

## Chapter 2: Supplier Enrollment

### Enrollment Process for Durable Medical Equipment, Prosthetics, Orthotics, and Supplies (DMEPOS) Suppliers

#### NPI Enrollment and Enumeration

The Administrative Simplification provisions of the *Health Insurance Portability and Accountability Act of 1996 (HIPAA)* mandated the adoption of standard unique identifiers for health care providers and health plans. The purpose of these provisions is to improve the efficiency and effectiveness of the electronic transmission of health information. The Centers for Medicare & Medicaid Services (CMS) has developed the **National Plan and Provider Enumeration System (NPPES)** to assign these unique identifiers.

CMS **requires** that providers and suppliers obtain their National Provider Identifier (NPI) prior to enrolling or updating their enrollment record with Medicare. The National Supplier Clearinghouse (NSC) will not process an enrollment application without the NPI and a copy of the NPI notification letter received from the NPPES or the organization requesting an NPI.

Health care providers can apply for NPIs in one of three ways:

1. For the most efficient application processing and the fastest receipt of NPIs, use the web-based application process. Simply log onto the NPPES at <https://nppes.cms.hhs.gov> and apply on-line.
2. Health care providers can agree to have an Electronic File Interchange Organization (EFIO) submit application data on their behalf (i.e., through a bulk enumeration process) if an EFIO requests their permission to do so.
3. Health care providers may wish to prepare a paper application on the NPI Application/Update Form (CMS-10114) and mail the completed, signed application to the NPI Enumerator, whereby staff at the NPI Enumerator will enter the application data into NPPES. This form is available for download from the CMS website at <http://www.cms.hhs.gov/cmsforms/downloads/CMS10114.pdf> or by request from the NPI Enumerator. Health care providers who wish to obtain a copy of this form from the NPI Enumerator may do so in any of these ways:

**Phone:** 1-800-465-3203

**TTY:** 1-800-692-2326

**E-mail:** [customerservice@npienumerator.com](mailto:customerservice@npienumerator.com)

**Mail:** NPI Enumerator  
P.O. Box 6059  
Fargo, ND 58108-6059

**Note:** *You may apply for an NPI using **only one** of the methods described above.*

Additional details regarding the NPI Standard can be obtained on the CMS Web site at <http://www.cms.hhs.gov/NationalProvIdentStand/>

## National Supplier Clearinghouse (NSC) Enrollment

After obtaining an NPI, all DMEPOS suppliers who serve Medicare beneficiaries must enroll in the Medicare program with the NSC by completing the CMS-855S enrollment application. This must be done in order to obtain a supplier number and to be eligible to receive Medicare payment for covered DMEPOS services. CMS has a contract with the NSC to distribute and process the enrollment applications, verify data, and maintain a national DMEPOS supplier file. During the processing of your application, the NSC may require additional information. It is important that you respond to the NSC as soon as possible. Failure to do so may delay your enrollment.

**Note:** *Enrollment must take place prior to submitting any claims to the Durable Medical Equipment Medicare Administrative Contractor (DME MAC).*

An electronic copy of the current CMS-855S Medicare enrollment application is available on the CMS Web site at <http://www.cms.hhs.gov/cmsforms/downloads/cms855s.pdf>. Instructions on how to complete the CMS-855S are located under the Supplier Enrollment/Forms/CMS-855S Form section of the NSC Web site at <http://www.PalmettoGBA.com/NSC>.

**The process for becoming a Medicare DMEPOS supplier is as follows:**

1. The applicant completes and submits the Medicare enrollment application (Form CMS-855S) and all supporting documentation, including the NPI notification letter, to the NSC.
2. The NSC reviews the application and conducts a site visit to verify compliance with the DMEPOS Supplier Standards (see below).
3. After completing its review, the NSC notifies the applicant in writing about its enrollment decision.

## Supplier Standards

Medicare regulations have defined standards that every Medicare DMEPOS supplier must meet to obtain and retain billing privileges. The complete version of the standards are listed on the back of

the CMS-855S application form, in the Code of Federal Regulations (42 CFR, Section 424.57(c)), and on the NSC Web site at <http://www.PalmettoGBA.com/NSC>. Suppliers **must** disclose these standards to **all** customers who are Medicare beneficiaries (standard #16).

