

From the desk of Thomas J. Milam

September 10, 2012

Professor Peter Cramton
University of Maryland
College Park MD 20742
pcramton@gmail.com

Via Email

Dear Professor Cramton,

I served on the DMEPOS Competitive Bidding Program Advisory and Oversight Committee (PAOC) throughout its existence (2009-2011), and I continue to follow this program and its impact. I am writing today regarding my concern specifically about the impact in the mail order diabetes supply category, and the “1st Year Savings” claims of \$51,284,446 which CMS has publically stated at

<http://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/DMEPOSCompetitiveBid/Downloads/Competitive-Bidding-Update-One-Year-Implementation.pdf>

The above savings are simply not mathematically possible.

Attached you will find pertinent sections from the Round One Re-Bid bidder worksheets prepared and released by CMS during 2009. As you see, CMS provided 2008 Allowed Units (utilization) and 2008 Beneficiaries served for bidders’ use.

Here is a table summarizing the 2008 utilization for A4253KL (mail order diabetic supplies), along with average utilization per beneficiary and weighted calculations of the “pre” and “post” competitive bid allowable price per unit:

Utilization of Blood Glucose Test Strips via Mail Order					
CBA	2008 Beneficiaries Served*	2008 Allowed Units*	Allowed Units per Beneficiary	Bid Limit (pre CB Price)	2011 CB Allowable (Price)
Charlotte	19,470	227,657	11.7	\$ 30.06	\$ 14.50
Cincinnati	16,688	198,764	11.9	\$ 33.42	\$ 15.22
Cleveland	19,048	208,165	10.9	\$ 33.42	\$ 15.62
Dallas	39,514	452,661	11.5	\$ 31.27	\$ 14.25
Kansas City	16,097	193,690	12.0	\$ 29.63	\$ 13.94
Miami	32,640	363,695	11.1	\$ 33.43	\$ 15.20
Orlando	15,464	162,642	10.5	\$ 33.43	\$ 14.50
Pittsburgh	9,276	106,045	11.4	\$ 33.43	\$ 14.50
Riverside	12,924	152,148	11.8	\$ 33.43	\$ 13.88
TOTALS	181,121	2,065,467	11.4	\$ 32.23	\$ 14.65

(weighted average)

First of all, if the *entire* 2008 mail order utilization was converted to the much lower “competitive bid price” the total possible savings would have only been \$36.3 million (2.065 million multiplied by the \$17.58 lower price per box). Other products in the category only account for only about 14% of the category spend. So, over \$51 million is *simply not mathematically possible*.

We know that the beneficiary response to competitive bidding was a dramatic shift from mail order to non-mail order in the 9 CBAs. The attached CMS graphs clearly show this shift, as beneficiaries unable to secure the necessary brands to work with their glucometer went to non-mail order. It is also clear that a significant number of beneficiaries in need of supplies simply stopped getting supplies through Medicare, as the “uptick” in non-mail order was much less than the decrease in mail order.

Though CMS has not made the precise data points available to me despite my PAOC status, reading from the charts provided by CMS the decline in mail order was about 65%. Charlotte went from about 8% of FFS beneficiaries using mail order to just over 3%, Cleveland from about 6% to 2%, Kansas City from about 6% to 2%, and Dallas the same as Kansas City, for instance.

The change in the rate for non-mail order was varied, with Charlotte moving from 3.5% to about 5%, Cleveland from 3% to 4%, Kansas City from about 2.5% to 4%, and Dallas about the same as Kansas City. Let’s be generous and call it a 60% increase (it would have had to almost triple to fully offset the dramatic drop in mail-order).

Now, let’s use the 2008 Beneficiary and Utilization data to compute the market change and shift in the chart below (note: using 2008 is reasonable; Kaiser reports the total Medicare enrollments increase from 2008 to 2011 was 2.84 million, while Medicare Advantage within the program grew 2.14 million, meaning the FFS population changed very little, only about 2% over the period from 2008 to 2011):

	<u>2008 Number of Beneficiaries</u>	<u>Adjust Number of Beneficiaries for 2011 Market Shift **</u>	<u>Price Differential with 11.4 boxes of test strips per beneficiary per year</u>
Mail order (62%)	181,121	63,392	(\$12,704,588) "savings"
Non-mail order (38%) *	111,010	177,616	\$4,039,521 "additional cost"
Total	292,131	241,008	(\$8,665,067) ***

(\$17.58 lower price per box for 63,392 beneficiaries buying by mail order)

(66,606 more beneficiaries buying non-mail order at a \$22.90 **higher** price (\$37.55 - \$14.65) than mail order)

about 51,123 apparent non-compliant beneficiaries, perhaps not using test supplies or purchasing for cash

* CMS states that 62% of diabetes test supplies were provided via mail order in 2009 (source: <http://oig.hhs.gov/oei/reports/oei-04-10-00130.pdf>), extrapolated to arrive at non-mail order

** Decrease mail order 65%, increase non-mail order 60%

*** Using the \$14.65 average CB price, since if the utilization had continued, this is what would have been paid by Medicare

In other words, a fraction of the savings in mail order seems to have been offset by the increase in non-mail order utilization at a higher price. So there are less savings, except for the fact that far fewer beneficiaries are accessing and using diabetic test strips, which should have nothing to do with competitive pricing. Indeed, the proper calculation would consider both the impact on Medicare and the impact on beneficiaries. Beneficiaries unable to get supplies from mail order either get them from non-mail order or pay cash. In both cases, the beneficiary is harmed.

