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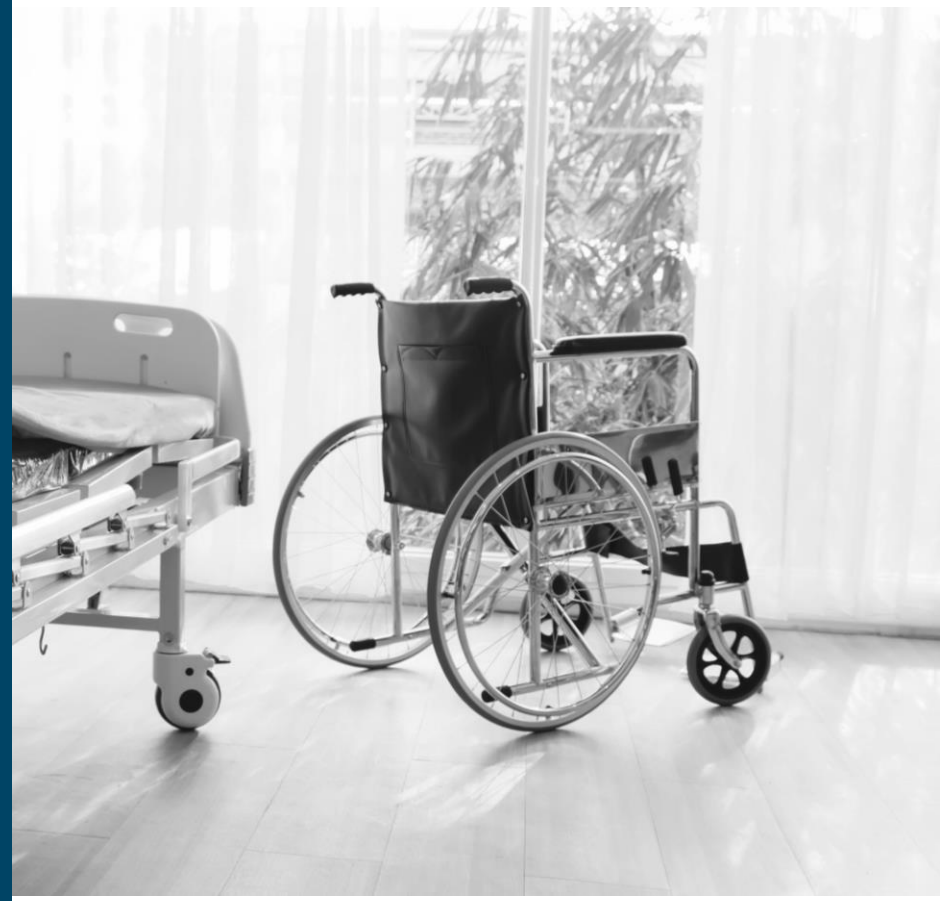
DMEPOS

Change Is In the Air: What You Need to Know About DMEPOS Enrollment and the NSC's Replacement



Denise M. Leard, Esq.
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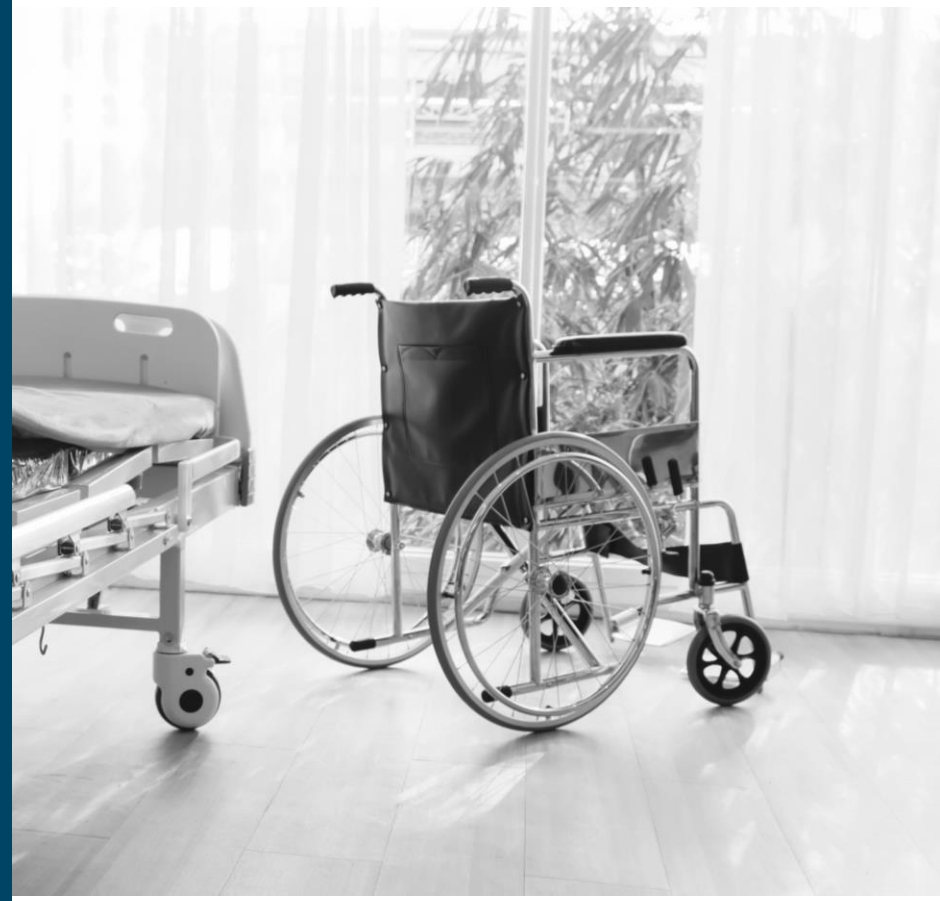

Introduction

Introduction

- The NSC was established in 1993 and is CMS's contractor for enrolling DMEPOS suppliers in the Medicare program.
- The NSC is responsible for processing applications for supplier numbers, processing change of information forms, processing re-enrollments, maintaining supplier information, and enforcing compliance with the supplier standards.
- Changes to the CMS contract for provider enrollment are on the horizon.
  - National Provider Enrollment East – Novitas
  - National Provider Enrollment West – Palmetto

Introduction

- Novitas Solutions
  - Alabama, Connecticut, Delaware, Florida, Georgia, Illinois, Indiana, Kentucky, Maine, Maryland, Massachusetts, Michigan, Mississippi, New Hampshire, New Jersey, New York, North Carolina, Ohio, Pennsylvania, Rhode Island, South Carolina, Tennessee, Vermont, Virginia, West Virginia, Wisconsin, District of Columbia, Puerto Rico, and U.S. Virgin Islands
- Palmetto GBA
  - Alaska, Arizona, Arkansas, California, Colorado, Hawaii, Idaho, Iowa, Kansas, Louisiana, Minnesota, Missouri, Montana, Nebraska, Nevada, New Mexico, North Dakota, Oklahoma, Oregon, South Dakota, Texas, Utah, Washington, Wyoming, American Samoa, Guam, and Northern Mariana Islands
- Awaiting more details from CMS and the contractors.

