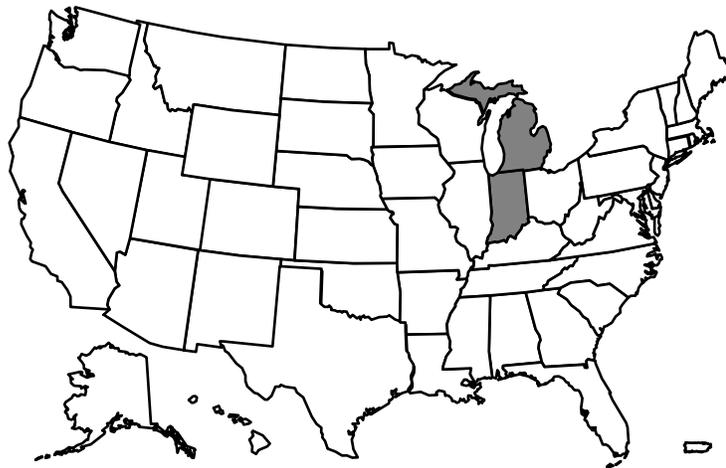


**Award of
Part A and Part B Medicare Administrative Contractor (A/B MAC)
Contract for Jurisdiction 8**

- On September 30, 2011, the Centers for Medicare & Medicaid Services (CMS) announced that Wisconsin Physicians Service Insurance Corporation (WPS) has been awarded the Jurisdiction 8 A/B MAC contract for the administration of the Part A and Part B Medicare fee-for-service claims in the states of Indiana and Michigan.
- This contract award is the completion of a procurement corrective action from the initial set of competitive procurements for Medicare fee-for-service claims processing contracts, referred to as MAC contracts. The initial contract solicitation was issued in August 2007, but CMS took corrective action when the original award was protested to the Government Accountability Office. CMS reopened the competition during the summer of 2010.
- When the contract is fully implemented, the Jurisdiction 8 A/B MAC contractor will serve over 2.2 million beneficiaries in Indiana and Michigan. The area included within Jurisdiction 8 is shown below:



- The Jurisdiction 8 A/B MAC will also serve almost 350 Medicare hospitals and approximately 40,973 physicians. The contractor will administer approximately 5.8% of the overall national Medicare fee-for-service Part A and Part B claims volume.
- The Part A/B MAC Jurisdiction 8 contract includes a base year and four option years, for a maximum duration of five years. The contract is a “cost plus award fee” contract; the award fee will be earned only if the contractor meets and exceeds the base requirements of the contract for service quality, timeliness, cost, and management. Inclusive of all options, the awarded contract has an estimated value of \$218 million.
- In addition to processing Medicare claims in Jurisdiction 8, WPS will perform other critical Medicare operational functions, including enrolling, educating, and auditing Medicare providers.

- Over the next several months, CMS will oversee the transfer of Medicare work from the incumbent contractors to the Jurisdiction 8 A/B MAC.
 - WPS is the incumbent and holds the Part B carrier contract in Michigan.
 - National Government Services is the incumbent and holds the Part A Fiscal Intermediary contracts in Indiana and Michigan, as well as holding the Part B carrier contract in Indiana.
- CMS anticipates that implementation of the new contract will go smoothly, with few, if any, disruptions in service for Medicare beneficiaries and providers.
- Questions about the contract award should be directed to Juanita Wilson in CMS's Office of Acquisition and Grants Management. Ms. Wilson may be reached at 410-786-5538 or at Juanita.wilson@cms.hhs.gov.

Background on Medicare Contracting Reform

- In 2003, Congress mandated that CMS award contracts for Medicare fee-for-service claims administration service through competitive federal contracting processes.
- In 2005, CMS announced it would consolidate Medicare Part A and Part B fee-for-service claims administration into 15 (fifteen) regional jurisdictions.
- Eleven of the regional MAC jurisdictions are fully implemented, and the remaining four MACs are in progress. The Jurisdiction 8 MAC is one of the four remaining MACs and part of the initial consolidation of Medicare Part A and Part B fee-for-service claims administration into 15 (fifteen) regional jurisdictions.
- The competitive contracting provisions of the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 require that the MAC contracts be re-competed every five years. Re-competitions of the initial set of MAC contracts are currently underway.
- In 2010, CMS announced the further consolidation of MAC jurisdictions from 15 (fifteen) A/B MAC jurisdictions to 10 (ten) by 2016. The first stage of this consolidation, to 13 (thirteen) MACs, will be accomplished in 2011.
- CMS has stringent standards for contract performance on the MAC contracts and measures performance through a variety of processes, including on-site oversight, data reviews and protocol-driven quality assurance reviews, as well as independent audits.
- As CMS continues to use the competitive process to select claims administration contractors, the technical understanding of the offerors and the past performance track records of the offerors are major evaluation factors.