Also, I wish to point out the average utilization per beneficiary in 2008 was 11.4 boxes of test strips (again, this is CMS' own data). This rate of use of the product is **completely consistent** with the usage guidelines published by CMS (one test strip per day for non-insulin dependant diabetics, and three test strips per day for insulin dependant diabetics) Please see below:

Average for beneficiaries in 2008

Total vials of 50 per year	11.4
Number of test strips (11.4x50)	570
Divide by days in year	<u>365</u>
Test strips per day	<u><u>1.56</u></u>

Compare to Medicare guidelines for 100 beneficiaries for one day:

Non-insulin users (71%) * (1 x 71)	71
Insulin users (29%) * (3 x 29)	<u>87</u>
Total test strips used	<u><u>158</u></u>
Average per person per day	1.58

** Source: United States Centers for Disease Control and Prevention:
<http://www.cdc.gov/diabetes/statistics/meduse/fig2.htm>

This refutes the CMS claim of overutilization in the mail order sector. Their own data show that beneficiaries are, on average, receiving exactly the quantity of supplies which Medicare guidelines call for.

I hope the above is helpful. With warm regards, I am

Very truly yours,



Thomas J. Milam
Brentwood, TN

Enclosures

Charlotte-Gastonia-Concord, NC-SC

Product Category: Mail-Order Diabetic Supplies				Bidder Data			Reference Data for Background Informational Purposes Only	Reference Data for Background Informational Purposes Only
				(Enter your bid amount and estimated capacity information in DBidS - Form B)				
HCPSC Code	HCPSC Code Description	Definition of a Bidding Unit	Weight (The relative market importance of the item in the product category based on utilization)	Your Estimated Capacity (Number of units you can furnish in CBA for one [1] year)	Bid Limit (Fee Schedule: Bid amounts must be at or below this amount)	Your Bid Amount (To provide one [1] unit as described in Definition of a Bidding Unit)	2008 Allowed Units (Number of bidding units for the CBA and HCPSC code paid by Medicare in CY 2008)	2008 Beneficiary Count (Number of unique Medicare beneficiaries in the CBA that received the product in CY 2008)
A4253KL	Blood Glucose Test Or Reagent Strips For Home Blood Glucose Monitor, Per 50 Strips : Dmepos Item Delivered Via Mail	purchase of one (1) new item	0.6668660154		\$30.06		227,657	19,470
A4259KL	Lancets, Per Box Of 100 : Dmepos Item Delivered Via Mail	purchase of one (1) new item	0.2199577258		\$10.91		87,001	17,025
A4256KL	Normal, Low And High Calibrator Solution / Chips : Dmepos Item Delivered Via Mail	purchase of one (1) new item	0.0645275447		\$10.35		34,655	14,915
A4236KL	Replacement Battery, Silver Oxide, For Use With Medically Necessary Home Blood Glucose Monitor Ow ned By Patient, Each : Dmepos Item Delivered Via Mail	purchase of one (1) new item	0.0001236458		\$1.52		44	31
A4235KL	Replacement Battery, Lithium, For Use With Medically Necessary Home Blood Glucose Monitor Ow ned By Patient, Each : Dmepos Item Delivered Via Mail	purchase of one (1) new item	0.0128363295		\$2.12		6,049	3,526
A4233KL	Replacement Battery, Alkaline (Other Than J Cell), For Use With Medically Necessary Home Blood Glucose Monitor Ow ned By Patient, Each : Dmepos Item Delivered Via Mail	purchase of one (1) new item	0.0034165171		\$0.72		1,291	589
A4234KL	Replacement Battery, Alkaline, J Cell, For Use With Medically Necessary Home Blood Glucose Monitor Ow ned By Patient, Each : Dmepos Item Delivered Via Mail	purchase of one (1) new item	0.0001542451		\$3.29		64	50
A4258KL	Spring-Pow ered Device For Lancet, Each : Dmepos Item Delivered Via Mail	purchase of one (1) new item	0.0321179767		\$16.34		17,129	12,114

