

**Request for Bids (RFB) Instructions for the
Medicare Durable Medical Equipment, Prosthetics, Orthotics and Supplies (DMEPOS)
Competitive Bidding Program**

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Note: The first time any word defined in **Appendix A** is used it is *italicized*.

I. Introduction

Section 1847 of the Social Security Act, as amended by the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 and the Medicare Improvements for Patients and Providers Act of 2008, requires the Secretary to establish and implement a Medicare Durable Medical Equipment, Prosthetics, Orthotics and Supplies (DMEPOS) Competitive Bidding Program. The *competitive bidding program* replaces Medicare's current *fee schedule* methodology for determining payment rates for certain DMEPOS *items in competitive bidding areas (CBAs)*. Under the program, Medicare determines the payment rates for competitively bid items using *bids* submitted by DMEPOS suppliers. This document provides instructions for DMEPOS suppliers to submit a bid for the Medicare DMEPOS Competitive Bidding Program.

Before submitting a bid, we encourage suppliers to review the various competitive bidding program requirements which can be found at: <http://www.dmecompetitivebid.com>. The final rule, which implements the competitive bid program published on April 10, 2007 in the Federal Register, can be found at <http://ecfr.gpoaccess.gov/cgi/t/text/text-idx?c=ecfr&sid=b2a87ab88b1435426279006a18a5f7e3&rgn=div6&view=text&node=42:3.0.1.1.1.6&idno=42>

II. Considerations for Submitting a Bid

The following factors should be considered before submitting a bid:

A. Eligibility to Submit a Bid

(1) A bidder must be a DMEPOS supplier in good standing with an active *National Supplier Clearinghouse Number (NSC#)* to be eligible to submit a bid in the competitive bidding program. The supplier should ensure that its NSC file is up-to-date with current information, as information in the NSC file will be verified during the registration and bidding process.

(2) The supplier must be accredited by a *Centers for Medicare & Medicaid Services (CMS) approved accreditation organization* for the *product categories* in order to submit a bid. CMS cannot award a contract to a supplier that is not accredited. For a listing of CMS-approved accreditation organizations, please visit <http://www.cms.hhs.gov/MedicareProviderSupEnroll/Downloads/DeemedAccreditationOrganizations.pdf>.

(3) Suppliers submitting a bid for a product category in a CBA must meet all applicable state licensure requirements for the sale and/or distribution of that specific product category for all supplier locations (10-digit NSC#) in every state in that CBA. Prior to submitting a bid for a CBA and product category, the supplier must have a copy of the applicable state license(s) on file with the NSC. Contracts are only awarded to suppliers that meet all state licensure requirements for every state in a CBA.

Every supplier location must be licensed in each state in which it provides services. A supplier with only one location in a multiple state CBA must have that location meet the

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license requirements of each state in the CBA to provide competitive bidding items and services throughout the CBA. For example, a supplier bidding in the Cincinnati—Middletown (Ohio, Kentucky, and Indiana) CBA that only has a location in Ohio must have that location licensed in Ohio, Kentucky, and Indiana.

Each location of a supplier, with more than one location in a multiple state CBA, must have the applicable state licenses for the state in the CBA in which it provides the competitive bidding items. For example, for the Charlotte—Gastonia—Concord (North Carolina and South Carolina) CBA, all locations of the supplier located in NC must have the state license(s) to provide the competitive bidding item in NC and all locations of the supplier in SC should have the state license(s) to provide the competitive bidding item in SC. However, each location does not have to be licensed for both states unless that location is providing items in that state.

(4) Suppliers are not required to maintain a physical location in a CBA to submit a bid for that CBA unless it is required to obtain state licensure. Suppliers must comply with all program requirements, including the requirement to furnish items to beneficiaries throughout the CBA, to be awarded a contract. A supplier should not submit a bid unless it currently has the ability to furnish items and services throughout the entire CBA. If a supplier intends to use the services of a *subcontractor* in order to provide services throughout the CBA, they must ensure the subcontractor is accredited, licensed, and performs services consistent with 42 CFR 424.57(c).

B. Period of Performance

Suppliers that are awarded a contract must agree to furnish the competitively bid items for the full duration of the contract period in the CBA. The length of the contract period may not exceed three years.