**Note:** *If suppliers have any questions regarding these standards, please contact the [National Supplier Clearinghouse](#).*

**The following is an abbreviated version of the standards** as found on the CMS 855S application form:

1. A supplier must be in compliance with all applicable federal and state licensure and regulatory requirements.
2. A supplier must provide complete and accurate information on the DMEPOS supplier application. Any changes to this information must be reported to the NSC within 30 days of such changes.
3. An authorized individual (one whose signature is binding) must sign the application for billing privileges.
4. A supplier must fill orders from its own inventory, or must contract with other companies for the purchase of items necessary to fill the order. A supplier may not contract with any entity that is currently excluded from the Medicare program, any state health care programs, or from any other federal procurement or non-procurement programs.
5. A supplier must advise beneficiaries that they may rent or purchase inexpensive or routinely purchased durable medical equipment and of the purchase option for capped rental equipment.
6. A supplier must notify beneficiaries of warranty coverage and honor all warranties under applicable state law, and repair or replace free of charge Medicare-covered items that are under warranty.
7. A supplier must maintain a physical facility on an appropriate site.
8. A supplier must permit the Centers for Medicare & Medicaid Services (CMS), or its agents, to conduct onsite inspections to ascertain the supplier's compliance with these standards. The supplier location must be accessible to beneficiaries during reasonable business hours and must maintain a visible sign and posted hours of operation.
9. A supplier must maintain a primary business telephone listed under the name of the business in a local directory or a toll-free telephone number available through directory assistance. The exclusive use of a beeper, answering machine, or cellular telephone is prohibited.
10. A supplier must have comprehensive liability insurance in the amount of at least \$300,000 that covers both the supplier's place of business and all customers and employees of the supplier. If the

supplier manufactures its own items, this insurance must also cover product liability and completed operations.

11. A supplier must agree not to initiate telephone contact with beneficiaries, with a few exceptions allowed. This standard prohibits suppliers from calling beneficiaries in order to solicit new business.
12. A supplier is responsible for delivery and must instruct beneficiaries on use of Medicare-covered items and maintain proof of delivery.
13. A supplier must answer questions and respond to complaints of beneficiaries and maintain documentation of such contacts.
14. A supplier must maintain and replace at no charge or repair directly, or through a service contract with another company, Medicare-covered items it has rented to beneficiaries.
15. A supplier must accept returns of substandard (less than full quality for the particular item) or unsuitable items (inappropriate for the beneficiary at the time it was fitted and rented or sold) from beneficiaries.
16. A supplier must disclose these supplier standards to each beneficiary to whom it supplies a Medicare covered item.
17. A supplier must disclose to the government any person having ownership, financial, or control interest in the supplier.
18. A supplier must not convey or reassign a supplier number; i.e., the supplier may not sell or allow another entity to use its Medicare billing number.
19. A supplier must have a complaint resolution protocol established to address beneficiary complaints that relate to these standards. A record of these complaints must be maintained at the physical facility.
20. Complaint records must include: the name, address, telephone number, and health insurance claim number of the beneficiary; a summary of the complaint; and any actions taken to resolve it.
21. A supplier must agree to furnish CMS any information required by the Medicare statute and implementing regulations.
22. All suppliers must be accredited by a CMS-approved accreditation organization in order to receive and retain a supplier billing number. The accreditation must indicate the specific products and services, for which the supplier is accredited in order for the supplier to receive payment of those specific products and services (except for certain exempt pharmaceuticals).
23. All suppliers must notify their accreditation organization when a new DMEPOS location is opened.

24. All supplier locations, whether owned or subcontracted, must meet the DMEPOS quality standards and be separately accredited in order to bill Medicare.
25. All suppliers must disclose upon enrollment all products and services, including the addition of new product lines for which they are seeking accreditation.
26. All DMEPOS suppliers must obtain a surety bond in order to receive and retain a supplier billing number.

### NSC Supplier Audit and Compliance Unit (SACU)

The NSC Supplier Audit and Compliance Unit (SACU) is tasked to review new applicants and existing suppliers to determine if they are in compliance with current DMEPOS supplier standards.

The SACU has the authority to deny new applicants and to recommend revocation to CMS and/or inactivate existing supplier numbers when it is determined that such suppliers are not in compliance with the published standards. In addition, the Health Insurance Portability and Accountability Act (HIPAA) of 1996 created criminal and civil penalties for suppliers who submit fraudulent applications to a government health care organization. Fully developed cases are submitted for prosecution to the U. S. Attorney's Office, Columbia, South Carolina. The U.S. Attorney has jurisdiction nationwide because all the applications are received, and the supplier numbers issued, by the NSC in Columbia, South Carolina.