Cincinnati-Middletown, OH-KY-IN

Product Category: Mail-Order Diabetic Supplies				Bidder Data <small>(Enter your bid amount and estimated capacity information in DBidS - Form B)</small>			Reference Data for Background Informational Purposes Only	Reference Data for Background Informational Purposes Only
HCPSC Code	HCPSC Code Description	Definition of a Bidding Unit	Weight <small>(The relative market importance of the item in the product category based on utilization)</small>	Your Estimated Capacity <small>(Number of units you can furnish in CBA for one [1] year)</small>	Bid Limit <small>(Fee Schedule: Bid amounts must be at or below this amount)</small>	Your Bid Amount <small>(To provide one [1] unit as described in Definition of a Bidding Unit)</small>	2008 Allowed Units <small>(Number of bidding units for the CBA and HCPSC code paid by Medicare in CY 2008)</small>	2008 Beneficiary Count <small>(Number of unique Medicare beneficiaries in the CBA that received the product in CY 2008)</small>
A4253KL	Blood Glucose Test Or Reagent Strips For Home Blood Glucose Monitor, Per 50 Strips : Dmepos Item Delivered Via Mail	purchase of one (1) new item	0.6668660154		\$33.42		198,764	16,688
A4259KL	Lancets, Per Box Of 100 : Dmepos Item Delivered Via Mail	purchase of one (1) new item	0.2199577258		\$9.80		79,083	14,925
A4256KL	Normal, Low And High Calibrator Solution / Chips : Dmepos Item Delivered Via Mail	purchase of one (1) new item	0.0645275447		\$10.35		29,442	12,782
A4236KL	Replacement Battery, Silver Oxide, For Use With Medically Necessary Home Blood Glucose Monitor Ow ned By Patient, Each : Dmepos Item Delivered Via Mail	purchase of one (1) new item	0.0001236458		\$1.52		40	34
A4235KL	Replacement Battery, Lithium, For Use With Medically Necessary Home Blood Glucose Monitor Ow ned By Patient, Each : Dmepos Item Delivered Via Mail	purchase of one (1) new item	0.0128363295		\$2.12		8,851	5,109
A4233KL	Replacement Battery, Alkaline (Other Than J Cell), For Use With Medically Necessary Home Blood Glucose Monitor Ow ned By Patient, Each : Dmepos Item Delivered Via Mail	purchase of one (1) new item	0.0034165171		\$0.72		1,552	610
A4234KL	Replacement Battery, Alkaline, J Cell, For Use With Medically Necessary Home Blood Glucose Monitor Ow ned By Patient, Each : Dmepos Item Delivered Via Mail	purchase of one (1) new item	0.0001542451		\$3.29		18	13
A4258KL	Spring-Pow ered Device For Lancet, Each : Dmepos Item Delivered Via Mail	purchase of one (1) new item	0.0321179767		\$16.34		15,226	10,895

Cleveland-Elyria-Mentor, OH

Product Category: Mail-Order Diabetic Supplies				Bidder Data <small>(Enter your bid amount and estimated capacity information in DBidS - Form B)</small>			Reference Data for Background Informational Purposes Only	Reference Data for Background Informational Purposes Only
HCPSC Code	HCPSC Code Description	Definition of a Bidding Unit	Weight <small>(The relative market importance of the item in the product category based on utilization)</small>	Your Estimated Capacity <small>(Number of units you can furnish in CBA for one [1] year)</small>	Bid Limit <small>(Fee Schedule: Bid amounts must be at or below this amount)</small>	Your Bid Amount <small>(To provide one [1] unit as described in Definition of a Bidding Unit)</small>	2008 Allowed Units <small>(Number of bidding units for the CBA and HCPSC code paid by Medicare in CY 2008)</small>	2008 Beneficiary Count <small>(Number of unique Medicare beneficiaries in the CBA that received the product in CY 2008)</small>
A4253KL	Blood Glucose Test Or Reagent Strips For Home Blood Glucose Monitor, Per 50 Strips : Dmepos Item Delivered Via Mail	purchase of one (1) new item	0.6668660154		\$33.42		208,165	19,048
A4259KL	Lancets, Per Box Of 100 : Dmepos Item Delivered Via Mail	purchase of one (1) new item	0.2199577258		\$9.80		81,339	16,828
A4256KL	Normal, Low And High Calibrator Solution / Chips : Dmepos Item Delivered Via Mail	purchase of one (1) new item	0.0645275447		\$10.35		31,480	13,860
A4236KL	Replacement Battery, Silver Oxide, For Use With Medically Necessary Home Blood Glucose Monitor Ow ned By Patient, Each : Dmepos Item Delivered Via Mail	purchase of one (1) new item	0.0001236458		\$1.52		38	28
A4235KL	Replacement Battery, Lithium, For Use With Medically Necessary Home Blood Glucose Monitor Ow ned By Patient, Each : Dmepos Item Delivered Via Mail	purchase of one (1) new item	0.0128363295		\$2.12		8,854	4,925
A4233KL	Replacement Battery, Alkaline (Other Than J Cell), For Use With Medically Necessary Home Blood Glucose Monitor Ow ned By Patient, Each : Dmepos Item Delivered Via Mail	purchase of one (1) new item	0.0034165171		\$0.72		1,241	570
A4234KL	Replacement Battery, Alkaline, J Cell, For Use With Medically Necessary Home Blood Glucose Monitor Ow ned By Patient, Each : Dmepos Item Delivered Via Mail	purchase of one (1) new item	0.0001542451		\$3.29		34	31
A4258KL	Spring-Pow ered Device For Lancet, Each : Dmepos Item Delivered Via Mail	purchase of one (1) new item	0.0321179767		\$16.34		16,353	11,660