C. Servicing the Entire Geographic Area of a CBA

A *contract supplier* must furnish competitively bid items to any beneficiary who maintains a permanent residence in, or who visits a CBA and who requests those items from the contract supplier. Members of a *network* share the responsibility to service the entire geographic area of a CBA.

The only exception to this rule applies to a skilled nursing facility (SNF) or nursing facility (NF) that elects to become a *specialty supplier* to furnish competitively bid items only to its own residents to whom it would otherwise furnish Part B services.

D. No Discrimination Against Beneficiaries

The items furnished by a contract supplier as part of the competitive bidding program should be the same items that the contract supplier makes available to its other customers. This means that suppliers should furnish Medicare and non-Medicare customers with the same selection of DMEPOS brands and models.

E. Single Payment Amount

The Medicare payment for competitively bid items and services is the “*single payment amount*,” which replaces the fee schedule amount. The single payment amount for an item furnished under a competitive bidding program is equal to the median of the bids submitted for that item by suppliers whose composite bids for the product category that includes the item are equal to or below the pivotal bid for that product category, see 42 CFR § 414.416. Only bona fide bids from qualified suppliers (those that meet the applicable quality, financial, eligibility, licensure and accreditation requirements) are considered in this process. This single payment amount remains in effect for the entire contract period and is not adjusted by any update factor, see 42 CFR § 414.408(b).

F. Bona Fide Bids

All bid amounts for each item must be bona fide (rational and feasible for the bidder to furnish at the *bid price*). Therefore, suppliers should not submit a bid for an item at a loss just to improve their chances of winning a contract. We will evaluate bids to ensure that they are bona fide, and we may request that a supplier submit additional information, such as manufacturer invoices, so that we can verify that the supplier can furnish the item to the beneficiary for the bid price. An entire bid for a product category in a CBA will be eliminated from consideration if there is a non-bona fide bid for any competitively bid item in that product category.

G. Subcontracting

Suppliers participating in the competitive bidding program must comply with the supplier standards set forth in 42 CFR 424.57 (c). DMEPOS supplier standards identify the Medicare services that a subcontractor may perform at 42 CFR 424.57 (c)(4), (12), and (14). These functions include the purchase of inventory, the repair of rented equipment, and the delivery and instruction on the use of a Medicare covered item. On or after October 1, 2009, suppliers furnishing items and services subject to the accreditation requirements, as established by section 1834(a)(20)(D) of the statute, directly or as a subcontractor for another entity, must be accredited, unless an exemption applies, by a CMS-approved accreditation organization.

The contract suppliers have an additional requirement; they must notify CMS of any subcontracting relationships they have entered into for purposes of furnishing items and services under the program. They must also disclose whether the subcontractor meets any accreditation and state licensure requirements necessary to furnish these services. Contract suppliers are the party that will be held responsible for the items and services they provide directly or through the use of a subcontractor. See the NSC website at <http://www.palmettogba.com/nsc> for a more detailed explanation of subcontracting and the supplier standards.

H. Change of Ownership

If an NSC approved Change of Ownership (CHOW) occurs before the bid submission period ends, the supplier must update the information related to the CHOW on the RFB forms (in the electronic system) and resubmit all accompanying hardcopy documents by

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the close of the bid window. Bid evaluations will be based on the information provided in the electronic system as of the close of the bid window. A supplier that has an NSC approved CHOW after the bid window closed and has been offered a contract will need to abide by the CHOW requirements provided in 42 CFR § 414.422(d). Contracts under this program are not assignable and may not be sold.

I. Common Ownership or Control

Suppliers may not bid against themselves for the same product category in the same CBA. Therefore, *commonly-owned* or *controlled* suppliers must submit one bid that includes all locations owned or controlled by the supplier that will furnish competitively bid items in the product category to beneficiaries in the CBA. Separate bids submitted for the same product category in the same CBA by supplier organizations that are commonly-owned or controlled are disqualified. Common ownership and control requirements can be found in 42 CFR § 414.414(e).

If a contract is awarded to a commonly-owned or controlled supplier, then the contract would include all locations in the CBA that have an ownership or control interest in each other.

J. Specialty Suppliers

SNFs and NFs are not exempt from the competitive bidding program. A SNF or NF that also serves as a DMEPOS supplier and wants to become a contract supplier must submit a bid and participate in the competitive bidding competition. Only those facilities that are enrolled as DMEPOS suppliers with the NSC and meet the applicable competitive bidding requirements, including accreditation, may submit a bid in the competitive bid program to become a contract supplier.

