

Jurisdiction A DME MAC -- National Heritage Insurance Company FACT SHEET

January 2006 Contract Award

- On January 6, 2006, CMS announced that National Heritage Insurance Company (NHIC) has been awarded the DME MAC contract for Jurisdiction A.
- The states included in Jurisdiction A are: Connecticut, Delaware, District of Columbia, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island and Vermont.
- NHIC has subcontracted with 3 companies: AdminaStar Federal Inc. (AdminaStar) headquartered in Indianapolis, IN; Electronic Data Systems (EDS) headquartered in Plano, TX; and Customer Value Partners (CVP) headquartered in Fairfax, VA. AdminaStar will provide customer service and training support, EDS will provide information technology support, and CVP will provide quality assurance support.
- Neither the suppliers nor the beneficiaries who receive service from these DMERCs, will be adversely affected by the transition to the DME MAC.
- The total potential contract value, including the base year and four 1-year options, is \$58,796,442.
- NHIC is a subsidiary of Electronic Data Systems headquartered in Plano, Texas.
- NHIC's DME MAC A operations will be headquartered in Hingham, MA. Some operations will also be performed in Biddeford, ME.
- The DMERC currently servicing the majority of the states in Jurisdiction A is HealthNow New York, Inc. The District of Columbia and Maryland are the exceptions as they are currently serviced by AdminaStar Federal.
- NHIC will immediately begin working with the DMERCs on transition activities. The current DMERCs will continue to process Medicare claims until the transition to NHIC is complete. NHIC will be fully operational as the DME MAC on July 1, 2006.
- As of 2004, approximately 7,797,004 Medicare beneficiaries reside in the states in this jurisdiction. Also, approximately 17.6% of the national DME claims workload is in this jurisdiction. As of August 2005, 24,282 DME suppliers provide services in this jurisdiction.

- In general, there will be an overall reduction in the number of staff that the DME MACs will need to employ in comparison to the current DMERCs. This reduction is due to both increased efficiencies of the DME MACs and the shift of work to functional contractors including the Qualified Independent Contractors, Beneficiary Contact Center, and Common Front End maintainer.
- In this jurisdiction, medical review and benefit integrity work has been conducted by a payment safeguard contractor since the incumbent contractor, Healthnow, began operations. The work will continue to be separated out with the transition to NHIC as the DME MAC.
- After full implementation, when NHIC takes over full operations, July 1, 2006, they will have approximately 200 FTEs performing the work outlined in the contract, annually.
- Approximately 275 HealthNow employees potentially are affected by this DME MAC award. CMS is not requiring NHIC to offer positions to any of the staff of the incumbent DMERC. However, the new DME MAC for Jurisdiction A recognizes the value of the Medicare knowledge of the existing contractor's staff.