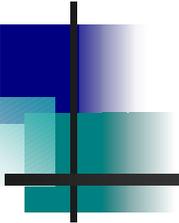




# MEDICARE FEE-FOR-SERVICE (FFS) CONTRACTING REFORM



**May 4, 2004**

*Presented by  
the Medicare Contractor Management Group*

# GOALS OF MEDICARE FFS CONTRACTING REFORM



- Provide flexibility for 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

# LEGISLATIVE TIMELINE: MILESTONES



- **December 8, 2003**: Date of Enactment of Medicare Modernization Act (MMA)
- **June 8, 2004**: Submit conforming and technical legislative proposals to Congress
- **October 1, 2004**: Secretary submits an implementation plan for Medicare Contracting Reform (MCR) to Congress & GAO

# LEGISLATIVE TIMELINE: MILESTONES



- **October 1, 2005**: Existing Medicare contracting authorities sunset & new Medicare administrative contracting authority becomes effective
- **October 1, 2008**: Secretary submits an implementation progress report for MCR to Congress
- **October 1, 2011**: All work must be transitioned to Medicare Administrative Contractors (MACs)

# MEDICARE FFS CONTRACTOR OPERATIONS



OVERVIEW OF FUTURE  
CONTRACTING REFORM  
ENVIRONMENT

# MMA SECTION 911 (CONTRACTING REFORM)



- Integrates Medicare Part A and B contractors into a new single authority—Medicare Administrative Contractors (MACs)
- FAR contracts with Statements of Work (SOWs)
  - CMS must consult with providers, beneficiaries and contractors on performance measures
  - All contractor performance requirements in SOWs
- MAC contracts may be renewed annually based on contractor performance for a period of 5 years, but they must be re-competed every 5 years
- CMS has 6 years to compete and transition all Medicare FFS contract workloads (10/2005-10/2011)

# COMPETITION

- Encourage competition and participation in all its varieties, including various partnering arrangements among new and/or current contracting entities
  - Partnerships can create a synergistic blend of innovative ideas and program experience
- Ensure and promote fair, open competition among all potential bidders by ensuring information is shared with all parties

# COMMUNICATION GOALS AND OBJECTIVES



- Establish and maintain a clear, direct and open line of communication
- Encourage stakeholder feedback and participation
  - CMS intends to consult and work closely with contractors, providers and beneficiaries throughout our MCR implementation process
- Communicate CMS' plans to stakeholders as early as possible to the extent the law and process permits
- Ensure MCR changes are coordinated with other CMS initiatives and managed effectively

# COMMUNICATION PLAN



[http://www.cms.hhs.gov/  
medicarereform/contractingreform/](http://www.cms.hhs.gov/medicarereform/contractingreform/)

- Developed MCR Website March 2004
- Developed MCR logo
- Consulted with Providers at Open Door Forum on April 15, 2004

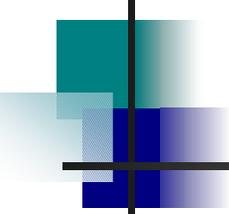
# CONTRACTING REFORM ACTIVITIES



*CMS is in the development phase of planning for the following major activities:*

- Report to Congress
- MAC SOW Development
- Transition Strategy and Plan
- Business Process
- Acquisition Strategy and Plan Re-engineering

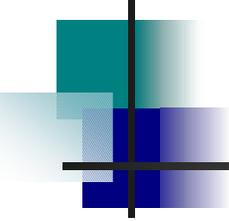




# REPORT TO CONGRESS

---

- To date, CMS has completed a high-level outline of the Report to Congress
- Will describe the consensus on what the future Medicare FFS environment should look like
- Will decide on how to integrate and implement the future Medicare FFS environment



# STATEMENT OF WORK

---



- Developing a draft MAC SOW on which contractors will bid
  - MMA mandates that all work be re-competed by 2011.
- Held an Open Door Forum on April 15, 2004 to consult with providers during our MAC SOW development
  - In addition to the forum, providers are allowed the opportunity to submit their feedback via the MCR website.
- Will also consult with beneficiaries and contractors during our MAC SOW development
  - CMS will coordinate a public review process for the draft MAC SOW through the MCR Website.

# TRANSITION STRATEGY & PLAN



- Developing a transition strategy and plan to support the future MAC SOW environment, which will be identified in the Report to Congress.
- Will continue to support current contractors in the services they provide to CMS.
  - CMS' primary objective throughout MCR implementation is continuity in operations.
  - Continuity in operations depends on continued service of our current contractors.

# BUSINESS PROCESS RE-ENGINEERING



- Design and implement new CMS internal processes to manage MACs
  - Identify new processes needed
  - Develop new/Modify management systems to support new processes