A SNF or NF may choose to become a specialty supplier. A specialty supplier is a SNF or NF that has been awarded a competitive bidding contract and elects to furnish competitively bid items only to its own residents to whom it furnishes Part B services. To become a specialty supplier, the SNF or NF must elect the specialty supplier option on Form A and be awarded a contract as a specialty supplier. SNFs or NFs that do not become contract suppliers (either a specialty supplier or regular contract supplier) must use contract suppliers to furnish competitively bid items to their residents in their CBA.

K. Networks

Small suppliers that are unable to independently service the entire geographic area of a CBA may choose to become a member of a network. Individual *network members* are not required to service the entire geographic area of a CBA, but the network as a whole must service the entire CBA.

- Each network must form a single legal entity that acts as the bidder and submits the bid. A network must identify a *primary network member* that will be responsible to submit the bid on behalf of the network. All agreements, including contracts, required to create the entity must be in place and signed

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before the network may submit a bid. These agreements must be submitted with the other required hardcopy documents.

- The network must identify itself as a network and must identify all of its members.
- Each network member must provide all items in the product category for which they are awarded a contract.
- Networks must have at least two, but not more than 20 members.
- Each member of the network must meet all eligibility, accreditation, licensure and financial requirements for participation in a competitive bidding program. During the bid evaluation, if one member of the network does not meet one or more of the competitive bidding requirements, then the entire network's bid is disqualified.
- Network members can only join one network per product category per CBA. Suppliers that are members of a network cannot independently bid for the same product category/CBA. Therefore, commonly-owned or controlled suppliers that are members of a network must submit one bid including all locations of such commonly-owned or controlled suppliers in the CBA. Separate bids submitted by suppliers or members of the network for the same product category in the same CBA by supplier organizations that are commonly-owned or controlled are disqualified. Locations of all network members for which there is common ownership or control within the CBA **must** be included on the bid.
- At the time the network submits its bid; its total market share for each product category in the CBA may not exceed 20 percent of the total Medicare demand for that product category in the CBA. If the network has provided greater than 20 percent of Medicare volume for the entire product category in the CBA during the last calendar year, that network bid is disqualified. See the bidding chart at <http://www.dmecompetitivebid.com>.
- Each network member must provide a statement certifying that they joined the network because they were unable to independently furnish all of the items in the product category throughout the entire geographic area of the CBA for which the network is submitting a bid.
- Location specific information such as the legal business name, address, telephone number, NSC #, physical address, and tax identification number must be provided on Form A.

NOTE: Any commonly-owned or controlled supplier of a network member that has locations outside of the CBA that would routinely furnish items in a product category to beneficiaries in the CBA must also be identified on Form A under the location specific section.

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III. The Bidding Process

A. Bidding Forms: Forms A and Form B

1. Overview

The bid application consists of two forms: Form A and Form B. Form A requests information about the bidder's organization and its locations. Form A must be completed in order for the bidder to be assigned a *bidder number*. The bidder number must be included on each page of the required hardcopy documents. Form B requests information about services provided by the supplier and includes the bidding sheet. Form B also contains the certification statement that must be signed by an *authorized official* in order to complete the bid application.

Suppliers will be required to complete these forms online using the CMS DMEPOS Bidding System (DBidS). All information captured on the electronic Forms A and B is the same information as included in the hardcopy forms. See **Appendix C: DBidS Flowcharts** for helpful information in completing these forms in DBidS.

2. DBidS: Online Bid Submission System

DBidS will assign a bidder number to each bidder as soon as the bidder has completed all necessary information that identifies your organization. DBidS will not allow a supplier to bid unless that supplier has an active NSC# on file with the NSC. A supplier must be accredited or have pending accreditation in order to submit a bid.

Once the bidding window closes, all bids are considered final and cannot be amended by the bidder. However, bidders will be able to check the DBidS home page for the status of their bid(s) (i.e., whether all fields have been completed and the bid certified) and whether their package of hardcopy documents has been received for at least 15 days after the bidding window closes.

Please note that any indication that the document package has been received does not mean that the package received is accurate, complete, or otherwise meets CMS criteria. It is the bidder's responsibility to ensure that they have submitted a package that includes all required hardcopy documents.

