

Medicare Contracting Reform

Division of MAC Strategy & Development

*Medicare Provider Feedback Group Town Hall Meeting
October 16, 2007*

Medicare Modernization Act, section 911: Medicare Contracting Reform

- Integrates Medicare Part A and B contracting into a new single authority, Medicare Administrative Contractors (MACs)
- Federal Acquisition Regulation applies to MAC contract acquisitions
- 6 years (10/2005-10/2011) for CMS to competitively bid and transition all Medicare FFS contract workloads
- MAC contracts must be recompeteted every 5 years

Goals Of Medicare Contracting Reform

- Provide flexibility to 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

Benefits to the Medicare Program

- Improved efficiency in program administration
- Reduced Medicare payment error rate
- Provides a platform for information technology improvements
- Better able to meet future programmatic challenges and changes

Benefits to Providers from Implementing Medicare Contracting Reform

- Improved provider education and training
- Interfacing needs for claims processing are simplified with a single A/B MAC serving as the point-of-contact for both Part A and Part B claims
- CMS' continued use of competition to select MACs will encourage MACs to deliver better service to providers
- CMS' increased focus on financial management by MACs will mean increased payment accuracy and consistency in payment decisions
- Providers will have input in evaluation of MACs' performance through satisfaction surveys

Providers- Single Point-of-Contact

- MACs will serve as the single point-of-contact for providers
- Call your MAC about:
 - Claims
 - Payment
 - Bill submission guidance, etc.
- MACs are required to be responsive

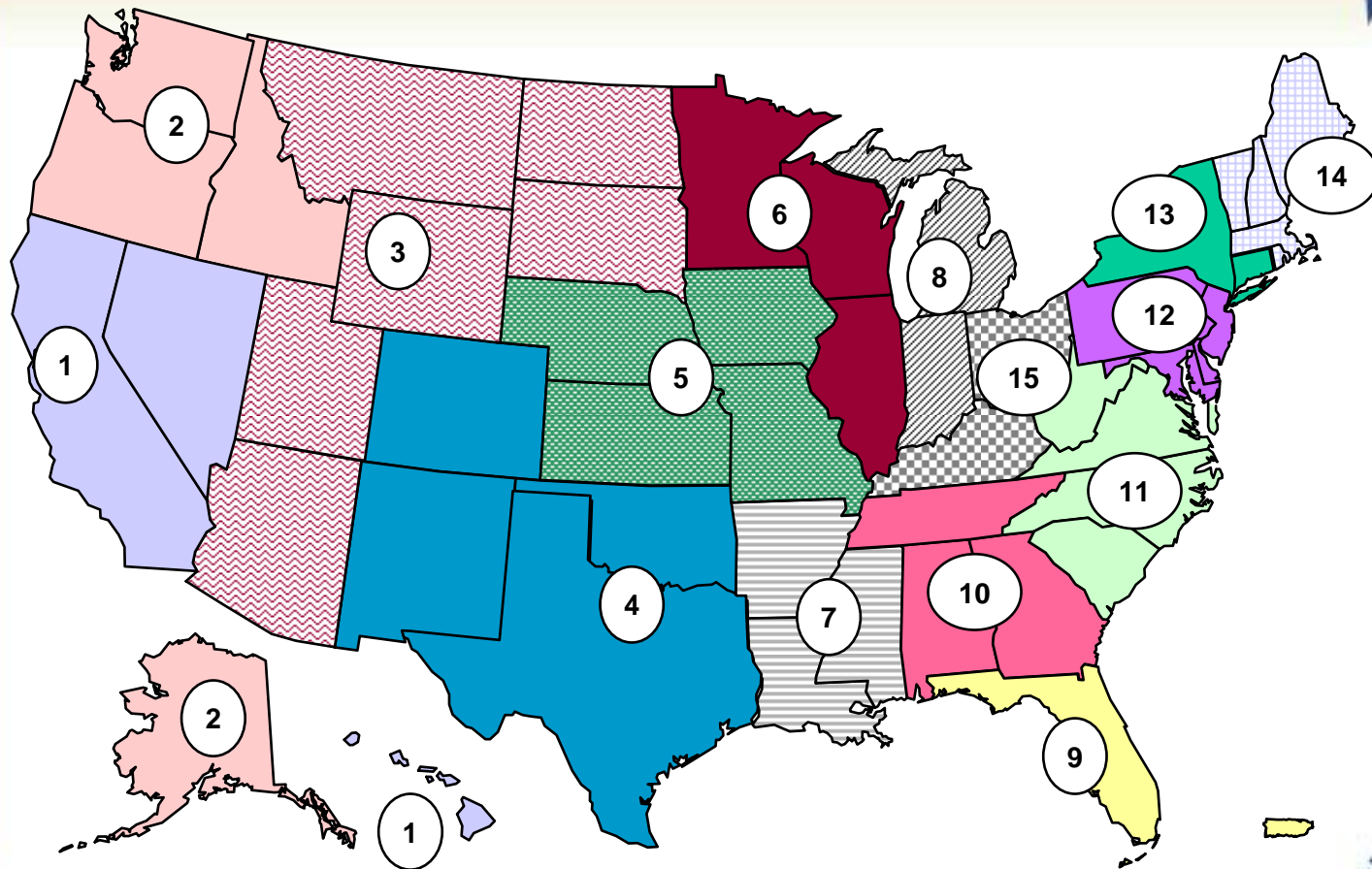
Provider Nomination and Assigning Providers to MACs

