

## Medicare (DMEPOS) Bonds

Sales Tax Bonds ensure that a merchant will pay sales tax to the proper governmental authority after the purchase of goods or services. These unique bonds do not require collateral.

It is every retailer's responsibility to collect, report and submit the proper amount of sales tax to the governing agency in a timely manner. Businesses that fail to pay or that incorrectly report figures can find themselves in serious trouble, including facing a bond claim and paying hefty penalties and interest on unpaid sales tax amounts.

Many states require Sales Tax Bonds, including Arizona, California, Missouri and Texas. Each state has its own bond form, which is typically provided to the merchant. The amount of the Sales Tax Bond is generally determined by a calculation involving a company's gross receipts or projected sales tax in a given period of time.

For example, applicants in Missouri must post a bond in the amount of three times their monthly sales/use tax liability. This amount is estimated in the case of a new business, and otherwise based on the past year's tax liability in the case of an existing business or previously operated business. Applicants have to obtain a \$250,000 Medicare (DMEPOS) Bond, one for each location. Further, DMEPOS suppliers will have to obtain additional \$50,000 surety bonds for any adverse legal actions taken against the company within the past 10 years before enrolling. Those adverse legal actions can include:

- Losing Medicare billing privileges
- Suspension or revocation of a license
- Loss or suspension of accreditation
- A felony conviction
- Exclusion from a federal or state health care program

There are no exceptions for nursing homes or pharmacies that bill for Medicare DMEPOS to their own residents. The new regulation also requires suppliers to submit a Medicare (DMEPOS) Bond upon a change of ownership or a move to enroll a new business site.



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