



Related MLN Matters Article #: SE0642

Date Posted: July 5, 2006

Related CR #: N/A

A/B MAC NEWS #1 - First Contract for a Part A/Part B Medicare Administrative Contractor (MAC) To Be Awarded in Near Future

Key Words

SE0642, Part A, Part B, A/B MAC, Contracting, Reform, Award, Implementation, Arizona, Montana, North Dakota, South Dakota, Utah, Wyoming, MMA

Provider Types Affected

All Medicare physicians, providers, and practitioners that bill Medicare Fiscal Intermediaries (FIs) or Carriers for their services, especially those in the states of Arizona, Montana, North Dakota, South Dakota, Utah, and Wyoming

Key Points

- Section 911 of the Medicare Modernization Act (MMA) requires the Secretary to implement Medicare Contracting Reform by 2011.
- The law mandates that the Centers for Medicare & Medicaid Services (CMS) conduct full and open competitions, in compliance with general federal contracting rules, for the work currently handled by fiscal intermediaries and carriers in administering the Medicare fee-for-service program.
- Medicare Contracting Reform will:
 - Improve administrative services within the fee-for-service claims processing environment by reducing the number of contracts, focusing on correct claims payment and creating performance incentives related to timeliness, accuracy, and quality of services to CMS and to providers of services to Medicare beneficiaries;
 - Lead to more efficiency and greater accountability among companies performing claims administration and provider education, and services by promoting competition and basing awards on good performance; and
 - Generate operational savings to the federal government and taxpayers through consolidation and competition of large and high value contracts.
- CMS will announce the result of the first full and open competition for a Part A/B Medicare Administrative Contractor (A/B MAC) conducted as part of the agency's Medicare Contracting Reform implementation strategy.

- This award will be for a single fee-for-service claims processing contract that will combine the workloads for a multi-state jurisdiction currently serviced both by FIs and carriers.
- This first A/B MAC award will be for Jurisdiction 3, which includes the states of Arizona, Montana, North Dakota, South Dakota, Utah and Wyoming. Jurisdiction 3 represents three percent of the national fee-for-service Medicare claims volume.
- The Request for Proposal for the Jurisdiction 3 A/B MAC was released in September 2005.
- Full implementation of the new contractor is scheduled for July 2007.
- CMS will work with the current carriers and FIs in Jurisdiction 3, whose contracts will end with the MAC implementation, to ensure a smooth transfer of records and information to the new Jurisdiction 3 A/B MAC.
- The carriers and FIs whose contracts will end are Montana Blue Cross Blue Shield, Wyoming Blue Cross, Arizona Blue Cross, and Noridian Administrative Services.
- The Jurisdiction 3 A/B MAC contract award will be the first of 15 A/B MAC contracts.
- Each of these contracts will be for the administration of both the Medicare Part A and Part B benefits in a specified geographic jurisdiction of the country.
- A map displaying the 15 A/B MAC jurisdictions is available on the Medicare Contracting Reform website at http://www.cms.hhs.gov/MedicareContractingReform/Downloads/Primary_AB_MAC_Jurisdictions_MAP.pdf on the CMS website.
- In Jurisdiction 3, CMS plans to implement the new A/B MAC contract by transferring the claims processing workload from the current contractors incrementally (rather than all at once) to ensure that neither providers nor beneficiaries will be adversely affected.

Important Links

<http://www.cms.hhs.gov/MLNMattersArticles/downloads/SE0642.pdf>