

MOA MEMBERS

FROM SUE A. WEINGARTNER, EXECUTIVE DIRECTOR

SEPTEMBER 8, 2009

DMEPOS SURETY BOND LETTER FROM PALMETTO

The AOA and its state associations have heard from many members who received a letter from Palmetto GBA, the National Supplier Clearinghouse (NSC) for Medicare, informing them that their "supplier type" is not a type that is exempt from the surety bond requirement for suppliers of durable medical equipment, prosthetics, orthotics, and supplies (DMEPOS). The letter states that the supplier needs to send an email to Palmetto explaining why the supplier does not need a surety bond by October 2, 2009.

AOA has learned that most optometrists can ignore this letter but should not ignore any future communication from the National Supplier Clearinghouse (Palmetto) or CMS that requires a response "within 30 days."

The Centers for Medicare & Medicaid Services (CMS) re-confirmed to AOA that practicing optometrists are exempt from the surety bond requirement as well as the accreditation requirement for DMEPOS suppliers. Palmetto, as the NSC, will be sending a list serve reminder to all suppliers within a week reiterating that optometrists are currently exempt despite what the recent letter suggested.

As a result, most optometrists who received the recent letter from Palmetto can ignore it. Optometrists who supply post-cataract eyeglasses are exempt and will not be kicked out of the Medicare program if they do not respond to this particular letter.

However, optometrists who received the letter might want to check their Medicare DMEPOS enrollment form (855S) and their practice or business model for potential issues. Optometrists who have atypical business arrangements may want to carefully review their practice to determine whether the bond requirement might apply to them.

- 1) 1) As long as the supplier is a practicing optometrist or a group of optometrists in which the ODs are the owners and are billing for the glasses themselves or through the company, the business arrangement should be exempt. According to CMS, these typical practice arrangements may ignore the recent Palmetto notice. However, if the business is owned by a company, such as Pearl Vision, and the business (not the individual optometrist) is enrolled as the supplier, then the business might need to have a surety bond and/or accreditation.
- 2) 2) An optometry practice that employs opticians is exempt as long as the opticians do not have their own DMEPOS billing numbers. The surety bond exemption does not extend to opticians who are enrolled as Medicare suppliers. If an enrolled optician is employed by an optometry practice, then the entire practice might need a surety bond. The AOA and CMS agree that most optometry practices that have employed opticians can ignore the Palmetto notice unless the optician is enrolled as a DMEPOS supplier.
- 3) 3) An optometry practice that did not check "optometrist" or "physician" on the 855S supplier enrollment form may need to respond to the recent Palmetto letter and certainly should respond to any subsequent notification demanding a response within 30 days. In these cases, the practice should respond as instructed in the letter and inform the NSC whether the business is an optometry practice that is exempt from the surety bond and/or accreditation requirement.

- 4) 4) If an optometry practice supplies any DMEPOS items to Medicare beneficiaries other than post-cataract eyeglasses, then the practice will need to get a surety bond and accreditation. For example, supplying diabetic test strips or wheelchairs would be an indication to CMS that the business is operating as a medical supply company not as an optometry practice. The AOA and CMS agree that few optometrists would be supplying such items to Medicare beneficiaries in the normal course of optometry practice.

To summarize for members:

- ■ If you checked any box on the 855S supplier enrollment form in addition to “optometrist” or “physician” then you probably received the recent letter because of the other supplier type that was checked. You can ignore this notice from Palmetto.
- ■ If you did not check “optometrist” or “physician” on the 855S supplier enrollment form, then you probably received the recent letter because of the other supplier type(s) that was checked instead. You might want to notify Palmetto about your practice arrangement and whether exemption applies to you.
- ■ If you receive any other notice from CMS or the NSC demanding a response within 30 days, then you should answer that letter before the deadline!

Link to Notice: <http://www.aoa.org/x13414.xml>