


Competitive Bidding- The Process

MED Group CB Executive Briefing
The Competitive Bidding Process
Submitting a Bid


Presented by
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VP- Contracting and Government Affairs



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Goals and Take Away's


- **What you will take away from this event?**
 - A solid understanding of how the current MCB process works and key drivers that ALL providers need to understand, including problems, issues, and opportunities from RD 1
 - Information, tools, and a sense of confidence that you are ready to prepare for the CB process
 - Ideas and direction on how to identify ways to improve your organization in order to succeed
 - Your list of tasks, projects, and assignments to begin working on immediately



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Agenda

- **Basics- Timeline, CBA's, Products, Rd. 1 info**
- **Fallacies of CB- don't believe the hype**
- **The bidding process- What drives the price**
 - Understanding the importance of capacity
- **Bidding Info Needed**
 - Form A
 - Form B
- **Outside Help- Who can help me?**



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Expected Competitive Bidding Timeline

- **Round 2 Tentative Timeline**
 - **Summer 2011- Released**
 - Announce Round 2 Product Categories
 - Announce zip codes included in each CBA
 - **Fall 2011- 30 days from now- estimate**
 - Announce Bidding Schedule- Schedule of events
 - Begin Bidder Registration- User ID's and passwords
 - Begin Bidder Education
 - **Winter 2012- 100 days from now- estimate**
 - Registration ends
 - Bidding opens
 - Covered Document Review Process Begins

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Expected Competitive Bidding Timeline

- **Round 2 Tentative Timeline**
 - **Spring 2012- 190 days from now- estimate**
 - Bidding Closes
 - Notify suppliers of missing financial documents
 - Begin Bid Evaluation
 - **Fall 2012- 370 days from now- estimate**
 - Bid Evaluation ends
 - Announce Single Payment amounts
 - Begin Contracting Process
 - **Spring 2013- 550 days from now- estimate**
 - Contract Suppliers Announced
 - Begin Education program- suppliers, referral sources, beneficiaries

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Expected Competitive Bidding Timeline

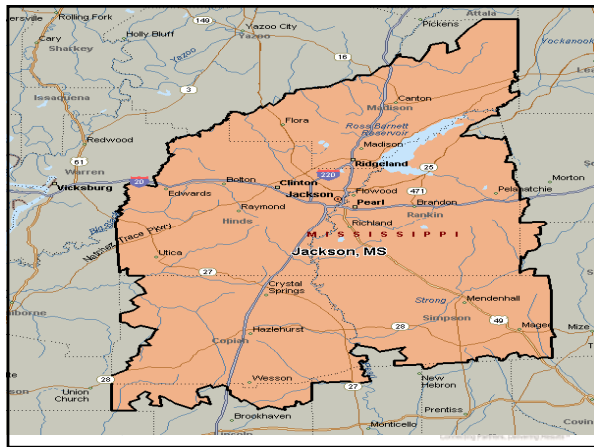
- **Summer 2013-**
 - **Competitive Bidding Begins**
 - **650 days from now- estimate**
 - **The NEW DME Environment Begins- Are you going to be ready?**

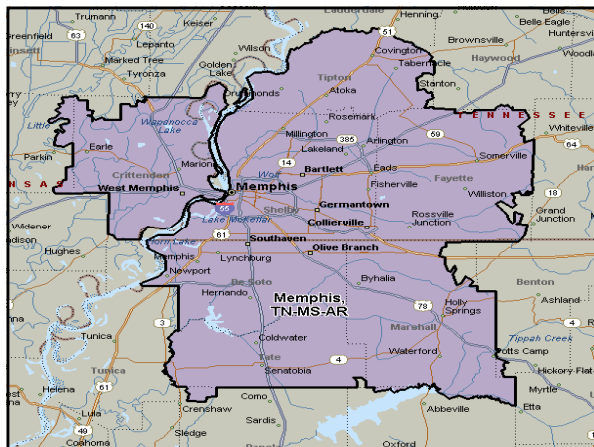
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Reminders


- **Couple of things to remember**
 - Beneficiary address is the key to whether or not the beneficiary is included in competitive bidding
 - **Your location does not matter**
 - You must service the entire CBA
 - You handle the patient
 - You find someone to take care of the patient



