

Award of Medicare Administrative Contractor (MAC) Contract for Jurisdiction J

- On September 8, 2017, the Centers for Medicare & Medicaid Services (CMS) announced that Palmetto GBA (Palmetto) has been awarded a contract on September 7, 2017, for the administration of Medicare Part A and Part B Fee-for-Service claims in the states of Alabama, Georgia and Tennessee (A/B MAC Jurisdiction J). The three states are depicted in gray shading in the map below.



- This jurisdiction comprises approximately 7.0% of the overall national Medicare Fee-for-Service Part A and Part B claims volume, equating to more than \$17 billion in Medicare benefit payments annually. The A/B MAC Jurisdiction J contract will provide Medicare services to more than 400 hospitals, 52,000 physicians, and 2.5 million Medicare beneficiaries.
- This contract award concludes another re-competition of a Medicare Administrative Contractor (MAC) contract awarded under the competitive contracting provisions of the Medicare Prescription Drug, Improvement and Modernization Act of 2003. The previous MAC contract for A/B MAC Jurisdiction J was awarded to Cahaba Government Benefit Administrators, LLC, in September 2014.
- The new A/B MAC Jurisdiction J 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 Palmetto exceeds the base requirements of the contract.
- Inclusive of all options, the newly-awarded A/B MAC Jurisdiction J contract has a total estimated value of \$274.6 million.
- CMS anticipates that implementation of the new contract will go smoothly, with few (if any) disruptions in service for Medicare beneficiaries and providers.
- To support the performance of the newly-awarded MAC contract, Palmetto will be opening an office in Birmingham, AL; Palmetto will also perform the contract from offices in Columbia, Florence, and Camden, SC.
- In addition to processing Medicare Part A and Part B provider claims in A/B MAC

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Jurisdiction J, Palmetto will perform other critical Medicare functions, including enrolling and auditing Medicare providers, as well as educating these providers on Medicare coverage requirements.

- Palmetto will also be responsible for responding to several unique MAC contract requirements; for instance, Palmetto will review Medicare cost reports submitted by Independent Organ Procurement Organizations.
- 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, technical approach and past performance will be major evaluation factors.
- Questions about the contract award should be directed to Phillip Smith in CMS' Office of Acquisition and Grants Management. Mr. Smith may be reached at 410-786-9492 or at Phillip.Smith@cms.hhs.gov.