

**Jurisdiction 3 Part A/Part B Medicare Administrative Contractor  
(J3 A/B MAC) Award**

**-- Noridian Administrative Services --**

**Qs and As**

July 2006

**Q: What company has been awarded the contract for the J3 A/B MAC workload?**

A: Noridian Administrative Services (NAS) has been awarded the contract for the J3 A/B MAC.

**Q: What states are included in A/B MAC Jurisdiction 3?**

A: The states included in Jurisdiction 3 are Arizona, Montana, North Dakota, South Dakota, Utah and Wyoming.

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

A: The workload for each new 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 new 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.

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 J3 A/B MAC workload?**

A: The J3 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 value of the contract for the first year is approximately \$28.9 Million.

**Q: When will the new J3 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 for the states included in Jurisdiction 3 will begin immediately. The MAC will complete the transfer of the claims and information from FIs and carriers and be fully operational no later than March 2007.

**Q: What FIs and carriers are currently processing claims for the states in J3?**

A: The following are the current fiscal intermediaries (FI) and carriers administering the program in J3 and the states they serve:

- Blue Cross and Blue Shield of Alabama, doing business as Cahaba Government Benefit Administrators (FI for South Dakota)
- Blue Cross of Arizona (FI for Arizona)
- Blue Cross and Blue Shield of Montana, Inc. (FI and carrier for Montana)
- Blue Cross of Wyoming (FI for Wyoming)
- Mutual of Omaha Insurance Company (FI for some providers in Arizona, Montana, North Dakota, South Dakota, Utah and Wyoming)
- Noridian Mutual Insurance Company (FI for North Dakota and Utah; carrier for Arizona, North Dakota, South Dakota, Utah and Wyoming)

**Q: Is there a requirement for winning contractors to offer jobs to employees and/or managers of current FIs and carriers?**

A: No, there is no requirement for the winning contractor to offer jobs to employees and/or managers of the current FIs or carriers. However, the new MAC recognizes the value of the Medicare knowledge of existing contractor staff.

**Q: How will staffing be affected as work moves from the current FIs and carriers to the J3 A/B MAC?**

A: There will be an overall reduction in the number of staff that will be needed. This reduction is due to increased efficiencies in the work to be performed at the J3 A/B MAC.

For more specific questions regarding staffing please contact the Contracting Officer, Pam Collins at [pamela.collins@cms.hhs.gov](mailto:pamela.collins@cms.hhs.gov) or 410-786-4871.

**Q: How will CMS' central and regional staff members be involved?**

A: Consistent with the requirements of the FAR, the J3 A/B MAC will work closely with the contracting officer and project officer. The contracting officer will be from the Office of Acquisition and Grants Management in central office and the project officer will be from central office. The contracting officer is the only individual authorized to commit and bind the government. The project officer is authorized to provide technical direction to the new MAC.

Other central and regional office staff may participate in needed monitoring, oversight, and administration of the J3 A/B MAC.

**Q: How many beneficiaries and providers are there in J3? What percent of the national claims workload is accounted for in this Jurisdiction?**

A: As of 2005, approximately 1,237,000 Medicare beneficiaries and 350 Medicare hospitals are located in the six states comprising this jurisdiction. Also, as of April 2006, approximately 45,600 physicians and practitioners provided services in this area.

With respect to the workload, approximately 2.9% of Medicare fee-for-service claims nationwide is in this jurisdiction.

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

A: As the J3 A/B MAC, NAS is subcontracting with three companies:

- Seven Seas Technology Inc (S2 Tech) which will provide document imaging support,
- Mandaree Enterprise Corporation (Mandaree) which will provide provider customer service support, and
- The MEDSTAT Group Inc, (MEDSTAT) which will provide data analysis support.

**Q: Why did CMS select A/B MAC Jurisdiction 3 as part of the start-up cycle?**

A: To achieve the benefits of Medicare Contracting Reform, CMS must move quickly into the new performance-based contracts that the legislation authorizes. The complexity of the Medicare claims processing environment requires careful planning and implementation of the contracts, and testing of implementation approaches. Jurisdiction 3, while large geographically, represents 2.9 percent of the national fee-for-service claims volume. By implementing a MAC in this jurisdiction first, CMS is able to achieve significant consolidation and to implement the improved contracting processes quickly, while taking lessons from this implementation that will be applied in future acquisitions.