



From Chaos to Clarity:

Mastering Competitive Bidding in
Today's DME Market



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Welcome



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Agenda

- Product Categories and Timetable
- Lead Item Bidding, Bid Ceilings, SPA Calculations
- Bidder Prerequisites
- CBP Rules
- Questions

Product Categories

- National RID CBP Items:
 - Class II CGM + Insulin Pumps and supplies
 - Urological Supplies
 - Hydrophilic Urinary Catheters
 - Ostomy Supplies
 - OTS Back Braces
 - OTS Knee Braces
 - OTS Upper Extremity Braces

Round 2028 Timeline (revised 6/4/26)

- June 4, 2026
 - CMS announced HCPCS codes, lead items, and revised timetable
- Summer 2026
 - CMS announces the dates for registration and bidding
 - CMS will announce the number of contracts to be awarded for each product category
 - CMS will begin the bidder education program
- Late Fall 2026 (new)
 - Bidder registration period to obtain user IDs and passwords begins
 - Bid window opens

Round 2028 Timeline (revised 6/4/26) – Cont'd

- Late Summer/Early Fall 2027
 - Contracts awarded and SPAs announced
- No Later Than January 1, 2028
 - Round 2028 starts
 - Six-month transition for beneficiaries to switch to contract suppliers

SPA Calculation (75th Percentile)

- Setting the SPA at the 75th percentile of contractor bids
- Example of an array of winning contract suppliers and their bids

Winning Contract Suppliers	Bid Amount
1	\$4.00
2	\$5.00
3	\$5.25
4	\$5.50
5	\$6.00
6	\$6.50
7	\$7.00
8	\$7.50

- Calculation: $8 \times 75\% = 6 \rightarrow$ The SPA is calculated at \$6.50

Round 2028 – Lead Item & Bid Ceiling

- Lead item bidding
 - Bidders bid on the “lead item” in a product category
 - “lead item” is the item with the highest total nationwide Medicare charges of any item in the product category
- Items bid for the first time (ostomy, urologicals, hydrophilic ICs)
 - Lead item bid cannot be more than the current fee schedule (2026)
- Product categories previously included in CBP (OTS braces):
 - Lesser of 110% of previous SPA or current fee schedule
 - If it has been more than one year since an SPA was paid in a prior competition, bid ceiling will be the lesser of the most recent SPA plus CPI-U increases since OR the 2015 fee schedule

Bid Ceiling: CGMs and Insulin Pumps

- Changing the payment category from Inexpensive and/or Routinely Purchased (IRP) to Frequent and Substantial Servicing (FSS)
- Creating one product category for CGM/Insulin Pump & supplies
 - Bundling Class II CGM + supplies/Insulin Pump + supplies
 - Example bid ceiling from Final Rule:
 - Class II CGM monthly rental bid limit would be \$272.69 based on:
 - A4239 monthly payment is \$267.92
 - E2103 payment is $\$286.03 \div 60 = \4.76

Bid Ceiling: CGMs and Insulin Pumps – Cont'd

- Continuous monthly payment, where the receiver/pump would be paid for over the course of 5 years
- Class III CGM + supplies excluded from CBP, but the payment will be based on Class II CGM + supplies

Ratio Impact on Non-lead Item SPAs

- Non-lead item SPAs are created using the 2015 ratio of the non-lead item allowable to the lead item allowable.
 - This assumes there is a rational relationship between the lead and non-lead item fee schedule amounts.
- Suppliers need to be aware of how a bid on a lead item impacts the SPA to be calculated for the non-lead items. There is significant impact.
- AAHomecare bid calculators
 - *Next week: Bid Calculator Webinars*

Number of Contracts

- New Product Categories (CGM + insulin infusion pumps, urological supplies, ostomy supplies):
 - Number of contracts will be 125% of the number of suppliers that furnished at least 3% of the total utilization of the lead item in the product category and CBA during most recent calendar year prior to bidding
 - e.g., 8 suppliers furnished 3% of services for the lead item. $8 \text{ suppliers} \times 125\% = 10 \text{ suppliers}$ to cover the entire country

Number of Contracts – Cont'd

- Supplier Capacity
 - CMS will assess supplier capacity based on previous rounds of CB or utilization data
- Based on 2025 utilization data, CMS would award the following number of contracts:
 - 8 for ostomy supplies
 - 9 for CGMs, insulin pumps and supplies
 - 7 for urological supplies
 - 6 for OTS upper extremity braces
 - 6 for OTS knee braces
 - 4 for OTS back braces

Bidder Eligibility

Bidders must:

- ✓ Meet Medicare enrollment requirements (DMEPOS Supplier Standards)
- ✓ Be accredited for the product categories the supplier intends to bid on
- ✓ Disclose information about prior or current legal actions, sanctions, revocations, program-related convictions, etc.
- ✓ Have all applicable state and local licenses for the product categories on which they will bid, by the close of the bid window

Bid Surety Bonds

- ✓ Bidders must obtain a bid surety bond for the CBA from an authorized surety on the Department of Treasury's Listing of Certified Companies.
- ✓ Bidders must submit a copy of the surety bid bond by the bid submission deadline.
- ✓ Bid bond value anticipated to be \$100,000
- ✓ Bid bond is forfeited if supplier's composite bid is at or below the median composite bid rate and bidder does not accept the contract.
- ✓ If CMS identifies a deficiency in the bid surety bond prior to the submission deadline, CMS will notify the bidder and allow the bidder to submit a bid surety bond rider to rectify the deficiency.

