

# Contracting Reform – Update

*Karen Jackson, Acting Director  
Medicare Contractor Management  
Group, CMS*

# GOALS OF MEDICARE FFS CONTRACTING REFORM

- Provide flexibility for CMS and its contractors to work together more effectively and better adapt to changes in the Medicare program
- Promote competition, leading to more efficiency and greater accountability
- Establish better coordination and communication between CMS, contractors and providers
- Promote CMS' ability to negotiate incentives to reward Medicare contractors that perform well

# LEGISLATIVE TIMELINE: MILESTONES

- **October 1, 2004:** Secretary submits an implementation plan for Medicare Contracting Reform to Congress & GAO
- **October 1, 2005:** New Medicare administrative contracting authority becomes effective
- **October 1, 2008:** Secretary submits progress report to Congress
- **October 1, 2011:** All contracts awarded and contractors operating under the new MAC structure

# MMA SECTION 911 (CONTRACTING REFORM)

- Integrates Medicare Part A and B contractors into a new single authority-Medicare Administrative Contractors (MACs)
- FAR contracts with Statement of Work (SOWs)
  - CMS must consult with providers, representatives of beneficiary organizations, and contractors on performance measures
  - All contractor performance requirements in SOWs
- MAC contracts may be renewed annually based on contractor performance for a period of 5 years, but they must be re-competed every 5 years
- CMS has 6 years to compete and transition all Medicare FFS contract workloads (10/2005 – 10/2011)

# MAJOR IMPLEMENTATION ISSUES

- What major business functions will comprise a MAC's core work?
- What functions will be broken out into other contracts?
- What is CMS' optimum contractor management structure for MACs?
- What is the best way to ensure ongoing Medicare FFS operations?
- What is a prudent length of time for transitions?
- What will a MAC's geographic service area be?

# COMMUNICATION GOALS AND OBJECTIVES

- Establish and maintain a clear, direct and open line of communication
- Encourage stakeholder feedback and participation
  - CMS has begun and will continue to consult and work with providers, representatives of beneficiary organizations and contractors throughout our Medicare Contracting Reform implementation process
- Communicate CMS' plans to stakeholders as early as possible to the extent the law and process permits
- Ensure Medicare Contracting Reform changes are coordinated with other CMS initiatives and managed effectively

# COMMUNICATION PLAN



<http://www.cms.hhs.gov/medicarereform/contractingreform/>

- Developed Medicare Contracting Reform Website - March 2004
- Researching marketing strategies of similar healthcare implementation efforts
- Medicare Contracting Reform Questions and Answers will be posted soon

# CONSULTATIONS UPDATE

- Providers
  - Open Door Forum: April
  - Three regional meetings with Provider groups: June, August
- Beneficiary organizations
  - AARP: August
  - Two meetings with Medicare Advocates: May, June
  - State Health Insurance Program Steering Committee: June
  - National Medicare Education Program: September
- Contractors
  - Materials will be posted to the Medicare Contracting Reform Website for contractor reaction and feedback
- Town Hall meeting anticipated in December or January (post release of Report to Congress)
  - For any and all interested stakeholders

# CONTRACTING REFORM ACTIVITIES STATUS

- Report to Congress
- MAC SOW Development
- Acquisition Strategy and Plan
- MAC Implementation Strategy and Plan
- Business Process Re-engineering
- Plans for a competition to be announced soon
  - Check FedBizOpps
- Draft Request for Proposal - end of the calendar year

# REPORT TO CONGRESS

- Will describe the consensus on what the future Medicare FFS environment should look like
- Will decide on how to integrate and implement the future Medicare FFS environment
- Presented to CMS Administrator
- Currently in clearance process

# STATEMENT OF WORK

- Developing a SOW that describes fee-for-service benefit management processes
  - MMA mandates that all work be completed by 2011.
- CMS will coordinate a public review process for the draft MAC SOW through the Medicare Contracting Reform Website.

# ACQUISITION STRATEGY & PLAN

*CMS' acquisition strategy must address a range of issues, such as:*

- Contract Type
- Contract Term
- Possible Pre-Qualification requirements for MACs
- Potential Contracting Arrangements (e.g., teaming arrangements, number of contracts allowed)
- Performance Measures & Incentives
- Ways of Optimizing Effective Competition
- Any Waivers Needed to “Pure” FAR
- Bid Evaluation Criteria

# MAC IMPLEMENTATION STRATEGY AND PLAN

- Developing a transition strategy and plan to support the future MAC SOW environment, which will be identified in the Report to Congress.
- Will continue to support current contractors in the services they provide to CMS
  - CMS' primary objective throughout Medicare Contracting Reform implementation is continuity in operations
  - Continuity in operations depends on continued service of our current contractors

# BUSINESS PROCESS RE-ENGINEERING

- Design and implement new CMS internal processes to manage MACs
  - Identify new processes needed
    - Developing management information systems to handle remittance/payment process
  - Restructure CMS' contractor management to support FAR principles
    - Administration of contract provisions
    - Day-to-day direction to contractors
    - Evaluation of contractor performance