

## **Award of Part A/B (A/B) Medicare Administrative Contractor (MAC) Contract for Jurisdiction L**

- On September 17, 2012, the Centers for Medicare & Medicaid Services (CMS) announced that Novitas Solutions, Inc. (Novitas) was awarded a new contract for the administration of Medicare Part A and Part B fee-for-service claims in the states of Delaware, Maryland, New Jersey, and Pennsylvania, as well as the District of Columbia (also known as A/B MAC Jurisdiction L).
- The new A/B MAC Jurisdiction L contract includes a base year and four option years, for a maximum duration of five years. The contract is a “cost plus award fee” contract; the award fee will be earned only if Novitas exceeds the base requirements of the contract.



- Inclusive of all options, the newly-awarded contract has an estimated value of \$404.1 million. CMS issued the solicitation for the A/B MAC Jurisdiction L contract in January 2012.
- In addition to processing Part A and Part B claims in Jurisdiction L, Novitas will perform other critical Medicare fee-for-service operational functions, including enrolling, educating, and auditing Medicare providers.
- About 3.5 million Medicare fee-for-service beneficiaries reside in Jurisdiction L. Novitas will serve approximately 425 Medicare hospitals and about 86,000 physicians. Jurisdiction L comprises approximately 10.9% of the national Medicare fee-for-service Part A and Part B claims volume.
- Novitas currently services this Medicare workload under an A/B MAC contract that was awarded in October 2007 (when Jurisdiction L was known as Jurisdiction 12).
- As Novitas is the incumbent contractor for A/B MAC Jurisdiction 12 (to be known as Jurisdiction L), CMS anticipates that implementation of the new contract will go smoothly, with few disruptions in service for Medicare beneficiaries and providers.
- CMS has stringent standards for contract performance for Medicare claims administration contracts. CMS measures performance through a variety of processes, including on-site reviews, data validation reviews, and protocol-driven quality assurance reviews, as well as independent audits.
- As CMS continues to use the competitive process to select claims administration contractors, past performance and technical capability are major evaluation factors.

- Questions about the contract award should be directed to Edward B. Farmer, Jr. (“Chip”) in CMS’ Office of Acquisition and Grants Management. Mr. Farmer may be reached at 410-786-1997 or at [Edward.Farmer@cms.hhs.gov](mailto:Edward.Farmer@cms.hhs.gov).