Financial Documentation

- Only requires a business credit report
- If the business does not have a numerical score or rating, the bidder will be required to submit:
 - A business credit report showing no data or insufficient information to generate a credit score, and
 - Personal credit report or the rating from the supplier's Authorized Official or Delegated Official listed in PECOS.
- No longer requiring tax return extracts, income statements, balance sheets, and cash flow statements as part of the required financial documentation submission
- Credit report must be obtained within 90 days of the bid window opening

CBP Rules

- Terms of Contract – 3 years
- Change of Ownership
 - CMS may transfer a contract to successor entity that merges with or acquires contract supplier
 - Successor entity must meet all requirements and submit financial documentation (credit report)
- Contract suppliers must service all beneficiaries

CBP Rules

- Disclosure of Subcontracting Arrangements
 - At outset and within 10 days of the agreement
 - Can subcontract filling orders, delivery and repair
- Physician Prescription for a Particular Brand of Item
 - “to avoid an adverse medical outcome”
 - Supplier must furnish that item, or
 - Consult physician to find appropriate alternative brand, or
 - Assist beneficiary in locating a contract supplier that can furnish the particular brand

CBP Rules

- No Administrative or Judicial Review

- Of payment amounts, awarding of contracts, designation of CBAs, selection of items, bidding structure, number of selected contract suppliers

- Exceptions to the CBP

- Physicians, treating practitioners, and hospitals can furnish certain items without being a contract supplier
- Items are crutches, canes, walkers, folding manual wheelchairs, blood glucose monitors, infusion pumps, and OTS orthotics
- Furnished to own patients as part of professional service, on date of discharge for hospitals

CBP Rules

- Commonly Owned or Controlled Suppliers

- Ownership definition
 - Equity in the capital, stock, or profits of another supplier
- Controlling interest definition
 - If one or more of the owners of a supplier is an officer, director, or partner in another supplier
- Bidders must disclose in its bid each supplier in which it has an ownership or controlling interest

CBP Rules

- Commonly Owned or Controlled Suppliers (cont'd)
 - Commonly-owned or controlled suppliers must submit a single bid for a product category in a CBA.
 - Each commonly-owned or controlled supplier that is located in the CBA for which the bid being submitted must be included in the bid.
 - Bid must include any commonly-owned or controlled supplier that is located outside a CBA but would furnish items in the product category to beneficiaries in the CBA.

CBP Rules

■ Small Supplier Issues

- No small business set asides/preferences
- Small Supplier Participation Targets (not a requirement)
 - Target of 30% of contractors be small business
- Small Supplier Networks
 - Small supplier is less than \$3.5M/year total revenue
 - No more than 20 small suppliers in a network
 - Each network member must be in compliance with all requirements, including state/local licensure for its geography

Registration

- Registration is the prerequisite step that allows a supplier to access CMS's secure bidding portal and submit a bid.
- Registration occurs before the bid window opens.
- It is conducted through CMS's secure portal, Connexion.
- Registration establishes the supplier's identity, eligibility, and authorized users within CMS's competitive bidding system.
- Suppliers obtain user IDs and passwords to Connexion.
- Registration is time-limited and suppliers that miss the registration window cannot submit a bid.

Bidding

- The bid window is a fixed period of time during which registered suppliers can submit their bid.
 - Bid window should be open for 60 days
- Bidders must submit required credit report and certify compliance and eligibility.
- Bidders enter bid amount on lead item in each product category on which they bid.
- At the end of the bid window, CMS locks all submissions and no edits, corrections, or supplemental submission are allowed.

Bid Evaluation Process

1. Administrative screening – eligibility and completeness
2. Bona fide bid review – reasonableness and sustainability
3. Contract count determination – utilization-based
4. Winner selection – lowest bids up to contract target
5. SPA calculation – 75th percentile of winning bids
6. Access validation – CMS discretion and safeguards
7. Award and Implementation – contracts, SPAs, transition period

Contractual Requirements

- ✓ Adhere to supplier standards
- ✓ Accept assignment on all items under contract
- ✓ Responsibility for intake, claim submission, care coordination, delivery and set-up, and training even if done through use of subcontractors
- ✓ No discrimination against Medicare beneficiaries
- ✓ Must furnish all competitively bid items under its contract
- ✓ Furnish any brand/model consistent with physician orders and standards

Educational Resources

- AAH Website: www.aahomecare.org/Competitive-Bidding
- AAHomecare bid calculators and webinars: July 29, August 4, August 5, 2026
- Official CMS Round 2028 website: www.dmecompetitivebid.com



Questions?





Thank You