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Round 1 CBA's

Competitive Bid Area	# of Medicare Beneficiaries	# of Suppliers	# of Bid Winners
Charlotte-Gastonia-Concord, NC-SC	160,654	279	125
Cincinnati-Middletown, OH-KY-IN	197,286	305	102
Cleveland-Elyria-Mentor, OH	344,495	325	115
Dallas-Ft. Worth-Arlington, TX	564,560	580	179
Kansas City, KS-MO	242,790	248	101
Miami-Ft. Lauderdale-Miami Beach, FL	834,882	1,275	278
Orlando-Kissimmee, FL	266,378	331	138
Pittsburgh, PA	463,932	289	117
Riverside-San Bernardino-Ontario, CA	440,587	495	132
Totals	3,515,564	4,127	1,287



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Reimbursement in Round 1 CBA's					
Weighted Average Cuts					
Product Category	Charlotte	Cincinnati	Cleveland	Dallas	Kansas City
Oxygen	29%	34%	37%	29%	27%
Standard PMD	18%	16%	21%	26%	21%
Complex PMD	10%	9%	13%	25%	4%
Mail-Order Diabetic	54%	55%	54%	55%	54%
Enterals	24%	31%	29%	26%	27%
CPAP/RAD	34%	33%	34%	22%	37%
Hospital Beds	33%	40%	41%	36%	28%
Walkers	28%	34%	34%	35%	28%

Cuts by HCPCS Code and CBA

Oxygen Supplies & Equipment				Single Payer				
HCPCS	HCPCS Description	Modifier 1	Modifier 2	Modifier 3	Charlotte- Gastonia- Concord, NC-SC	Cincinnati, Middletown, OH-KY-IN	Cleveland, Elyria-Mentor, OH	Dallas-Fort Worth- Arlington, TX
	OXYGEN CONCENTRATOR, SINGLE DELIVERY PORT, CAPABLE OF DELIVERING 85 PERCENT OR GREATER OXYGEN CONCENTRATION AT THE PRESCRIBED FLOW RATE							
E1390	STATIONARY COMPRESSED GASEOUS OXYGEN SYSTEM, RENTAL, INCLUDES CONTAINER, CONTENTS, REGULATOR, FLOWMETER, HUMIDIFIER, NEBULIZER, CANNULA OR MASK, AND TUBING	RR			\$122.12	\$106.60	\$103.00	\$123.00
ED424	STATIONARY LIQUID OXYGEN SYSTEM, RENTAL, INCLUDES CONTAINER, CONTENTS, REGULATOR, FLOWMETER, HUMIDIFIER, NEBULIZER, CANNULA OR MASK, AND TUBING	RR			\$122.12	\$106.60	\$103.00	\$123.00
ED439	OXYGEN CONCENTRATOR, DUAL DELIVERY PORT, CAPABLE OF DELIVERING 85 PERCENT OR GREATER OXYGEN CONCENTRATION AT THE PRESCRIBED FLOW RATE, EACH PORTABLE GASEOUS OXYGEN SYSTEM, RENTAL, INCLUDES PORTABLE CONTAINER, REGULATOR, FLOWMETER, HUMIDIFIER, CANNULA OR MASK, AND TUBING	RR			\$20.76	\$21.00	\$20.07	\$21.00
E1391	PORTABLE LIQUID OXYGEN SYSTEM, RENTAL, INCLUDES PORTABLE CONTAINER, SUPPLY RESERVOIR, HUMIDIFIER, FLOWMETER, NEBULIZER, ADAPTOR, CONTENTS GAUGE, CANNULA OR MASK, AND TUBING	RR			\$43.37	\$40.01	\$40.00	\$38.57
E1392	PORTABLE OXYGEN CONCENTRATOR, RENTAL	RR						

Round 1 - What we have learned ?

- Referral sources just want to get their patients serviced
 - They are not concerned with CB
- Companies that bid on and won multiple categories have seen an increase in business
 - It did not double existing business like CMS promised
 - Nationals are competing in the program
- Companies that won one category are not seeing a big increase in business
 - Exclusions- Complex Rehab, Standard Power, CPAP



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Round 1 - What we have learned ?

