



Medicare's Competitive Bidding Program

Medicare's Competitive Bidding Program for durable medical equipment, prosthetics, orthotics and supplies (DMEPOS) is designed to ensure beneficiaries with original Medicare to continue to receive quality medical equipment and related services from accredited suppliers, while reducing out-of-pocket expenses for Medicare beneficiaries plus saving money for the Medicare program.

DMEPOS Competitive Bidding Program

- Starts January 1, 2011 in nine areas of the country and phased into other areas in future years
- Applies to Medicare beneficiaries who live in (or travel to) these areas and who buy or rent certain items of durable medical equipment and supplies
- Includes items such as oxygen equipment and supplies, certain power wheelchairs, walkers, mail order diabetic supplies and hospital beds
- Selects enough qualified, accredited contract suppliers to meet Medicare beneficiaries' needs for competitively bid items and services.

Nine initial competitive bidding areas are:

- Charlotte-Gastonia-Concord (North Carolina and South Carolina)
- Cincinnati-Middletown (Ohio, Kentucky and Indiana)
- Cleveland-Elyria-Mentor (Ohio)
- Dallas-Fort Worth-Arlington (Texas)
- Kansas City (Missouri and Kansas)
- Miami-Fort Lauderdale-Pompano Beach (Florida)
- Orlando (Florida)
- Pittsburgh (Pennsylvania)
- Riverside-San Bernardino-Ontario (California)

For more information jhull@abshealth.com

FDA Approves Morphine Sulfate Oral Solution for Relief of Acute and Chronic Pain

The U.S. Food and Drug Administration has approved Morphine Sulfate Oral Solution for the relief of moderate to severe, acute and chronic pain in opioid-tolerant patients. This medicine will be available in 100 milligrams per 5 mL or 20 milligrams per 1 mL. This is the only FDA approved morphine sulfate oral solution available at this concentration. Although the use of this medicine to manage pain has been common practice for many years, this form and concentration of morphine was not FDA approved until now. This action is part of the FDA's unapproved drugs initiative. As part of this program, the FDA has worked with the manufacturer of the now-approved product, Roxane Laboratories, to ensure that there is enough drug available for patients.

trtannert@abshealth.com

Absolute Skilled Home Health Goes Paperless

Skilled Home Health rolled out a new software system allowing clinicians to document assessments and visits on a laptop in patients' homes. This will not only eliminate excess use of paper but will improve efficiency and clinical outcomes as the software cues appropriate educational and therapy services. We look forward to full implementation of this process.

Shelly Williams, Absolute Health Services, 330.498.8218, slwilliams@abshealth.com

Interest Rates Assigned to Financial Findings of Recovery Audit Contractors

CMS released a transmittal in mid-January instructing Medicare contractors to implement an interest rate of 11.25% for overpayments and underpayments. This interest rate, which has risen from the 10.875% implemented from October 22, 2009 to January 24, 2010, could have an additional financial impact for providers during the RAC program.

Q. How is the interest rate calculated?

A. The interest rate is calculated in 30-day periods.

Q. How could a provider avoid paying interest?

A. If a provider wants to avoid interest, they can write a check to the Medicare Administrative Contractor (MAC)/fiscal intermediary (FI) or request an earlier offset of the payback amount by day 30 after receiving the demand letter from the RAC. The provider can still appeal up to 120 days following the demand letter, however, the provider would not pay any interest if the appeal is lost at any level if the payment is made within 30 days.

Q. What happens to the interest payment if the provider wins the appeal?

A. If the provider won the appeal, they could have been entitled to any interest that had accrued up until that determination was made.

Q. What happens if the provider pays the interest early?

A. If the provider appeals by day 30 after receiving the demand letter from the RAC, the provider can avoid recoupment that usually occurs on day 41. The provider can move forward with the appeal process even if they pay it back early, but the difference is who would be accruing the interest. If a provider wins the appeal down the road, it receives the interest, but the FI/MAC will receive it if a payback was not provided by day 30 of the demand letter.

Q. What happens if the provider doesn't pay within 30 days?

A. If a provider does not pay back the money within the 30 days from the demand letter, the interest rates begin to take effect. Starting on day 31, interest begins to accrue up through the auto-recoupment period that happens on day 41. The FI/MAC accrues the interest on the pay back between days 31-40.

Cindy Gensamer, LNHA, cgensamer@abstherapy.com

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For more information
Lisa Kelp at 330.498.3726
lakelp@lctppg.com



Absolute

Absolute Offices

Canton 330.498.8200
339 East Maple Street #100
North Canton, Ohio 44720

Cleveland 216.581.8490
12642 Rockside Road • Garfield Mall
Garfield Heights, Ohio 44125

Columbus 614.864.9224
2100 Morse Road
in the Morse Center Plaza # 4589
Columbus, Ohio 43229

1.800.990.1113
<http://www.abshealth.com>