

**Medicare Administrative Contractor Award
for Jurisdiction 4 Part A/Part B
(J4 A/B MAC)
-- TrailBlazer Health Enterprises --**

August 2, 2007

- On August 2, 2007, the Centers for Medicare & Medicaid Services (CMS) announced that TrailBlazer Health Enterprises (TrailBlazer) has been awarded the contract for the combined administration of Part A and Part B Medicare fee-for-service claims in Jurisdiction 4 (J4).
- The award of the J4 Part A/Part B Medicare Administrative Contractor (A/B MAC) contract is another step in support of improved service to beneficiaries, 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.
- Implementation of the Medicare Contracting Reform portion of MMA requires that CMS apply the Federal Acquisition Regulation (FAR) when conducting procurements for the MACs.
- The new MACs are being selected through full and open competitions and will lead to more efficiency and greater accountability of fee-for-service contractors in the new environment.
- There will be 15 A/B MACs awarded 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 J4 A/B MAC Award

- CMS is awarding the J4 A/B MAC contract to TrailBlazer whose proposal offered the best overall value to the government.
- The J4 A/B MAC contract is a cost-plus-award-fee contract.
- The J4 A/B MAC will be working with other functional contractors with responsibility for specific administrative activities.
- As the J4 A/B MAC, TrailBlazer will immediately begin implementation activities and will assume full responsibility for the work no later than Spring 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 J4 A/B MAC.

Additional Information Concerning the J4 A/B MAC

- The states included in J4 are Colorado, New Mexico, Oklahoma and Texas.
- The J4 A/B MAC contract has a total estimated value of approximately \$376.5 million over five years.
- The following are the current fiscal intermediaries (FI) and carriers administering the program in J4 and the states they serve:
 - Pinnacle Business Solutions (carrier for New Mexico and Oklahoma)
 - Healthcare Services Corporation (FI for Oklahoma)
 - Mutual of Omaha Insurance Company (FI for some providers in Colorado, New Mexico, Oklahoma and Texas)
 - Noridian Mutual Insurance Company (carrier for Colorado)
 - TrailBlazer Health Enterprises, LLC (FI for Colorado, New Mexico and Texas; carrier for Texas)
- TrailBlazer will implement the J4 A/B MAC by taking over the work from the FIs and carriers on an incremental basis.
- TrailBlazer has no subcontractors.
- TrailBlazers' operations will be headquartered in Richardson, Texas.
- As of March 31, 2007, approximately 3,855,000 Medicare beneficiaries and 831 Medicare hospitals are located in this jurisdiction.
- As of March 31, 2007, approximately 105,800 physicians and other medical professionals provided services in this area.

- Approximately 9.4% of the national Medicare claims workload is in this jurisdiction.