

## Alabama Medicaid Surety Bond

### **Rule No. 560-X-13-.02. Participating Agencies and Suppliers.**

(9) All Alabama Medicaid DME and medical supply providers must submit copies of their Medicare Accreditation and their Medicare Surety Bonds to the Alabama Medicaid Agency's, Long Term Care (LTC) Policy Advisory Unit.

(a) The Alabama Medicaid DME and medical supply providers are required to have a \$50,000 Surety Bond for each NPI by October 1, 2010.

(b) DME providers requesting to enroll as an Alabama Medicaid provider will be required to have a \$50,000 Surety Bond for three years before qualifying for the \$100,000 two-year volume exemption as referenced in rule (12)(f) below.

(10) Failure of Medicaid DME and medical supply providers to comply with these requirements will result in their termination from the Alabama Medicaid Program.

(11) Alabama Medicaid DME and medical supply providers must renew their required surety bonds annually, before the day and month that the first bond was effective to avoid a lapse in coverage, a denial of Medicaid reimbursements and termination as a provider of Medicaid DME and medical supply services.

(a) Proof of the renewal must be submitted to the Alabama Medicaid Agency at least 30 days prior to the individual bond's termination date. The assigned Medicaid DME provider location number and current physical location address must be included on the surety bond renewal document for the individual DME and medical supply business location being bonded.

(b) If there is a lapse in surety bond coverage dates, the provider will be denied payment for services that may have been otherwise covered by Medicaid, and the individual DME location without a current surety bond on file will be terminated as a provider of Medicaid DME and medical supply services.

(12) A DME and medical supply business is exempt from surety bond requirements if the DME and medical supply business:

(a) Is a DME supplier who has been a Medicaid provider for five years or longer with no record of impropriety, and whose refund requests have been repaid as requested; or

(b) Is a government-operated Durable Medical Equipment, Prosthetics, Orthotics and Supplies (DMEPOS); or

(c) Is a state-licensed orthotic and prosthetic personnel in private practice making custom-made orthotics and prosthetics; or

(d) Are physicians and non-physician practitioners, as defined in section 1842(b)(18) of the Social Security Act; or

(e) Are physical and occupational therapists in private practice; or

(f) Are providers who received \$100,000 or less Medicaid payment in the past two calendar years; or

(g) Are pharmacy providers; or

(h) Are phototherapy providers who only provide phototherapy services

for infants; or

- (i) Are Federally Qualified Health Centers.

(13) DME suppliers who have been a Medicaid provider for five years or longer who are initially exempted from the Medicaid Surety Bond requirement as referenced in Rule (12)(a) of this section, will be subject to the Surety Bond requirement if the Medicaid Agency identifies a consistent problem with improper billing or fraudulent activity.

**Author:** Hattie N. Acheampong, Associate Director, LTC Policy Advisory Unit.

**Statutory Authority:** State Plan Attachment 3.1-A; 42 CFR Section 434.6; and Title XIX, Social Security Act.

**History:** Rule effective October 1, 1982. Amended: Filed December 17, 2001; effective March 15, 2002. **Amended:** Filed November 19, 2002. Effective February 14, 4

2003. **Amended:** Filed September 20, 2006; effective December 13, 2006. **Amended:** Filed February 20, 2008; effective May 16, 2008. **Amended:** Filed October 20, 2008; effective January 16, 2009. **Amended:** Filed October 20, 2009; effective January 15, 2010. **Amended:** Filed April 20, 2010; effective July 16, 2010.

Alabama Administrative Code Chapter 13- details can be found on the Alabama website:

<http://www.medicaid.alabama.gov/documents/Billing/5->

[A\\_Administrative.Code/ADMIN%20Code/5A-AdmCode.Ch13-Supplies\\_7-16-10.pdf](http://www.medicaid.alabama.gov/documents/Billing/5-A_Administrative.Code/ADMIN%20Code/5A-AdmCode.Ch13-Supplies_7-16-10.pdf)