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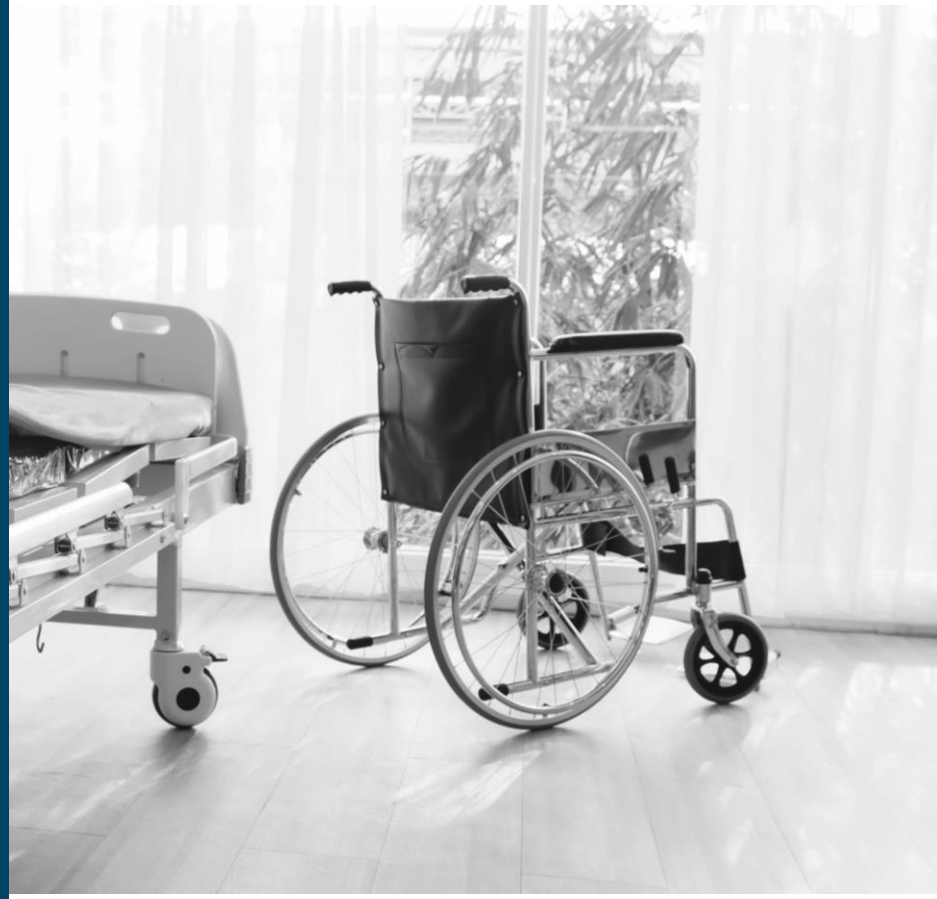
Supplier Enrollment



Supplier Enrollment

- In order to obtain a Medicare supplier number or provider transaction access number ("PTAN"), a supplier must complete a CMS-855S.
  - This can be done online through PECOS or via a paper form.
    - The online application can be found at https://pecos.cms.hhs.gov/pecos/login.do#headingLv1
    - The paper application can be found at https://www.cms.gov/Medicare/CMS-Forms/CMS-Forms/Downloads/cms855s.pdf

Supplier Enrollment

- The CMS-855S requires a supplier to provide the NSC with information regarding the supplier including disclosure of ownership information. This information includes:
  - The names and social security numbers of the owners, managing employees, those with controlling interest of 5 percent or more, and/or authorized representatives/members of the board of directors.
  - The names of the owners and managing employees who have or have had ownership or controlling interest in other companies which provided services, equipment, or supplies for Medicare payment within the last 3 years.
  - The names of all owners, managing employees, and/or authorized representatives, or members of the board of directors who have received penalties, been sanctioned or excluded by Medicare, Medicaid, and/or other federal and state authorities or programs.

Supplier Enrollment

- Applications are processed in the order they are received, and processing time varies depending on the volume of applications received by the NSC.
- Average processing time is approximately 60 days for the following types of applications:
  - Initial enrollment of a new DMEPOS supplier.
  - Re-enrollment.
  - Enrollment of a new location for a currently enrolled supplier; and
  - Reactivation of an inactivated supplier number.

Supplier Enrollment

- The application must be supplemented with documentation including copies of all required licenses, permits, and registrations.
  - All required licenses, permits, and registrations should have the same address as the entity requesting the PTAN.
  - A document confirming the tax identification number of the supplier.
  - Surety bond in the minimum amount of $50,000.
  - A copy of the supplier's insurance declaration sheet evidencing the minimum insurance requirements and listing the NSC as a Certificate Holder must also be provided.

Supplier Enrollment

- As part of the enrollment process, the NSC is required to conduct a site visit.
- The purpose of the site visit is to ensure supplier compliance with the supplier standards.
- At the time of the site visit, the supplier should be prepared to demonstrate its ability to comply with the supplier standards.
  - In particular, the inspector will ask to review policies, forms, and written procedures that ensure compliance with the supplier standards.

Supplier Enrollment

- A supplier is required to obtain a separate number for each separate location.
  - Warehouses and corporate offices that do not serve beneficiaries are not required to obtain a separate supplier number.
  - To obtain a number for an additional location, a complete CMS-855S must be submitted to the NSC and a site visit performed.
  - Each location must have its own National Provider Identification (“NPI”) number and obtain a surety bond.

Supplier Enrollment

- The NSC may be contacted at:

  National Supplier Clearinghouse (NSC)
  Palmetto GBA
  P. O. Box 100142
  Columbia, SC 29202-3142
  (866) 238-9652
  www.palmettogba.com

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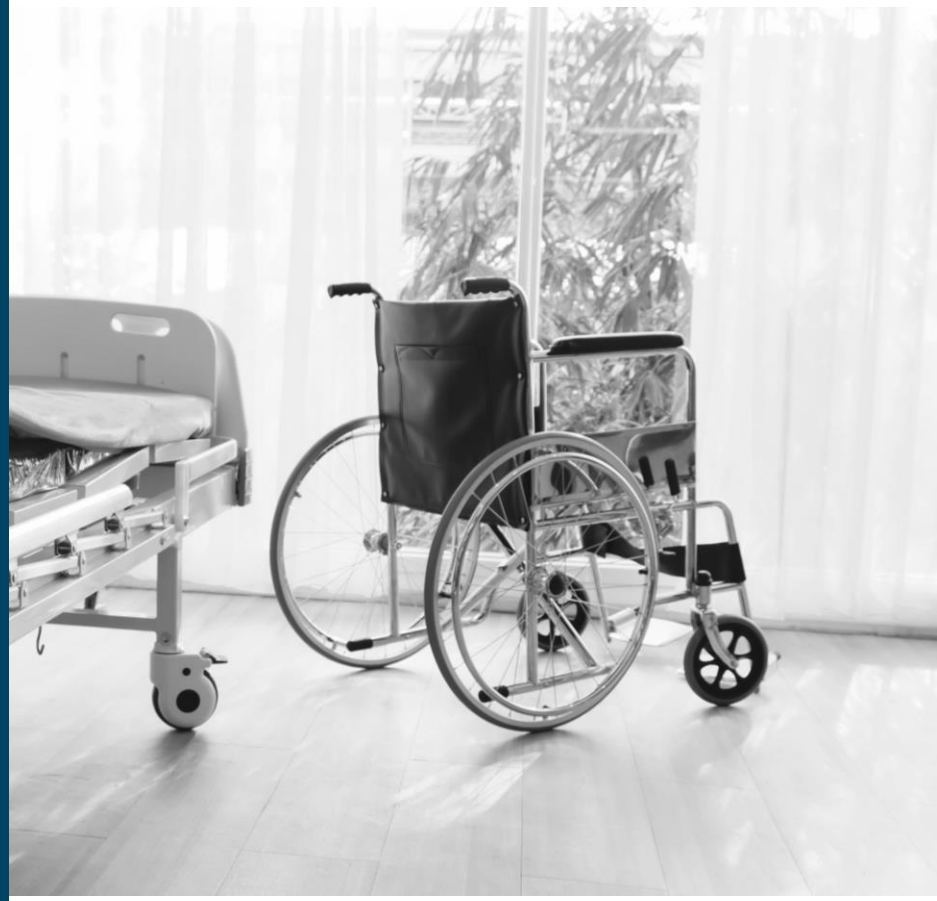
Supplier Standards



Supplier Standards

- The Supplier Standards are a set of requirements that suppliers of DME must meet in order to obtain and retain Medicare billing privileges.
- A copy of the Supplier Standards must be provided to each Medicare beneficiary.

