

**Jurisdiction 4 Part A/Part B Medicare Administrative Contractor
(J4 A/B MAC) Award**

-- TrailBlazer Health Enterprises --

Qs and As

August 2, 2007

Q: What company has been awarded the contract for the J4 A/B MAC workload?

A: TrailBlazer Health Enterprises (TrailBlazer) has been awarded the contract for the J4 A/B MAC.

Q: What states are included in A/B MAC Jurisdiction 4?

A: The states included in Jurisdiction 4 are Colorado, New Mexico, Oklahoma and Texas.

Q: What are the major contractual differences of the new 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 J4 A/B MAC workload?

A: The J4 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 J4 A/B MAC contract has a total estimated value of approximately \$376.5 million over five years.

Q: When will the new J4 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 4 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 Spring 2008.

Q: What FIs and carriers are currently processing claims for the states in J4?

A: The following are the current fiscal intermediaries (FI) and carriers administering the program in J4 and the states they serve:

- Pinnacle Business Solutions (carrier for New Mexico and Oklahoma)
- Healthcare Services Corporation (FI for Oklahoma)
- Mutual of Omaha Insurance Company (FI for some providers in Colorado, New Mexico, Oklahoma and Texas)
- Noridian Mutual Insurance Company (carrier for Colorado)
- TrailBlazer Health Enterprises, LLC (FI for Colorado, New Mexico and Texas; carrier for Texas)

Q: How will staffing be affected as work moves from the current FIs and carriers to the J4 A/B MAC?

A: There will be an overall reduction in the number of staff that will be needed. This reduction is due to increased efficiencies in the work to be performed at the J4 A/B MAC.

For more specific questions regarding staffing please contact the Contracting Officer, Darrell Bachman at Darrell.bachman@cms.hhs.gov or 410-786-8167.

Q: How will CMS' central and regional staff members be involved?

A: Consistent with the requirements of the FAR, the J4 A/B MAC will work closely with the contracting officer and project officer. The contracting officer is the only individual authorized to commit and bind the government. The project officer is authorized to provide technical direction to the new MAC.

Other central and regional office staff will participate in needed monitoring, oversight, and administration of the J4 A/B MAC.

Q: How many beneficiaries and providers are there in J4? What percent of the national claims workload is accounted for in this Jurisdiction?

A: As of March 31, 2007, approximately 3,855,000 Medicare beneficiaries and 831 Medicare hospitals are located in the four states comprising this jurisdiction. Also, as of March 31, 2007, approximately 105,800 physicians and practitioners provided services in this area.

With respect to the workload, approximately 9.4% of Medicare fee-for-service claims nationwide are in this jurisdiction.

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

A: TrailBlazer has no subcontracts.