

**Medicare Administrative Contractor Award
for Jurisdiction 6 Part A/Part B
(J6 A/B MAC)
--NORIDIAN ADMINISTRATIVE SERVICES, LLC--**

Background Sheet

January 2009

- On January 7, 2009 the Centers for Medicare & Medicaid Services (CMS) announced that Noridian Administrative Services, LLC (NAS) has been awarded the contract for the combined administration of Part A and Part B Medicare fee-for-service claims in Jurisdiction 6 (J6) comprised of Illinois, Minnesota and Wisconsin.
- NAS' contract also includes the home health and hospice claims administration responsibilities for workload in Alaska, American Samoa, Arizona, California, Guam, Hawaii, Idaho, Michigan, Minnesota, Nevada, New Jersey, New York, Northern Mariana Islands, Oregon, Puerto Rico, U.S. Virgin Islands, Wisconsin and Washington.
- The award of the J6 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 completed selection activities for the 15 A/B MACs by the end of calendar year 2008 and made award in January 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 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 J6 A/B MAC Award

- On August 31, 2007, the Centers for Medicare & Medicaid Services (CMS) released the solicitations for the jurisdictions included in Cycle Two. 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 J6 A/B MAC contract to NAS whose proposal offered the best overall value to the government.
- The J6 A/B MAC contract is a cost-plus-award-fee contract.
- The J6 A/B MAC will be working with other functional contractors with responsibility for specific administrative activities.
- CMS has significant experience overseeing the implementation of new claims processing contracts and will work to ensure that the hospitals and health care providers, physicians, and the beneficiaries who receive service from the current fiscal intermediaries and carriers in this jurisdiction experience a smooth transition to the new MAC.

Information Concerning the J6 A/B MAC

- J6 is comprised of Illinois, Minnesota and Wisconsin.
- J6 also includes the home health and hospice claims administration responsibilities for workload in Alaska, American Samoa, Arizona, California, Guam, Hawaii, Idaho, Michigan, Minnesota, Nevada, New Jersey, New York, Northern Mariana Islands, Oregon, Puerto Rico, U.S. Virgin Islands, Wisconsin and Washington.
- The J6 A/B MAC contract has a total estimated value of approximately \$277 million over five years.
- The following are the current fiscal intermediaries (FIs) and carriers administering the program in J6 and the states that they serve:
 - National Government Services (FI for Illinois and Wisconsin; RHHI for Alaska, American Samoa, Arizona, California, Guam, Hawaii, Idaho, Michigan, Minnesota, Nevada, New Jersey, New York, Northern Mariana

Islands, Oregon, Puerto Rico, U.S. Virgin Islands, Wisconsin and Washington)

- Noridian Administrative Services (FI for Minnesota)
- Wisconsin Physicians Service Insurance Corporation (FI for some providers in Illinois, Minnesota and Wisconsin; carrier for Illinois, Minnesota and Wisconsin)

- NAS will implement the J6 A/B MAC by taking over the work from the FIs and carriers on an incremental basis over the next several months.

- NAS will be reaching out to providers and state medical associations to provide education and information about the implementation. For more details, visit NAS's website at <https://www.noridianmedicare.com/>.

- NAS will have the following subcontractors:
 - Customer Value Partners will perform training, quality assurance and process optimization tasks; and
 - Mandaree Enterprise Corporation will perform the Part B redetermination and reopening functions.

- NAS operations are headquartered in Fargo, ND. Some operations will also be performed in Grand Forks, ND, Jamestown, ND, Eagan, MN and Milwaukee, WI.

- With the award of the contract, one contractor will be performing the work that had been distributed among three. In general, this consolidation of claims administration activities results in an overall reduction in the number of staff that the A/B MAC will need to employ, in comparison to the current FIs and carriers, resulting in reduced costs.

Statistics regarding the J6 A/B Workload

- As of July 2007, approximately 3,323,986 Medicare Fee-for-Service beneficiaries are located in this jurisdiction.

- As of July 2007, approximately 97,408 physicians and other medical professionals provided services in this jurisdiction.

- As of December 2007, approximately 501 Medicare hospitals are located in this jurisdiction.

- As of September 2007, approximately 7.5% of the national Medicare claims workload is in this jurisdiction.

Statistics regarding the JD RHHI Workload

- As of July 2007, approximately 15,296,749 RHHI beneficiaries are located in this jurisdiction.

- As of December 2007, approximately 2,139 Home Health Agencies and 781 Hospices are located in this jurisdiction.
- As of September 2007, approximately 21.9% of the national RHHI workload is in this jurisdiction.