CMS reserves the right to seek clarification or corrections from a bidder about elements of a bid. CMS will seek such clarifications or correction uniformly. CMS will not share information about any bidder's proposal with other bidders.

3. Form A: The Bid Application

One Form A must be completed for each business organization type listed on Form A (supplier with single location, supplier with *multiple locations*, or network) regardless of the number of CBAs and product categories being bid. A supplier would need to

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complete more than one Form A if the supplier was bidding as two separate and distinct organizations. For example, this would apply when a supplier is bidding as a supplier with one location in a CBA/product category and is bidding as the primary supplier of a network in another CBA. In this situation, the supplier must submit separate Form As and must register twice to access DBidS, the online bidding system, using different and distinct NSC #s, authorized official information, and receive two distinct bidder numbers.

For every location that will be providing services in the CBA/product category, the bidder must provide location specific information, including the legal business name, Doing Business As (DBA) (if applicable), address, NSC #, physical address, and CBA(s)/product category(s) for which the location is bidding, on Form A. The supplier receiving payment from Medicare must be the entity furnishing and billing for the items/services, and the NSC # of the location of the supplier that provided the service must be the NSC # that appears on the claim for reimbursement.

NOTE: Any commonly-owned or controlled supplier that has locations outside of the CBA that would routinely furnish the items in the product category to beneficiaries in the CBA must also be identified on Form A under the location specific section.

The following chart identifies the information necessary to complete Form A: The Bid Application in DBidS. It also provides some helpful information when supplying the information requested on this form.

FORM A---BIDDING APPLICATION

Screen Name	Section	Information Requested	Helpful Information
Business Organization Information	Individual Business Organization Information	<ul style="list-style-type: none"> Identify the legal business name Select the appropriate bidder bidding type Identify the name of the network, if applicable 	<ul style="list-style-type: none"> The legal business name is the name used for tax purposes. The bidder bidding type identifies whether you are a bidder with a single location, a bidder with multiple locations, or a network bidder. The network name only needs to be identified if the bidder bidding type is a network.
	Specialty Supplier	Indicate whether the bidder is a specialty supplier	A specialty supplier is a skilled nursing facility (SNF) or nursing facility (NF) that plans to provide competitive bid items only to its own residents.
	Accreditation	Identify whether all locations are accredited or have pending accreditation	Each location must have pending accreditation or must be accredited. If a location is not accredited or has pending accreditation, the location will not be able to bid.
	Contact Person	<ul style="list-style-type: none"> Identify the first and last name(s) of the person(s) who should be contacted to answer questions regarding the business or network organization. Identify the title, email and telephone number of the contact person named. 	<ul style="list-style-type: none"> The person listed should be the authorized person to answer questions regarding bids. A maximum of 5 contact persons can be provided.
	Authorized Official and Key Personnel	Identify the first and last name(s) and titles of the authorized official(s) or key personnel for the business organization or network	A maximum of 5 persons can be added.
	Competitive Bidding Area (CBA) and Product Category	Select the CBA(s) and the product category(s) for which your business organization or network is submitting a bid.	A minimum of one competitive bidding area and one product category must be selected. Failure to select a competitive bidding area and product category will result in the competitive bidding area and product category not being available for location selection and bid later on in the application.

FORM A---BIDDING APPLICATION, con't

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Screen Name	Section	Information Requested	Helpful Information
Location Specific Information	Identifying Information	<ul style="list-style-type: none"> Identify the legal business name Address, city, state and zip code Email Telephone number Fax number (optional) NSC # for this location NPI identification number 	This is the official legal business name and mailing address used for tax purposes. This information may not be a billing agency, management services organization, or staffing company.
	Physical Address	Provide the physical address for the location identified by the NSC # provided.	Complete this information if the information differs from the legal business address.
	Business Information	<ul style="list-style-type: none"> Tax Identification Number (TIN) Doing Business As (DBA) 1 Doing Business As (DBA) 2 Established/Incorporated state Previously established/ incorporated state Years in business Months in business 	<ul style="list-style-type: none"> The TIN is issued by the Internal Revenue Service (IRS) and is used to report tax information to the IRS. If a bidder is a sole proprietor, a Social Security Number may be used. Indicate a DBA name if the name is different than the legal business name. The DBA is the name the bidder is generally known by to the public. The number of years and months in business indicates the length of time the bidder has been supplying durable medical equipment, prosthetics, orthotics, and supplies in the CBA.
	Type of Business	Select the type of business (Business Corporation, General Partnership, Joint Venture, Sole Proprietorship, Professional Corporation, or Franchise)	Space has been provided to describe a business type other than the ones from the drop-down list.
	Service Delivery	Indicate the method for servicing beneficiaries in a CBA (Retail, Mail Order, and/or Home Delivery)	Indicate the method(s) that will be used to provide items and services to beneficiaries in a CBA.
	Sanctions	Provide information on any past or current sanctions for this location.	Bidders must disclose information about any current and past sanctions, or debarments that occurred within the last 5 years in which it was involved.