Dallas-Fort Worth-Arlington, TX

Product Category: Mail-Order Diabetic Supplies				Bidder Data (Enter your bid amount and estimated capacity information in DBidS - Form B)			Reference Data for Background Informational Purposes Only	Reference Data for Background Informational Purposes Only
HCPSC Code	HCPSC Code Description	Definition of a Bidding Unit	Weight (The relative market importance of the item in the product category based on utilization)	Your Estimated Capacity (Number of units you can furnish in CBA for one [1] year)	Bid Limit (Fee Schedule: Bid amounts must be at or below this amount)	Your Bid Amount (To provide one [1] unit as described in Definition of a Bidding Unit)	2008 Allowed Units (Number of bidding units for the CBA and HCPSC code paid by Medicare in CY 2008)	2008 Beneficiary Count (Number of unique Medicare beneficiaries in the CBA that received the product in CY 2008)
A4253KL	Blood Glucose Test Or Reagent Strips For Home Blood Glucose Monitor, Per 50 Strips : Dmepos Item Delivered Via Mail	purchase of one (1) new item	0.6668660154		\$31.27		452,661	39,514
A4259KL	Lancets, Per Box Of 100 : Dmepos Item Delivered Via Mail	purchase of one (1) new item	0.2199577258		\$10.91		171,958	34,332
A4256KL	Normal, Low And High Calibrator Solution / Chips : Dmepos Item Delivered Via Mail	purchase of one (1) new item	0.0645275447		\$10.35		61,164	27,703
A4236KL	Replacement Battery, Silver Oxide, For Use With Medically Necessary Home Blood Glucose Monitor Ow ned By Patient, Each : Dmepos Item Delivered Via Mail	purchase of one (1) new item	0.0001236458		\$1.52		48	32
A4235KL	Replacement Battery, Lithium, For Use With Medically Necessary Home Blood Glucose Monitor Ow ned By Patient, Each : Dmepos Item Delivered Via Mail	purchase of one (1) new item	0.0128363295		\$2.12		11,474	6,726
A4233KL	Replacement Battery, Alkaline (Other Than J Cell), For Use With Medically Necessary Home Blood Glucose Monitor Ow ned By Patient, Each : Dmepos Item Delivered Via Mail	purchase of one (1) new item	0.0034165171		\$0.72		2,314	1,062
A4234KL	Replacement Battery, Alkaline, J Cell, For Use With Medically Necessary Home Blood Glucose Monitor Ow ned By Patient, Each : Dmepos Item Delivered Via Mail	purchase of one (1) new item	0.0001542451		\$3.29		32	31
A4258KL	Spring-Pow ered Device For Lancet, Each : Dmepos Item Delivered Via Mail	purchase of one (1) new item	0.0321179767		\$16.34		30,916	22,464

Kansas City, MO-KS

Product Category: Mail-Order Diabetic Supplies				Bidder Data <small>(Enter your bid amount and estimated capacity information in DBidS - Form B)</small>			Reference Data for Background Informational Purposes Only	Reference Data for Background Informational Purposes Only
HCPSC Code	HCPSC Code Description	Definition of a Bidding Unit	Weight <small>(The relative market importance of the item in the product category based on utilization)</small>	Your Estimated Capacity <small>(Number of units you can furnish in CBA for one [1] year)</small>	Bid Limit <small>(Fee Schedule: Bid amounts must be at or below this amount)</small>	Your Bid Amount <small>(To provide one [1] unit as described in Definition of a Bidding Unit)</small>	2008 Allowed Units <small>(Number of bidding units for the CBA and HCPSC code paid by Medicare in CY 2008)</small>	2008 Beneficiary Count <small>(Number of unique Medicare beneficiaries in the CBA that received the product in CY 2008)</small>
A4253KL	Blood Glucose Test Or Reagent Strips For Home Blood Glucose Monitor, Per 50 Strips : Dmepos Item Delivered Via Mail	purchase of one (1) new item	0.6668660154		\$29.63		193,690	16,097
A4259KL	Lancets, Per Box Of 100 : Dmepos Item Delivered Via Mail	purchase of one (1) new item	0.2199577258		\$10.91		70,678	13,850
A4256KL	Normal, Low And High Calibrator Solution / Chips : Dmepos Item Delivered Via Mail	purchase of one (1) new item	0.0645275447		\$9.65		24,878	11,396
A4236KL	Replacement Battery, Silver Oxide, For Use With Medically Necessary Home Blood Glucose Monitor Ow ned By Patient, Each : Dmepos Item Delivered Via Mail	purchase of one (1) new item	0.0001236458		\$1.52		63	52
A4235KL	Replacement Battery, Lithium, For Use With Medically Necessary Home Blood Glucose Monitor Ow ned By Patient, Each : Dmepos Item Delivered Via Mail	purchase of one (1) new item	0.0128363295		\$2.12		5,470	3,185
A4233KL	Replacement Battery, Alkaline (Other Than J Cell), For Use With Medically Necessary Home Blood Glucose Monitor Ow ned By Patient, Each : Dmepos Item Delivered Via Mail	purchase of one (1) new item	0.0034165171		\$0.72		1,452	659
A4234KL	Replacement Battery, Alkaline, J Cell, For Use With Medically Necessary Home Blood Glucose Monitor Ow ned By Patient, Each : Dmepos Item Delivered Via Mail	purchase of one (1) new item	0.0001542451		\$3.29		16	16
A4258KL	Spring-Pow ered Device For Lancet, Each : Dmepos Item Delivered Via Mail	purchase of one (1) new item	0.0321179767		\$16.06		13,181	9,600