- The MMA repealed the Title XVIII “provider nomination” authority
- CMS informed the contractor and provider communities the “change of intermediary” process ceased on 10/1/2005
- Providers that were members of chains could still be part of a “single FI” arrangement
- A final rule describing new policy was published on 11/24/2006
- Upon implementation of the MACs, each provider will be assigned to the MACs that covers the state where the provider is located

Exceptions

- A 421.404 “Qualified Chain provider” may have all of its eligible downstream providers assigned to:
 - The MAC that covers the state where each provider is located (“local billing”); or
 - The MAC that covers the state where the QCP’s home office is located (centralized billing”)
- Each HH+H provider and DME supplier will be assigned to a specialty MAC that covers the region where the provider/supplier is located

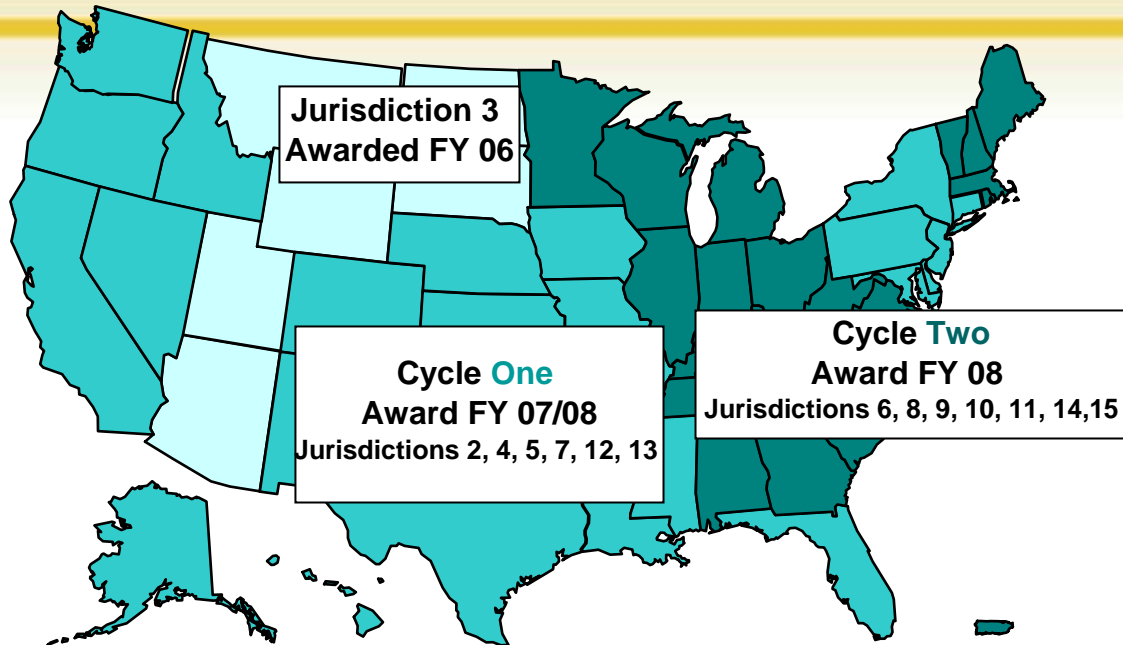
15 A/B MAC Jurisdictions



Approach to Establishing MAC Jurisdictions

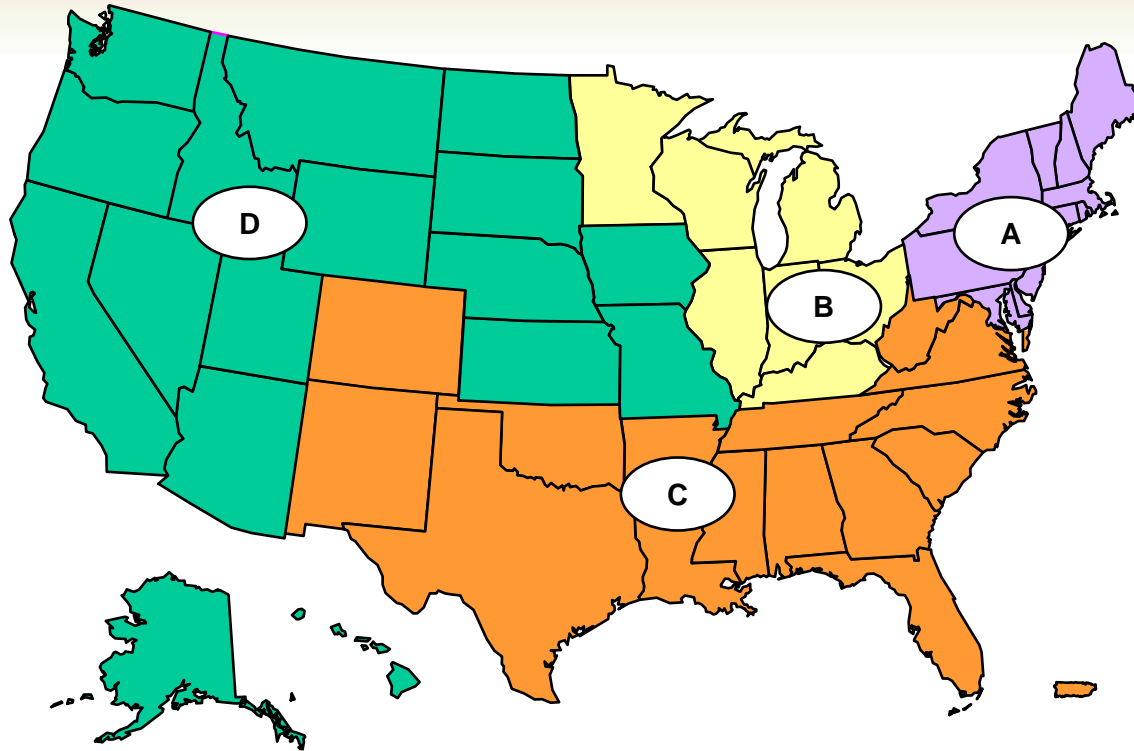
- The new jurisdictions:
 - Reasonably balance the number of FFS beneficiaries and providers
 - Are substantially more alike in size than existing fiscal intermediary and carrier jurisdictions
 - Will promote much greater efficiency in administering Medicare's more than one billion claims a year

A/B MAC Acquisitions Progressing



- **Part A / Part B MAC (A/B MAC) awards:**
 - **Jurisdiction 3 (J3) A/B MAC award** made July 31, 2006 to Noridian Administrative Services. Began processing claims on March 1, 2007. Providers in J3 serviced by Mutual of Omaha will remain with Mutual for now, until HIGLAS is implemented at Noridian.
 - **Jurisdiction 4 (J4) A/B MAC award** made August 2, 2007 to Trailblazer Health Enterprises.
 - **Jurisdictions 5 (J5) A/B MAC award** made September 5, 2007 to Wisconsin Physicians Service Health Insurance Company (WPS)
 - *Jurisdictions 2, 7, 12 & 13 awards to be made by December 2007.*
- **Cycle 2 (J6, J8, J9, J10, J11, J14 & J15) Request for Proposals** released on August 31, 2007.

