

## **Qs & As for Implementation of the Durable Medical Equipment Medicare Administrative Contractors for Jurisdictions A and B, National Heritage Insurance Company and AdminaStar Federal, Inc., respectively**

**Q: Who has been awarded the Durable Medical Equipment (DME) Medicare Administrative Contractor (MAC) contracts for Jurisdictions A and B?**

A: CMS awarded DME MAC contracts for Jurisdictions A to National Heritage Insurance Company (NHIC) and Jurisdiction B to AdminaStar Federal, Inc. (AdminaStar) on January 6, 2006

**Q: What is the duration of the DME MAC contracts that were awarded?**

A: The DME MAC contracts awarded on January 6, 2006 include a base period and four 1-year options.

**Q: What is the value of the DME MAC contracts for Jurisdictions A and B?**

A: The potential value of NHIC's Jurisdiction A DME MAC contract, including the base year and four 1-year options, is \$56.6 million. The potential value of AdminaStar's Jurisdiction B DME MAC contract, including the base year and four 1-year options, is \$89.2 million.

**Q: Who handled the work of the Durable Medical Equipment Regional Carrier (DMERC) for Jurisdictions A and B prior to the transition to the DME MACs?**

A: NHIC assumed the DMERC work for Jurisdiction A from HealthNow New York, Inc. The states in Jurisdiction A changed somewhat from the prior Region A. As a result, NHIC also took over the work for suppliers in Maryland and the District of Columbia which previously were serviced by AdminaStar under its contract as the DMERC in Region B.

AdminaStar is the incumbent contractor for the majority of the states that comprise the previous DME MAC Jurisdiction B, but it also will now be servicing the suppliers in Kentucky who were previously serviced by Palmetto in DMERC Region C

**Q: What states comprise DME MAC Jurisdiction A?**

A: The states included in DME MAC Jurisdiction A are: Connecticut, Delaware, District of Columbia, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, and Vermont.

**Q: What states comprise DME MAC Jurisdiction B?**

A: The states included in DME MAC Jurisdiction B are: Illinois, Indiana, Kentucky, Michigan, Minnesota, Ohio and Wisconsin.

**Q: When did the new DME MAC contractors assume responsibility for the DME claims processing workload?**

A: NHIC and AdminaStar assumed full responsibility for the DME workload on July 1, 2006.

**Q: How many Medicare beneficiaries reside in DME MAC Jurisdictions A and B?**

A: Approximately 7.8 million Medicare beneficiaries reside in DME MAC Jurisdiction A, representing approximately 17.6% of the national DME claims workload. Approximately 7.4 million Medicare beneficiaries reside in DME MAC Jurisdiction B, representing approximately 20.1% of the national DME claims workload.

**Q: Where are the new DME MAC contractors' operations located?**

A: NHIC is headquartered in Hingham, MA. Some of its operations will take place in Biddeford, ME. AdminaStar is headquartered in Indianapolis, IN.

**Q: What companies were awarded the DME MAC contracts for Jurisdictions C and D?**

A: Palmetto GBA was awarded the DME MAC contract for Jurisdiction C and Noridian Administrative Services (NAS) was awarded the DME MAC contract for Jurisdiction D. Shortly after the January 2006 DME MAC award announcement by CMS, CIGNA Government Services, LLC (CGS) filed a protest with the General Accountability Office (GAO) on the awards for Jurisdictions C and D.

GAO issued its decisions May 4, 2006. GAO denied the protest of the Jurisdiction D DME MAC award. As a result, CMS then authorized NAS to resume work under the contract on May 8th. The DME MAC for Jurisdiction D was fully operational on September 30, 2006.

GAO's decision also sustained CGS's protest of the award made by CMS and recommended corrective steps which resulted in the agency reopening discussions with the competitive range offerors. CMS evaluated the final revised proposals submitted by Palmetto GBA and CGS in accordance with the provisions of the solicitation for the DME MAC contracts. CMS found the proposal from CGS offered the best overall value to the government and, therefore, awarded the Jurisdiction C DME MAC contract to CGS on September 30, 2006. However, on October 6, 2006, Palmetto filed a protest with GAO of the award. On January 16, 2007, CMS received notification that GAO denied Palmetto's protest of the award to CGS. As a result,

CMS authorized CGS to resume work under Jurisdiction C. CGS assumed full responsibility for the Jurisdiction C workload on June 1, 2007.

**Q: Are DME MAC contracts renewable?**

A: DME MAC contracts may be renewed annually if the contractor meets performance expectations, but the contract must be recompeted at least every five years.

**Q: What function do DME MACs serve?**

A: The DME MACs are responsible for processing Medicare claims for durable medical equipment, orthotics, and prosthetics. They will serve as the point-of-contact for all Medicare suppliers. Beneficiaries will pose their claims-related questions to Beneficiary Contact Centers via 1-800-MEDICARE.

**Q: What is the overall purpose behind the transition to the MAC contracting environment?**

A: The successful implementation of new MAC contracts represents a first step in CMS' initiatives designed to improve service to beneficiaries and providers, support the delivery of coordinated and quality care, and provide greater administrative efficiency and effectiveness for fee-for-service Medicare.

**Q: How will suppliers benefit from the transition to the new DME MACs?**

A: Suppliers will benefit because the new DME MACs will be focused on improved financial management. This means increased accuracy of payments to suppliers as well as consistent payment decisions. Suppliers will have an opportunity to provide input into the performance evaluation of DME MACs through completion of CMS provider/supplier satisfaction surveys.

**Q: Why is the transition to the new MAC environment necessary?**

A: Section 911 of the Medicare Modernization Act of 2003, known as the Medicare Contracting Reform provision, requires that the Centers for Medicare & Medicaid Services compete all currently held contracts for administration of the fee-for-service Medicare program.