Miami-Fort Lauderdale-Pompano Beach, FL

Product Category: Mail-Order Diabetic Supplies				Bidder Data (Enter your bid amount and estimated capacity information in DBidS - Form B)			Reference Data for Background Informational Purposes Only	Reference Data for Background Informational Purposes Only
HCPSC Code	HCPSC Code Description	Definition of a Bidding Unit	Weight (The relative market importance of the item in the product category based on utilization)	Your Estimated Capacity (Number of units you can furnish in CBA for one [1] year)	Bid Limit (Fee Schedule: Bid amounts must be at or below this amount)	Your Bid Amount (To provide one [1] unit as described in Definition of a Bidding Unit)	2008 Allowed Units (Number of bidding units for the CBA and HCPSC code paid by Medicare in CY 2008)	2008 Beneficiary Count (Number of unique Medicare beneficiaries in the CBA that received the product in CY 2008)
A4253KL	Blood Glucose Test Or Reagent Strips For Home Blood Glucose Monitor, Per 50 Strips : Dmepos Item Delivered Via Mail	purchase of one (1) new item	0.6668660154		\$33.43		363,695	32,640
A4259KL	Lancets, Per Box Of 100 : Dmepos Item Delivered Via Mail	purchase of one (1) new item	0.2199577258		\$10.91		140,055	28,481
A4256KL	Normal, Low And High Calibrator Solution / Chips : Dmepos Item Delivered Via Mail	purchase of one (1) new item	0.0645275447		\$9.55		43,267	21,370
A4236KL	Replacement Battery, Silver Oxide, For Use With Medically Necessary Home Blood Glucose Monitor Ow ned By Patient, Each : Dmepos Item Delivered Via Mail	purchase of one (1) new item	0.0001236458		\$1.52		46	28
A4235KL	Replacement Battery, Lithium, For Use With Medically Necessary Home Blood Glucose Monitor Ow ned By Patient, Each : Dmepos Item Delivered Via Mail	purchase of one (1) new item	0.0128363295		\$2.12		10,834	6,376
A4233KL	Replacement Battery, Alkaline (Other Than J Cell), For Use With Medically Necessary Home Blood Glucose Monitor Ow ned By Patient, Each : Dmepos Item Delivered Via Mail	purchase of one (1) new item	0.0034165171		\$0.72		2,559	1,059
A4234KL	Replacement Battery, Alkaline, J Cell, For Use With Medically Necessary Home Blood Glucose Monitor Ow ned By Patient, Each : Dmepos Item Delivered Via Mail	purchase of one (1) new item	0.0001542451		\$3.29		29	24
A4258KL	Spring-Pow ered Device For Lancet, Each : Dmepos Item Delivered Via Mail	purchase of one (1) new item	0.0321179767		\$16.34		22,862	17,337

Orlando-Kissimmee, FL

Product Category: Mail-Order Diabetic Supplies				Bidder Data <small>(Enter your bid amount and estimated capacity information in DBidS - Form B)</small>			Reference Data for Background Informational Purposes Only	Reference Data for Background Informational Purposes Only
HCPSC Code	HCPSC Code Description	Definition of a Bidding Unit	Weight <small>(The relative market importance of the item in the product category based on utilization)</small>	Your Estimated Capacity <small>(Number of units you can furnish in CBA for one [1] year)</small>	Bid Limit <small>(Fee Schedule: Bid amounts must be at or below this amount)</small>	Your Bid Amount <small>(To provide one [1] unit as described in Definition of a Bidding Unit)</small>	2008 Allowed Units <small>(Number of bidding units for the CBA and HCPSC code paid by Medicare in CY 2008)</small>	2008 Beneficiary Count <small>(Number of unique Medicare beneficiaries in the CBA that received the product in CY 2008)</small>
A4253KL	Blood Glucose Test Or Reagent Strips For Home Blood Glucose Monitor, Per 50 Strips : Dmepos Item Delivered Via Mail	purchase of one (1) new item	0.6668660154		\$33.43		162,642	15,464
A4259KL	Lancets, Per Box Of 100 : Dmepos Item Delivered Via Mail	purchase of one (1) new item	0.2199577258		\$10.91		61,990	13,514
A4256KL	Normal, Low And High Calibrator Solution / Chips : Dmepos Item Delivered Via Mail	purchase of one (1) new item	0.0645275447		\$9.55		25,067	11,630
A4236KL	Replacement Battery, Silver Oxide, For Use With Medically Necessary Home Blood Glucose Monitor Ow ned By Patient, Each : Dmepos Item Delivered Via Mail	purchase of one (1) new item	0.0001236458		\$1.52		42	27
A4235KL	Replacement Battery, Lithium, For Use With Medically Necessary Home Blood Glucose Monitor Ow ned By Patient, Each : Dmepos Item Delivered Via Mail	purchase of one (1) new item	0.0128363295		\$2.12		5,387	3,335
A4233KL	Replacement Battery, Alkaline (Other Than J Cell), For Use With Medically Necessary Home Blood Glucose Monitor Ow ned By Patient, Each : Dmepos Item Delivered Via Mail	purchase of one (1) new item	0.0034165171		\$0.72		1,258	543
A4234KL	Replacement Battery, Alkaline, J Cell, For Use With Medically Necessary Home Blood Glucose Monitor Ow ned By Patient, Each : Dmepos Item Delivered Via Mail	purchase of one (1) new item	0.0001542451		\$3.29		21	19
A4258KL	Spring-Pow ered Device For Lancet, Each : Dmepos Item Delivered Via Mail	purchase of one (1) new item	0.0321179767		\$16.34		12,562	9,418

