

**Medicare Administrative Contractor Award  
for Jurisdiction 11 Part A/Part B  
(J11 A/B MAC)  
--PALMETTO GOVERNMENT BENEFITS ADMINISTRATOR--**

**Background Sheet**

January 2009

- On January 7, 2009 the Centers for Medicare & Medicaid Services (CMS) announced that Palmetto Government Benefits Administrator (Palmetto GBA) has been awarded the contract for the combined administration of Part A and Part B Medicare fee-for-service claims in Jurisdiction 11 (J11) comprised of North Carolina, South Carolina, Virginia and West Virginia.
- Palmetto GBA's contract also includes the home health and hospice claims administration responsibilities for workload in Alabama, Arkansas, Florida, Georgia, Illinois, Indiana, Kentucky, Louisiana, Mississippi, New Mexico, North Carolina, Ohio, Oklahoma, South Carolina, Tennessee and Texas.
- The award of the J11 Part A/Part B Medicare Administrative Contractor (A/B MAC) contract is another step toward improved service to providers, physicians and practitioners as well as greater administrative efficiency and effectiveness for fee-for-service Medicare.
- This award is indicative of the efforts underway to significantly reengineer the Medicare claims administration process and change from the "business as usual" of the past 40 years.

***Background***

- Section 1874A of the Social Security Act, as added by Section 911 of the Medicare Modernization Act of 2003 (MMA) requires the Secretary to take needed steps by 2011 to implement Medicare Contracting Reform and thereby replace all current intermediaries and carriers with MACs through full and open competition as regulated under federal contracting statutes.
- The new MACs are being selected through full and open competitions, and will lead to more efficiency and greater accountability of our fee-for-service contractors in the new environment.
- CMS completed selection activities for the 15 A/B MACs by the end of calendar year 2008 and made award in January 2009.
- The geographical jurisdictions for the MACs were made public on February 22, 2005. The jurisdictions are distinct geographically and non-overlapping.

- When contracting reform is fully implemented, beneficiaries and providers will have separate single points of contact with the Medicare program that will allow for higher quality services to each group.
- In accordance with section 1874A(b)(1)(B) of the Social Security Act, MAC contracts will have to be recompeted no less frequently than once every 5 years.

### ***The J11 A/B MAC Award***

- On August 31, 2007, the Centers for Medicare & Medicaid Services (CMS) released the solicitations for the jurisdictions included in Cycle Two. After careful evaluation that weighed technical qualifications and past performance and considered cost and other factors, CMS established the competitive range. Of those in the competitive range, CMS is awarding the J11 A/B MAC contract to Palmetto GBA whose proposal offered the best overall value to the government.
- The J11 A/B MAC contract is a cost-plus-award-fee contract.
- The J11 A/B MAC will be working with other functional contractors with responsibility for specific administrative activities.
- CMS has significant experience overseeing the implementation of new claims processing contracts and will work to ensure that the hospitals and health care providers, physicians, and the beneficiaries who receive service from the current fiscal intermediaries and carriers in this jurisdiction experience a smooth transition to the new MAC.

### ***Information Concerning the J11 A/B MAC***

- J11 is comprised of North Carolina, South Carolina, Virginia and West Virginia.
- J11 also includes the home health and hospice claims administration responsibilities for workload in Alabama, Arkansas, Florida, Georgia, Illinois, Indiana, Kentucky, Louisiana, Mississippi, New Mexico, North Carolina, Ohio, Oklahoma, South Carolina, Tennessee and Texas.
- The J11 A/B MAC contract has a total estimated value of approximately \$314 million over five years.
- The following are the current fiscal intermediaries (FIs) and carriers administering the program in J11 and the states that they serve:
  - CIGNA Government Services (carrier for North Carolina)
  - National Government Services (FI for Virginia and West Virginia)
  - Palmetto GBA (FI for North Carolina and South Carolina; carrier for South Carolina and West Virginia; RHHI for Alabama, Arkansas, Florida, Georgia, Illinois, Indiana, Kentucky, Louisiana, Mississippi, New Mexico, North Carolina, Ohio Oklahoma, South Carolina, Tennessee and Texas)

- TrailBlazer Health Enterprises, LLC (carrier for Virginia)
- Wisconsin Physicians Service Insurance Corporation (FI for some providers in North Carolina, South Carolina, Virginia, and West Virginia)
- Palmetto GBA will implement the J11 A/B MAC by taking over the work from the FIs and carriers on an incremental basis over the next several months.
- Palmetto GBA will be reaching out to providers and state medical associations to provide education and information about the implementation. For more details, visit Palmetto's website at <http://palmettogba.com/palmetto/palmetto.nsf/SiteHome?ReadForm>.
- Palmetto GBA will have the following subcontractor:
  - National Government Services will perform electronic data interchange and provider audit & reimbursement.
- Palmetto GBA operations are headquartered in Columbia, South Carolina. Some operations will also be performed in Columbus, Ohio.
- With the award of the contract, one contractor will be performing the work that had been distributed among five. In general, this consolidation of claims administration activities results in an overall reduction in the number of staff that the A/B MAC will need to employ, in comparison to the current FIs and carriers, resulting in reduced costs.

***Statistics regarding the J11 A/B Workload***

- As of July 2007, approximately 3,451,137 Medicare Fee-for-Service beneficiaries are located in this jurisdiction.
- As of July 2007, approximately 88,721 physicians and other medical professionals provided services in this jurisdiction.
- As of December 2007, approximately 392 Medicare hospitals are located in this jurisdiction.
- As of September 2007, approximately 8.8% of the national Medicare claims workload is in this jurisdiction.

***Statistics regarding the JC RHHI Workload***

- As of July 2007, approximately 18,375,559 RHHI beneficiaries are located in this jurisdiction.
- As of December 2007, approximately 5,370 Home Health Agencies and 1,598 Hospices are located in this jurisdiction.

- As of September 2007, approximately 58.1% of the national RHHI workload is in this jurisdiction.