4. Form B: Bidding Form

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A separate Form B must be completed for each product category and CBA that is being bid. Form B has three parts that the supplier must complete:

1. Revenue and volume of business for this product category;
2. Bid sheet for each product category/CBA; and
3. Certification statement.

The following chart identifies the information necessary to complete the Form B: Bidding Sheet in DBidS. It also provides some helpful information when supplying the information on this form.

FORM B---BIDDING SHEET			
Screen Name	Section	Information Requested	Helpful Information
Business Organization	Revenue From Product Category	<ul style="list-style-type: none"> • Indicate the total revenue for this product category in the CBA during the past calendar year. • Identify what percentage of the total revenue for this product category in this CBA was collected from Medicare. 	<ul style="list-style-type: none"> • If the bidder is bidding for multiple locations in the CBA that share common ownership or control, the total revenue must be provided for all locations. • If a network is bidding, the total revenue must be provided for all network member bidders. • Good faith estimates are acceptable.
	Customers Served	<ul style="list-style-type: none"> • Indicate the total number of customers in this CBA for this product category by the bidder or network organization during the past calendar year. • Identify what percentage of the total customers for this product category was Medicare beneficiaries. 	<ul style="list-style-type: none"> • If the bidder is bidding for multiple locations in the CBA that share common ownership or control, the total number of customers to whom they have provided items in this category must be provided for all locations. • If a network is bidding, the combined total number of customers must be provided for all network member bidders. • Good faith estimates are acceptable.
	Geographic Area	<ul style="list-style-type: none"> • Indicate the counties in the CBA that the bidder currently services for this product category. • Identify the percentage of the total geographic area in these counties the bidder is currently serving Medicare beneficiaries. 	<p>Servicing a customer refers to furnishing an item and service in this product category which resulted in payment to the bidder for that item and service.</p>

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FORM B---BIDDING SHEET, con't

Screen Name	Section	Information Requested	Helpful Information
Business Organization	Top HCPCS Codes	List by HCPCS code, the number of units provided to total customers in this CBA during the last calendar year.	Based on CMS data, the top HCPCS codes account for approximately 80% of the payments for the product category in the CBA.
	Expansion Plan	Include the current and projected information for staff, finance, facilities, inventory control, and distribution.	This section applies when there is a plan to expand the business under the Durable Medical Equipment, Prosthetics, Orthotics, and Supplies (DMEPOS) Competitive Bidding Program.
	Add Subcontractors	Identify the legal name and expected function of the entities with which the bidder or network anticipates entering into a subcontracting agreement.	<ul style="list-style-type: none"> • This section applies when there is a plan to add subcontractors under the DMEPOS Competitive Bidding Program. • Copies of the signed letter of intent, to sign an agreement with each subcontractor, must be submitted. The letter of intent must identify the parties, describe the function/services to be performed by the subcontractor, contain the anticipated length of agreement, be signed by an authorized official for each party, and contain language obligating the subcontractor to abide by State and Federal privacy/security requirements including the privacy provisions stated in the regulations for the DMEPOS Competitive Bidding Program.
Bid Sheet	N/A	Provide the total estimated capacity and bid price for each HCPCS code in this product category	<ul style="list-style-type: none"> • Total estimated capacity indicates the number of units per HCPCS code that you estimate you can provide throughout the entire CBA for one (1) year. For the definition of a unit you must see the Bidding Information Chart on the CBIC website at www.dmecompetitivebid.com. To determine the capacity for each HCPCS code, calculate the number of units that you currently furnish on a yearly basis and add any additional number or units or capacity you would be capable of providing annually at the start of the contract period. It is anticipated that suppliers will be capable of sustaining the same level of estimated capacity throughout the entire contract period. • Bid price for each item. The amount must be less than the fee schedule amount. The bid price must also be rational and

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			<p>feasible to furnish the item at the bid price submitted. The bid sheet indicates whether the supplier should submit a bid amount for the purchase of the new item or for the rental of the new item.</p> <ul style="list-style-type: none"> The item description, bid type (rental or purchase), item weight, and fee schedule amount will be provided on the bid form in DBidS.
Manufacturer	N/A	Provide the manufacturer name, model name and model number for each of the identified HCPCS codes.	A minimum of one entry is required per HCPCS code.