Pittsburgh, PA

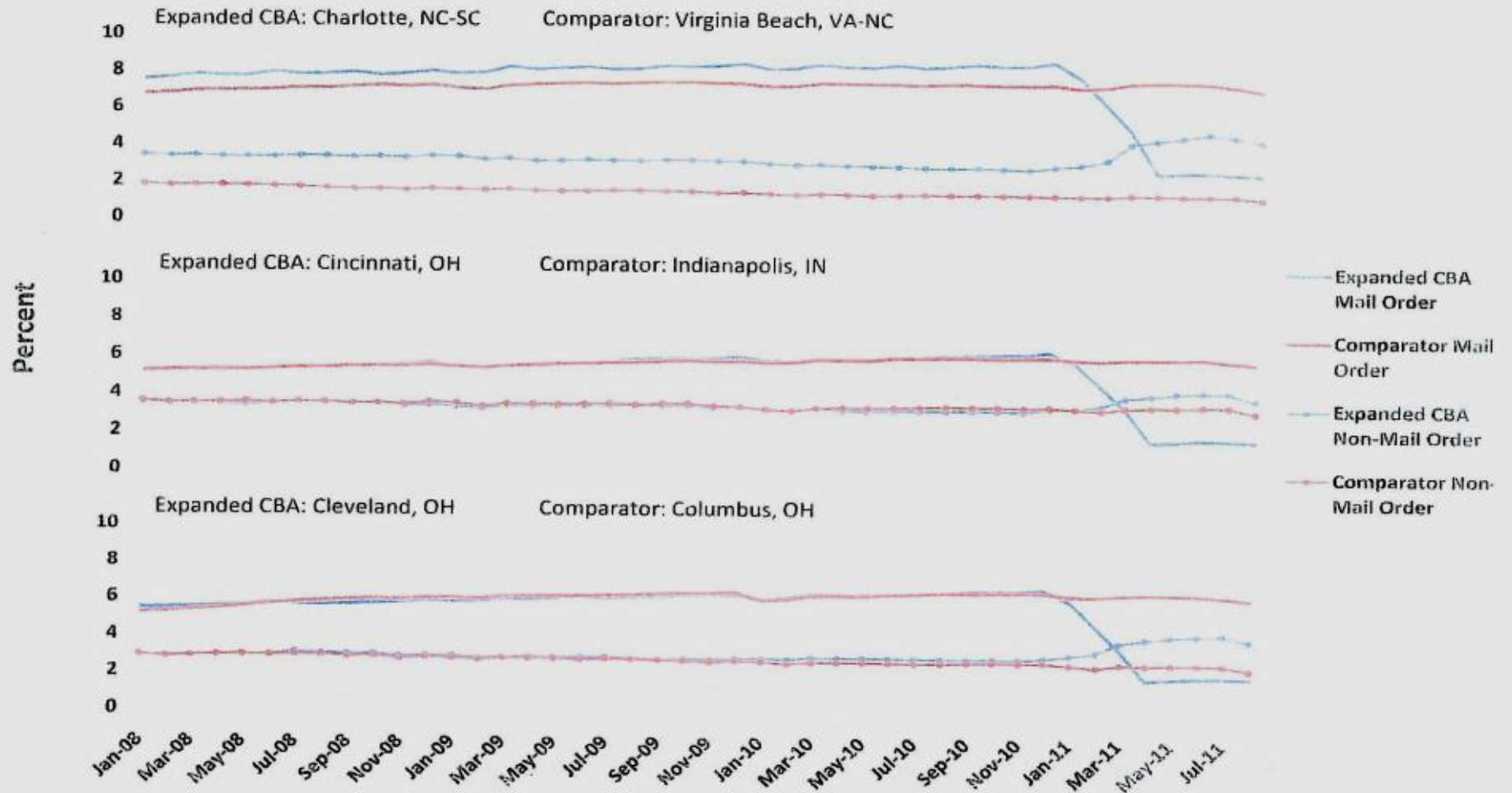
Product Category: Mail-Order Diabetic Supplies				Bidder Data (Enter your bid amount and estimated capacity information in DBidS - Form B)			Reference Data for Background Informational Purposes Only	Reference Data for Background Informational Purposes Only
HCPSC Code	HCPSC Code Description	Definition of a Bidding Unit	Weight (The relative market importance of the item in the product category based on utilization)	Your Estimated Capacity (Number of units you can furnish in CBA for one [1] year)	Bid Limit (Fee Schedule: Bid amounts must be at or below this amount)	Your Bid Amount (To provide one [1] unit as described in Definition of a Bidding Unit)	2008 Allowed Units (Number of bidding units for the CBA and HCPSC code paid by Medicare in CY 2008)	2008 Beneficiary Count (Number of unique Medicare beneficiaries in the CBA that received the product in CY 2008)
A4253KL	Blood Glucose Test Or Reagent Strips For Home Blood Glucose Monitor, Per 50 Strips : Dmepos Item Delivered Via Mail	purchase of one (1) new item	0.6668660154		\$33.43		106,045	9,276
A4259KL	Lancets, Per Box Of 100 : Dmepos Item Delivered Via Mail	purchase of one (1) new item	0.2199577258		\$9.80		40,115	8,109
A4256KL	Normal, Low And High Calibrator Solution / Chips : Dmepos Item Delivered Via Mail	purchase of one (1) new item	0.0645275447		\$8.80		14,012	6,555
A4236KL	Replacement Battery, Silver Oxide, For Use With Medically Necessary Home Blood Glucose Monitor Ow ned By Patient, Each : Dmepos Item Delivered Via Mail	purchase of one (1) new item	0.0001236458		\$1.52		24	17
A4235KL	Replacement Battery, Lithium, For Use With Medically Necessary Home Blood Glucose Monitor Ow ned By Patient, Each : Dmepos Item Delivered Via Mail	purchase of one (1) new item	0.0128363295		\$2.12		2,681	1,553
A4233KL	Replacement Battery, Alkaline (Other Than J Cell), For Use With Medically Necessary Home Blood Glucose Monitor Ow ned By Patient, Each : Dmepos Item Delivered Via Mail	purchase of one (1) new item	0.0034165171		\$0.72		513	241
A4234KL	Replacement Battery, Alkaline, J Cell, For Use With Medically Necessary Home Blood Glucose Monitor Ow ned By Patient, Each : Dmepos Item Delivered Via Mail	purchase of one (1) new item	0.0001542451		\$3.29		9	9
A4258KL	Spring-Pow ered Device For Lancet, Each : Dmepos Item Delivered Via Mail	purchase of one (1) new item	0.0321179767		\$16.34		7,066	5,311

