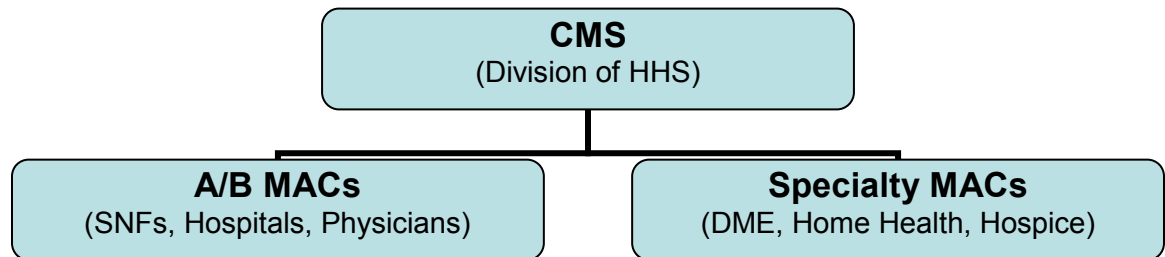


The Players:



The Centers for Medicare and Medicaid Services (CMS) – A federally mandated United States Government administration working under the Department of Health and Human Services (HHS) that administers the Medicare and Medicaid programs, and establishes and enforces standards that regulate the quality of healthcare provided in nation-wide healthcare facilities

CMS Contracting Reform

Under section 911 of the Medicare Prescription Drug, Improvement and Modernization Act of 2003 (MMA), Congress mandated that the Secretary of the Health and Human Services revise the current method of contracting for claims processing entities under Title XVIII of the Social Security Act. Using competitive procedures, Medicare will replace its current claims payment contractors- fiscal intermediaries and carriers- with new contract entities, Medicare Administrative Contractors (MACs). This operational integration will centralize information once held separately, creating a platform for advances in the delivery of comprehensive care to Medicare beneficiaries.

The MMA 2003 requires that CMS complete and transition all work to MACs by October 2011. Central to the implementation of the contracting reform is the creation of new jurisdictions to be administered by the MACs. CMS plans to award 19 MACs through a competitive bidding process by 2009. These will include 15 A/B MACs servicing the majority of all types of providers (both Part A and Part B), and four specialty MACs servicing durable medical equipment suppliers.

***NOTE:** CMS is not procuring four specialty MACs to service home health and hospice providers. CMS will consolidate the four home health and hospice jurisdictional claims workloads into the following four A/B MAC workloads.*

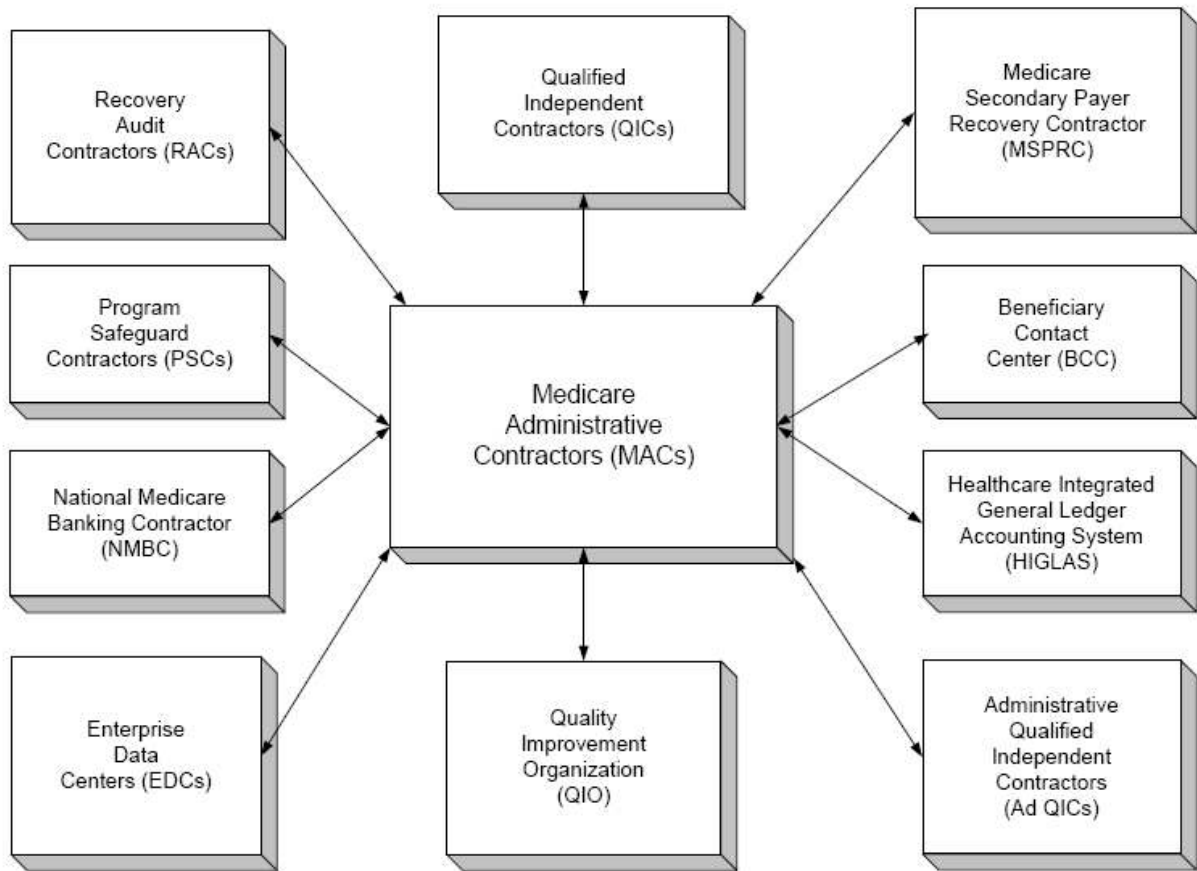
Functional contractors will play an essential role in the MAC Implementation Process.

