Two important issues concerning the National Supplier Clearinghouse continue to be raised by many readers. This month’s column will expand on the answers previously posted in on-line forums or at meetings.

Q1: “I recently received a revalidation request from Palmetto GBA to re-validate enrollment information with the National Supplier Clearinghouse (NSC) as a supplier of DMEPOS using the Internet-based Pecos system. As a podiatrist who has provided DME products and supplies for many years, I understand I have to re-validate every three years. My question is, are physicians (including podiatrists) exempt from having to pay the $553 enrollment fee? In the past, I believe, we did not have to pay the enrollment fee, as we were exempt due to the hard work of organizations such as the APMA and others. The re-validation request stated that they are using new screening guidelines now. Must I also have a separate provider number for each office?”

A: Several years ago, in an attempt to reduce fraud and abuse, CMS instituted a fee for providers (with certain exemptions) initially enrolling or revalidating their enrollment in Medicare. The list of those who have a mandatory fee includes DMEPOS providers while the exemption list includes physicians (e.g. DPM, MD, DO, OD) and other professional providers. Podiatrists assume that because physicians are exempt from paying an enrollment fee to their local Medicare Administrative Carrier, they are similarly exempt from paying an enrollment fee to the NSC in order to become a DMEPOS supplier. Unfortunately, this assumption is incorrect. CMS has adopted what may be referred to as the two-baseball-cap theory of service providers.

Imagine one red and one white baseball cap and your ability to provide certain services is limited by the cap you wear; but you can only wear one hat at a time.

When wearing the red baseball cap, you are providing only medical surgical services. The privilege “bestowed” on you to provide and be paid for that care is because of your license to practice podiatric medicine and surgery. These services are billed to a local Medicare carrier, for which CMS requires no enrollment fee.

When wearing the white baseball cap, you may only provide DMEPOS (e.g., AFOs, CAM Boots, therapeutic shoes, etc.). These services are billed to your DME MAC Regional Carrier. Your ability to be paid for those services is granted because you enrolled with the NSC (not the payer) as a DMEPOS supplier. In many states, one could dispense many DMEPOS to Medicare beneficiaries without a license (e.g., storefront, commercial suppliers). The NSC requires an enrollment fee for all DMEPOS providers.

Your podiatric license, unfortunately, offers you no exemption when applying to the NSC. The current $553 enrollment fee (unless one can prove hardship) is required per practice location.

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Many medical associations have attempted to work together to have the NSC grant an exemption for physicians who are providing DMEPOS to their own patients. However, CMS has shown an indication of granting an exemption of enrollment fees only to physicians providing medical/surgical services. No such exemption is granted for any DMEPOS supplier applying for a provider number to the NSC.

The NSC requires all DMEPOS providers to enroll separately for each location where one is expected to regularly dispense DME. For these locations, the NSC will grant a Provider Transaction Number (PTAN). The current enrollment fee of $553 is per location and is generally for a three-year period.

Parallel situations do not exist with private payers, who may pay you as both a podiatric physician for both medical/surgical services and for the DMEPOS you provide in your office. The key points regarding the NSC are:

1) The NSC governs enrollment for suppliers to provide DMEPOS to Medicare beneficiaries;
2) The NSC does not distinguish one provider type from another;
3) Your degree, technical expertise, and licensure (DPM, MD, DO, etc.) in some states are required to legally dispense certain DME in your state; that is, certain states actually require licensure to dispense AFOs, shoes, etc. In other states, no licensure requirements are required to dispense those (and other) DMEPOS;
4) The enrollment fees are per location (per provider transaction number) and are mandatory for all DMEPOS providers;
5) Should the NSC discover that you do not have a PTAN for locations where you regularly dispense DME to Medicare patients, one may expect expulsion from the DMEPOS program.

The implications of the above are significant and not restricted to simply restricting your ability to provide DME and limiting your income. Expulsion from one Federal program could affect your status with other federal, state, and private payers. You may be forced to divulge this expulsion when completing applications from other federal, state and private payers;

6) The NSC has a strict policy regarding payment prior to processing an initial or re-enrollment application. That is, you must provide proof of payment. If one is completing a paper application, one would print the email confirmation of credit card payment and include it with the application.

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the email confirmation of credit card payment and include it with the application. If one is completing the application on line, your payment is embodied in the PECOS application process itself, but it is recommended to include a copy of the payment receipt with any supporting documents.

More information may be found on payment requirements for DMEPOS providers at: http://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNMattersArticles/Downloads/SE1130.pdf

Proof of Payment

It is of paramount importance to note that in the absence of this "proof of purchase" the NSC will not process your application.

Lastly, private third party payers, state Medicaid and Medicare Advantage Plans all have their own set of guidelines regarding reimbursement of DMEPOS. This includes enrollment, payment, pre-authorization, and a bevy of other regulations well beyond the scope of this article. You are urged to review your contracts and contact each carrier for specific requirements for each carrier.