NOTE: Check the **Form B Bidding Form** to determine whether the bid should be submitted on either a purchase or rental basis. Purchase bids are required for some items that are routinely paid for on a rental basis. Rented items will continue to be paid for on a rental basis, regardless if a purchase bid is required. See <http://www.dmecompetitivebid.com>

In addition, suppliers must provide the manufacturer, model name, and model number for the designated high volume *Healthcare Common Procedure Coding System (HCPCS)* codes within a product category. This information may be used to populate the Medicare Supplier Directory on the Medicare website (www.medicare.gov). This directory will list the manufacturers, model names, and model numbers provided by contract suppliers to allow beneficiaries to make informed choices among suppliers. The Medicare Supplier Directory is used by Medicare beneficiaries, caregivers, referral providers and 1-800-MEDICARE customer service representatives when assisting beneficiaries. Therefore, it is important that bidders provide accurate information on Form B.

Certification Statement

Bidders must certify that the information provided on Form A, Form B, and in the package of required hardcopy documents is true, correct and complete. This statement allows CMS and/or the CBIC to verify this information. Only an authorized official of the supplier may certify the bid by completing the certification statement on the electronic on-line bid application.

Separate hardcopy certification statements are not required to be submitted along with the hardcopy package, unless the bidder is a network.

If the bidder is a network, the primary network member along with *each* member of the network must complete and print out a hardcopy of the online certification statement and submit it along with their other required hardcopy documents. This statement certifies that the network member joined the network because it is unable to independently furnish the items in the product category to beneficiaries throughout the entire geographic area of the CBA.

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B. Checklist of Required Hardcopy Documents for Bid Submission

In addition to completing Form A and Form B on DBidS, hardcopy documents must be submitted to the CBIC as one complete package. Only *one* package of hardcopy documents is required regardless of how many Form B bids are submitted. All documents must be postmarked by [time] on [date]. Each page of every document must include the supplier's bidder number to ensure that the documents are associated with the correct Form A and Form B(s). You must complete the organization section of Form A before a bidder number is assigned.

We recommend that the package be sent by a method that can be tracked and that requires a signature upon receipt. Send to the following address:

Certified Mail Address:

CBIC
Bldg. 200, Suite 400
Augusta, GA 30909

NOTE: All hardcopy documents should be submitted in a loose page format. Do not use binders, folders, staples, or paper clips.

The following is the checklist of the required financial and non-financial hardcopy documents that must be included in the package:

- Financial Statements for the last calendar year:
 - *Income Statement*
 - *Balance Sheet*
 - *Statement of Cash Flow*
- Credit Report with numerical Credit Score completed within 90 days prior to the date on which the supplier submits its bid.
- Tax Return Extract for the last calendar year
- Networks: Legal Agreement
- Networks: Network Certification Page signed by each member
- Subcontractor: Signed *Letter of Intent* to Enter into an Agreement, if bidder plans to use subcontractors
- Settlement Agreement and Corporate Integrity Agreement, if applicable

1. Financial Hardcopy Documents

All bidding suppliers are required to submit financial documents for the immediate one (1) year prior to the date on which the bid is submitted. New suppliers, those that have been in business for less than one (1) year from the date on which the bid is submitted, must submit the appropriate combination of actual or pro forma data equal to the length of time it has been in business to represent the three types of financial statements. For example, a supplier in business for six months would submit actual financial statements for the six months prior to bid submission and pro forma or prospective financial statements for the following six months.

A supplier that requests an extension of time to file his/her tax return with the Internal Revenue Service (IRS), for the immediate tax year prior to the date on which the bid is submitted, must submit a copy of the tax extension form filed with the IRS. In order for the bid submission to be complete, a copy of the tax extension form must be included in the same package along with the other required financial documents.