Supplier Standards

- In lieu of providing a copy of the Supplier Standards, a supplier can provide the following statement to the beneficiary:
  - The products and/or services provided to you by (supplier legal business name or DBA) are subject to the supplier standards contained in the Federal Regulations shown at 42 Code of Federal Regulations Section 424.57(c). These standards concern business professional and operational matters (e.g. honoring warranties and hours of operation). The full text of these standards can be obtained at https://www.ecfr.gov/current/title-42/chapter-IV/subchapter-B/part-424/subpart-D/section-424.57. Upon request, we will furnish you a written copy of the standards.

Supplier Standards

- The latest version of the Supplier Standards has 30 standards in which a supplier must comply. The standards are:
  1. A supplier must be in compliance with all applicable federal and state licensure and regulatory requirements.
  2. A supplier must provide complete and accurate information on the DMEPOS supplier application. Any changes to this information must be reported to the National Supplier Clearinghouse within 30 days.
  3. A supplier must have an authorized individual (whose signature is binding) sign the enrollment application for billing privileges.

Supplier Standards

4. A supplier must fill orders from its own inventory or contract with other companies for the purchase of items necessary to fill orders. A supplier may not contract with any entity that is currently excluded from the Medicare program, any state health care programs, or any other federal procurement or non-procurement programs.
5. A supplier must advise beneficiaries that they may rent or purchase inexpensive or routinely purchased durable medical equipment and of the purchase option for capped rental equipment.
6. A supplier must notify beneficiaries of warranty coverage and honor all warranties under applicable state law and repair or replace free of charge Medicare-covered items that are under warranty.

Supplier Standards

7. A supplier must maintain a physical facility on an appropriate site and must maintain a visible sign with posted hours of operation. The location must be accessible to the public and staffed during posted hours of business. The location must be at least 200 square feet and contain space for storing records.
8. A supplier must permit CMS or its agents to conduct on-site inspections to ascertain the supplier's compliance with these standards.
9. A supplier must maintain a primary business telephone listed under the name of the business in a local directory or a toll-free number available through directory assistance. The exclusive use of a beeper, answering machine, answering service, or cell phone during posted business hours is prohibited.

Supplier Standards

10. A supplier must have comprehensive liability insurance in the amount of at least $300,000 that covers both the supplier's place of business and all customers and employees of the supplier. If the supplier manufactures its own items, this insurance must also cover product liability and completed operations.
11. A supplier is prohibited from direct solicitation to Medicare beneficiaries. For complete details on this prohibition see 42 CFR § 424.57 (c) (11).
12. A supplier is responsible for delivery of and must instruct beneficiaries on the use of Medicare-covered items and maintain proof of delivery and beneficiary instruction.
13. A supplier must answer questions and respond to complaints of beneficiaries and maintain documentation of such contacts.

Supplier Standards

14. A supplier must maintain and replace at no charge or repair cost either directly or through a service contract with another company any Medicare-covered items it has rented to beneficiaries.
15. A supplier must accept returns of substandard (less than full quality for the particular item) or unsuitable items (inappropriate for the beneficiary at the time it was fitted and rented or sold) from beneficiaries.
16. A supplier must disclose these standards to each beneficiary it supplies a Medicare-covered item.
17. A supplier must disclose any person having ownership, financial, or control interest in the supplier.
18. A supplier must not convey or reassign a supplier number; i.e., the supplier may not sell or allow another entity to use its Medicare billing number.

Supplier Standards

19. A supplier must have a complaint resolution protocol established to address beneficiary complaints that relate to these standards. A record of these complaints must be maintained at the physical facility.
20. Complaint records must include: the name, address, telephone number and health insurance claim number of the beneficiary, a summary of the complaint, and any actions taken to resolve it.
21. A supplier must agree to furnish CMS any information required by the Medicare statute and regulations.
22. All suppliers must be accredited by a CMS-approved accreditation organization in order to receive and retain a supplier billing number. The accreditation must indicate the specific products and services for which the supplier is accredited in order for the supplier to receive payment for those specific products and services (except for certain exempt pharmaceuticals).

Supplier Standards

23. All suppliers must notify their accreditation organization when a new DMEPOS location is opened.
24. All supplier locations, whether owned or subcontracted, must meet the DMEPOS quality standards and be separately accredited in order to bill Medicare.
25. All suppliers must disclose upon enrollment all products and services including the addition of new product lines for which they are seeking accreditation.
26. A supplier must meet the surety bond requirements specified in 42 CFR § 424.57 (d).
27. A supplier must obtain oxygen from a state-licensed oxygen supplier.
28. A supplier must maintain ordering and referring documentation consistent with provisions found in 42 CFR § 424.516(f).

Supplier Standards

29. A supplier is prohibited from sharing a practice location with other Medicare providers and suppliers.
30. A supplier must remain open to the public for a minimum of 30 hours per week except physicians (as defined in section 1848(j) (3) of the Act) or physical and occupational therapists or a DMEPOS supplier working with custom made orthotics and prosthetics.

Supplier Standards

- There is little guidance on how to comply with the Supplier Standards. This has caused frustration on the part of suppliers.
- This is particularly true as it pertains to Supplier Standards number 4 and 7. In the past, the NSC has issued draft guidance regarding the Supplier Standards.
- Although the guidance was not finalized, many of the requirements imposed by the NSC arguably exceed the NSC's authority; the guidance provides valuable information to suppliers on complying with the Supplier Standards.
- In addition, the NSC has published FAQ's which also provide guidance.