If you need to report a suspected violation of the Medicare DMEPOS supplier standards, you may do so by contacting the [NSC Supplier Audit and Compliance Unit \(SACU\)](#). There is a referral form that can be completed and sent to the NSC SACU. This referral form contains a helpful reminder of the current supplier standards as listed in Title 42 of the Code of Federal Regulations, Sec. 424.57(c).

With your help, the NSC SACU is committed to ensure all DMEPOS suppliers remain in compliance and maintain standards of quality service to Medicare beneficiaries. Should you have any questions or comments, please feel free to contact the NSC SACU Manager, Mark Majestic, at (803) 763-8157.

### Reporting Changes

Supplier Standard #2 requires suppliers to notify the NSC of any changes made to the information that was initially provided on the CMS 855S. This must be done within 30 days of any changes by completing the appropriate sections of the CMS 855S, the same application that was used for initial enrollment.

**Note:** *DME MAC A cannot make changes to supplier records regarding enrollment information.*

Failure to provide the updated information is grounds for denial or revocation of a billing number. Visit the NSC Web site or call the toll-free telephone number for instructions.

## Participation

In Medicare, “participation” means you agree to always accept assignment on claims for all services you furnish to Medicare beneficiaries. By agreeing to always accept assignment, you agree to always accept Medicare allowed amounts as payment in full and to not collect any more than the Medicare unmet deductible and coinsurance from the beneficiary. Unlike many private insurance plans, the *Social Security Act* requires you to submit claims for Medicare beneficiaries whether you participate or not. Non-participating suppliers may accept assignment on a case-by-case basis.

Participation status is part of the enrollment process. If you decide to participate in Medicare program as a participating supplier, submit a participation agreement, using the “*Medicare Participating Physician or Supplier Agreement*” (Form CMS-460). It should be submitted simultaneously with the Medicare enrollment application. There is a CMS annual enrollment period, which is generally conducted in November.

The benefits of Medicare participation include:

1. Medicare payments are issued directly to the DMEPOS supplier because the claims are always assigned.
2. Claim information is forwarded to Medigap (Medicare supplemental coverage) insurers.

## Tips to Facilitate the Medicare Enrollment Process

To ensure that your Medicare enrollment application is processed timely, you should:

1. **Be sure to obtain your NPI prior to completing the enrollment application. Your NPI notification letter must be submitted with your completed application.**
2. **Submit the 2006 version of the Medicare enrollment application (CMS-855S).**
3. **Submit the correct application for your provider or supplier type to the Medicare fee-for-service contractor servicing your State or location.**

The Medicare contractor that serves your State or practice location is responsible for processing your enrollment application. Applicants must submit their application(s) to the appropriate

Medicare fee-for-service contractor. A list of the Medicare fee-for-service contractors by State can be found at <http://www.cms.hhs.gov/MedicareProviderSupEnroll> on the CMS Web site.

**4. Submit a complete application.**

When completing a CMS-855S for the first time for any reason, each section of an application must be completed in ink (blue preferable). When reporting a change to your enrollment information, complete each section listed in Section 1B of the CMS-855S.

*Note: If you are enrolled in Medicare, but have never submitted the CMS-855S, you are required to submit a complete application. Providers and suppliers should follow the instructions for completing an initial enrollment application.*

**5. Request and obtain your National Provider Identifier (NPI) number before enrolling or making a change in your Medicare enrollment information.**

**6. Submit the Electronic Funds Transfer Authorization Agreement (CMS-588) with your enrollment application, if applicable.**

CMS requires that providers and suppliers, who are enrolling in the Medicare program or making a change in their enrollment data, receive payments via electronic funds transfer. When completing the CMS-588 be sure to complete each section.

The CMS-588 must be signed by the authorized official that signed the CMS-855S.

*Note: If a provider or supplier already receives payments electronically and is not making a change to his/her banking information, the CMS-588 is not required.*

If you are a supplier who is reassigning all of your benefits to a group, neither you nor the group is required to receive payments via electronic funds transfer.