- **Beneficiary Contact Center (BCC)** - The BCC is assuming the duties traditionally held by fiscal intermediaries and carriers. In the BCC environment, beneficiaries have a single Medicare point-of contact, a 1-800-MEDICARE call center operated by CMS that will connect them to a seamless network of customer service entities that can answer Medicare and related questions and resolve problems.
- **Enterprise Data Center (EDC)** - A data center is an entity that houses claims processing software systems for Medicare claims. The EDC is consolidating the large number of data centers currently servicing Medicare Fee-For-Service contractors. There are three contractors on the EDC Indefinite Delivery Indefinite Quantity contract, which was awarded in February 2006.
- **Healthcare Integrated General Ledger and Account System (HIGLAS)** - HIGLAS is the new general ledger accounting system that will replace the Contractor Administrative Budget and Finance Management system, also known as CAFM, functions. Where possible, the transition to the HIGLAS accounting system is aligned to the MAC implementation schedule to avoid having the MAC use multiple systems in reporting/tracking financial data.
- **Medicare Secondary Payer Recovery Contractor (MSPRC)** - The MSPRC is responsible for recovering overpayments where Medicare was not the primary payer. The MAC will continue to accept unsolicited refunds and will continue working any MSP debt currently in HIGLAS.
- **National Medicare Banking Contractor (NMBC)** - The NMBC will provide reimbursement to MACs to cover all costs incurred in the administration of the Medicare program and for the payment of all checks/electronic funds transfer items presented to the bank for covered Medicare services.
- **Program Safeguard Contractors (PSCs)** - The PSCs perform functions to ensure the integrity of the Medicare Program. Each MAC will interact with one PSC to handle fraud and abuse issues within their jurisdictions.
- **Qualified Independent Contractors (QICs)** - The QICs are responsible for conducting the second level of appeals (reconsiderations of initial determinations and redeterminations of Medicare claims). The MAC is responsible for handling the

first level of appeals. The QIC task order establishing three jurisdictions (north, south, and Durable Medical Equipment) to account for MACs was awarded in September 2006.

- **Quality Improvement Organization (QIO)** - The QIO is an organization of a group of practicing doctors and other health care experts that are paid by the federal government to review and improve the care given to Medicare patients. QIOs review complaints about the quality of health care services given to Medicare beneficiaries and certain appeals determinations of services in acute care hospitals, skilled nursing facilities, Comprehensive Outpatient Rehabilitation Facilities, and home health agencies. QIOs also review cases from acute care hospitals and long-term care hospitals to make sure the care was medically necessary, provided in the appropriate setting, and coded correctly.
- **Recovery Audit Contractors (RACs)** - The RACs, are responsible for identifying improper Medicare payments that may have been made to healthcare providers and that were not detected through existing program integrity efforts.
- **Shared System Maintainers (SSMs)** - Medicare requires implementation of a limited number of shared systems by all contractors for their claims process and related functions. This eliminates the need for each to repeat development of the basic system.

Medicare Fee-for-Service Program Administrative Functional Environment



*Information taken from CMS [Contracting Reform](#) data.

