

## DMEPOS ACCREDITATION NEW INFORMATION FOR PHARMACIES

Section 3109 (a) of the Patient Protection and Affordable Care Act (PPACA) amends subparagraph (F)(i) of section 154(b)(1)(A) of the Medicare Improvements for Patients and Providers Act of 2008 by extending the deadline for pharmacies to submit to the Secretary evidence of accreditation until January 1, 2011. Also, in general with respect to durable medical equipment, prosthetics, orthotics and supplies (DMEPOS) furnished on or after January 1, 2011, in implementing quality standards, such standards and accreditation requirements shall not apply to such pharmacies if the pharmacy meets certain criteria.

All pharmacies that want to be considered to be exempt by January 1, 2011 must meet all of the following criteria:

1. The total billings by the pharmacy for DMEPOS are less than 5 percent of total pharmacy sales for the previous 3 calendar years ; and
2. The pharmacy has been enrolled as a supplier of durable medical equipment, prosthetics, orthotics and supplies and has been issued a provider number for at least 5 years; and
3. No final adverse action has been imposed on the pharmacy in the past 5 years and
4. The pharmacy submits an attestation, in the manner and at the timeframe to be determined, that the pharmacy meet the criteria listed in 1-3 and
5. The pharmacy agrees to submit materials as requested during the course of an audit conducted on a random sample of pharmacies selected annually.

Total DMEPOS billings are considered as less than 5 percent of the total *pharmacy* revenue. For example, if a pharmacy is part of a larger location, such as a grocery store that also has a pharmacy or a pharmacy that sells other items; the total DMEPOS sales would be less than 5 percent of the total pharmacy sales, not that of the total grocery/store receipts.

Chain pharmacies defined by the National Supplier Clearinghouse as having more than 25 locations, may not be able to meet the 5 percent exemption criteria. Currently a chain is accredited as one entity and, thus all the locations receive one accreditation decision. In order to determine whether the chain qualifies for an accreditation exemption, the chain's total pharmacy and DMEPOS sales, including sales from all its locations, will be considered. If the total DMEPOS sales are less than 5 percent of the total pharmacy sales, then the pharmacy would meet that particular exemption criterion.

Newly opened locations are required to be accredited because they do not meet the exemption requirement of having been enrolled in the Medicare program as a DMEPOS supplier for at least 5 years. Therefore, newly opened locations within chains or single locations would have to be accredited.

If a location is part of a franchise, then that location is not considered a chain and thus each location would have to receive a separate accreditation decision, if required. Accordingly, each location in this case is reviewed separately to determine whether it meets all of the exemption criteria.