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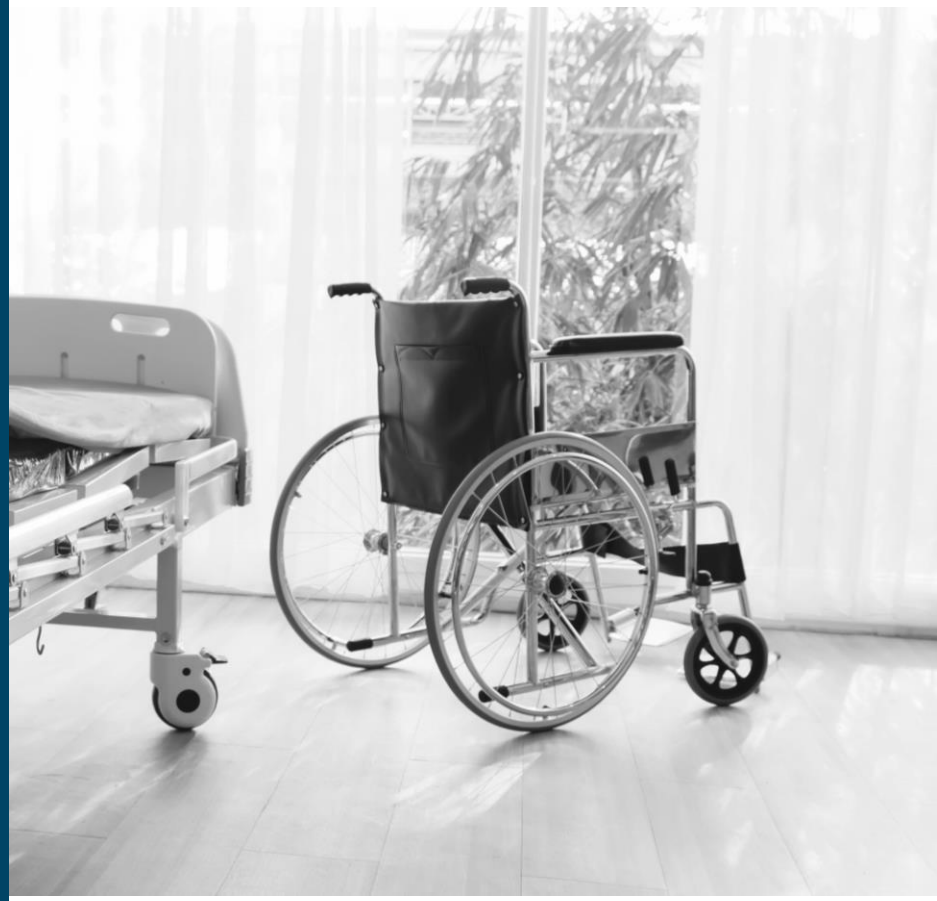
Revalidation



Revalidation

- A supplier is required to revalidate the information on file with the NSC every 3 years.
- The supplier should complete the CMS-855S by adding, changing, or deleting information as necessary.
- Suppliers have 35 days to respond to the re-enrollment request and may have one 60-day extension.
- Failure to return the revalidation timely will result in the inactivation of a supplier's number.

Revalidation

- CMS has created an online lookup tool where suppliers and providers can determine if a revalidation package has been sent. It is located at https://www.cms.gov/Medicare/Provider-Enrollment-and-Certification/Revalidations.
- As with new applications, a site visit will be conducted during the re-validation period.

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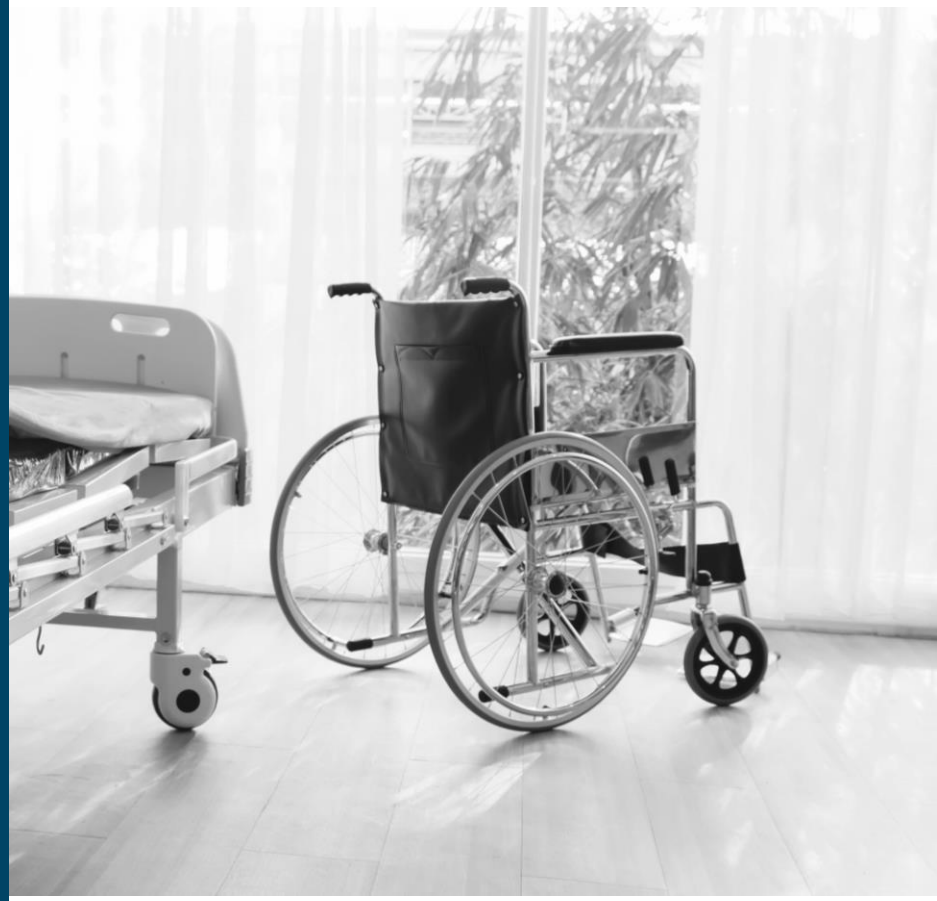
Change of Information Notifications



Change of Information Notifications

- Any change in information that was previously reported to the NSC must be updated within 30 days of a change in such information.
- To do this, the relevant sections of CMS-855S must be completed.
- A failure to report a change in information can result in a revocation of a supplier number and bar to reapplying for 1 to 3 years depending on the reason for revocation.
- It is particularly important that the NSC be aware of a change of address.

Change of Information Notifications

- Effective October 1, 2002, checks and remittance notices are sent to the supplier's "Pay To" address in a "Return Service Requested" envelope. These envelopes will not be forwarded but will be returned to the applicable DME MAC.
- This will result in a deactivation of a supplier's billing number and a break in billing.
- Filing a forwarding notice with the post office will result in mail being returned to the applicable DME MAC and a deactivation of the PTAN.

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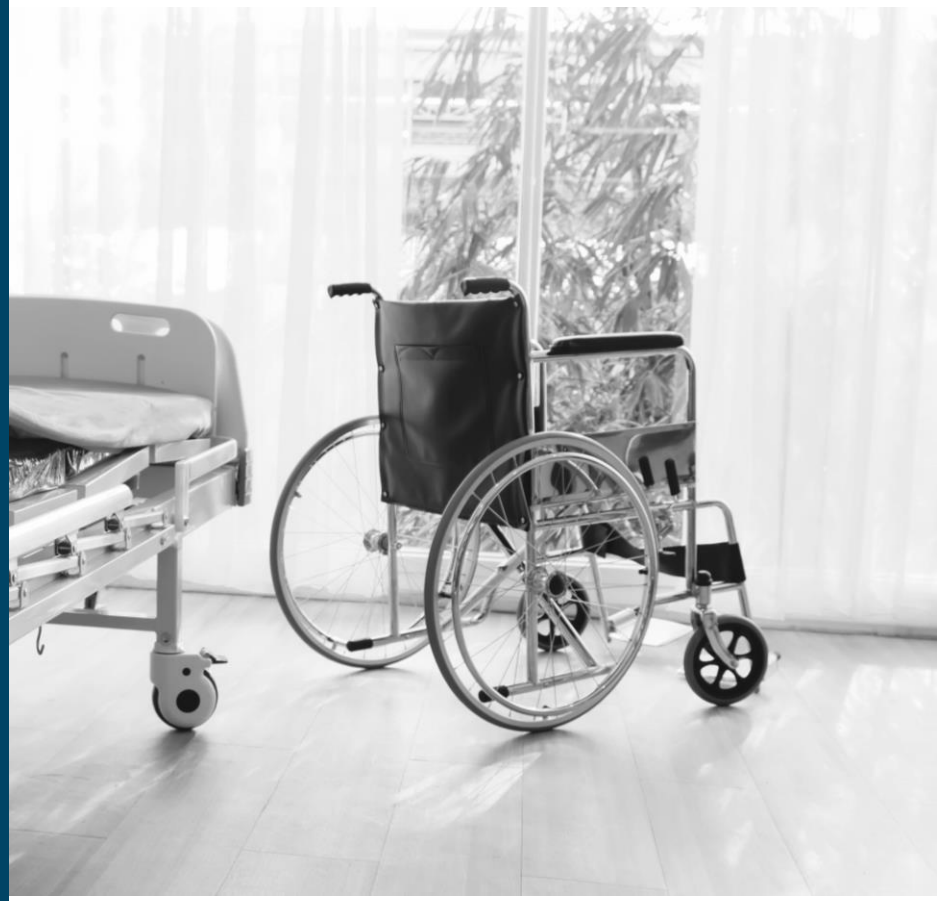
Preparing for an NSC Site Visit