- Consumer and Referral Source Confusion
- Questionable Marketing Tactics
 - Must protect your house (your patients)
- Lack of Education
 - Will fall on the providers
- The consumers are not complaining at the levels we need to get significant change
 - We need you to reach out to your patients



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Competitive Bidding Myths and Beliefs


- These are some of the things that we have heard from different providers over the years
 - Some of them are a little frightening



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Competitive Bidding Myth # 1


- If I win the contract- I have the golden ticket to sell- I am going to RETIRE
 - **NOT TRUE**
 - Nationals are not buying up companies at crazy multiples
 - Difficult to sell or buy a winning bid company
 - You can't just sell the contract
 - You win it and you are stuck with it for 3 years
 - The only way out of this contract is bankruptcy



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Competitive Bidding Myth # 2

- If I win I will get a huge amount of new business
 - Again- **NOT TRUE**
 - Majority of “contracted providers” in Round 1 have seen little to no increase in business
 - Nothing like they were promised
 - Not enough to off set the revenue cuts
 - Most of the contracts were at break even or a loss
 - You can't make up no profits with increased volume




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Competitive Bidding Myth # 3

- If I limit the number of contracted providers people will be forced to come to me
 - Again, **NOT TRUE**
 - Small business protections
 - Look to Round 1
 - Dallas- 6 winners for complex rehab- None we have spoken with have seen a big increase of sales
 - Pittsburgh- 16 winners for standard power- None we have spoken with have seen a big increase of sales
 - Same for other categories and CBA's


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Competitive Bidding Myth # 4

- There are not enough bidders in this area and the nationals are not bidding or winning
 - Again, **NOT TRUE**
 - There were to only be bidders that have serviced the competitive bidding area
 - Reports that nationals did not win the bids are false
- See Next Slide

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Contracts Awarded to the Nationals

DMEPOS Competitive Bidding Contract Supplier List in Pittsburgh area for Continuous Positive Airway Pressure (CPAP) and Respiratory Assist Devices (RADs)

Supplier Legal Business Name / Supplier Doing Business As (DBA) Name	Supplier Address	Supplier Telephone Number
AMERICAN HOMEPATIENT INC & SUBS:AMERICAN HOMEPATIENT	STE 101 2578 KINGVIEW RD SCOTTDALE, PA 15083-2460	(724)837-5081
AMERICAN HOMEPATIENT INC:AMERICAN HOMEPATIENT	STE 400 5113 LINDBAR DR NASHVILLE, TN 37211-1030	(615)991-0389
AMERICAN HOMEPATIENT INC:AMERICAN HOMEPATIENT	BLDG 6 602 PARKWAY VIEW DR PITTSBURGH, PA 15205-1412	(412)788-1171
APRIA HEALTHCARE INC	STE A 107 WOODY DRIVE BUTLER, PA 16001	(724)282-1611
APRIA HEALTHCARE INC	610-611 BEATTY ROAD MONROEVILLE, PA 15146-1558	(412)373-1603
APRIA HEALTHCARE INC	211 OVERLOOK DR SEWICKLEY, PA 15143-2305	(412)749-6501
APRIA HEALTHCARE INC	STE G-H 114 EQUITY DR GREENSBURG, PA 15601-7190	(724)837-6933

Contracts Awarded to out of State Bidders

DMEPOS Competitive Bidding Contract Supplier List in Pittsburgh area for Power Wheelchairs, Scooters, and Related Accessories

Supplier Legal Business Name / Supplier Doing Business As (DBA) Name	Supplier Address	Supplier Telephone Number
ADVANTAGE HEALTHCARE INC	2832 STIRLING RD L HOLLYWOOD, FL 33020-1127	(954)925-2880
ATG CONNECTICUT INC/ATG REHAB	STE 102 65 INWOOD RD ROCKY HILL, CT 06067-3440	(860)761-0700
ATG CONNECTICUT INC/ATG REHAB	STE J 777 SCHWAB RD HATFIELD, PA 19440-3272	(215)855-1777
BLACKBURNS PHY PHARM INC/BLACKBURNS	83 DUTTLH RD CRANBERRY TOWNSHIP, PA 16066-5135	(724)776-0600
BLACKBURNS PHYSICIAN'S PHARMACY INC	301 CORBET ST TARENTUM, PA 15084-1877	(724)234-9100
COMFORT MEDICAL SUPPLY LLC	6155 YONGE ST ORMOND BEACH, FL 32174-7541	(386)673-6902

