

FREQUENTLY ASKED QUESTIONS

ABOUT THE

MEDICARE SURETY BOND

ANSWERED BY VGM INSURANCE

1. What is the Medicare surety bond and why is this required?

The Medicare Surety Bond is a financial guarantee bond. This is not insurance and is more like a line of credit for you or your company. This surety bond has three people involved: the principal (party obtaining the bond) – we will use “ABC Medical” in this scenario; the obligee (Medicare); and the surety or bond company (the company issuing the bond.)

Normally, Medicare reimburses ABC Medical for providing supplies and services to patients. Then ABC pays a very small portion to the bond company to bond or guarantee Medicare that ABC Med is stable and able to repay Medicare if an overpayment happens.

Now let’s pretend that a fraudulent overpayment happens. First, Medicare will try to collect this overpayment and penalties from ABC Medical. If they cannot or will not return these payments to Medicare, then Medicare will request payment from the bond company. They can request up to the bond amount, normally \$50,000.

Now the surety or bond company will try to collect this amount from ABC Medical and the principals that signed the indemnity agreement.

Medicare is requiring this bond to help deter and eliminate fraud. Each NPI Number that bills Medicare for DMEPOS will need this bond unless there is an exemption.

- The Medicare Bond is very specialized. There are significant benefits to choosing a company that knows Medicare and understands how Medicare operates.
- VGM Insurance is providing everything you need to submit these bonds. When you purchase with us you will get detailed instructions on how to submit this. Your company and your livelihood are too important to risk with a company that doesn’t know and understand Medicare.

2. Who needs this bond and how do you know if it's needed?

Anyone who bills Medicare for DMEPOS (DMEPOS stands for Durable Medical Equipment, Prosthetics, Orthotics, and Supplies) needs this bond. If you have an NPI number or plan to obtain one, then you will need this bond to bill Medicare. Each NPI Number that bills Medicare for DMEPOS will need this bond unless there is an exemption.

There are few exemptions and Medicare has identified these. We list these on our Web site at www.vgminsurance.com.

Medicare is not notifying anyone of this bond requirement unless your company is considered a higher risk. You must educate yourself on this requirement and determine if you qualify for an exemption. VGM Insurance is here to help you with that determination.

3. What amount do I need and by when?

All DMEPOS suppliers that do not fall into one of the exceptions listed on our Web site and in the final regulations must post a \$50,000 bond.

New supplier locations or changes in ownership need to post the bond by May 4, 2009, or when they apply with Medicare for billing privileges.


Existing suppliers will need to post a bond with Medicare by Oct. 2, 2009.

If your company is considered a higher risk by Medicare, then you will need to obtain additional bond amounts.

4. How much will the bond cost?

At VGM Insurance our rates are as low as \$200 for companies that meet all our discount requirements.

Because each bond is underwritten individually, we really need each provider to submit an application. We use several factors for underwriting including prior history with VGM, credit scores, and information contained on the application. Our pricing is established



by using several discounts determined by a relationship with VGM or other organization, an Early Bird application, and/or multiple NPI numbers. We will underwrite this and provide the best bond program for the best price.


Please be aware—Some companies are advertising very low rates. In many instances a very low under-market rate will be tied to very stiff underwriting requirements like a perfect credit rating (upper 5 percent - this means no large debts, not too many open credit accounts, but not too few, and a long clean credit history), and/or on the condition that you provide a long history of personal and business financials. With our flexible underwriting requirements VGM will be your best chance for a below market priced bond.

At VGM we value your business, your time and this industry. We won't participate in any "bait and switch" tactics. When you submit our quick (5-10 minutes) online application we won't require any personal or business financials unless there are extenuating circumstances. We also won't require a spousal signature on the indemnity agreement. Once you submit your application, we will personally underwrite it and give you a quote that is competitive for your situation.

We also have discounts available for everyone. For example, if you choose to purchase early then you will save 10 percent. We also have discounts available for many associations and organizations and for companies that need to purchase bonds for multiple NPI numbers.

At VGM we have more than 20 years in this industry and we won't promise something we cannot deliver. We offer a simple, quick, efficient, non-invasive process that will provide a bond at an extremely competitive price.

5. How do I find out more information and start the process?



On our Web site, www.vgminsurance.com, you will find the needed information. We have also established a bond hotline where you can call with questions. Our trained staff is waiting to help answer your questions. The hotline number is **1-866-497-0472**.

Once you have your questions answered and are ready to apply, you can access our simple online application process via our Web site, apply and revisit your application and check on the status.

Our application process is simple and non-invasive. VGM Insurance is offering a simple process and quality bonds significantly lower than the current market rate. Why look elsewhere?

Your Medicare billing privileges are vital to your business. VGM Insurance understands this and offers a streamlined process to meet the Medicare Surety Bond requirement. Apply online today and experience the VGM difference. Our simple, affordable process lets you focus on your business.

If you have already applied with VGM Insurance, then you don't need to worry about anything else. **Because of our easy process and excellent pricing, we have been inundated with applications from people that need their bonds by May 4. We were prepared for this situation and have hired several additional people.** We are processing the May 4 applications and will supply bonds for everyone by that deadline. Then we will continue to quote and process bonds for the Oct. 2 deadline. If you have already applied, we will be back in touch with you very soon.

For more information and to start the process, please visit our Web site **www.vgminsurance.com** or call our **Bond Hotline at 1-866-497-0472.**

