

Mail-Order Diabetic Supplies

Mail-order diabetic supplies are a product category in the Round 1 Rebid. The term “mail-order” refers to items ordered remotely (i.e., by phone, e-mail, Internet, or mail) and delivered to a beneficiary’s residence by common carriers (e.g., U.S. Postal Service, Federal Express, United Parcel Service, or other shipping or courier service companies) and does not include items obtained by beneficiaries from local supplier storefronts. “Common carrier,” in its basic meaning, includes individuals or companies that transport goods or cargo (e.g., diabetic testing supplies) for compensation. This means that suppliers that pay a common carrier to transport diabetic testing supplies to Medicare beneficiaries’ homes are furnishing mail-order diabetic supplies even if the suppliers have contract arrangements with the common carrier to deliver these items.

When the Round 1 Rebid contracts become effective, diabetic supplies delivered to Medicare beneficiaries’ homes by a common carrier must be furnished by a contract supplier for Medicare to make payment under Part B. However, supplies that are delivered to a beneficiary’s home by a local storefront supplier using its own vehicles and W2 employees are not considered mail-order.

Key Points:

- Medicare beneficiaries who permanently reside in a mail-order CBA (competitive bidding area) may purchase their diabetic supplies from:
 - A mail-order contract supplier for the area in which the beneficiary resides, or
 - A non-contract supplier in cases where the supplies are not furnished on a mail-order basis.
- A map and list of ZIP codes in each of the mail-order CBAs is available on the Competitive Bidding Implementation Contractor (CBIC) website.
- Mail-order contract suppliers will be reimbursed at the single payment amount for the CBA where the beneficiary maintains a permanent residence.
- Non-contract suppliers that are not mail-order suppliers will be reimbursed at the fee schedule amount for the state where the beneficiary maintains a permanent residence.
- Medicare Part B payment will not be made to non-contract suppliers that furnish mail-order diabetic testing supplies to Medicare beneficiaries residing in a mail-order CBA. The KL modifier must be used on each claim for diabetic supplies furnished on a mail-order basis. Suppliers that furnish diabetic testing supplies on a mail-order basis and do not attach the mail-order modifier could be subject to significant penalties.
- Both the Medicare program and beneficiaries will save money each time a mail-order contract supplier is used; however, it is solely up to beneficiaries to decide whether or not they wish to obtain their diabetic testing supplies on a mail-order basis.
- All contract suppliers are required to report, for certain items designated by the Centers for Medicare & Medicaid Services (CMS), the manufacturer, model, and model number of the specific products that they furnish and must update this list on a quarterly basis. This information will be made available to the public once the contract suppliers have been announced and will be updated on a routine basis. Contract suppliers will be required to make available the same range of products to Medicare beneficiaries that they make available to non-Medicare customers.

The Round 1 Rebid contracts for mail-order diabetic supplies ended on December 31, 2012, so information about the Round 1 Rebid mail-order diabetic supplies product category no longer applies.