Competitive Bidding Myth # 5

- I will just try bidding and if I win I can always just decline the contract
 - True
 - Problem- Your bid will affect the median price
 - You will most likely bid low just to see if you could win the contract
 - If it is high enough "MAYBE" I will just open up a location
 - You have inadvertently lowered the median bid price
 - Remember- Others could do this to you also



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Competitive Bidding Myth # 6

- The manufacturers will give me pricing discounts to offset my bid
 - Not True
 - Manufacturer's are not matching the discounts for the crazy bids that were implemented in Round 1
 - They don't have the margins
 - Work with your manufacturers know
 - Offer 80% compliance for better pricing
 - You need the credit terms, limits. Financing now



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Competitive Bidding Myth # 7

- **Manufacturers will have to do business with me because I am a bid winner**
 - Not True
 - Invacare analysis- 70% of winning bidders- no acct., on credit hold, had been turned over for collections
 - Manufacturers want to be paid for their equipment
 - Clear up any credit issues now both with manufacturer and on your credit report


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Competitive Bidding Myth # 8

- I have to bid below Round 1 allowable
- **NOT TRUE**
 - Providers did not know how to bid
 - Providers did not realize that price was not the driver to the median price- WE will explain
 - Certain providers just bid in areas to see if they would get the bid- Never intended to accept the bid
 - Don't let other people control your profitability or more importantly your non-profitability
 - You must do what is in your best interest
 - You have 21 months to get control of your future- **CHANGE Your Model**

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•Round 2 Information

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Products Included in Round 2

- Oxygen Supplies/Equipment
- Diabetic Supplies & Equipment (National mail-order program)
- Standard Power Mobility & Manual Wheelchairs
- CPAP/Respiratory Assist Devices
- Enteral Nutrition
- Hospital Beds/Accessories
- Negative Pressure Wound Therapy (NPWT) Devices
- Walkers
- Group 2 Support Surfaces

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Rules for Round 2

- Suppliers must submit bid to be awarded a contract
- Providers bid for product categories- you must be willing to supply all codes in the product category
 - Example- Oxygen Category- Liquid oxygen
 - Providers can bid in multiple categories
- Bids cannot exceed current allowable amount
- Providers can bid in multiple CBA's
 - No physical presence required or experience required- you could be bidding against any company

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Must bid & supply everything

Oxygen Supplies & Equipment				Single Paym				
HCPCS	HCPCS Description	Modifier 1	Modifier 2	Modifier 3	Charlotte-Charlotte, NC, SC	Cincinnati-Middletown, OH, KY, IN	Cleveland-Elyria-Mentor, OH	Dallas-Fort Worth-Arlington, TX
E1390	OXYGEN CONCENTRATOR, SINGLE DELIVERY PORT, CAPABLE OF DELIVERING 85 PERCENT OR GREATER OXYGEN CONCENTRATION AT THE PRESCRIBED FLOW RATE	RR			\$122.12	\$106.60	\$103.00	\$123.00
E0424	STATIONARY COMPRESSED GASEOUS OXYGEN SYSTEM, RENTAL, INCLUDES CONTAINER, CONTENTS, REGULATOR, FLOWMETER, HUMIDIFIER, NEBULIZER, CANNULA OR MASK, AND TUBING	RR			\$122.12	\$106.60	\$103.00	\$123.00
E0439	STATIONARY LIQUID OXYGEN SYSTEM, RENTAL, INCLUDES CONTAINER, CONTENTS, REGULATOR, FLOWMETER, HUMIDIFIER, NEBULIZER, CANNULA OR MASK & TUBING	RR			\$122.12	\$106.60	\$103.00	\$123.00
E1391	OXYGEN CONCENTRATOR, "DUAL" DELIVERY PORT, CAPABLE OF DELIVERING 85 PERCENT OR GREATER OXYGEN CONCENTRATION AT THE PRESCRIBED FLOW RATE, EACH PORTABLE GASEOUS OXYGEN SYSTEM, RENTAL, INCLUDES PORTABLE CONTAINER, REGULATOR, FLOWMETER, HUMIDIFIER, CANNULA OR MASK, AND TUBING	RR			\$122.12	\$106.60	\$103.00	\$123.00
E0431	PORTABLE LIQUID OXYGEN SYSTEM, RENTAL, INCLUDES PORTABLE CONTAINER, SUPPLY RESERVOIR, HUMIDIFIER, FLOWMETER, NEPFL ADAPTOR, CONTENTS GAUGE, CANNULA OR MASK, AND TUBING	RR			\$20.76	\$21.00	\$20.07	\$21.00
E0434	PORTABLE LIQUID OXYGEN SYSTEM, RENTAL, INCLUDES PORTABLE CONTAINER, SUPPLY RESERVOIR, HUMIDIFIER, FLOWMETER, NEPFL ADAPTOR, CONTENTS GAUGE, CANNULA OR MASK, AND TUBING	RR			\$20.76	\$21.00	\$20.07	\$21.00
E1392	PORTABLE OXYGEN CONCENTRATOR, RENTAL	RR			\$43.37	\$40.01	\$40.00	\$38.57