Preparing for an NSC Site Visit

- There are several areas targeted during an NSC inspection.
- Inventory
  - The NSC has taken a very aggressive approach concerning supplier compliance with Supplier Standard Number 4. This standard requires that a supplier:
    - fills orders, fabricates, or fits items from its own inventory or by contracting with other companies for the purchase of items necessary to fill the order. If it does, it must provide, upon request, copies of contracts or other documentation showing compliance with this standard.
  - This standard clearly requires only that a supplier provide items to beneficiaries from its own inventory.

Preparing for an NSC Site Visit

- Inventory (Continued)
  - We have seen suppliers cited for failure to have adequate inventory to meet the needs of its beneficiaries.
  - The decision of what constitutes sufficient inventory has been arbitrarily enforced, and the NSC has offered no guidelines to suppliers concerning what constitutes sufficient inventory.
  - Draft guidance issued by the NSC indicated that $25,000 is considered sufficient inventory.
  - The Supplier Standard allows an alternate way to satisfy the inventory requirements in that a supplier can contract with a company for the purchase of equipment.

Preparing for an NSC Site Visit

- Insurance
  - The NSC will attempt to contact the insurance underwriter to verify that the supplier's insurance coverage is current.
  - If the NSC is told that the insurance is not current or if the underwriter does not respond to the NSC's request, this will be used as a reason for revocation of the supplier number.
  - In order to avoid this situation, suppliers should request that their local agent call to verify coverage with the underwriter on a routine basis.
  - The supplier should also verify that it is the underwriter's policy to provide information to governmental agencies that are contacting the underwriter to verify coverage.
  - Effective August 2004, all suppliers are required to list the NSC as a "Certificate Holder" on their insurance policy.

Preparing for an NSC Site Visit

- Licensure
  - Supplier Standard Number 1 requires that a supplier “operates its business and furnishes Medicare covered items in compliance with all applicable federal and state licensure and regulatory requirements.”
  - The NSC has routinely revoked PTANs for violation of this standard if the supplier has failed to maintain or adequately document its compliance with a state’s regulatory requirements.
  - In addition to general licensure requirements, this would include any state requirement requiring licensure or certification for individuals who fit diabetic shoes or orthotics or that a company must have a bedding license to provide hospital bedding to its beneficiaries.

Preparing for an NSC Site Visit

- Licensure (Continued)
  - The NSC also requires copies of licensure for all states in which a supplier provides services.
    - The NSC will identify patients that are located out of state and ask for a copy of the required licenses for those states.
    - If the license is not available, the NSC could revoke the supplier's number.
    - For this reason, it is very important that suppliers are familiar with and comply with all licensure requirements for any state in which it provides services.

Preparing for an NSC Site Visit

- The NSC publishes a good resource for licensure at https://www.palmettogba.com/palmetto/nsc.nsf/DID/P4LF7PNQM8?Open
  - The licensure tool allows suppliers to search by state and product to determine licensure requirements.
  - This is always a good starting place as there may be exceptions to the broad licensure requirement that is not reflected easily in the tool.

Preparing for an NSC Site Visit

- Given the increased scrutiny that suppliers face from the NSC regarding compliance with the Supplier Standards, it is a good idea for suppliers to maintain an NSC notebook that contains all of the information necessary to verify compliance with the Standards.
- At a minimum, the notebook should contain the following:
  - A copy of all state and federal licenses and certificates required to conduct business (the licenses should accurately reflect the location's address).
  - A copy of the supplier's surety bond.
  - A copy of the supplier's original CMS-855S and its most recent re-enrollment.
  - A copy of all relevant accreditation documents issued to the supplier from its accreditor.

Preparing for an NSC Site Visit

- A copy of the supplier's contracts with its wholesalers, signed by both parties, that provide at a minimum:
  - That the supplier is entitled to purchase materials from the wholesaler;
  - That the supplier's account is in good standing; and
  - That states the credit limit established between the supplier and wholesaler.
- A sample of the purchase option form provided to patients who are renting capped rental equipment.
- A copy of the warranty information for any items supplied to beneficiaries upon delivery of their equipment or supplies.
- A copy of the supplier's entire liability insurance policy covering the supplier's place of business (the physical location must be listed as a covered location).

Preparing for an NSC Site Visit

- A sample copy of forms maintained by the supplier that show proof of delivery of items supplied.
- A copy of any service contracts that the supplier has with any third party to provide service on Medicare-covered items rented to beneficiaries.
- A sample copy of the Supplier Standards given to beneficiaries to whom the supplier provides Medicare-covered items.

Preparing for an NSC Site Visit

- A copy of the supplier's complaint resolution protocol and beneficiary complaint log used to address beneficiary complaints. This complaint log must include:
  - The name, address, telephone number, and health insurance claim number of the beneficiary;
  - A summary of the complaint; and
  - Any actions taken to resolve the complaint.

Preparing for an NSC Site Visit

- In addition to these documents, a supplier should be prepared to provide evidence of compliance with the following:
  - Evidence that its physical location is handicapped accessible.
  - As a general rule, two or more Medicare suppliers cannot be located in the same physical location. Inspectors may quiz the supplier about any similar businesses in the same location that have a Medicare provider number.
  - Suppliers must post reasonable business hours and must be available for inspection by CMS during these hours.
  - Suppliers must maintain a primary business telephone number that must be listed in a local or toll-free directory under its business name.
  - Suppliers must have sufficient inventory on hand. (If inventory is off-site at a warehouse, advise the inspector of this and offer the inspector the opportunity to view the warehouse.)

