

Award of Durable Medical Equipment Medicare Administrative Contractor (DME MAC) Contract for Jurisdiction C

- On August 31, 2012, the Centers for Medicare & Medicaid Services (CMS) announced that CGS Administrators, LLC, (CGS) has been awarded the contract for the administration of Medicare fee-for-service claims for durable medical equipment (DME), prosthetics, orthotics, and supplies in Jurisdiction C.
- Jurisdiction C serves Medicare beneficiaries who reside in the states of Alabama, Arkansas, Colorado, Florida, Georgia, Louisiana, Mississippi, New Mexico, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia, and West Virginia, as well as Puerto Rico and the U.S. Virgin Islands.
- This contract award concludes another re-competition of a Medicare Administrative Contractor (MAC) contract awarded under the provisions of the Medicare Prescription Drug, Improvement and Modernization Act of 2003. By law, each implemented MAC contract may continue for up to five years, after which CMS must re-compete the contract.
- The original DME MAC contract for Jurisdiction C was awarded in September 2006 to CIGNA Government Services, which was later renamed CGS when the company was purchased by Blue Cross and Blue Shield of South Carolina.
- The new DME MAC Jurisdiction C contract includes a base year and four option years, for a maximum duration of five years. The contract is a “cost plus award fee” contract; the award fee will be earned only if CGS exceeds the base requirements of the contract.
- Inclusive of all options, the awarded Jurisdiction C contract has a total estimated value of \$171.6 million.
- As CGS is the incumbent contractor for DME MAC Jurisdiction C, CMS anticipates that implementation of the new contract will go smoothly, with minimal effect on service for Medicare beneficiaries and DME suppliers.
- CGS will perform this contract work in Nashville, Tennessee. In addition to processing DME supplier claims in Jurisdiction C, CGS will perform other critical Medicare functions, including educating DME suppliers on Medicare coverage requirements and responding to supplier inquiries.
- CMS has learned a tremendous amount from the early implementations of the specialized DME MAC contracts, and has applied the lessons learned and administrative improvements to continue optimizing the administration of the original Medicare program.
- CMS has stringent standards for contract performance on these contracts and measures performance through a variety of processes, including on-site oversight, data reviews and protocol-driven quality assurance reviews, as well as independent audits.

- As CMS continues to use the competitive process to select claims administration contractors, past performance to the contract requirements is a major evaluation factor.
- Questions about the contract award should be directed to Bridget Rineker in CMS' Office of Acquisition and Grants Management. Ms. Rineker may be reached at 410-786-0185 or at [Bridget .Rineker@cms.hhs.gov](mailto:Bridget.Rineker@cms.hhs.gov).