Rules for Round 2

- **Providers must meet current eligibility requirements and be in good standing**
 - No current sanctions and disclose past sanctions
 - Disclose legal actions
 - Disclose disbarments of employees, officers, affiliated companies, and subcontractors
- **Payments are 80% of fee schedule**
 - Provider still responsible to collect remaining 20% from patient
 - ABN can be used

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Rules for Round 2

- **You must provide all products in the category**
 - Ex: Liquid Oxygen
- **Provider must provide services to the entire CBA**
- **Providers cannot refuse service to a patient**
 - Can work to find another contracted provider
- **No inflation adjustments for 3 years**
 - You need to forecast your costs
- **Providers accept assignment on claims**

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Rules for Round 2

- **There is no guarantee of business**
 - Some companies have increased business
 - All of them get paid less for the same amount of work
- **Documentation requirements remain the same**
- **No relief from crazy audits**
- **The only way out of the contract is bankruptcy- Yours not the governments- closing the doors not restructure**

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Licensure


- **Must have all state and local licenses**
 - If you are going to bid in Texas
 - You will need licenses for the following:
 - Texas



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Licensure


- **Required to maintain compliance throughout the duration of the contract period (3 years)**
- **Enrollment form with NSC must be current**
 - Current licenses must be on file with NSC
- **All locations must be licensed**
 - One location serving 2 states- must be licensed in both states
 - Two locations serving 2 states- each location must be licensed for that state
- **Diabetic category- Must be licensed in every state**



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Licensure

- **Licensure Guide**
 - www.dmecompetitivebid.com
 - THESE ARE ONLY GUIDES
 - Your responsibility to obtain all required license
 - You can call the NSC- 866-238-9652
- **Advice- Check with the state and your state association- Don't trust the word of the NSC**
 - We have heard horror stories



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• How does CMS use the bids to give us the price and who gets offered a contract?



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Evaluation of Bids

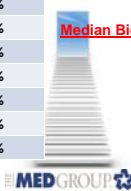
- CMS will calculate expected beneficiary demand
 - Based on past utilization
- CMS will calculate expected supplier capacity
 - Expected to be about 110 - 120% of demand
- CMS will calculate a composite bid/provider/product category
 - Composite bid= item's bid amount X weight
 - Weight= utilization of code compared to all the other codes
 - Ex: Oxygen- liquid weighted less than concentrators



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Ranking the Bids


Provider Name	Composite Bid	Provider Capacity	Cumulative Capacity	
Provider Z	110	14 %	120 %	Pivotal Bid
Provider B	108	12 %	106 %	
Provider C	106	14 %	94 %	
Provider E	104	10 %	80 %	
Provider W	102	2 %	70 %	
Provider F	100	4 %	68 %	Median Bid
Provider L	98	20 %	64 %	
Provider T	96	10 %	44 %	
Provider K	94	14 %	34 %	
Provider Q	92	8 %	20 %	
Provider Y	90	12 %	12 %	