Riverside-San Bernardino-Ontario, CA

Product Category: Mail-Order Diabetic Supplies				Bidder Data <small>(Enter your bid amount and estimated capacity information in DBidS - Form B)</small>			Reference Data for Background Informational Purposes Only	Reference Data for Background Informational Purposes Only
HCPSC Code	HCPSC Code Description	Definition of a Bidding Unit	Weight <small>(The relative market importance of the item in the product category based on utilization)</small>	Your Estimated Capacity <small>(Number of units you can furnish in CBA for one [1] year)</small>	Bid Limit <small>(Fee Schedule: Bid amounts must be at or below this amount)</small>	Your Bid Amount <small>(To provide one [1] unit as described in Definition of a Bidding Unit)</small>	2008 Allowed Units <small>(Number of bidding units for the CBA and HCPSC code paid by Medicare in CY 2008)</small>	2008 Beneficiary Count <small>(Number of unique Medicare beneficiaries in the CBA that received the product in CY 2008)</small>
A4253KL	Blood Glucose Test Or Reagent Strips For Home Blood Glucose Monitor, Per 50 Strips : Dmepos Item Delivered Via Mail	purchase of one (1) new item	0.6668660154		\$33.43		152,148	12,924
A4259KL	Lancets, Per Box Of 100 : Dmepos Item Delivered Via Mail	purchase of one (1) new item	0.2199577258		\$10.91		59,917	11,423
A4256KL	Normal, Low And High Calibrator Solution / Chips : Dmepos Item Delivered Via Mail	purchase of one (1) new item	0.0645275447		\$8.80		22,124	9,767
A4236KL	Replacement Battery, Silver Oxide, For Use With Medically Necessary Home Blood Glucose Monitor Ow ned By Patient, Each : Dmepos Item Delivered Via Mail	purchase of one (1) new item	0.0001236458		\$1.52		72	55
A4235KL	Replacement Battery, Lithium, For Use With Medically Necessary Home Blood Glucose Monitor Ow ned By Patient, Each : Dmepos Item Delivered Via Mail	purchase of one (1) new item	0.0128363295		\$2.12		4,060	2,482
A4233KL	Replacement Battery, Alkaline (Other Than J Cell), For Use With Medically Necessary Home Blood Glucose Monitor Ow ned By Patient, Each : Dmepos Item Delivered Via Mail	purchase of one (1) new item	0.0034165171		\$0.72		928	419
A4234KL	Replacement Battery, Alkaline, J Cell, For Use With Medically Necessary Home Blood Glucose Monitor Ow ned By Patient, Each : Dmepos Item Delivered Via Mail	purchase of one (1) new item	0.0001542451		\$3.29		11	9
A4258KL	Spring-Pow ered Device For Lancet, Each : Dmepos Item Delivered Via Mail	purchase of one (1) new item	0.0321179767		\$16.06		10,668	7,863

