

**Jurisdiction 14 Part A/Part B Medicare Administrative Contractor for
Maine, Massachusetts, New Hampshire, Rhode Island and Vermont
(J14 A/B MAC) Award**

-- National Heritage Insurance Corporation --

Qs and As

January 2009

Q: What company has been awarded the contract for the J14 A/B MAC workload?

A: National Heritage Insurance Corporation (NHIC) has been awarded the contract for the J14 A/B MAC.

Q: What states are included in A/B MAC J14?

A: J14 is comprised of Maine, Massachusetts, New Hampshire, Rhode Island and Vermont. J14 also includes the Regional Home Health and Hospice Intermediary (RHHI) workload in Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island and Vermont.

Q: What are the major contractual differences of the A/B MACs compared to the current fiscal intermediaries (FIs) and carriers?

A: The claims administration workload for each A/B MAC is being awarded through full and open competition conducted in accordance with the Federal Acquisition Regulation. Based on structured evaluation criteria, the proposal with the best value for the government will be selected in each procurement. The A/B MAC contracts are for the administration of both Medicare Part A and Part B claims in a specific geographic jurisdiction. They allow for performance incentives to be earned by the MAC.

The FI and carrier contracts historically have been competed to a limited number of contractors which may or may not have been the best qualified organizations to do the work. In addition, the carriers have had to be chosen from health insurance companies. The contracts for the FIs and carriers do not allow for performance incentives; rather they pay the contractor the costs incurred in conducting their operations.

Q: What is the effect of Medicare Contracting Reform on beneficiaries and providers?

A: Beneficiaries will have a single point-of-contact, connecting them to a seamless operations network for meeting their information needs. A beneficiary's first point of

entry for resolution of questions about Medicare coverage will be 1-800-MEDICARE. The A/B MAC will handle only complex inquiries from beneficiaries.

The A/B MAC will serve as the point of contact for providers, physicians and practitioners for all claims-related business. Medicare contracting reform also will benefit providers with improved provider education and training by the A/B MACs.

Q: What type of contract has been awarded for the J14 A/B MAC workload?

A: The J14 A/B MAC was awarded under a cost-plus-award-fee contract. The period of performance for the contract is a base period with four 1-year options. The total value of the contract for the five year period is approximately \$176 million.

Q: Where is the J14 A/B MAC contractor's headquarters? Where will the work actually be performed?

A: NHIC's operations are headquartered in Hingham, MA. Some operations will also be performed in Quincy, MA, Boston, MA and Biddeford, ME.

Q: When will the new J14 A/B MAC begin operations?

A: The implementation activities of the A/B MAC that are needed to move the Part A/Part B workload for Maine, Massachusetts, New Hampshire, Rhode Island and Vermont will begin immediately. The MAC will complete the transfer of the claims and information from FIs and carriers and be fully operational no later than September 2009.

Q: What FIs and carriers are currently processing claims in J14?

A: The following are the current fiscal intermediaries (FIs) and carriers administering the program in J14 and the states that they serve:

- Mutual of Omaha Insurance Company (FI for some providers in Maine, Massachusetts, New Hampshire, Rhode Island and Vermont)
- National Government Services (FI for Maine, Massachusetts, New Hampshire and Vermont; RHHI for Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island and Vermont)
- National Heritage Insurance Company (carrier for Maine, Massachusetts, New Hampshire, and Vermont)
- Pinnacle Business Solutions (FI and carrier for Rhode Island)

Q: How will staffing be affected as work moves from the current FIs and carriers to the J14 A/B MAC?

A: With the award and implementation of the new contract, the MAC for J14 will be performing the claims administration work that had been distributed among four contractors. Fewer staff will be required to perform the full scope of activities because of the consolidation of the contracts.

Q: How many Part A/Part B beneficiaries and providers are there in J14? What percent of the national Medicare Fee-for-service claims workload is accounted for in this Jurisdiction?

A: As of July 2007, approximately 1,717,303 Medicare Fee-for-Service beneficiaries are located in this jurisdiction. As of December 2007, approximately 219 Medicare hospitals are located in the five states comprising this jurisdiction. Also, as of July 2007, approximately 79,712 physicians and practitioners provided services in this jurisdiction.

With respect to the workload, approximately 4.2% of national Medicare fee-for-service claims are in this jurisdiction as of September 2007.

Q: How many Regional Home Health and Hospice Intermediary (RHHI) beneficiaries and providers are there in Jurisdiction A? What percent of the national RHHI claims workload is accounted for in this Jurisdiction?

A: As of July 2007, approximately 2,254,139 Medicare Fee-for-Service beneficiaries receive Home Health and Hospice services in this jurisdiction. As of July 2007, approximately 313 Home Health Agencies and 147 Hospices are located in this jurisdiction.

Approximately 6.4% of the national RHHI workload is in this jurisdiction as of September 2007.

Q: Did the winning contractor have any subcontracts? If so, what services will the subcontractor provide?

- A: As the J14 A/B MAC, NHIC is subcontracting with the following companies:
- NGS - For Part A & HH&H Functions: EDI, Claims Processing, Provider Customer Service, Appeals, Medical Review, Audit & Reimbursement, and HH&H CSR training
 - EDS – General Help Desk, Cycle and Release Support, and ANSI Translation Part B, Print/Mail Service for all Outgoing Mail
 - Reed & Associates – Conflict of Interest and SAS-70 Audits