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Importance of Capacity


- Capacity is the driver for how low the prices will be
- Example- Oxygen
 - Spreadsheets for 21, 31, 41, and 51 contract offers
 - Each start at \$90 and go up by \$2 per bid
 - Differences in pivotal and median bid example
- **Go to Spreadsheets-**
 - **Remember Math is your friend**



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Ranking the Bids


- Back to our original example
- Provider Z was a qualified bid and their capacity reached the overall capacity- 120% of demand
- Provider Z Bid is the “Pivotal Bid”
 - Any provider below will be offered a contract
 - Qualified bidders above Provider Z’s bid are out for now
 - They could be included after contracts are offered



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Ranking the Bids

Provider Name	Composite Bid	Provider Capacity	Cumulative Capacity	
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Provider L	98	20 %	64 %	
Provider T	96	10 %	44 %	
Provider K	94	14 %	34 %	
Provider Q	92	8 %	20 %	
Provider Y	90	12 %	12 %	



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Contract Offers


- **Winning bid price- Median price- Provider F**
 - 5 bidders below median price- Happy
 - 5 bidders above median price- Upset
- **Letters to Providers**
 - Offering them a contract
 - 10 days to accept or reject
- **IF not all providers accept a contract**
 - CMS will go to the next highest bidder and offer them a contract
 - Will continue this until capacity is filled


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CMS responses to bidders


- **A contract was offered- below provider Z**
- **Qualified bid- The provider met the requirements but the bid was too high. Could still receive a bid if other providers refuse to sign the offered contract**
 - Above provider Z
- **Provider did not qualify- Provider was not considered because they failed some portion of bidding process- Ex: Financial**


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Grandfathering


- **If you don't win a bid for certain product categories**
 - You have a decision
 - Do we stop serving the patients we presently have for these products- orderly change over
 - Do we grandfather our existing patients in these product categories


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Grandfathering- What products

- **Products in Round 1**
 - Oxygen
 - Hospital Beds
 - CPAP/RAD and supplies- up to month 13
- **Products in Round 2- possible but not official**
 - Same as above
 - Standard power and manual wheelchairs
 - Group 2 support surfaces

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Grandfathering rules

- **The patient must elect to continue with you**
- **You must accept all patients in that product category**
 - You must serve all your patients in product category
- **DME provides service until ownership transfers to the patient**
 - Or when not medically necessary any more

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Grandfathering rules

- **Capped rental- if the patient decides to go from non-contracted provider to a contracted supplier**
 - New 13 month rental period begins
 - The contracted supplier must provide their own equipment
- **Capped rental- the patient goes from one contracted supplier to another contracted supplier**
 - No minimum months of rental- whatever is left

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Grandfathering Oxygen

- The patient must elect to continue with you
- You must accept all patients in that product category
 - You must provide equipment and services after the 36 month cap- 60 months
 - You must provide equipment and services if the patient relocates temporarily or permanent
 - The supplier (either grandfathered or not) cannot transfer its ongoing obligation to a contracted supplier

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Grandfathering Oxygen

- Contracted suppliers of oxygen must accept all patients
 - If the patient decides to move to a contracted supplier
 - Contracted Supplier would receive a minimum of 10 monthly rental periods or for the duration of the rental period, not to exceed 36 monthly payments
- When the patient switches from one contracted supplier to another contracted supplier
 - The new contracted supplier is not entitled to a minimum number of months
 - Patient switches- equipment must be changed out- orderly switch

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Sub-Contracting

- Remember- The Contractor bears all of the risk
- The Medicare Improvements for Patients and Providers Act of 2008 (MIPPA) requires contract suppliers to disclose to CMS information regarding their subcontracting relationships.
- During bid submission you must submit letters of Intent specifying the intended subcontractors

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Sub-Contracting cont'd

- **Contract suppliers must provide the following information about sub-contractors**
 - Name of the subcontractor
 - Address of the location that will be providing the services
 - Services to be provided by the subcontractor
 - The sub-contractor must be accredited for those services.

