

**Jurisdiction 7 Part A/Part B Medicare Administrative Contractor for
Arkansas, Louisiana and Mississippi
(J7 A/B MAC) Award**

-- TrailBlazer Health Enterprises, LLC --

Qs and As

July 13, 2009

Q: What company has been awarded the contract for the J7 A/B MAC workload?

A: TrailBlazer Health Enterprises, LLC (TrailBlazer) has been awarded the contract for the J7 A/B MAC.

Q: Didn't CMS already award the J7 A/B MAC contract in June 2008 to Pinnacle Business Solutions, Inc?

A: On June 11, 2008, CMS announced it had awarded Pinnacle Business Solutions, Inc. the A/B MAC contract for J7. However, on July 2, 2008, a protest against the award was filed with the General Accountability Office (GAO). GAO sustained the protest and recommended corrective steps. As a result the agency took corrective action on certain aspects of the award decision. The agency has completed its corrective action and announced on July 10, 2009 that TrailBlazer was awarded the contract for J7.

Q: What states are included in A/B MAC J7?

A: The states included in J7 are Arkansas, Louisiana and Mississippi.

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.

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 J7 A/B MAC workload?

A: The J7 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 \$134 million.

Q: Where is the J7 A/B MAC contractor's headquarters?

A: TrailBlazer is headquartered in Dallas Texas.

Q: When will the new J7 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 7 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 2010.

Q: What FIs and carriers are currently processing claims for the states in J7?

A: The following are the current fiscal intermediaries (FI) and carriers administering the program in J7 and the states they serve:

- Cahaba GBA (carrier for Mississippi)
- Mutual of Omaha Insurance Company (FI for some providers in Arkansas, Louisiana and Mississippi)
- Pinnacle Business Solutions, Inc. (FI and carrier for Arkansas; carrier for Louisiana)
- TriSpan (Blue Cross and Blue Shield of Mississippi) (FI for Louisiana and Mississippi)

Q: How will staffing be affected as work moves from the current FIs and carriers to the J7 A/B MAC?

A: With the award and implementation of the new contract, the MAC for J7 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, Darrell Bachman at darrell.bachman@cms.hhs.gov or 410-786-8167.

Q: How many beneficiaries and providers are there in J7? What percent of the national claims workload is accounted for in this Jurisdiction?

A: As of July 1, 2008, approximately 1,643,480 Medicare Fee-for-Service beneficiaries are located in this jurisdiction. As of December 31, 2008, approximately 447 Medicare hospitals are located in the three states comprising this jurisdiction. Also, as of July 31, 2007, approximately 40,745 physicians and practitioners provided services in this area.

With respect to the workload, approximately 3.5% of national Medicare fee-for-service claims are in this jurisdiction as of September 30, 2008.

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

A: As the J7 A/B MAC, TrailBlazeris subcontracting with the following companies:

- DocuData Solutions will handle the receipt, controlling, imaging, Optical Character Recognition and manual keying of paper claims
- Allison Payment systems will perform merging of Part A and Part B Medicare Summary Notices