></ul>
Experian	<ul style="list-style-type: none"><li>• Intelliscore Credit Ranking Score</li><li>• Financial Stability Risk Class</li></ul>
Equifax	<ul style="list-style-type: none"><li>• Business Payment Index</li><li>• Business Credit Risk Score</li><li>• Business Delinquency Score</li><li>• Business Failure Risk Score</li></ul>
Standard & Poor's	<ul style="list-style-type: none"><li>• S &amp; P Rating</li></ul>

- 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.





### **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

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

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





## 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.



## 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.

## 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.



## 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.



## 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.**



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"> <li>Form 1120: pages 1 – 5; (pages 1 – 6 for 2018 returns) <i>or</i></li> <li>Form 1120S: pages 1 – 5 (Tax year ending on or after 11/1/2017), <i>or</i></li> <li>Schedule C: pages 1 – 2 (Tax year ending on or after 10/1/2017) <i>or</i></li> <li>Form 1065: pages 1 – 5 (Tax year ending on or after 11/1/2017), <i>or</i></li> <li>Form 990: pages 1 and 9 – 11 (Tax year ending on or after</li> </ul>	<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"> <li>Revenues</li> <li>Cost of goods sold, if applicable</li> <li>Expenses by category</li> <li>Depreciation, if applicable</li> <li>Amortization, if applicable</li> <li>Net income (loss)</li> </ul>	<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"> <li>Current assets, if applicable</li> <li>Total assets</li> <li>Current liabilities, if applicable</li> <li>Total liabilities</li> <li>Equity</li> </ul>	<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"> <li>Operating activities</li> <li>Financing activities, if applicable</li> <li>Investing activities, if applicable</li> <li>Increase (decrease) in cash</li> <li>Beginning cash balance</li> <li>Ending cash balance</li> </ul>	<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: <b>Appendix A</b> for date the credit reports/scores must be prepared.</p> <p>MUST BE PREPARED BY ONE OF THE FOLLOWING:</p> <ul style="list-style-type: none"> <li>Dun &amp; Bradstreet</li> <li>Experian</li> <li>Equifax</li> <li>TransUnion</li> <li>Standard &amp; Poor's (See Credit Report Tables below for acceptable scores or ratings)</li> </ul>



## 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 Documentation**<sup>16</sup>

#### ☐ **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.



CBIC / Round 2021 / Bidding / Forms

## Round 2021 Bidding

### FORMS



What's New

Registration

Bidding

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Competitive Bidding Areas

Product Categories

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Form A (PDF, 212.23Kb)

05/07/2019

**For reference only. You cannot submit your bid using this PDF file.**

Bidders are required to provide the information requested on Form A and Form B by using the Durable Medical Equipment, Prosthetics, Orthotics, and Supplies (DMEPOS) Bidding System (DBids).



Form B (PDF, 121.84Kb)

05/07/2019

**For reference only. You cannot submit your bid using this PDF file.**

Bidders are required to provide the information requested on Form A and Form B by using DBids.

## DURABLE MEDICARE EQUIPMENT, PROSTHETICS, ORTHOTICS, AND SUPPLIES (DMEPOS) COMPETITIVE BIDDING PROGRAM

For CMS Use Only

Bidder No.

Date Application Received

Competitive Bidding Area (CBA)

Bidder's Identifying Information

Bidder's Legal Business Name

Primary Bidder's Legal Business Name (if network)

### FORM A: APPLICATION FOR DMEPOS COMPETITIVE BIDDING PROGRAM

**Please read all instructions completely. Suppliers with a single location or multiple locations must complete Sections 1 (Application for Suppliers) and 1a (Location Specific Questions). Multiple location suppliers must also complete Section 1b (Location Specific Questions – Additional Locations) for each additional location. Networks must complete Section 2; do not complete any part of Section 1.**

#### Section 1: Application for Suppliers

##### A. Business Organization Information

Legal Business Name \_\_\_\_\_

Indicate how your business organization will be bidding (choose only one option).

Refer to the Financial Instructions on the Competitive Bidding Implementation Contractor (CBIC) website for the financial documents required for your type of business organization. Financial documents, bid surety bonds, and other required documents must be included in your submission before the close of the bid window.





## DURABLE MEDICARE EQUIPMENT, PROSTHETICS, ORTHOTICS, AND SUPPLIES (DMEPOS) COMPETITIVE BIDDING PROGRAM

**For CMS Use Only**

Bidder No.	Date Application Received
Competitive Bidding Area (CBA)	Product Category
Bidder's Identifying Information	
Bidder's Legal Business Name	Primary Bidder's Legal Business Name (if network)

### **FORM B: BIDDING FORM - Please read all instructions completely.**

One Form B MUST be submitted for each product category and competitive bidding area (CBA) combination. Information supplied must be aggregate for all locations and for all network member locations that will be providing this product category in this CBA. References to a business organization include suppliers with a single location, suppliers with multiple locations, and networks. If the business organization is a network, the primary supplier must complete this form on behalf of the network.

#### **1. Form B Furnished Lead Items**

**1a. Units Provided** Indicate the number of units for the lead item that your business organization has furnished to all customers, both Medicare and non-Medicare, in this CBA during the past calendar year. In the next column, indicate the number of units for the lead item furnished only to Medicare beneficiaries in this CBA during the past calendar year. If your business organization has not furnished the lead item, indicate "0" in the appropriate column. Please refer to the Bid Preparation Worksheet(s) on the Competitive Bidding Implementation Contractor (CBIC) website for additional information.

Lead Item HCPCS Code	Total Units Provided To All Customers	Total Units Provided to Medicare Beneficiaries
Lead Item HCPCS Code	Total Units Provided To All Customers	Total Units Provided to Medicare Beneficiaries
Lead Item HCPCS Code	Total Units Provided To All Customers	Total Units Provided to Medicare Beneficiaries

**1b.** Indicate the percentage increase in Medicare business that your business organization or network would be capable of providing for the lead item in the product category for this CBA during a projected 12 month period. The percentage increase may exceed 100%. \_\_\_\_\_%



**2. Manufacturer and Model Information**

For the HCPCS codes listed below, identify the manufacturer(s), model name(s) and model number(s) of all products that you plan to make available to Medicare beneficiaries in this CBA. You must provide information for each HCPCS code for your bid to be complete.

If a contract is awarded, the information entered in this table will be displayed to the public in the online Medicare Supplier Directory. In order to keep this information current, suppliers who are awarded a contract are required to submit a semi-annual report updating the manufacturer and model information.

HCPCS Code	Manufacturer	Model Name	Model Number



**Note:** You are required to complete Columns F & H.

<b>A</b> HCPCS Code	<b>B</b> Product Category Identifier	<b>C</b> Item Description	<b>D</b> Rental or Purchase (Type of Bid)	<b>E</b> Lead Item	<b>F</b> Total Estimated Capacity*	<b>G</b> Bid Limit	<b>H</b> Bid Price*
PRE- POPULATED	PRE-POPULATED	PRE-POPULATED	PRE- POPULATED	PRE- POPULATED		PRE- POPULATED	

\*Required Field



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