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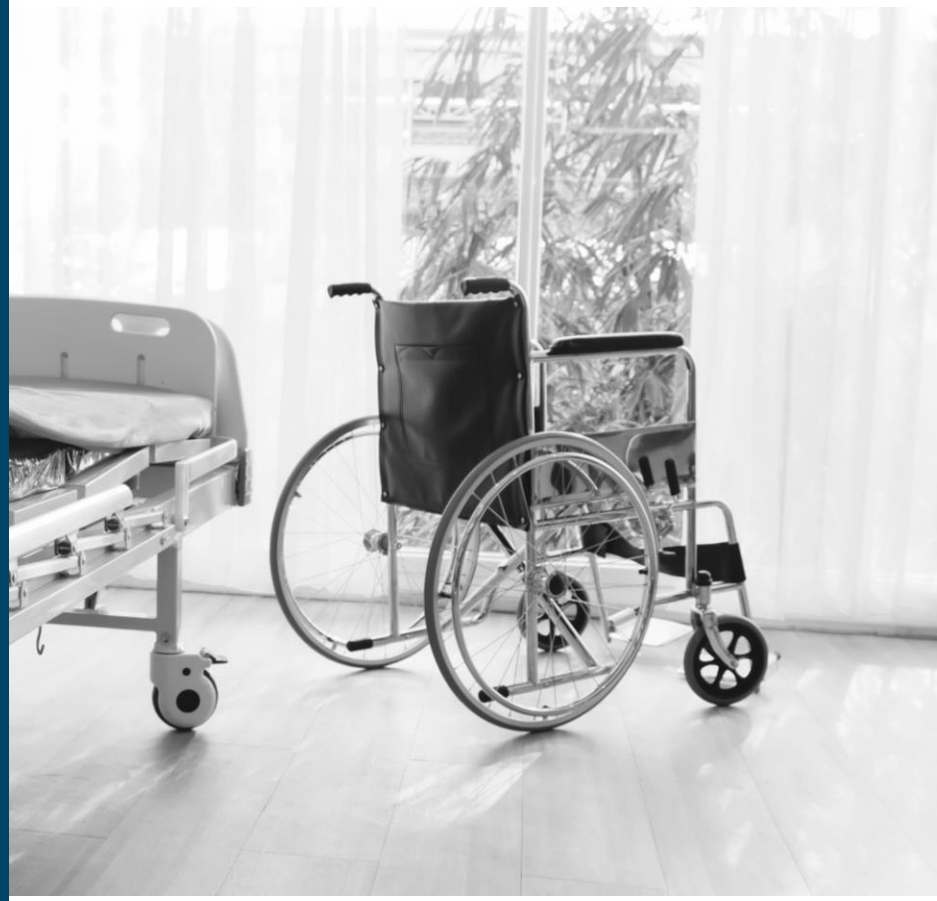
Participating Providers vs. Non-Participating Suppliers



Participating Providers vs. Non-Participating Suppliers

- Merely receiving a Part B DMEPOS PTAN does not automatically result in participating status. Non-participating status is the default status when an entity is applying for a PTAN for the first time.
- If the entity applies for a new PTAN and does not sign and include the participation agreement (CMS Form 460) with the PTAN application, it will be assigned a non-participating status.
  - A non-participating supplier may choose, on a claim-by-claim basis, whether or not to accept assignment.
  - There is a mandatory requirement for suppliers to accept assignment on drugs and biological and diabetic supplies.

Participating Providers vs. Non-Participating Suppliers

- To become a participating supplier, each entity must sign and submit a participation agreement to the NSC.
  - The participation agreement is a separate legal document which is usually completed and signed at the time the entity applies for a Part B DMEPOS PTAN.
  - A participating supplier agrees to accept assignment on all claims.
- A non-participating supplier may choose to become a participating supplier at any time after it receives a PTAN.
- This is accomplished by completing and signing a participating agreement and submitting it to the NSC. (CMS Form 460)

Participating Providers vs. Non-Participating Suppliers

- Once selected, participating status is in effect for an entire calendar year.
- That status will remain in effect for each subsequent calendar year unless the participating supplier sends a letter to the NSC before December 1 requesting a change to non-participating status.
- This letter must be signed by the authorized representative of the company, and the name and signature of this person must match the name and signature the NSC has on file as the authorized representative.

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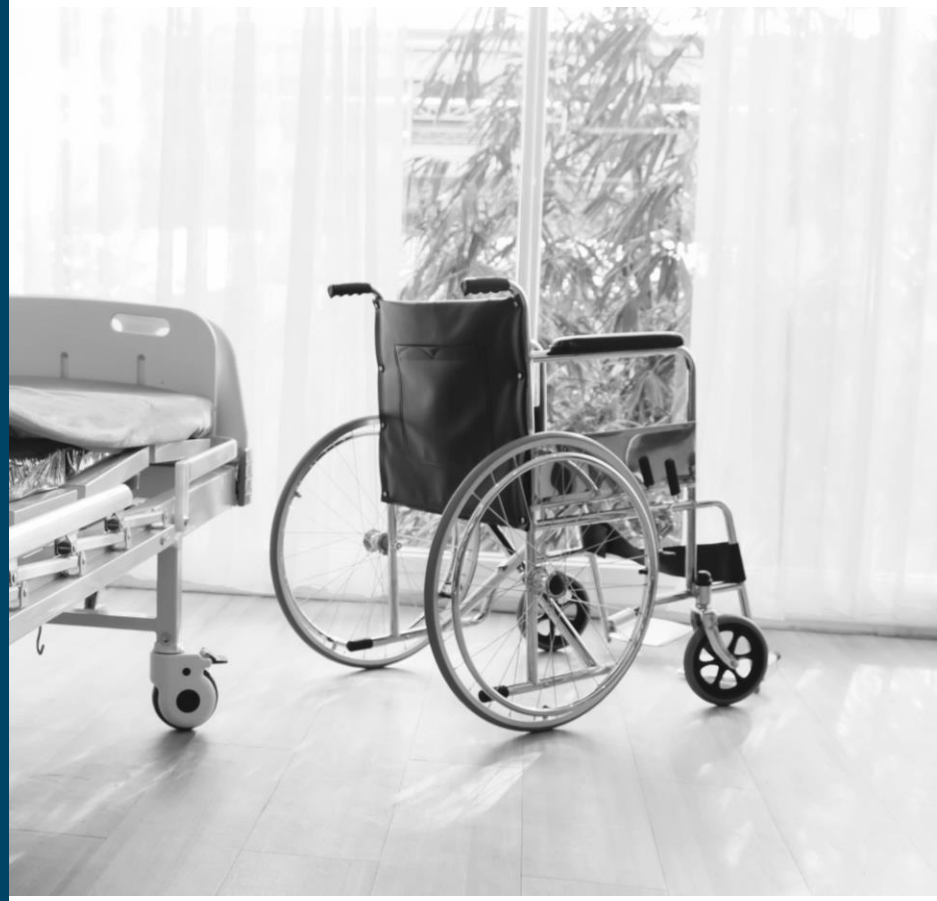

Participating Status

Advantages

Participating Status

- The DME MACs automatically “cross over” secondary insurance information if their records indicate that the beneficiary has secondary or supplemental insurance and if that secondary or supplemental insurer has signed a “cross-over” agreement with the DME MAC.
- If the secondary insurance is Medicaid, the information will automatically cross over without the need for the Medicaid program to have signed a “cross-over” agreement. Information on “cross-over” claims is available via VRU or claims status inquiry (“CSI”).
- Full payment of the Medicare fee schedule amount.
- Assignment of Benefits not needed.