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Sub-contracting rules


- **For subcontracting arrangements entered into after contract award, contract suppliers must provide the required information no later than 10 business days after the date the contract supplier enters into a subcontracting arrangement.**

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Sub-contracting rules

The Supplier Standards limit Medicare-enrolled suppliers' subcontracting arrangements to:


- 1) purchase of inventory;
- 2) delivery and instruction on the use of Medicare-covered items; and
- 3) maintenance and repair of rented equipment

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Sub-contracting rules

You cannot subcontract for:

- Services such as intake and assessment, coordination of care with the physician.
- Submission of claims on behalf of the beneficiary
- Ownership and responsibility of equipment furnished to the beneficiary
- Ensuring product safety must be provided by the contract supplier.


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Sub-Contracting- only way it works

– Note: The Subcontract is a legal relationship that must comply with Federal and State Laws.


- **Contact Info:**
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 - 7600 west 20 avenue, suite 213
 - Hialeah, Fl. 33016
 - Ph. 305-558-5300
 - E-mail: javier.talamo@yahoo.com


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Nuts & Bolts of Bid Preparation


- Form A- Application
- Form B- The Bid
- Credit Report with Numerical Score
- Financial Data-Income/Balance/Cash Flow
- HCPCS Specific
- Manufacturer Specific


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Form A Continued

- **All physical locations-** common ownership
 - PO Boxes not accepted
 - Phone number included
 - Service Type- retail, mail order, home delivery
- **Type of business-** corporation, LLC.
 - Date of incorporation, State
- **List of key personnel**
 - Officers, directors, managers, partners, board of directors

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Form A Continued

- **Main Contact**
- **List of sanctions or disbarments for last 5 years- All personnel**
- **Settlement agreements or corporate integrity agreements**
- **Accreditation Information**
- **Financial Documents**

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Financial Documents

- **All bidding providers must submit financial documents for the immediate one (1) year prior to when the bid was submitted**
- **Documents will include**
 - Providers Credit Report with Score
 - Income Statement
 - Balance Sheet
 - Statement of Cash Flow
 - Tax Return- Revenue and Expense portion

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Subsidiaries of Parent Companies

- If the subsidiary files its own tax return, submit only subsidiary financial documents
- If the subsidiary does not file its own tax return, submit both parent AND subsidiary documents and parent's tax return extract.

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What is a valid Credit Report

- Credit Report should be less than 90 days old from date of bid submission
- Credit Report must have a numerical value included- If no # then you will be disqualified
- Acceptable Credit Reporting Agencies
 - Dun & Bradstreet
 - Standard & Poor's
 - Equifax
 - Experian
 - TransUnion

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Income Statement

- Revenue
 - Any adjustments to Revenue
- Cost of Goods Sold
- Expenses
 - By Category
- Net Income/Loss
- **Note- financial statements and tax return extract need to be for same time period**

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Balance Sheet

- **Total Assets**
 - Current
 - Long Term
- **Total Liabilities**
 - Current
 - Long Term
- **Stockholder's Equity/Owner's Capital**




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Statement of Cash Flow

- **Cash Generated from Operations**
- **Cash Generated from Financing**
- **Cash Generated from Investing Activities**
 - While not the most important to CMS- This is the most important financial statement for providers
 - Financial statements
 - Do not have to be audited documents
 - Can use either accrual or cash accounting




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Covered Document Review Date- (CDRD)

- **CMS will review financial documents received by a certain date**
 - Date to be announced by CMS
- **CMS will notify bidders of missing financial documents**
 - Bidders will have 10 days to supply the missing information
- **If you submit your financials after the CDRD date you will not have your submission reviewed**
- **DO NOT MISS THE CDRD DATE!!**



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Why CMS wants your Financials


- CMS will use your financials to figure out the health of your company
 - Credit Score allows CMS to see if you will be able to get financing
 - They use the Ratio's to gauge the strength of your organization
 - They have not released any information about what are acceptable credit scores or ratios



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What Ratios are used ?

