

**Medicare Administrative Contractor Award
for Jurisdiction 3 Part A/Part B
(J3 A/B MAC)
-- Noridian Administrative Services --**

Background

July 2006

- On July 31, 2006, the Centers for Medicare & Medicaid Services (CMS) announced that Noridian Administrative Services (NAS) has been awarded the first contract for the combined administration of Part A and Part B Medicare fee-for-service claims.
- The award of the Jurisdiction 3 (J3) Part A/Part B Medicare Administrative Contractor (A/B MAC) contract is a first step in support of 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's 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.
- Implementation of the Medicare Contracting Reform portion of MMA requires that CMS apply the Federal Acquisition Regulation (FAR) when conducting procurements for the MACs.
- The new MACs are being selected through full and open competitions, applying the FAR requirements which will lead to more efficiency and greater accountability of our fee-for-service contractors in the new environment.
- There will be 15 A/B MACs awarded between now and 2011.

- 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 of services to each group.

The J3 A/B MAC Award

- CMS is awarding the J3 A/B MAC contract to Noridian Administrative Services (NAS) whose proposal offered the best overall value to the government.
- The J3 A/B MAC contract is a cost-plus-award-fee contract.
- The J3 A/B MAC will be working with other functional contractors with responsibility for specific administrative activities, most notably:
 - The Beneficiary Contact Center will handle all initial beneficiary inquiries, restricting the J3 A/B MAC's direct involvement with beneficiaries to only the most complex inquiries.
 - Qualified Independent Contractors will handle all second level claims appeals, per section 521 of the Medicare, Medicaid and SCHIP Benefits and Improvement Protection Act (BIPA).
- 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.
- As the J3 A/B MAC, NAS will immediately begin implementation activities and will assume full responsibility for the work no later than March 2007.
- Neither the providers, physicians, nor the beneficiaries who receive service from the current fiscal intermediaries and carriers in this jurisdiction will be adversely affected by the transition of their work to the J3 A/B MAC.

Information Concerning the J3 A/B MAC

- The states included in J3 are Arizona, Montana, North Dakota, South Dakota, Utah, and Wyoming.
- The J3 A/B MAC contract has a value of approximately \$28.9 Million for the first year of performance.

- The following are the current fiscal intermediaries (FI) and carriers administering the program in J3 and the states they serve:
 - Blue Cross and Blue Shield of Alabama, doing business as Cahaba Government Benefit Administrators (FI for South Dakota)
 - Blue Cross of Arizona (FI for Arizona)
 - Blue Cross and Blue Shield of Montana, Inc. (FI and carrier for Montana)
 - Blue Cross of Wyoming (FI for Wyoming)
 - Mutual of Omaha Insurance Company (FI for some providers in Arizona, Montana, North Dakota, South Dakota, Utah and Wyoming)
 - Noridian Mutual Insurance Company (FI for North Dakota and Utah; carrier for Arizona, North Dakota, South Dakota, Utah and Wyoming)
- NAS will implement the J3 A/B MAC by taking over the work from the FIs and carriers on an incremental basis.
- NAS has subcontracted with 3 companies:
 - Seven Seas Technology Inc (S2 Tech) which will provide document imaging support,
 - Mandaree Enterprise Corporation (Mandaree) which will provide provider customer service support, and
 - The MEDSTAT Group Inc, (MEDSTAT) which will provide data analysis support.
- NAS' operations will be headquartered in Fargo, North Dakota
- As of 2005, approximately 1,237,000 Medicare beneficiaries and 350 Medicare hospitals are located in this jurisdiction.
- As of April 2006, approximately 45,600 physicians and other medical professionals provided services in this area.
- Approximately 2.9% of the national Medicare claims workload is in this jurisdiction.