

**Request for Proposal (RFP) for the  
Medicare Part A/Part B Administrative Contractor (A/B MAC)  
for Jurisdictions 4, 5 and 12  
Background Sheet**

September 29, 2006

- On September 29, 2006, the Centers for Medicare & Medicaid Services (CMS) released the Request for Proposal (RFP) for the three jurisdictions included in round one of Cycle One. This RFP is for the MACs that will serve Medicare beneficiaries and providers in Jurisdictions 4, 5 and 12.
- The states included in Jurisdiction 4 are Colorado, New Mexico, Oklahoma, and Texas.
- The states included in Jurisdiction 5 are Iowa, Kansas, Missouri and Nebraska.
- The states included in Jurisdiction 12 are Delaware, District of Columbia, Maryland, New Jersey and Pennsylvania.
- These jurisdictions represent approximately 23% of the fee-for-service (FFS) workload.
- Cycle One of the A/B MAC acquisitions will be for 7 jurisdictions, accounting for approximately 45 percent of the Part A/Part B fee-for-service claims workload. CMS is conducting these 7 competitions in two rounds using slightly different Statements of Work (SOWs) in each round of the competitions.
- The first RFP for Cycle One is posted on FedBizOpps, in accordance with Federal Acquisition Regulation Subpart 5.2 - Synopses of Proposed Contract Actions.
- A pre-proposal conference will be held for interested parties on October 13, 2006, at CMS' Baltimore headquarters.
- CMS' procurement schedule for the MACs anticipates contract award for these jurisdictions in July 2007.
- This RFP includes unique requirements for specific MACs:
  - Indian Health Services for the J4 MAC,
  - Veterans Affairs Medicare Equivalent Remittance Advice for the J4 MAC,
  - Centralized Billing for Mass Immunizers and for the J4 MAC,
  - Rural Community Hospitals which will also be required for the J4 and J5 MACs,
  - Chiropractic Services Demonstration for the J4 and J5 MACs, and
  - Low Vision Demonstration for the J5 MAC.

- Recently, CMS awarded the J3 A/B MAC and will be conducting 14 other fee-for-service MAC procurements over the next few years, for a total of 15 separate A/B MAC contracts. Each procurement will be for the administration of both the Medicare Part A and Part B (A/B) benefits in a specified geographic jurisdiction of the country. All of the contracts are to be awarded, and all jurisdictional A/B MACs are to be operational, by October 2011.
- CMS is conducting these MAC procurements in accordance with section 911 of the Medicare Modernization Act (MMA) which requires the Secretary to take needed steps between now and 2011 to implement Medicare Contracting Reform. The Medicare Contracting Reform provision mandates the conduct of full and open competitions for the work currently handled by fiscal intermediaries and carriers in administering the Medicare fee-for-service program. The entities that are awarded contracts under these competitions will be known as MACs.
- During the period the first RFP for Cycle One was being developed, CMS released three Requests for Information (RFIs) via FedBizOpps. Industry feedback submitted during the review period was considered and used to assist CMS in refining the procurement documents prior to release of the final RFP.
  - The first RFI, released by CMS on November 3, 2005, solicited industry feedback on the proposed acquisition model for Cycle One. The comment period closed November 18, 2005.
  - The second RFI, released on January 4, 2006, requested feedback from industry as to where and how SOW requirements could be modified so that future bid proposals will be better able to achieve administrative cost savings through flexibility and innovation. The comment period for this second RFI closed January 31, 2006.
  - The third RFI, released on May 3, 2006, requested that industry review the draft documents, including the Statement of Work, included in this RFI and provide specific feedback and suggested innovations. The comment period for the third RFI closed June 16, 2006.
- During the development of the first RFP for Cycle One, CMS participated in various Open Door Forum conference calls and sent e-mails to provider listservs to present information about RFIs released and to secure comments and suggestions.
- CMS' vision for Medicare fee-for-service is that of a premier health plan that allows for comprehensive, quality care and world-class beneficiary and provider service. This includes establishing a single point-of-contact for the information needs of Medicare beneficiaries and another for the providers of health care services. In addition to improving its customer service, CMS will make advances to create a modernized administrative information technology platform.

- CMS has decided that it will continue to utilize functional contractors in the future to increase the efficiency of Medicare services for beneficiaries and providers. These functional contractors include the Coordination of Benefits Contractor, Program Safeguard Contractors with Benefit Integrity task orders, Qualified Independent Contractors for Medicare appeals, Administrative Quality Independent Contractor, Quality Improvement Organizations, Medicare Secondary Payer Recovery Contractor, Beneficiary Contact Center and Enterprise Data Centers.
- CMS continues to consider the role that incentives will play in the A/B MAC contracts. Financial incentives offer the agency a valuable tool in the management of the fee-for-service program.
- CMS will not require the entities awarded the J4, J5, and J12 contracts to offer employment to staff of the fiscal intermediaries and carriers it will replace (i.e., “outgoing” contractors).
- All Cycle One procurement information is provided on FedBizOpps at: <http://www.fedbizopps.gov>. Additional information on Medicare Contracting Reform can be found on CMS’ contracting reform website at: <http://www.cms.hhs.gov/medicarecontractingreform/>.
- With the release of this RFP, the acquisition for the J4, J5 and J12 MACs has become “procurement sensitive.” Any inquiries concerning this RFP are to be directed to **Linda Hook, Contracting Officer, 410-786-8371, [Linda.Hook@cms.hhs.gov](mailto:Linda.Hook@cms.hhs.gov) or Darrell Bachman, Contract Specialist, 410-786-7442, [Darrell.Bachman@cms.hhs.gov](mailto:Darrell.Bachman@cms.hhs.gov).**