

**Medicare Administrative Contractor Award
for Jurisdiction 14 Part A/Part B
(J14 A/B MAC)
-- National Heritage Insurance Corporation --**

Background Sheet

January 2009

- On November 19, 2008 the Centers for Medicare & Medicaid Services (CMS) announced that National Heritage Insurance Corporation (NHIC) has been awarded the contract for the combined administration of Part A and Part B Medicare fee-for-service claims in Jurisdiction 14 (J14) comprised of Maine, Massachusetts, New Hampshire, Rhode Island and Vermont.
- NHIC's contract also includes the Regional Home Health and Hospice Intermediary (RHHI) workload in Jurisdiction A comprised of Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island and Vermont.
- The award of the J14 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 will award 15 A/B MACs by the end of calendar year 2008.
- 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 J14 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 J14 A/B MAC contract to NHIC whose proposal offered the best overall value to the government.
- The J14 A/B MAC contract is a cost-plus-award-fee contract.
- The J14 A/B MAC will be working with other functional contractors with responsibility for specific administrative activities.
- As the J14 A/B MAC, NHIC will immediately begin implementation activities and will assume full responsibility for the work no later than September 2009.
- 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 J14 A/B MAC

- J14 is comprised of Maine, Massachusetts, New Hampshire, Rhode Island and Vermont.
- J14 also includes the RHHI workload in Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island and Vermont.
- The J14 A/B MAC contract has a total estimated value of approximately \$176 million over five years.
- The following are the current fiscal intermediaries (FIs) and carriers administering the program in J14 and the states that they serve:
 - Mutual of Omaha Insurance Company (FI for some providers in Maine, Massachusetts, New Hampshire, Rhode Island and Vermont)

- National Government Services (FI for Maine, Massachusetts, New Hampshire and Vermont; RHHI for Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island and Vermont)
- National Heritage Insurance Company (carrier for Maine, Massachusetts, New Hampshire, and Vermont)
- Pinnacle Business Solutions (FI and carrier for Rhode Island)
- NHIC will implement the J14 A/B MAC by taking over the work from the FIs and carriers on an incremental basis.
- NHIC will be reaching out to providers and state medical associations to provide education and information about the implementation. For more details, visit NHIC's website at www.medicarenhic.com.
- NHIC will have the following subcontractors:
 - NGS - For Part A & HH&H Functions: EDI, Claims Processing, Provider Customer Service, Appeals, Medical Review, Audit & Reimbursement, and HH&H CSR training
 - EDS – General Help Desk, Cycle and Release Support, and ANSI Translation Part B, Print/Mail Service for all Outgoing Mail
 - Reed & Associates – Conflict of Interest and SAS-70 Audits
- NHIC's operations are headquartered in Hingham, MA. Some operations will also be performed in Quincy, MA, Boston, MA and Biddeford, ME.
- With the award of the contract, one contractor will be performing the work that had been distributed among four. 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 J14 A/B Workload

- As of July 2007, approximately 1,717,303 Medicare Fee-for-Service beneficiaries are located in this jurisdiction.
- As of July 2007, approximately 79,712 physicians and other medical professionals provided services in this jurisdiction.
- As of December 2007, approximately 219 Medicare hospitals are located in this jurisdiction.
- As of September 2007, approximately 4.2% of the national Medicare claims workload is in this jurisdiction.

Statistics regarding the J14 RHHI Workload

- As of July 2007, approximately 2,254,139 RHHI beneficiaries are located in this jurisdiction.
- As of July 2007, approximately 313 Home Health Agencies and 147 Hospices are located in this jurisdiction.
- As of September 2007, approximately 6.4% of the national RHHI workload is in this jurisdiction.