

**Medicare Administrative Contractor Award
for Jurisdiction 9 Part A/Part B
(J9 A/B MAC)
--FIRST COAST SERVICE OPTIONS, INC.--**

Background Sheet

September 2008

- On September 12, 2008 the Centers for Medicare & Medicaid Services (CMS) announced that First Coast Service Options, Inc. (FCSO) has been awarded the contract for the combined administration of Part A and Part B Medicare fee-for-service claims in Jurisdiction 9 (J9) comprised of Florida, Puerto Rico and U.S. Virgin Islands.
- The award of the J9 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 J9 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 J9 A/B MAC contract to FCSO whose proposal offered the best overall value to the government.
- The J9 A/B MAC contract is a cost-plus-award-fee contract.
- The J9 A/B MAC will be working with other functional contractors with responsibility for specific administrative activities.
- As the J9 A/B MAC, FCSO will immediately begin implementation activities and will assume full responsibility for the work no later than March 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 J9 A/B MAC

- J9 is comprised of Florida, Puerto Rico, and U.S. Virgin Islands.
- The J9 A/B MAC contract has a total estimated value of approximately \$368 million over five years.
- The following are the current fiscal intermediaries (FIs) and carriers administering the program in J9 and the areas that they serve:
 - Cooperativa de Seguros de Vida de Puerto Rico (FI for Puerto Rico and U.S. Virgin Islands)
 - First Coast Service Options, Inc. (FI and carrier for Florida)
 - Mutual of Omaha Insurance Company (FI for some providers in Florida and U.S. Virgin Islands)
 - Triple S, Inc. (carrier for Puerto Rico and U.S. Virgin Islands)
- FCSO will implement the J9 A/B MAC by taking over the work from the FIs and carriers on an incremental basis.
- FCSO will have the following subcontractors:

- Triple S Inc. will perform customer service, appeals, prepayment medical review and EDI support for Puerto Rico as well as provider outreach and education and onsite enrollment visits for Puerto Rico and the U.S. Virgin Islands.
 - Figliozzi & Company will perform cost reporting audits on a contingency basis.
 - Holloway & Company will conduct the CMS required SAS-70 audits.
 - Red Buffalo Services will perform IT services on a contingency basis.
- Subcontractors will also provide outreach support in Puerto Rico and the U.S. Virgin Islands during implementation and for 3 months post cutover and will perform provider enrollment site visits.
- FCSO's operations are headquartered in Jacksonville, Florida. Some operations will also be performed in Tampa, Orlando and Miami. Subcontractor Triple S will provide support from their San Juan, Puerto Rico office in addition to the U.S. Virgin Islands.
- As of July 2007, approximately 3,765,918 Medicare Fee-for-Service beneficiaries are located in this jurisdiction
 - As of July 2007, approximately 76,754 physicians and other medical professionals provided services in this jurisdiction.
 - As of December 2007, approximately 298 Medicare hospitals are located in this jurisdiction.
 - As of September 2007, approximately 8.4% of the national Medicare claims workload is in this jurisdiction.
 - 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.