

**Jurisdiction 15 Part A/Part B Medicare Administrative Contractor
for Kentucky and Ohio
(J15 A/B MAC) Award**

--HIGHMARK MEDICARE SERVICES, INC.--

Qs and As

January 2009

Q: What company has been awarded the contract for the J15 A/B MAC workload?

A: Highmark Medicare Services, Inc. (HMS) has been awarded the contract for the J15 A/B MAC.

Q: What states are included in A/B MAC J15?

A: J15 is comprised of Kentucky and Ohio. J15 also includes the home health and hospice workload in Colorado, Delaware, District of Columbia, Iowa, Kansas, Maryland, Missouri, Montana, Nebraska, North Dakota, Pennsylvania, South Dakota, Utah, Virginia, West Virginia and Wyoming.

Q: What are the major contractual differences of the A/B MACs compared to the current fiscal intermediaries (FIs) and carriers?

A: The claims administration workload for each A/B MAC is being awarded through full and open competition conducted in accordance with the Federal Acquisition Regulation. Based on structured evaluation criteria, the proposal with the best value for the government will be selected in each procurement. The A/B MAC contracts are for the administration of both Medicare Part A and Part B claims in a specific geographic jurisdiction. They allow for performance incentives to be earned by the MAC.

Under the requirements of the original Medicare legislation, the FI and carrier contracts historically have been competed to a limited number of contractors which may or may not have been the best qualified organizations to do the work. In addition, the carriers have had to be chosen from health insurance companies. The contracts for the FIs and carriers do not allow for performance incentives; rather they pay the contractor the costs incurred in conducting their operations.

Q: What is the effect of Medicare Contracting Reform on beneficiaries and providers?

A: Beneficiaries will have a single point-of-contact, connecting them to a seamless operations network for meeting their information needs. A beneficiary's first point of entry for resolution of questions about Medicare coverage will be 1-800-MEDICARE. The A/B MAC will handle only complex inquiries from beneficiaries.

The A/B MAC will serve as the point of contact for providers, physicians and practitioners for all claims-related business. Medicare contracting reform also will benefit providers with improved provider education and training by the A/B MACs.

Q: What type of contract has been awarded for the J15 A/B MAC workload?

A: The J15 A/B MAC was awarded under a cost-plus-award-fee contract. The period of performance for the contract is a base period with four 1-year options. The total value of the contract for the five year period is approximately \$255 million.

Q: Where is the J15 A/B MAC contractor's headquarters? Where will the work actually be performed?

A: HMS operations are headquartered in Camp Hill, PA. Some operations will also be performed in Pittsburgh, PA, Williamsport, PA, Johnstown, PA, Fort Washington, PA, Hunt Valley, MD and Parkersburg, WV.

Q: When will the new J15 A/B MAC begin operations?

A: The implementation activities of the A/B MAC that are needed to move the Part A/Part B workload will begin immediately. The MAC will complete the transfer of the claims and information from FIs and carriers and be fully operational over the next several months.

Q: What FIs and carriers are currently processing claims in J15?

A: The following are the current fiscal intermediaries (FIs) and carriers administering the program in J15 and the states that they serve:

- Cahaba GBA -- Blue Cross and Blue Shield of Alabama (RHHI for Colorado, Delaware, District of Columbia, Iowa, Kansas, Maryland, Missouri, Montana, Nebraska, North Dakota, Pennsylvania, South Dakota, Utah, Virginia, West Virginia and Wyoming)
- National Government Services (FI for Kentucky and Ohio; carrier for Kentucky)
- Palmetto GBA (carrier for Ohio)
- Wisconsin Physicians Service Insurance Corporation (FI for some providers in Kentucky and Ohio)

Q: How will staffing be affected as work moves from the current FIs and carriers to the J15 A/B MAC?

A: With the award and implementation of the new contract, the MAC for J15 will be performing the claims administration work that had been distributed among four contractors. Fewer staff will be required to perform the full scope of activities because of the consolidation of the contracts.

For more specific questions regarding staffing please contact the Contracting Officer, Don Knode, Donald.knode@cms.hhs.gov or 410-786-1046.

Q: How many Part A/Part B beneficiaries and providers are there in J15? What percent of the national Medicare Fee-for-service claims workload is accounted for in this Jurisdiction?

A: As of July 2007, approximately 2,512,529 Medicare Fee-for-Service beneficiaries are located in this jurisdiction. As of December 2007, approximately 339 Medicare hospitals are located in the two states comprising this jurisdiction. Also, as of July 2007, approximately 66,027 physicians and practitioners provided services in this jurisdiction.

With respect to the workload, approximately 6.1% of national Medicare fee-for-service claims are in this jurisdiction as of September 2007.

Q: How many Regional Home Health and Hospice Intermediary (RHHI) beneficiaries and health agencies are there in Jurisdiction B? What percent of the national RHHI claims workload is accounted for in this Jurisdiction?

A: As of July 2007, approximately 7,921,394 Medicare Fee-for-Service beneficiaries receive Home Health and Hospice services in this jurisdiction. As of December 2007, approximately 1,593 Home Health Agencies and 751 Hospices are located in this jurisdiction.

Approximately 13.6% of national RHHI workload is located in this jurisdiction as of September 2007.

Q: Did the winning contractor have any subcontracts? If so, what services will the subcontractor provide?

A: As the J15 A/B MAC, HMS is subcontracting with the following companies:

- West Virginia Medical Institute will perform home health & hospice related functions;
- FCG Solutions will provide mailroom and document imaging services; and
- Holloway & Company will conduct the CMS required SAS-70 audits.