**7. Submit all supporting documentation.**

In addition to a complete application, each provider or supplier is required to submit all applicable supporting documentation at the time of filing. Supporting documentation includes professional licenses, business licenses, the National Provider Identifier notification received from the National Plan and Provider Enumeration System and, if applicable, an authorization agreement for Electronic Funds Transfer Authorization Agreement (CMS-588). See Section 17 of the CMS-855S for additional information regarding the applicable documentation requirements.

**8. Sign and date the application.**

Applications must be signed and dated by the appropriate individuals. Signatures must be original and in ink (blue preferable). Copied or stamped signatures will not be accepted.

#### 9. Respond to fee-for-service contractor requests promptly and fully.

To facilitate your enrollment into the Medicare program, respond promptly and fully to any request for additional or clarifying information from the fee-for-service contractor.

### Re-enrollment Process

42 CFR Section 424.57(e) requires the NSC to reenroll suppliers every three years. As previously noted, the NSCs responsibilities are to distribute and process the enrollment applications, verify data, and maintain a national DMEPOS supplier file. Part of this responsibility requires them to share this information with the DME MACs for provider relations and claims processing. Therefore, it is imperative the NSC has the most accurate information on file. Further, the reenrollment process also allows the NSC to determine if the supplier is in compliance with the supplier standards.

The reenrollment process takes approximately 60 days, which includes a site visit, if required. Workload and the time spent requesting any additional information required to complete the reenrollment package also play a part in determining the processing time. Be sure to respond to requests for information from the NSC timely to avoid having your supplier number inactivated and having to begin the process again.

### Surety Bond Requirements

On December 29, 2008, the Centers for Medicare & Medicaid Services (CMS) announced regulations requiring suppliers of certain durable medical equipment, prosthetics, orthotics, and supplies (DMEPOS) to post a surety bond as a condition of new or continued Medicare enrollment. The regulation states that beginning May 4, 2009 suppliers seeking to enroll or changing the ownership of a DMEPOS supplier must submit a \$50,000 surety bond for each assigned NPI for which the DMEPOS supplier is seeking to obtain Medicare billing privileges. Existing DMEPOS suppliers must submit to the NSC a \$50,000 surety bond for each assigned NPI no later than October 2, 2009.

In addition, a DMEPOS supplier enrolling a new practice location must submit to the NSC a new surety bond or an amendment or rider to the existing bond, showing the new practice location is covered by an additional base surety bond of \$50,000. Suppliers who have certain adverse legal actions imposed against them in the past may be required to post a higher bond amount. The final regulations permit the NSC to require DMEPOS suppliers to obtain a base surety bond of \$50,000

and an elevated surety bond of \$50,000 for each occurrence of an adverse legal action within ten years preceding enrollment, revalidation, or reenrollment in the Medicare program.

The final regulations are effective **March 3, 2009**. Some companies or organizations that supply DMEPOS are exempt from the surety bond requirements. Such exemptions include:

- Certain physician and non-physician practitioners
- Physical therapists
- Occupational therapists
- State-licensed orthotic and prosthetic personnel
- Government-owned suppliers

For more information or to view the regulation in its entirety, visit

<http://edocket.access.gpo.gov/2009/pdf/E8-30802.pdf>

## NSC Resources

The NSC has several tools available to assist suppliers through the enrollment/reenrollment process. These tools are available on the NSC Web site at: <http://www.palmettogba.com/NSC>

### ***The NSC Customer Service Line:***

NSC analysts are available to answer questions regarding the enrollment process by calling **(866)238-9652**. If you have questions regarding supplier specific information, be sure an individual that is listed on the supplier file is the one contacting the NSC Customer Service Line. NSC analysts will not be able to give supplier specific information to someone who is not listed on the supplier file. Spanish speaking suppliers, who cannot speak English, may leave a voicemail and a Spanish speaking analyst will return the call.

### ***Interactive Voice Response (IVR) Unit:***

The NSC Interactive Voice Response (IVR) Unit allows suppliers to obtain:

- General information regarding the enrollment process
- Information on the appeals process
- Status of enrollment documentation
- Instructions on how to obtain a CMS 855S
- Contact information for the NSC, DME MACs and CMS

The IVR is available 24 hours a day, seven days a week (except for routine system maintenance) and can be accessed by calling the NSC Customer Service Line at **(866)238-9652**.

***The NSC E-mail Address:***

If preferred, suppliers may [e-mail](#) their questions to the NSC. Questions received will be answered timely and the NSC suggests suppliers do not submit protected healthcare information via e-mail.