

Publications

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CMS Announces Temporary Nationwide DMEPOS Medical Supply Company Medicare Enrollment Moratorium

Key Takeaways

- On Feb. 27, 2026, the Centers for Medicare & Medicaid Services (CMS) published a notice announcing a six-month nationwide moratorium on the enrollment of certain Durable Medical Equipment, Prosthetics, Orthotics, and Supplies (DMEPOS) suppliers in the Medicare program.¹
- The moratorium was effective on Feb. 27 and applies to all new enrollments and new, separately-enrolled practice locations, including those new enrollments arising from changes in ownership barred by the newly instituted 36-month rule and changes of ownership resulting from asset transfers.
- The suppliers subject to the moratorium are restricted to medical supply companies and the six related specialty subtypes whose “principle function” is to furnish DMEPOS supplies to beneficiaries and/or medical providers and suppliers.

Limitations of the Moratorium

- Applications received before the effective date are **not** subject to the moratorium.
- Importantly, the moratorium **does not** apply to changes in location of existing suppliers or other changes of information (e.g., name changes). Presumably, indirect ownership changes and direct ownership changes arising from equity purchases outside the 36-month rule would also not be subject to the moratorium as no new enrollment would arise.

Background and Moratorium Summary

CMS may impose temporary enrollment moratoria when it determines, as it did here, that such action is necessary to prevent or combat fraud, waste, or abuse in the Medicare program.² The notice cites longstanding program integrity concerns in the DMEPOS sector as the basis for the moratorium, referencing prior HHS Office of Inspector General (OIG) reports and enforcement actions involving orthotic braces, urinary catheters and other DMEPOS items. CMS also refers to consultations with OIG and DOJ as well as its own review of Medicare enrollment and claims data.

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Related Capabilities

- Health Care
- Health Care Compliance
- Medical Devices
- Licensure, Enrollment & Certification

Specifically, CMS reports that from 2023 through October 2025 medical supply companies and the related subspecialties had a 17% revocation rate—nearly three times higher than other DMEPOS supplier types. Medical supply companies also ranked among the highest in payment suspensions, law enforcement referrals and benefit integrity unit complaints during the same period. Based on these findings, CMS concluded that a nationwide moratorium limited to medical supply companies would address identified risks while preserving access to care.

CMS defines a medical supply company as a business whose “principal function” is to furnish DMEPOS supplies directly to “another party,” which includes both patients and providers. CMS clarified that the moratorium generally would not apply to other suppliers of DMEPOS, such as grocery stores, retail pharmacies, or inpatient or outpatient medical providers (e.g., physician practices, home health agencies, or hospitals) whose “principal function” is not the provision of DMEPOS.

Per the notice, CMS indicates it will “very closely” screen all supplier applications submitted to the National Provider Enrollment contractors (NPEs) to ensure they are not considered a “medical supply company” falling within the moratorium. Such screening could include site visits and online research regarding the supplier applicant. We anticipate such screening efforts may slow the enrollment processes for suppliers not included in the moratorium.

CMS warns impacted suppliers that the provision of false or misleading information in an enrollment application for purposes of entering the Medicare program and subverting the moratorium can result in enrollment denials, revocations, imposition of a reapplication bar up to 10 years, bans from the Medicare program and referrals to OIG for possible criminal, civil and administrative penalties.

CMS did not impose a corresponding nationwide Medicaid or CHIP moratorium but encouraged states to evaluate whether similar measures are appropriate within their programs. As a result, DMEPOS suppliers should continue to monitor their state Medicaid and CHIP programs in the event they enact similar moratoriums. Additionally, those impacted by the moratorium should remain aware that most state Medicaid programs (as well as many third-party commercial payors) require Medicare enrollment as a precursor to enrollment.

Impacted Supplier Types

The seven supplier types expressly subject to this six-month moratorium are the following:

1. *Medical Supply Company*. Defined for moratorium purposes as a business whose “principal function” is furnishing DMEPOS supplies directly to beneficiaries or other entities.
2. *Medical Supply Company with Orthotics Personnel*. Includes medical supply companies that have at least one orthotic professional serving in an employment, advisory, contractual, or similar role.
3. *Medical Supply Company with Pedorthic Personnel*. Applies to medical supply companies that have at least one pedorthic professional affiliated in a similar capacity.
4. *Medical Supply Company with Prosthetics Personnel*. Covers medical supply companies that have at least one prosthetics professional.
5. *Medical Supply Company with Prosthetic and Orthotic Personnel*. Applies to medical supply companies employing or contracting with both prosthetic and orthotics professionals.
6. *Medical Supply Company with Registered Pharmacist*. Includes medical supply

companies that have at least one registered pharmacist in an employment or contractual role, provided the entity's principal function remains DMEPOS supply.

7. *Medical Supply Company with Respiratory Therapist*. Applies to medical supply companies that include at least one respiratory therapist in an employment or contractual role.

Looking Ahead

This new moratorium stands to have a profound impact on the targeted medical supply companies, including those planning or undergoing corporate reorganizations, and strategic expansions whether through *de novo* enrollments or those planned through targeted acquisitions. Those suppliers not targeted by the moratorium may also anticipate tangential impacts such as additional scrutiny on their Medicare enrollment applications and the potential for prolonged application processing delays as the NPEs work to determine their "primary function" and whether they fall within the ambit of the moratorium.

We understand anecdotally that the NPEs recently introduced a concept to the DMEPOS supplier community that the moratorium ***might not*** be implicated by a reactivation of Medicare billing privileges, including a reactivation of billing privileges following a voluntary termination of the supplier's enrollment. However, after discussing with CMS PEOG we understand that while reactivations following a CMS driven deactivation action should be exempt from the moratorium, (including, for example, a deactivation for non-submission of claims) reactivations following a voluntary termination of enrollments by DMEPOS suppliers will be treated as new enrollments and subject to the moratorium.

Given the concerns raised by CMS in implementing the moratorium and their discussions regarding the ample supply of medical supply companies nationwide, suppliers should anticipate the likelihood that the moratorium will be extended for at least an additional six months if not longer.

Should you have questions regarding the information discussed, please reach out to Stephen Angelette, Ross Sallade, Erin Burns, Cody Pyke or your preferred Polsinelli attorney.

[1] CMS also published a series of FAQs providing additional guidance.

[2] See § 1866(j)(7) of the Social Security Act; *see also* 42 C.F.R. § 424.570.