- Current ratio = current assets/current liabilities
- Collection period = (accounts receivable/sales) x 360
- Accounts payable to sales = accounts payable/net sales
- Quick ratio = (cash + accounts receivable)/current liabilities
- Current liabilities to net worth = current liabilities/net worth
- Return on sales = net income/annual net sales
- Sales to inventory = annual net sales/inventory
- Working capital = current assets – current liabilities
- Quality of earnings = cash flow from operations/(net income + depreciation)
- Operating cash flow to sales = cash flow from operations/(revenue – adjustment to revenue)

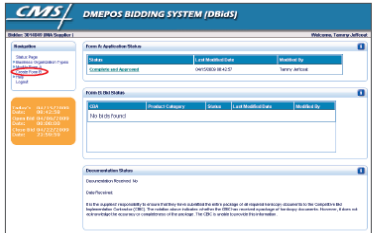


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Form B

Note: If you are submitting bids for more than one product category/CBA combination, you will need to create or complete a Form B for each product category/CBA. Multiple users may be in Form B at the same time as long as each user is entering information for a different product category/CBA.

Screen B: Form A - Application Status




The Application Status screen must display **Complete and Approved** before you can proceed to Form B. If this is displayed, click **Create Form B** located on the left side of the screen.

DMEPOS Query Reference Guide | DMEPOS Complete Billing Program | VERSION 1.0 - November 2010 | 28

Form B

- **The Bidding Sheet**
 - **Total Revenue for product category for past year**
 - Not just Medicare
 - What is the percentage of Medicare for this category
 - **What zip codes you service in the CBA**
 - You can list counties if you service the whole county
 - **Total number of units provided**
 - Both Total and to Medicare beneficiaries
 - **Your bidding capacity- How many more patients will you be able to service- by percentage, by HCPC code**
 - Be conservative


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Form B continued

- **Growth Plans**
 - If you plan on expansion, you will need to submit a business plan that includes but not limited to
 - Staffing needs
 - Financing
 - Facilities you will need- own or rent
 - Inventory needed
 - Type of location- mail order, retail, home delivery


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Form B continued

- **List of Categories you plan to bid**
- **Which CBA's you will be bidding in**
- **Manufacturer, Model, and number of items you will be supplying to patients**
 - You can change this later- not locked into only providing these products
 - Cannot discriminate against Medicare beneficiaries
- **Bid Price for each product in the category**


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List of products by manufacturer and code

- **Helpful Website Listing**
 - <https://www.dmeopdac.com/dmecsapp/do/search>
- **DMEPOS Product List**
 - Manufacturer
 - HCPC S Code
 - Product Name & Model

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Disclaimer- Read Carefully

- The information for Round 2 has not been fully released and as such, the information provided in this presentation is based on the rules as they exist right now
- The MED Group will be updating all attendees as the new information is released by CMS. We will be hosting a webinar in January to go over any changes that occur. All attendees will be invited to attend- NO CHARGE

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Helpful Spreadsheets

- **Go over Spreadsheets to assist with analyzing your bid and helping with your strategies**
- **Next presentation**

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Helpful Resources-Planning

- **The MED Group Competitive Bidding Institute**
 - Binder and Internet Site
 - More than just the bidding process- Preparing and assisting our members to help them get ready for the summer of 2013
- **Consultants-**
 - John Allman- will review your bid
 - Karen Atkins- winner in Round 1 & Round 1.2
 - Contact Info Available

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Helpful Resources-Planning

- **AAHomecare- They need your support to fight competitive bidding**
- **Your State Association**
- www.dmecompetitivebid.com

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Elements of a Rational Bid

- **Acceptable Profit Margin—Know It!!**
- **Costs Associated with NCB Contract- not just the acquisition cost of the products**
- **Capabilities, Vulnerabilities and Intentions of Rivals**
- **Consequences of Winning**
- **Consequences of Not Winning**

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Bidding Process Sheets- what do they look like

- What does the bidding sheets- Both Form A & B look like
- Located at www.medgroup.com website
 - Competitive bidding institute section
 - Round 1 information
 - Round 1- Submitting a successful bid-
 - John Allman- Consultant- 25% discount to MED members
 - We will be emailing out to everyone- large file

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Best Advice

- **You Must Start NOW**

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My Reason for working everyday

- Sign on my Wall
- **We will not let CMS Win!!**

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Final Thoughts

- You don't have to go this alone- The MED Group is here to help you
- We want to hear from you, let us know if we are missing anything and what else we can be doing- wgrau@medgroup.com
- We are all in this together

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Contact for Questions

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