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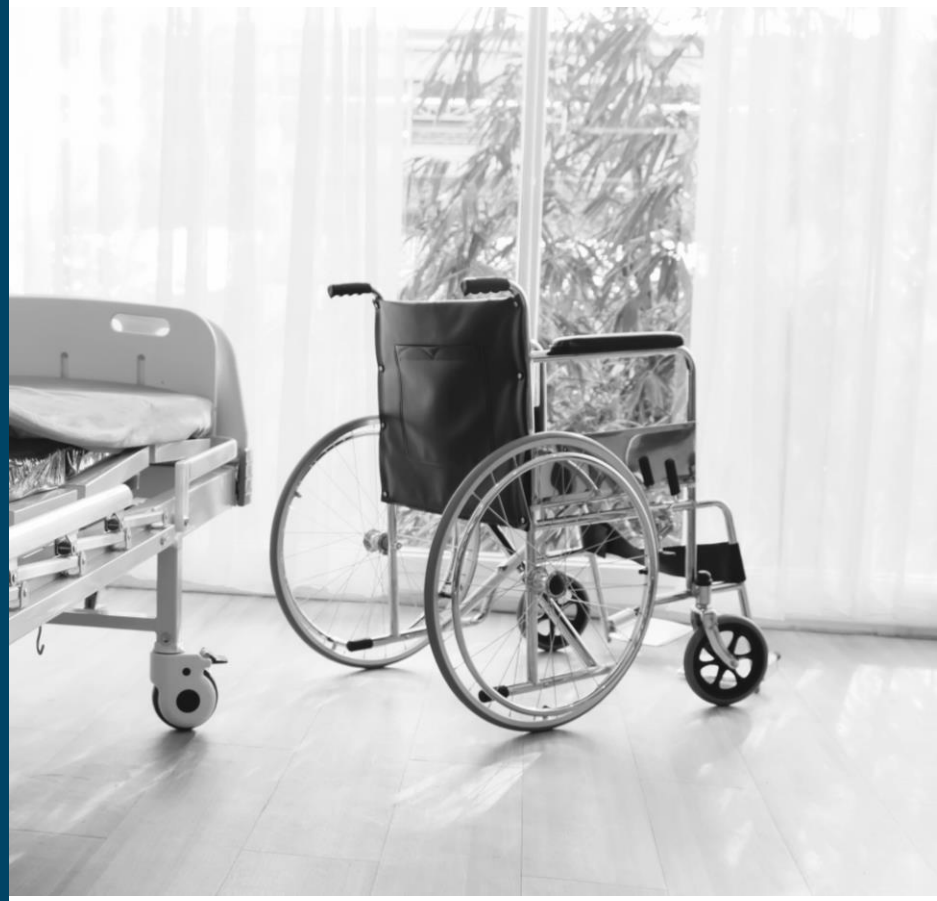

Participating Status

Disadvantages

Participating Status Disadvantages

- Participating suppliers must accept assignment on all Medicare beneficiary claims.
  - This means that if the supplier sells a covered item to a Medicare beneficiary, the participating supplier must accept Medicare payment as payment in full.
  - The supplier may bill the beneficiary for the applicable deductible and co-payment, but the beneficiary's payment plus Medicare's payment may not exceed the Medicare allowable which is generally the amount listed in the applicable fee schedule.

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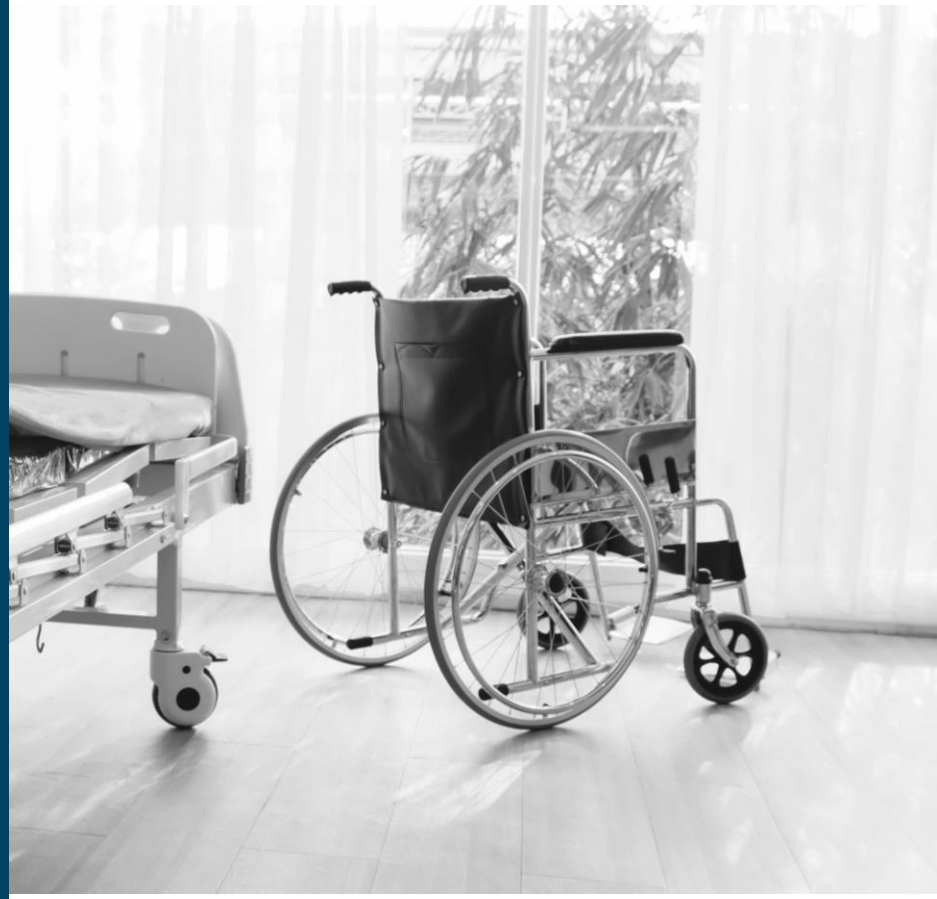

Non-Participating Status

Advantages

Non-Participating Status Advantages

- Ability to Selectively Take Assignment on Claims
  - A non-participating supplier's charges are not limited by the Medicare fee schedule unless the supplier accepts assignment on a particular claim. In that instance, the supplier must accept the Medicare payment (plus any secondary payment or beneficiary co-payment or deductible) as payment in full.
  - If a supplier does not accept assignment on a given item, it may charge the beneficiary its usual and customary price, which price the beneficiary is responsible for paying. The beneficiary must then seek reimbursement from the Medicare program for that item.
  - If a non-participating supplier does not accept assignment on a particular claim, the non-participating supplier must, nevertheless, file the beneficiary's claim with Medicare if requested to do so by the beneficiary.

Non-Participating Status Advantages

- Secondary or supplemental insurance will automatically “cross over” if the DME MAC has information that the beneficiary has secondary or supplemental insurance and if the secondary or supplemental insurer has signed a “cross-over” agreement with the DME MAC.
- Likewise, Medicaid will automatically “cross over,” but Medicaid does not need to sign a “cross-over” agreement.
- Non-participating suppliers may access limited information about “cross-over” claims via CSI.

Non-Participating Status Advantages

- Essentially, non-participating suppliers may obtain a notification that a claim has been “crossed over” to a secondary or supplemental insurer. Via VRU, non-participating suppliers may only access information about a “cross-over” claim if the supplier accepted assignment on that particular claim.
- The information is limited to a notification that the claim has crossed over.