If the actual tax extract is not available before the bidding window closes, and an extension is required, the supplier must submit the tax extract that was filed to the RIS by the due date of the extension. The tax extract must be sent to the CBIC within three (3) business days of filing the return with the IRS. Tax returns that are dated after the date of the extension to file with the IRS are not acceptable and the supplier's bid will be rejected.

See **Appendix B: Financial Documentation Toolkit** for more information on submitting financial hardcopy documents.

All organization types (e.g., corporation, sole proprietorship, partnership etc.) must submit the hardcopy financial documentation detailed in the chart below.

Required Financial Documents by Business Type

Business Type	Income Statement	Balance Sheet	Statement of Cash Flow	Tax Return Extract	Credit Report & Numerical Score
Corporations, including Limited Liability Corporation (LLC), Professional Corporation (PC), S and C Corporations	one year	one year	one year	<ul style="list-style-type: none"> • Form 1120 OR* • Form 1120S OR* • Form 1120-A for one year Pages 1 & 2 and supporting schedule for "Other Expenses"	Credit report with numerical score completed within 90 days of bid submission
Sole Proprietor	one year	one year	one year	Schedule C, including detail for Part V, "Other Expenses"	Credit report with numerical score completed within 90 days of bid submission
Partnerships	one year	one year	one year	Form 1065 for one year Pages 1 & 2 and supporting schedule for "Other Expenses"	Credit report with numerical score completed within 90 days of bid submission
Non-Profit Organization	one year	one year	one year	Form 2007 990 (pages 1 & 2) or 990-EZ (pages 1 & 2) for one year and supporting schedule for "Other Expenses" OR* Form 2008 990 (pages 1, 9 & 10) or 990-EZ (pages 1 & 2) for one year and supporting schedule for "Other Expenses"	Credit report with numerical score completed within 90 days of bid submission

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Required Financial Documents by Business Type con't

Business Type	Income Statement	Balance Sheet	Statement of Cash Flow	Tax Return Required	Credit Report & Numerical Score
Municipality and State Owned Organization	one year	one year	one year	NA	Credit report with numerical score completed within 90 days of bid submission
New Suppliers	Submit income statements to represent 12 months with actual and pro forma data separately prepared for the months to which they apply.	Submit balance sheets to represent 12 months with actual and pro forma data separately prepared for the months to which they apply.	Submit cash flow statements to represent 12 months with actual and pro forma data separately prepared for the months to which they apply.	Pages 1 & 2 and supporting schedule for "Other Expenses," as appropriate	Credit report with numerical score completed within 90 days of bid submission date If a credit report is not available for the business, the principal business owner must supply a personal credit report with numerical score within the same constraints.
Networks	one year for each network member	one year for each network member	one year for each network member	Submit appropriate revenue and expense information from tax return based on type of business on behalf of each network member.	Credit report with numerical score completed within 90 days of bid submission - for each network member

Note: Financial statements should be prepared in accordance with generally accepted accounting principles.

Covered Document Review Process

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Bidders who submit financial documents on or before the “covered document review date,” as defined in 42 C.F.R. § 414.414(d)(2)(i), will be notified in writing if there are any missing “covered” financial documents. Bidders missing any of these required hardcopy financial documents will receive notification within 45 days after the covered document review date. The notification will inform the bidder which financial document is missing. Bidders may only submit the documents requested and not submit corrections to other documents. Bidders have 10 business days from the date of the notice to submit the missing document(s). CMS will not reject the supplier’s bid on the basis that any of the covered documents are missing, if all the applicable missing documents identified in the notice are submitted to CMS no later than 10 business days after the date of such notice.

Bidders who submit the required financial documents after the covered document review date will not be notified if there are any missing financial documents. For more information on the covered document review date, visit the CBIC website at <http://www.dmecompetitivebid.com>

This notice only applies to the receipt of the financial documents listed on the chart titled “Required Financial Documents by Business Type” on the previous page. It does not indicate or address whether the documents are valid, acceptable, or complete. In addition, this notice does not apply to or address any other parts of the bid, either hardcopy or electronic.

