

**Medicare Administrative Contractor Award  
for Jurisdiction 13 Part A/Part B  
(J13 A/B MAC)  
-- National Government Services --**

**Background Sheet**

March 2008

- On March 18, 2008, the Centers for Medicare & Medicaid Services (CMS) announced that National Government Services (NGS) has been awarded the contract for the combined administration of Part A and Part B Medicare fee-for-service claims in Jurisdiction 13 (J13).
- The award of the J13 Part A/Part B Medicare Administrative Contractor (A/B MAC) contract is another step toward improved service to providers, physicians and practitioners as well as greater administrative efficiency and effectiveness for fee-for-service Medicare.
- This award is indicative of the efforts underway to significantly reengineer the Medicare claims administration process and change from the “business as usual” of the past 40 years.

***Background***

- Section 1874A of the Social Security Act, as added by Section 911 of the Medicare Modernization Act of 2003 (MMA) requires the Secretary to take needed steps by 2011 to implement Medicare Contracting Reform and thereby replace all current intermediaries and carriers with MACs through full and open competition as regulated under federal contracting statutes.
- The new MACs are being selected through full and open competitions, and will lead to more efficiency and greater accountability of our fee-for-service contractors in the new environment.
- CMS will award 15 A/B MACs by 2009.
- The geographical jurisdictions for the MACs were made public on February 22, 2005. The jurisdictions are distinct geographically and non-overlapping.
- When contracting reform is fully implemented, beneficiaries and providers will have separate single points of contact with the Medicare program that will allow for higher quality of services to each group.
- In accordance with section 1874A(b)(1)(B) of the Social Security Act, MAC contracts will have to be recompeted no less frequently than once every 5 years.

### *The J13 A/B MAC Award*

- On December 15, 2006, the Centers for Medicare & Medicaid Services (CMS) released the solicitation for the four jurisdictions included in Cycle One, RFP 2. After careful evaluation that weighed technical qualifications and past performance and considered cost and other factors, CMS established the competitive range. Of those in the competitive range, CMS is awarding the J13 A/B MAC contract to NGS whose proposal offered the best overall value to the government.
- The J13 A/B MAC contract is a cost-plus-award-fee contract.
- The J13 A/B MAC will be working with other functional contractors with responsibility for specific administrative activities.
- As the J13 A/B MAC, NGS will immediately begin implementation activities and will assume full responsibility for the work no later than November 2008.
- Neither the providers, physicians, nor the beneficiaries who receive service from the current fiscal intermediaries and carriers in this jurisdiction will be adversely affected by the transition of their work to the J13 A/B MAC.

### *Information Concerning the J13 A/B MAC*

- The states included in J13 are Connecticut and New York.
- The J13 A/B MAC contract has a total estimated value of approximately \$323 million over five years.
- The following are the current fiscal intermediaries (FI) and carriers administering the program in J13 and the states they serve:
  - National Government Services (FI for Connecticut; FI and carrier for New York)
  - First Coast Service Options, Inc. (carrier for Connecticut)
  - Group Health Inc. (carrier for New York)
  - HealthNow New York, Inc. (carrier for New York)
  - Mutual of Omaha (FI for some providers in Connecticut)
- NGS will implement the J13 A/B MAC by taking over the work from the FIs and carriers on an incremental basis.
- NGS has the following subcontractors:
  - MedUS Services will provide support with appeals, medical review, provider enrollment and provider outreach and education.
  - Systematic Billing and Credentialing Services will provide support with Medicare secondary payer and hospital audits.
  - Figliozi & Co. will provide provider audit services.

- Allison Payment Systems will provide print/mail services.
- NGS operations will be headquartered in Indianapolis, Indiana. Some operations will also be performed in Binghamton and Syracuse, New York and Middletown, Connecticut.
- As of March 31, 2007, approximately 2,755,565 Medicare beneficiaries and 286 Medicare hospitals are located in this jurisdiction.
- As of March 31, 2007, approximately 111,802 physicians and other medical professionals provided services in this area.
- Approximately 8.3% of the national Medicare claims workload is in this jurisdiction.
- With the award of the contract, one contractor will be performing the work that had been distributed among five. In general, this will result in an overall reduction in the number of staff that the A/B MACs will need to employ in comparison to the current FIs and Carriers.
- After full implementation, when NGS takes over full operations in November 2008, they will have approximately 628 FTEs performing the work outlined in the contract, annually.