

CAPITOL STREET

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CMS Finalizes DME Comp Bidding w/ CGMs & Pumps

Winners & Losers: Contract Awards and Prices Mid-2027 With Start Date On or Before Jan 1, 2028

Relevant Companies



dexcom

insulet

Medtronic



beta bionics

Senseonics



»» Our Take & Next Up

CMS is finalizing the restart of durable medical equipment (DME) competitive bidding program (CBP), as a part of the home health final 2026 rule. This was in line with our expectations, as we had previewed ([here](#)), per the Home Health [rule](#) released Nov 28 (fact sheet [here](#)). See our companion note on home health pay [here](#).

Continuous Glucose Monitors (CGMs) and insulin pumps will be added as product categories, despite stakeholder pushback. Contract awards and single payment amounts will be announced in mid-2027, and implementation is slated to begin no later than Jan 1, 2028. Recall, the HHS Office of the Inspector General (OIG) released a [report](#) last week recommending Medicare make downward payment adjustments to CGMs (our take [here](#)), where we reiterated our thinking that at least CGMs would be included in DME CBP.

»» Key Points

DME CBP will include CGMs/pumps, along with urological, ostomy, and tracheostomy supplies, no later than Jan 1, 2028. Class II CGMs/pumps will be added to CBP, while Class III CGMs/pumps will be limited to CBP pricing if priced >15% more than Class II CGMs/pumps. This would only apply to Medicare payments, and likely not impact OTC devices (DXCM, ABT).

- **Single-payment amounts (SPAs) will be based on the 75th percentile of winning bids** instead of the top bid, which will likely lead to lower pricing ([here](#)). SPAs get updated in years two and three using recent CPI-U changes, but those updates can't push the SPA above the regular fee schedule amount or more than 110% of the adjusted one.
- **Payment rules for CGMs/pumps.** CGMs/pumps will be moved into the "frequent and ongoing servicing" payment category, with a 90-day rental period for CGMs. Separate payment for supplies and accessories will no longer be made and contract suppliers would retain ownership of the rental equipment.
- **CGM bid limits spelled out.** The monthly bid limit for Class II CGMs and supplies can't be higher than the monthly supply fee plus the average purchase fee spread over 60 months (\$272.69 in 2025).
- **Remote-item delivery (RID).** CMS is rolling out a nationwide RID CBP for DME items usually handled by national mail order. It covers every state and territory, and contract suppliers have to serve all

beneficiaries, no matter where they live. The number of contracts offered for each product category will be based on 125% of the number of suppliers furnishing at least 3% of total national allowed services for the lead item in 2025.

Winners and Losers. With a potential start date of Jan 1, 2028 (or sooner, with many details to come), it's likely premature to game out winners and losers from adding CGM & insulin pumps to DME CBP. Recall that anything with a prolonged on-ramp will provide companies ample time to lobby Congress and CMS for changes. Also we note that the policies in this rule apply to DME distributors, not to manufacturers themselves, so company-specific impact will take time.

- **CGMs: ABT, the lower priced option, could take market share from DXCM.** CGMs manufactured by ABT (Libre) are generally priced 10%-20% lower than those manufactured by DXCM, which could lead to a volume advantage in the new CBP landscape. DexCom could also see price erosion in this new world order (Medicare channel).
- **Pumps: MDT and TNDM more evenly priced; hard to game out market dynamics as new entrants adapt more easily.** Insulin pumps manufactured by MDT and TNDM appear to be more evenly priced and may be less adversely impacted by CBP. However it will take time to adjust to a rental model (from upfront purchase) which is essentially a monthly payment versus lump sum for 4-year warranty. We believe newer entrants may adapt more easily. Smaller companies may be penalized by longer payment timelines and less certainty overall, given beneficiaries' ability to switch.
- **Insulet's** Omnipod pumps are Part D, therefore outside of the scope of this final rule.

Adding CGMs to competitive bidding aligns with the Administration's broader goals of increasing access to CGMs but also addressing waste, fraud, and abuse. As a reminder HHS Secretary RFK Jr said in June that he wants all Americans to have a CGM/wearable in 4 years (our take [here](#)). DME CBP also decreases waste, fraud, and abuse, which is a major goal of the Trump Administration ([here](#)) as well as congressional Republicans ([here](#)). In the proposed rule ([here](#)), CMS argues that lower payments, fewer suppliers, and tighter oversight in the DME CBP make it harder for bad actors to commit fraudulent activity. The OIG findings only bolster the need for this policy.

TIMELINE

- **December 2025.** CMS begins pre-bidding supplier awareness program.
- **Late Spring/Early Summer 2026.** CMS announces specific dates for registration and bidding; lead items for the DMEPOS CBP product categories and number of contracts to award for each product category; CMS begins bidder education program
- **Late Summer/Early Fall 2026.** Bidder registration period to obtain user IDs and passwords begins; bid window opens.
- **Late Summer/Early Fall 2027.** Contracts awarded and single payment amounts announced; beneficiary education begins.
- **No Later Than January 1, 2028.** Start of next round - contracts and SPAs in effect; six-month transition period begins for beneficiaries to switch to contract suppliers.

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