2. Non-financial Hardcopy Documents

a. Legal Agreement Between All Network Members

Networks must form a single legal entity for the purpose of submitting a bid as a network. All agreements, including contracts, between the network’s members must be in place and signed before the network entity may submit a bid. A copy of the legal contract must be submitted with the other required documents. In addition, a network must submit the network certification page from each network member (including the primary member) certifying that the network member joined the network because it is unable independently to furnish all of the items in the product category for which the network is submitting a bid to beneficiaries throughout the entire geographic area of the CBA.

b. Signed Letters of Intent to Enter into a Subcontracting Agreement

Signed Letters of Intent to enter into a subcontracting agreement must include the following information:

- Identification of the parties;
- Language clearly indicating that the subcontractor has agreed to supply items/functions/services;
- Anticipated length of agreement;

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- Attestation that the subcontractor currently possesses all required state license(s) for every state in the CBA for which they will be servicing;
- Attestation that the subcontractor currently meets all applicable quality standards and is accredited by a CMS approved accreditation organization;
- Signature of both the bidder's authorized official and the subcontractor; and
- Language obligating the subcontractor to abide by state and federal privacy and security requirements, including the privacy provisions stated in the regulation for this program.

Note: See the NSC website at <http://www.palmettogba.com/nsc> for more information. Suppliers participating in the competitive bidding program must comply with the supplier standards set forth in 42 CFR 424.57(c). The supplier standards describe the services a Medicare enrolled DMEPOS supplier may subcontract to another entity. In general, functions that a subcontractor can perform are limited to those functions described in the DMEPOS supplier standards found at 42 CFR 424.57(c)(4), (12) and (14); all other services should be provided directly by a Medicare enrolled DMEPOS supplier

c. Settlement Agreement or Corporate Integrity Agreements (if applicable)

The bidder must submit a copy of any settlement agreement or corporate integrity agreement that has been reached between the supplier and any federal agency.

C. Bid Submission Requirements

- Suppliers may choose the product categories and CBAs for which they will submit bids. Suppliers need not submit a bid for all product categories and CBAs.
 - The bidding window will be open for 60 days. The bidding window will open on **[insert actual date]**.
- The bidding window will close at midnight on **[insert actual date]**. A **complete, approved and certified** bid must be submitted by the close of the bidding window. A bid is approved when the authorized official or back up authorized official reviews the bid and selects the "Approve" button in the online bidding system. Hardcopy documents must be postmarked by midnight on **[insert actual date]**. See the **Checklist of Required Hardcopy Documentation** section for requirements of hardcopy documents that must be submitted before your bid will be complete.

NOTE: Once the bidding window closes, the electronic bidding system will be closed and no further bid information can be submitted. Any hardcopy documents postmarked after the bid window closes will not be accepted, with the exception of any documents requested by the *Competitive Bidding Implementation Contractor (CBIC)* as part of the **Covered Document Review Process** set forth in 42 C.F.R. § 414.414(d)(2), published on January 16, 2009 in the Federal Register. This rule can be found at <http://edocket.access.gpo.gov/2009/E9-863.htm> .

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- Each bidder must submit its bid electronically to CMS via DBidS at [\[insert weblink\]](#). DBidS captures the information collected on the Office of Management and Budget (OMB) approved *Request for Bids* (RFB) forms (**Form 10169A: Bid Application and Form 10169B: Bidding Form**). Every effort will be made to notify bidders in advance when DBidS will be unavailable for maintenance. See the **DBidS: Bid Submission System** section of this document for additional information.

IV. Confidentiality

CMS will maintain the confidentiality of bidders' proprietary and financial information. CMS will protect this information to the extent provided by law and will follow the procedure stated in 45 CFR § 5.65. However, an independent evaluator may be granted access to bidders' or networks' bidding information. Any reports that are created to evaluate the program will be reported in an anonymous or aggregate format. Bidding information may be reviewed as required by law by the US Government Accountability Office (GAO) and the Department of Health and Human Services (DHHS) Office of Inspector General (OIG), and the Department of Justice (DOJ), as permitted by law. CMS will request that the GAO and DHHS/OIG report bidding information in an anonymous or aggregate format.

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

V. Changing a Bid Submission

Bidders have 60 days to submit their bids in DBidS. Bidders may amend their bids as many times as necessary prior to the close of the bid window. Hardcopy documents may be amended prior to the close of the bid window as long as the amended package is postmarked by midnight of the last day of the bid window. Once the bidding window has closed, no further amendments to the electronic bid will be permitted, and CMS will only accept hardcopy documents requested during the covered document review process.