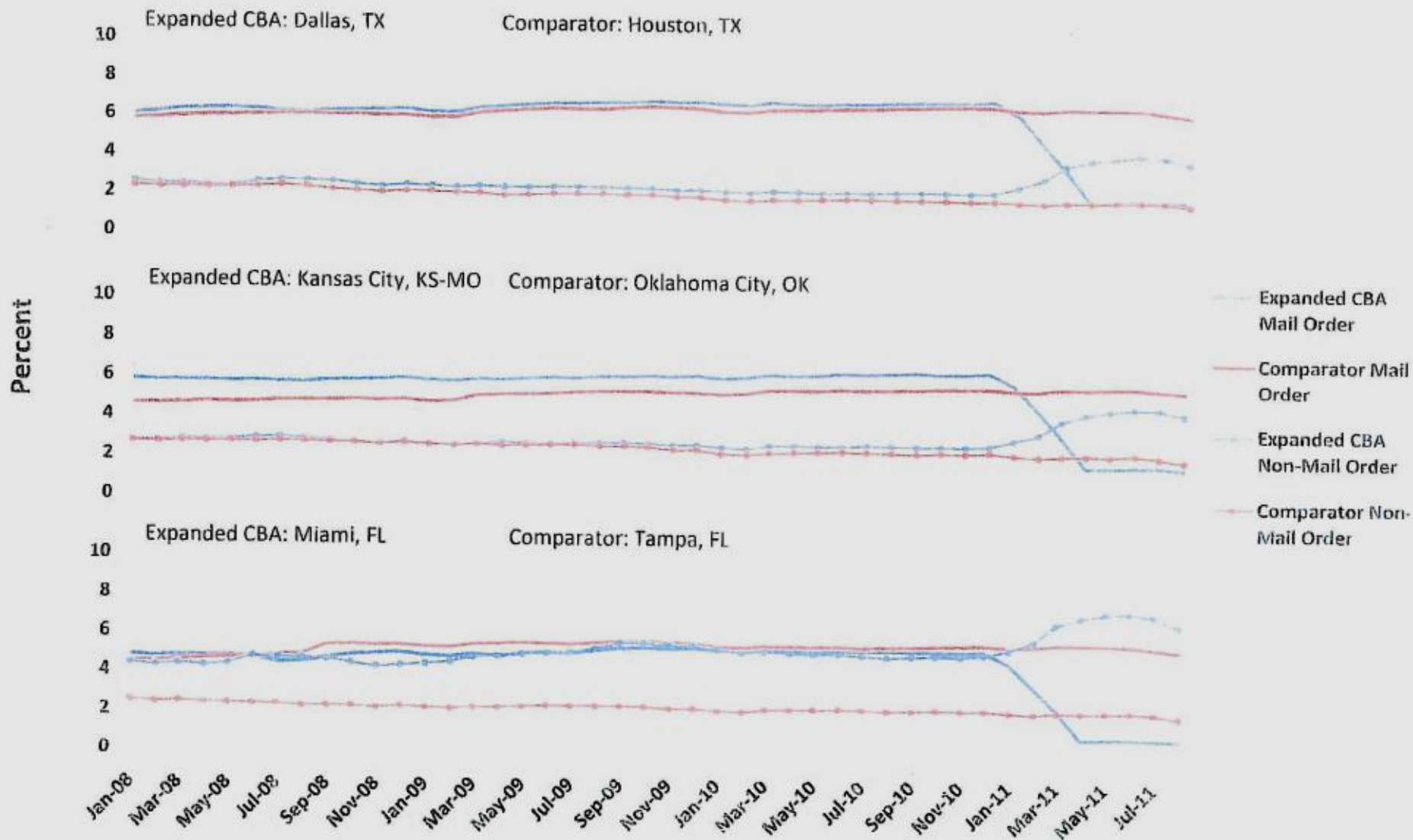
Percent of Benes Purchasing or Renting Diabetic Supplies, by Month (Page 1)

Population: Medicare A/B Benes in Expanded CBA/Comparator
 Data: A/B FFS DME Claims Processed by 9/2/2011



Percent of Benes Purchasing or Renting Diabetic Supplies, by Month (Page 2)

Population: Medicare A/B Benes in Expanded CBA/Comparator
 Data: A/B FFS DME Claims Processed by 9/2/2011



Percent of Benes Purchasing or Renting Diabetic Supplies, by Month (Page 3)

Population: Medicare A/B Benes in Expanded CBA/Comparator
 Data: A/B FFS DME Claims Processed by 9/2/2011

