

NHIA Summary of CMS final rule CMS-1614-F, the Future Competitive Bidding

November 3, 2014

Late last Friday afternoon, CMS released final rule CMS-1614-F, titled Medicare Program; End-Stage Renal Disease Prospective Payment System, Quality Incentive Program, and Durable Medical Equipment, Prosthetics, Orthotics, and Supplies.

NHIA is pleased that CMS did make certain suggested changes that we had vigorously advocated for to the rule—however, CMS continues to move forward on some policies that NHIA remains highly concerned about.

This rule includes significant changes to the competitive bidding program as summarized below:

- CMS will make modifications to the fee schedules nationwide for items that have been competitively bid. Regional price adjustments will begin in January 2016, and be phased in over a 6 month period. Fee schedule adjustments will be limited to a national ceiling that is 110% of the average of regional prices, and a floor that is 90% of the average of regional prices.
- CMS finalized the provision in the proposed rule to set payment amounts in rural and frontier states at 110% of the average of regional payment levels. In addition, as recommended by NHIA, CMS expanded the definition of rural to include rural areas within states regardless of whether the state meets the proposed definitions of rural or frontier states. Identification will be driven by zip codes where at least 50% of the total geographic area included in the zip code is estimated to be outside any metropolitan statistical area (MSA).
- Areas outside of the continental U.S. (example Hawaii) will use an adjusted fee schedule based on the average of competitive bidding pricing from these areas or the national ceiling, whichever is higher.
- Items that were bid in 10 or less Competitive Bidding Areas (CBAs), which includes External Infusion Pumps and Supplies, will be paid 110% of the un-weighted average of the Single Payment Amounts (SPAs) for the areas in which these items were bid.
- While CMS will move forward with a bundled payment pilot in up to 12 CBAs (yet to be identified) for some items, such as Continuous Positive Airway Pressure (CPAP) devices and standard power wheelchairs, the bundle pilot will not include enteral nutrition. CMS stated in the final rule: “We thank the commenters for their support and input. After careful consideration of the comments received on this topic, we will not be finalizing the proposal to phase in bundled, continuous monthly rental payment for enteral nutrition at this time.” NHIA is pleased that CMS reviewed and understood our comments on this issue.
- CMS retained the infusion drug provision of the proposed rule, but noted that it would not affect any current CBA contracts. The phase-in of infusion drugs will occur in future competitive bidding programs. The technical change sets the ceiling, or bid limit, in future rounds of competitive bidding at the current fee schedule rate for each drug, which is based on 95% of the October 2003 Average Wholesale Price (AWP). NHIA is disappointed that CMS did not address NHIA’s comments specific to the inclusion of infused drugs in competitive bidding, and we will further seek to communicate our concerns in this regard.

NHIA commented on this proposed rule on September 2, 2014. You can read NHIA’s comments at:

<http://www.nhia.org/documents/20140902-NHIA-CB-cmmt.pdf>

Click here for a link to the final rule—competitive bidding-related language begins on page

352: <https://s3.amazonaws.com/public-inspection.federalregister.gov/2014-26182.pdf>

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