DME MAC Jurisdictions



DME MAC Implementation Status

- **Durable Medical Equipment (DME) MACs awards made January 6, 2006**

- Jurisdiction A: National Heritage Insurance Company
- Jurisdiction B: AdminaStar Federal, Inc.
- *Jurisdiction C: Cigna Government Services, LLC**
- Jurisdiction D: Noridian Administrative Services

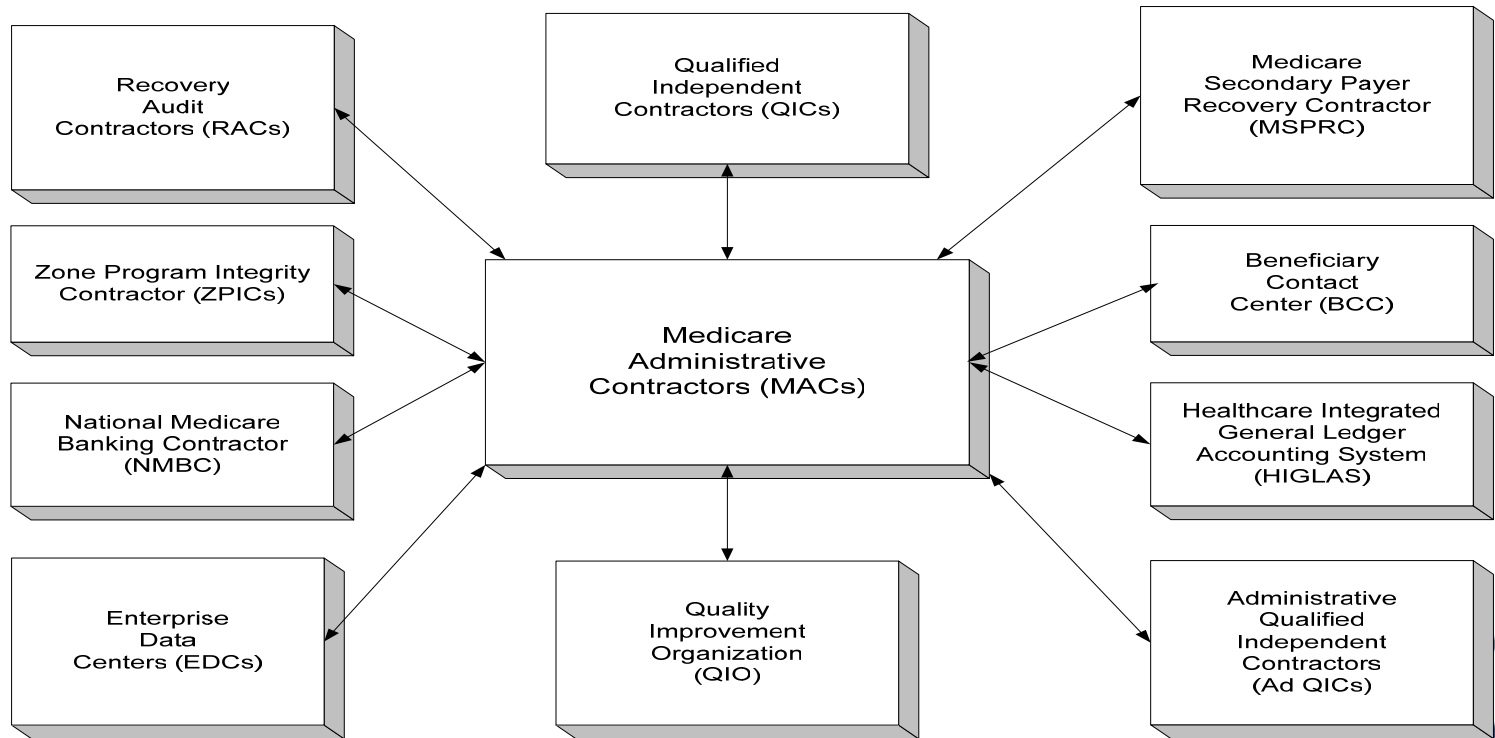
*Award made September 28, 2006 after GAO protest

- **DME MAC Implementations**

- DME MACs JA and JB successfully implemented July 1, 2006
- DME MAC JC successfully implemented June 1, 2007.
- DME MAC JD successfully implemented September 30, 2006

Medicare Fee-For-Service Environment

Integration of large Medicare modernization initiatives simultaneously occurring.



Resources and Links

Look for updates and additional information on the following websites:

- **Medicare Contracting Reform**

- www.cms.hhs.gov/medicarecontractingreform/

- **Formal procurement documents** will be posted to the federal acquisitions website:

- www.fedbizopps.gov