A/B MACs – Also known as *Medicare Administrative Contractors*, A/B MACs process both Medicare Part A and Part B medical claims at the local level, including all hospital, skilled nursing facility, physician office, and other institutional service claims.

A/B MAC Responsibilities:

- Claims Processing
- Beneficiary and Provider Customer Service
- Appeals
- Provider Education
- Financial Management
- Provider Enrollment

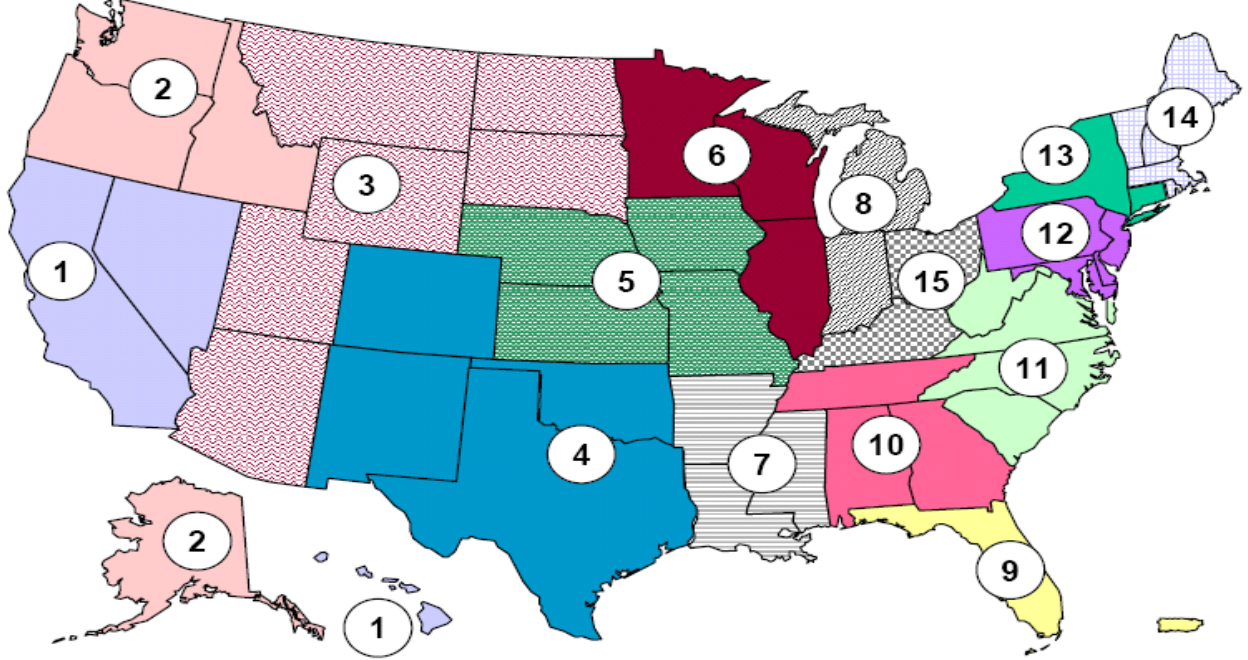
- Reimbursement
- Payment Safeguards
- Information Systems Security

A/B MAC Jurisdictions

Jurisdiction #	States Included in Jurisdiction
1	American Samoa, California, Guam, Hawaii, Nevada, and Northern Mariana Islands
2	Alaska, Idaho, Oregon, and Washington
3	Arizona, Montana, North Dakota, South Dakota, Utah, and Wyoming
4	Colorado, New Mexico, Oklahoma, and Texas
5	Iowa, Kansas, Missouri, and Nebraska
6	Illinois, Minnesota, and Wisconsin
7	Arkansas, Louisiana, and Mississippi
8	Indiana and Michigan
9	Florida, Puerto Rico, and U.S. Virgin Islands
10	Alabama, Georgia, and Tennessee
11	North Carolina, South Carolina, Virginia and West Virginia
12	Delaware, District of Columbia, Maryland, New Jersey, and Pennsylvania
13	Connecticut and New York
14	Maine, Massachusetts, New Hampshire, Rhode Island, and Vermont
15	Kentucky and Ohio

You can also refer to the A/B MAP Jurisdictions map below for specific state assignments.

A/B MAC Jurisdictions



*Information taken from CMS [Contracting Reform](#) data.

Specialty MACs – Specialty MACs are responsible for processing all Medicare Part A and Part B medical claims related to Durable Medical Equipment (DME), Home Health, and Hospice at the local level.

