

## Fact Sheet

### **CMS' Plans for the A/B Medicare Administrative Contractor (MAC) Round II Procurements**

- On July 22, 2010, the Centers for Medicare & Medicaid Services posted a notice on the federal government's procurement website regarding upcoming plans for the A/B Medicare Administrative Contractor (MAC) Round II procurements. (Round I refers to the MAC jurisdictions awarded prior to September 1, 2010, while Round II refers to MAC awards after September 1, 2010).
- The target audience for this notice (a Request for Information (RFI)) was all contractors and other parties that have an interest in CMS' plans for awarding contracts for Medicare Parts A and B claims processing to A/B MACs.
- CMS' plan includes three objectives for A/B MAC Round II procurements:
  - Consolidation of the present Round I 15 A/B MAC jurisdictions into ten A/B MAC jurisdictions (in a phased process that will take several years to complete);
  - Implementation of a contract limit for the A/B MAC contracts, and;
  - Enhancement of the role of the contractor medical directors (CMDs).

#### ***Consolidation of A/B MAC Contracts***

- During Round I procurements, CMS fully implemented nine A/B MAC contracts. Six contracts have not yet been implemented due to bid protests and/or procurement corrective actions.
- Of the six A/B MACs that have not yet been implemented, CMS is actively implementing the Jurisdiction 11 and 15 contracts, and CMS intends to implement two additional MAC contracts by late 2011 (Jurisdictions 6 and 8), in keeping with its original MAC plan. Jurisdictions 2 and 7 will not be implemented as originally envisioned.
- As part of CMS' strategy for Round II of A/B MAC procurements, A/B MAC Jurisdictions 2 and 7 will be incorporated into new full-and-open solicitations:
  - A/B MAC Jurisdiction 2 will be consolidated into a single contract with Jurisdiction 3.
    - Jurisdiction 2- Alaska, Idaho, Oregon, Washington
    - Jurisdiction 3- Arizona, Montana, North Dakota, South Dakota, Utah, Wyoming
  - A/B MAC Jurisdiction 7 will be consolidated into a single contract with Jurisdiction 4.

- Jurisdiction 7- Arkansas, Louisiana, Mississippi
  - Jurisdiction 4- Colorado, New Mexico, Oklahoma, Texas
- Other planned consolidations include:
    - A/B MAC Jurisdictions 5 and 6 (Minnesota, Wisconsin, Illinois, Kansas, Nebraska, Iowa, and Missouri)
    - A/B MAC Jurisdictions 8 and 15 (Kentucky, Ohio, Michigan, and Indiana)
    - A/B MAC Jurisdictions 13 and 14 (New York, Connecticut, Massachusetts, Rhode Island, Vermont, Maine, and New Hampshire)
  - The following A/B MAC Jurisdictions will not be consolidated during Round II:
    - A/B MAC Jurisdiction 1 (California, Hawaii, Nevada, Pacific Islands)
    - A/B MAC Jurisdiction 9 (Florida, Puerto Rico, US Virgin Islands)
    - A/B MAC Jurisdiction 10 (Alabama, Georgia, Tennessee)
    - A/B MAC Jurisdiction 11 (North Carolina, South Carolina, Virginia, West Virginia)
    - A/B MAC Jurisdiction 12 (Delaware, Maryland, Pennsylvania, New Jersey, Washington DC)
  - The exact timing for each consolidation may be adjusted based on programmatic and contractual issues.
  - The benefits of consolidation are increased efficiency and effectiveness of Medicare claims operations and of CMS's internal MAC procurement and contract administration processes.

***Contract Award Limitation (Note: An RFI was posted on August 24, 2010 based on comments received on the July 22, 2010 RFI, which resulted in revisions to the contract award limitation proposed policy).***

- CMS intends to apply a contract award limitation to the A/B MAC Round II contracts. This contract award limitation refers to the amount of A/B MAC contract responsibility that any single entity (or set of affiliated entities) can win.
- CMS is establishing this limit based on the overall percentage of Medicare fee-for-service claims volume that is serviced by a given entity (or set of affiliated entities) in a "prime contractor" capacity.
  - CMS will not award prime contracts for more than 26.0% of the national Medicare claims volume to any one corporate entity.
  - CMS will not award prime contracts for more than 40.0% of the national Medicare claims volume to any set of affiliated entities.
- CMS believes that implementing a contract award limitation will yield the following benefits:

- An award limitation allows CMS to manage program risk throughout the contract life-cycle (contract implementation phases, ongoing operations, and close-out periods).
- An award limitation supports a vigorous level of competition for A/B MAC contracts.

#### ***Role of the Contractor Medical Director (CMD)***

- CMS will require each Round II A/B MAC contractor to fully dedicate at least one CMD to each A/B MAC jurisdiction.
- CMS will enhance the CMD's engagement with the claims review process and with the A/B MAC's processes for analyzing claims error trends.
- CMS will require CMD participation in activities that facilitate greater local coverage determination consistency across A/B MACs when warranted by medical evidence.
- New requirements for the CMD are expected to evolve over the next several years based on Medicare program trends and MAC consolidations.

#### ***Contractor Comment Period***

- CMS providing the federal contractor community an opportunity to submit comments on both the July and August RFIs. All comments were considered by CMS, and the agency's new contract award limit and CMD requirements were incorporated into the solicitation for the consolidated Jurisdiction 2 and 3 (Jurisdiction F) that was posted on October 5, 2010.