Q2: I am a new (or established) supplier. I have heard lots about inspections of offices by Medicare. Why will my office be inspected, and what can I expect during this process?

A: Inspections of DMEPOS locations are a routine matter and are mandated by Supplier Standard Number 8. This states, "A supplier must permit CMS or its agents to conduct on-site inspections to ascertain the supplier’s compliance with these standards."

Inspections are another attempt by the NSC to reduce the potential enrollment of fraudulent suppliers. In practice, inspectors simply want to observe an operating facility with inventory and a place where a supplier engages customers (patients). The fee paid for enrollment largely goes to pay for the inspection process.

Inspectors are either employees of the NSC or a designated subcontractor. All inspectors are required to provide your office with photograph identification. They will ask you and your staff some very basic questions about your DMEPOS operation. They will likely inquire about your inventory. A closet or display of products usually dispensed will satisfy this requirement. The inspector may wish to take photographs of the facility (empty waiting room and treatment rooms photos are standard). They are precluded from taking photographs of patients or inspecting any PHI or HIPAA protected information.

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They may ask you to provide them with a current copy of the “Supplier Standards” (currently referred to as the 30 Supplier Standards) or other documents currently required by the NSC. Other documents that an inspector may ask to review include unsigned copies of your written complaint protocol, delivery confirmation, warranty information, and vendor contracts with your suppliers. A copy of the current “Supplier Standards” should be displayed somewhere prominently in your facility.

Another controversial issue pertains to signage of your office hours. That is what hours should be specified, or should you choose “By Appointment Only”? A sign with your hours is required to be placed at an exterior entrance to your office. If your office is located in an interior office building, the sign should be located at the front entrance of your office suite. It is not required to be in the lobby. Exemptions to this signage are rare and granted only if your lease precludes such signage. Obtaining this preclusion can be quite arduous, and one can expect some resistance from the NSC. One would, at a minimum, be expected to provide documentation of such preclusion (e.g. copy of your lease or zoning ordinance).

The DMEPOS application requires all suppliers to provide the NSC with your hours of operation. Physicians are exempt from being in attendance or having their offices operational for 30 or more hours/week (as is the case for commercial suppliers). However, physicians (like all other suppliers) must provide the NSC with some information regarding their office hours. One can designate actual hours of operation (e.g., M-F, 9 to 5) or choose to designate that their hours are “By Appointment Only”. One’s signage must agree with whatever is designated in the application.

Prior to considering whether to actually designate specific hours or “By Appointment Only”, consider the fact that inspections can occur at any time your office was designated to be open.

1) Consider the following scenario: Your office is non-operational at 2PM on a Wednesday (you are on vacation; your staff took a late lunch and is out, or they simply did not hear the buzzer, etc.). An inspector comes to your facility during this time and finds no response. During this first attempt, the inspector may leave you a note notifying you that you failed to be in the office during designated hours. An inspector follows up shortly (usually in a matter of days) and again finds no one at your office during the hours designated on your application. This second failed inspection attempt likely will result in revocation of your DMEPOS billing privileges. This usually results in a minimum of a two-year suspension, after which one

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may petition the NSC for reinstatement.

2) If you designate “By Appointment Only”, according to the head of Outreach and Education of the NSC, the inspector must make an appointment with your office prior to visiting your facility. Usually, the initial contact to make an appointment is done via telephone. However, if an inspector is in the area, (s)he may attempt to inspect your office without an appointment. If you are not operational at the time, or you chose not to have an inspection (e.g., you are performing surgery and chose not to delegate the inspection to a staff member), you have the right to turn the inspector away.

A failure to inspect your office during hours you did not designate as operational does not count against you. A note left by an inspector under these circumstances attempting to inspect your office should be considered a warning of an imminent inspection.

As most physicians see patients “By Appointment Only” and are only providing DMEPOS to their own patients, it seems to be more logical to designate your hours on the application (and signage) to be “By Appointment Only”.

Whether you designate specific hours or “By Appointment Only”, a well-trained employee should be designated to act on your behalf should you not be in the office due to other extenuating circumstances (vacation, illness, attending to patients at other facilities, etc.).

There have been few complaints about inspectors violating the rules of conduct mandated to them by the Supplier Audit and Compliance Unit of the NSC. For the overwhelming majority of suppliers, inspectors are courteous, causing almost no interference in your workday. Any deviation from these rules of conduct should be immediately reported to both the APMA Health Policy Advisor and the NSC.

The NSC is designated with providing rules of conduct for DMEPOS providers supplying Medicare patients. This includes enforcement of the Current Supplier Standards and the collection of enrollment and re-enrollment fees. Providers of services to Medicare beneficiaries should remember that they are wearing a different cap when providing medical/surgical services as opposed to DMEPOS.

Specific questions regarding your enrollment status and application for DMEPOS (for Medicare beneficiaries) should be handled by a professional well-versed in the application process or by contacting the NSC. PM