

**Jurisdiction 1 Part A/Part B Medicare Administrative Contractor
(J1 A/B MAC) Award**

-- Palmetto GBA --

Qs and As

March 2008

Q: What company has been awarded the contract for the J1 A/B MAC workload?

A: Palmetto GBA (Palmetto) has been awarded the contract for the J1 A/B MAC.

Q: Didn't CMS already award the J1 A/B MAC contract in October 2007 to Palmetto?

A: On October 25, 2007, CMS announced it had awarded Palmetto the A/B MAC contract for J1. Shortly after the award announcement by CMS, National Heritage Insurance Company (NHIC) filed a protest with the General Accountability Office (GAO) of the award for J1. On February 12, 2008, GAO issued its decision denying NHIC's protest and upholding the agency's award of the J1 workload to Palmetto.

Q: What states/territories are included in A/B MAC J1?

A: The states and territories included in J1 are American Samoa, California, Guam, Hawaii, Nevada and the Northern Mariana Islands.

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

A: The 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 J1 A/B MAC workload?

A: The J1 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 \$358 million.

Q: When will the new J1 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 the states included in Jurisdiction 1 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 October 1, 2008.

Q: What FIs and carriers are currently processing claims for the states in J1?

A: The following are the current fiscal intermediaries (FI) and carriers administering the program in J1 and the states they serve:

- Mutual of Omaha Insurance Company (FI for some providers in American Samoa, California, Guam, Hawaii, Nevada and Northern Mariana Islands)
- National Heritage Insurance Company (carrier for California)
- Noridian Mutual Insurance Company (carrier for American Samoa, Guam, Hawaii, Nevada, and Northern Marina Islands)
- United Government Services, LLC (FI for American Samoa, California, Guam, Hawaii, Nevada, and Northern Mariana Islands)

Q: How will staffing be affected as work moves from the current FIs and carriers to the J1 A/B MAC?

A: With the award and implementation of the new contract, one contractor will be performing the work that had been distributed among four. Fewer staff will be required.

For more specific questions regarding staffing please contact the Contracting Officer, Cathy Baldwin at cathy.baldwin@cms.hhs.gov or 410-786-5791.

Q: How many beneficiaries and providers are there in J1? What percent of the national claims workload is accounted for in this Jurisdiction?

A: As of March 31, 2007, approximately 4,730,532 Medicare beneficiaries and 498 Medicare hospitals are located in the six states comprising this jurisdiction. Also, as of March 31, 2007, approximately 127,579 physicians and practitioners provided services in this area.

With respect to the workload, approximately 8.3% of national Medicare fee-for-service claims are in this jurisdiction.

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

A: As the J1 A/B MAC, Palmetto GBA is subcontracting with the following companies:

- First Coast Service Options will provide audit and reimbursement and provider enrollment
- PSS InfoTech, LLC will provide quarterly release testing
- TrailBlazer Health Enterprises will provide provider customer service.