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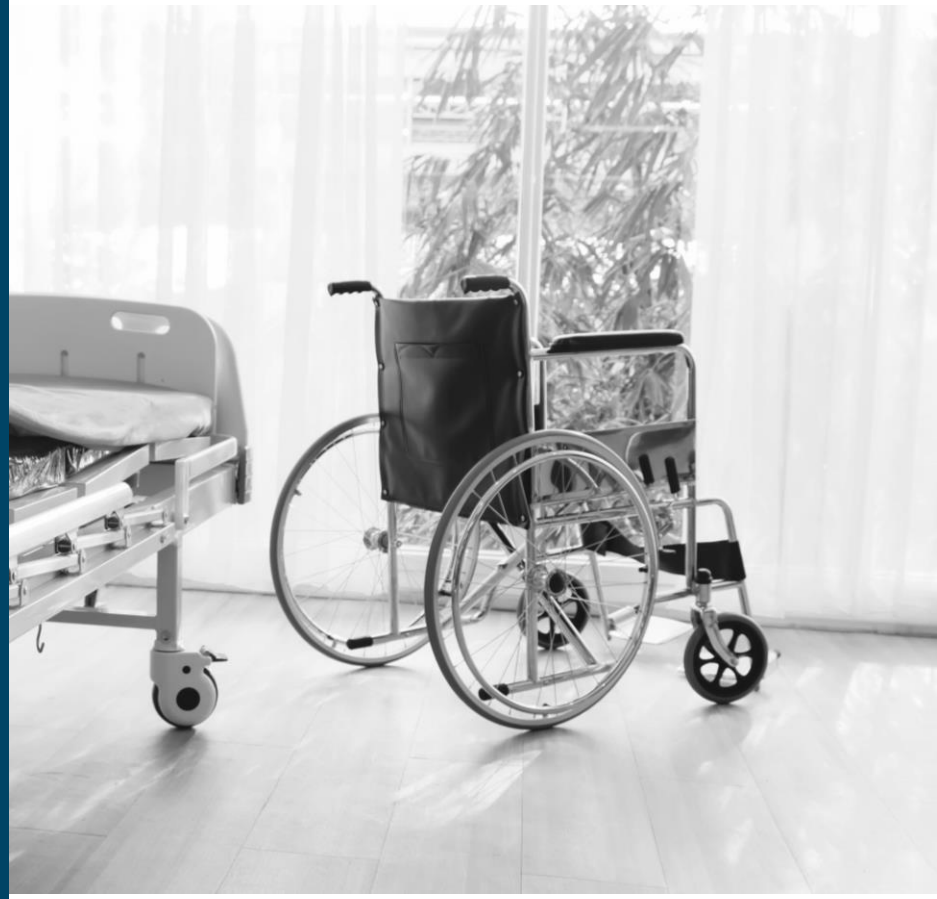
Non-Participating Status

Disadvantages



Non-Participating Status Disadvantages

- Non-participating suppliers cannot access payment status information via VRU or CSI.
- Must obtain an Assignment of Benefits.

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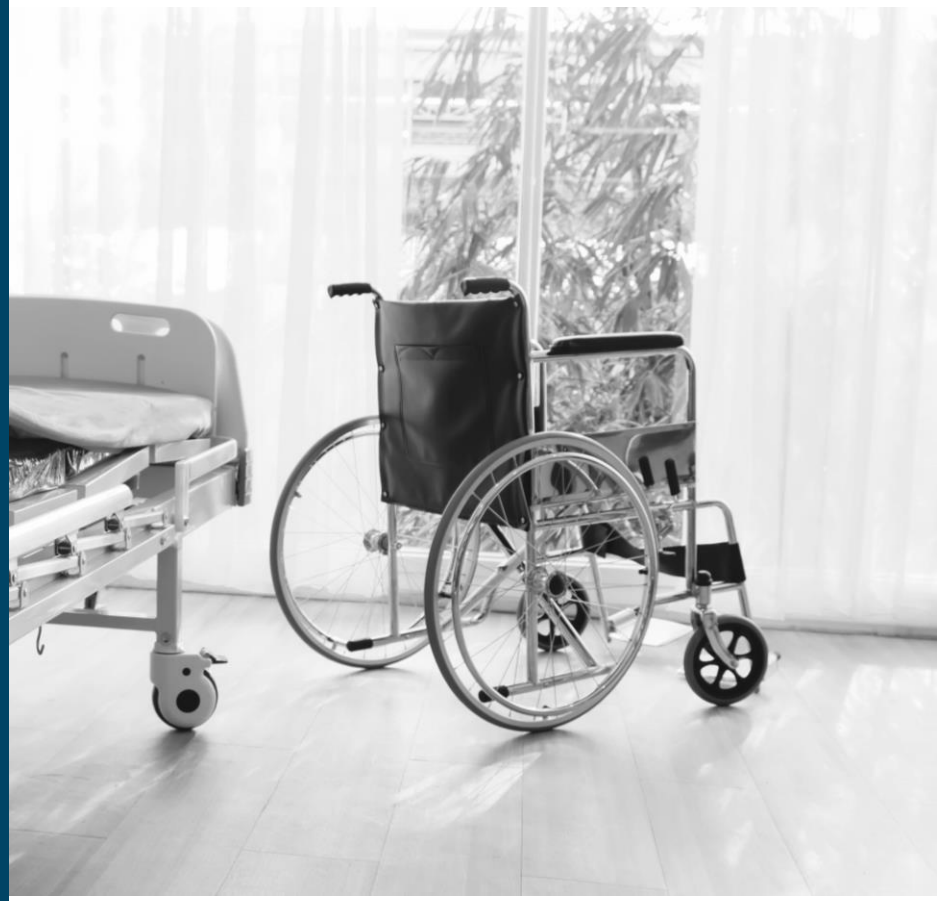
Questions?



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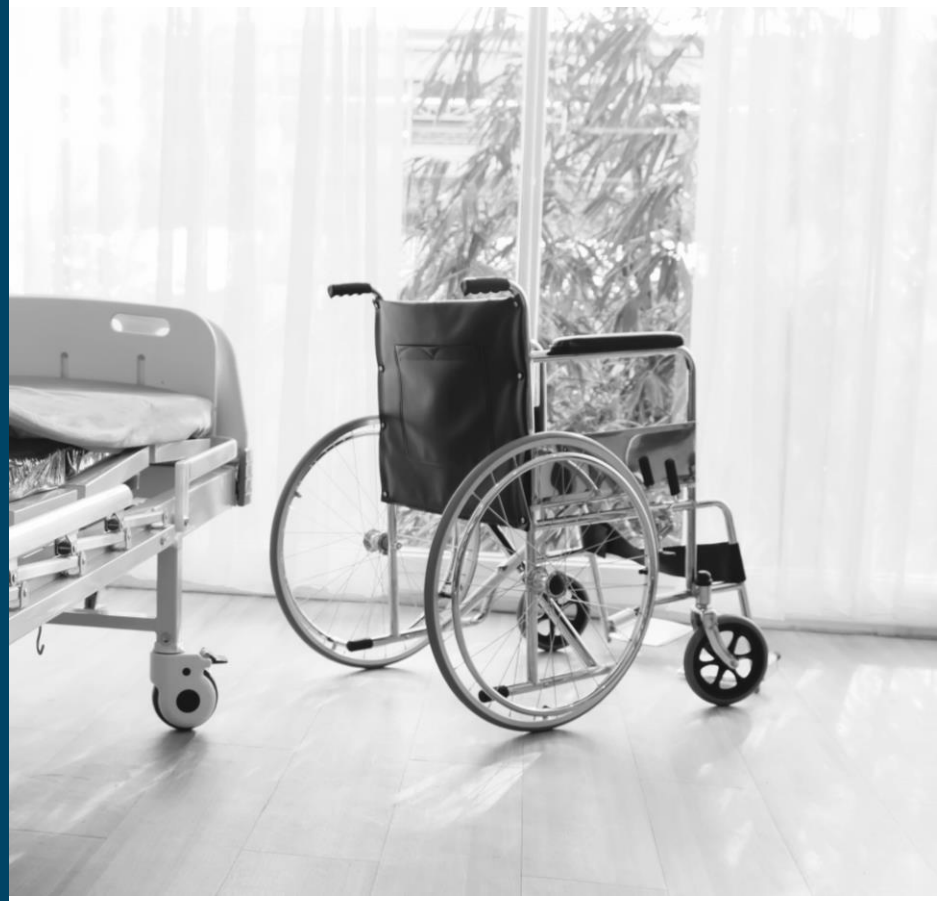

Thank you

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