NOTE: There are 4 assigned Specialty MACs (Regions A-D)
(Refer to the map below for individual state assignments)

- ***Region A** will be administered by the Jurisdiction 14 A/B MAC
- ***Region B** will be administered by the Jurisdiction 15 A/B MAC
- ***Region C** will be administered by the Jurisdiction 11 A/B MAC
- ***Region D** will be administered by the Jurisdiction 6 A/B MAC

Specialty MACs Responsibilities:

- Claims Processing
- Beneficiary and Provider Customer Service
- Appeals
- Provider Education
- Financial Management
- Provider Enrollment
- Reimbursement
- Payment Safeguards
- Information Systems Security

Specialty MAC Jurisdictions (DME and Home Health/Hospice)

Jurisdiction	States Included in Jurisdiction
A	Connecticut, Delaware, District of Columbia, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, and Vermont
B	Illinois, Indiana, Kentucky, Michigan, Minnesota, Ohio, and Wisconsin
C	Alabama, Arkansas, Colorado, Florida, Georgia, Louisiana, Mississippi, New Mexico, North Carolina, Oklahoma, Puerto Rico, South Carolina, Tennessee, Texas, U.S. Virgin Islands, Virginia, and West Virginia
D	Alaska, American Samoa, Arizona, California, Guam, Hawaii, Idaho, Iowa, Kansas, Missouri, Montana, Nebraska, Nevada, North Dakota, Northern Mariana Islands, Oregon, South Dakota, Utah, Washington, and Wyoming

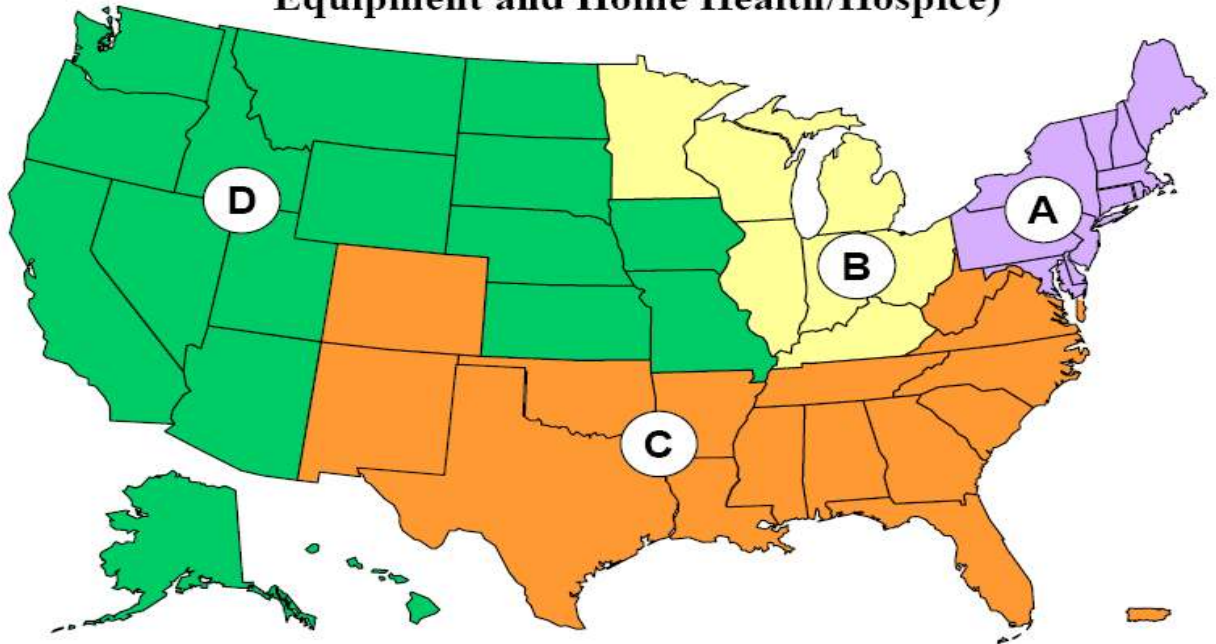
Durable Medical Equipment Coverage Criteria:

- Equipment withstands repeated use
- Is used primarily and customarily to serve a medical purpose

- Generally is not useful to a person in the absence of an illness or injury
- Appropriate for use in the home (e.g. wheelchairs, hospital beds, home oxygen equipment, and artificial limbs)

You can also refer to the Specialty MAC Jurisdictions map below for specific state assignments.

Specialty MAC Jurisdictions (Durable Medical Equipment and Home Health/Hospice)



*Information taken from CMS [Contracting Reform](#) data.