

## **Durable Medical Equipment (DME) Medicare Administrative Contractor (MAC) Awards Qs and As**

June 2006

### **Q: What are the contractual differences between new DME MACs and current Durable Medical Equipment Regional Carriers (DMERCs)?**

A: The workload for the DME MACs has been awarded through a full and open competition conducted in accordance with the Federal Acquisition Regulation. Based on the structured evaluation criteria, the proposals with the best value for the government have been selected under this procurement.

No DME MACs will perform pre-pay or post-pay medical review or benefit integrity work. That work has already been awarded to payment safeguard contractors (PSCs) through a separate procurement. As a result of this reduction in the business functions to be performed, the costs of the MAC contracts for the DME workload are reduced from those of the current DME Regional Carriers.

### **Q: What is the effect on beneficiaries and suppliers?**

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, which will take them through a more advanced customer service network. The DME MACs will handle only complex inquiries.

The DME MAC will serve as the single point of contact for suppliers for all claims-related business. In addition to processing claims, the MAC will be able to assist suppliers with obtaining information on behalf of patients about items or services received from another provider or supplier that could affect claims payment. Medicare contracting reform also will bring some potential benefits to providers, including improved provider education and training suppliers.

### **Q: What kinds of suppliers are affected by this procurement?**

A: Durable Medical Equipment, Prosthetics, and Orthotics suppliers are affected by this procurement.

### **Q: What types of contracts have been awarded for the DME MAC workload?**

A: The DME MACs were awarded under cost plus award fee contracts. The period of performance for each of the four contracts is 1 base year with four 1-year options. The DME MAC contracts for Jurisdictions A, B, and D have a combined potential value, including all options, of \$246.2 million. The award for Jurisdiction C is pending because the Government Accountability Office (GAO) sustained a protest

filed on the award and recommended corrective steps. In accordance with GAO's recommendations, CMS is currently evaluating Final Proposal Revisions from the competitive range offerors.

**Q: Which companies have been awarded contracts for the DME workload?**

A: Jurisdiction A DME MAC has been awarded to National Heritage Insurance Company.  
Jurisdiction B DME MAC has been awarded to AdminaStar Federal, Inc.  
Jurisdiction D DME MAC has been awarded to Noridian Administrative Services.

**Q: When will the new MACs begin operations?**

A: The transitions of the DME workload for Jurisdictions A and B began immediately after the contract awards and those DME MACs will be fully operational on July 1, 2006.

**Q: If the corporate entity of a current DMERC is awarded a DME MAC contract, what does that mean for operational start up?**

A: Operational start up of the incumbent DMERC as a DME MAC is dependent on award date and active transition period. A speedier transition is not possible due in part to complex changes that must occur in the ViPs claims processing system that is used to process DME claims.

**Q: When will the DME MACs begin meeting and working with suppliers?**

A: The DME MACs typically begin public relations and outreach activities approximately 1 week after the contracts are signed.

**Q: Will suppliers in states that have changed to a different jurisdiction have their claims processed by the DME MAC as soon as the MAC becomes operational?**

A: Maryland, the District of Columbia (DC) and Kentucky will have their claims processed by their new DME MACs as soon as they become operational on July 1, 2006. However, Virginia and West Virginia will be temporarily assigned to the DME MAC for Jurisdiction B (AdminaStar) due to the protest filed against the award for Jurisdiction C. A timeline for the transition of Virginia and West Virginia to the new DME MAC will be decided after the announcement of the award for DME MAC Jurisdiction C.

**Q: Is there a requirement for winning contractors to offer jobs to employees and/or managers of current Durable Medical Equipment Regional Carriers?**

A: No, there is no requirement for the winning contractors that are not incumbents to offer jobs to employees and/or managers of the current DMERCs. However, the new DME MACs recognize the value of the Medicare knowledge of existing contractor staff.

**Q: How will staffing be affected as work moves from the current DMERCs to the DME MACs?**

A: There will be an overall reduction in the number of staff that the four DME MACs will need to employ in comparison to the current DMERCs. This reduction is due to both increased efficiencies of the DME MACs and the shift of work to functional contractors including Payment Safeguard Contractors, Qualified Independent Contractors, and the Beneficiary Contact Center.

For more specific questions regarding staffing please contact the Contracting Officer, Cathy Baldwin at [cathy.baldwin@cms.hhs.gov](mailto:cathy.baldwin@cms.hhs.gov) or 410-786-5791.

**Q: Has the medical review and benefit integrity workload transition to the PSCs?**

A: Yes, the medical review and benefit integrity workload for Jurisdictions B, C, and D transitioned to the PSCs on March 1, 2006, prior to the July 1, 2006 operational date of the DME MACs' takeover of the claims administration work. The medical review and benefit integrity workload for Jurisdiction A had already been handled by a PSC.

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

A: Consistent with the requirements of the FAR, the DME MACs will work closely with the contracting officer and project officer specific to each DME MAC. The contracting officer will be from the Office of Acquisition and Grants Management in central office. The project officer may be central or regional office staff. The contracting officer and the project officer are the only individuals authorized to provide contract direction to the DME MACs.

Other central and regional office staff may participate in needed monitoring, oversight, and evaluation of the DME MACs.

**Q: What is the overall volume of claims and benefit payout of the current DMERCs?**

A: The four current DMERCs processed approximately 71.2 million claims in fiscal year 2005 from suppliers of durable medical equipment, orthotics and prosthetics, amounting to Medicare program benefit payouts of \$9.2 billion.