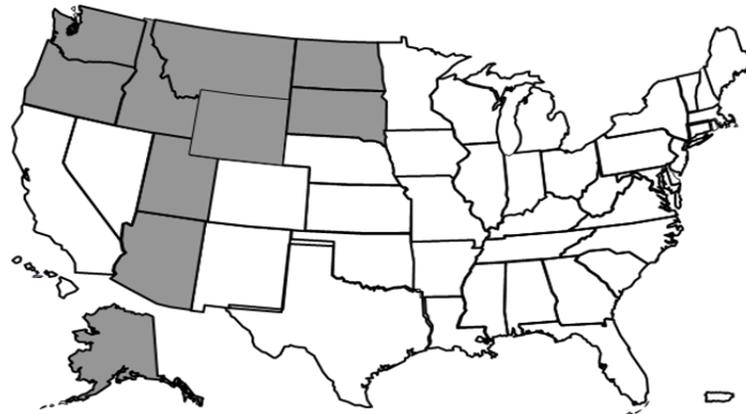


**Award of  
Part A/B Medicare Administrative Contractor (A/B MAC)  
Contract for Jurisdiction F**

- On August 22, 2011, the Centers for Medicare & Medicaid Services (CMS) announced that Noridian Administrative Services (NAS) has been awarded the contract for the administration of Medicare Part A and Part B fee-for-service claims in the newly formed A/B MAC Jurisdiction F.
- Jurisdiction F was formed by consolidating A/B MAC Jurisdictions 2 and 3. This change reflects the CMS MAC jurisdiction strategy, announced in 2010, to consolidate from 15 (fifteen) Part A/B MAC jurisdictions to 10 (ten) by 2016.
- When the contract is fully implemented, the A/B MAC Jurisdiction F will serve beneficiaries in Alaska, Arizona, Idaho, Montana, North Dakota, Oregon, South Dakota, Utah, Washington, and Wyoming. These states are shown below in gray.



- Jurisdiction F includes over 2.5 million Medicare fee-for-service beneficiaries. The Jurisdiction A/B MAC will serve approximately 600 Medicare hospitals and 60,000 physicians. This jurisdiction comprises approximately 5.8% of the overall national Medicare fee-for-service Part A and Part B claims volume.
- This contract award concludes the first re-competition of a Part A/B MAC contract awarded under the competitive contracting provisions of the Medicare Prescription Drug, Improvement and Modernization Act of 2003. CMS issued the solicitation for this contract in October 2010.
- The Part A/B MAC Jurisdiction F 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 exceeds the base requirements of the contract. Inclusive of all options, the awarded contract has a value of \$218 million.
- In addition to processing Part A and Part B claims in Jurisdiction F, NAS 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 F A/B MAC.
  - NAS is the incumbent contractor for A/B MAC Jurisdiction 3 (Arizona, Montana, North Dakota, South Dakota, Utah, and Wyoming).
  - NAS holds the Part A Fiscal Intermediary contracts in Alaska, Idaho, Oregon, and Washington.
  - NAS also holds the Part B carrier contracts in Alaska, Oregon, and Washington.
  - CGS Inc. holds the Part B carrier contract in Idaho.
- 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 Chip Farmer in CMS' Office of Acquisition and Grants Management. Mr. Farmer may be reached at 410-786-1997 or at [Edward.Farmer@cms.hhs.gov](mailto:Edward.Farmer@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 these regional MAC jurisdictions are fully implemented, and the remaining four MACs are in process.
- 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. The award of MAC Jurisdiction F concludes the first re-competition of an A/B MAC contract. Further 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) Part 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, past performance to the contract requirements is a major evaluation factor.