

Fact Sheet

Report to Congress

August 2005

- Section 911 of the Medicare Prescription Drug, Improvement and Modernization Act of 2003 (MMA) requires the Secretary to take needed steps between now and 2011 to implement Medicare Contracting Reform. To implement this portion of MMA, the Centers for Medicare & Medicaid Services (CMS) must conduct full and open competitions for the work currently handled by fiscal intermediaries and carriers in administering the Medicare fee-for-service program. The entities that are awarded contracts under these future competitions will be called Medicare Administrative Contractors (MACs).
- Section 911 of the MMA removes the restriction that has existed since the Medicare program's inception concerning the entities that could be considered for administration of the fee-for-service work, i.e., that entities be health insuring organizations. As a result, the competitions for the MAC contracts will be the first full and open competitions for the fee-for-service workloads.
- In the future fee-for-service environment, MACs will assume the work currently performed by fiscal intermediaries and carriers, and serve as providers' primary point-of-contact for the receipt, processing, and payment of claims.
- The Report to Congress describes the steps the Secretary intends to take to implement the Medicare Administrative Contractor provision and the savings associated with this implementation.
- The President's Budget for fiscal year (FY) 2006 requests \$58.8 million to support the implementation of Medicare contracting reform. Future year resource needs associated with this initiative will be addressed through the annual budget process.
- The President's Budget also projects that this plan could save the trust funds a total of \$900 million by the end of FY 2010.
- CMS will compete and award 23 MAC contracts beginning October 2005. The full fee-for-service contracting workload will be transitioned to MACs by October 2009.
- The contracts will include 15 Primary A/B MACs (where A/B refers to the administration of both the Medicare Part A and Part B programs) servicing the majority of provider types, four specialty MACs servicing the majority of home

health (HH) and hospice providers, and four specialty MACs servicing suppliers of durable medical equipment (DME).

- CMS plans to compete the existing fiscal intermediary, carrier, regional home health intermediary, and durable medical equipment regional carrier workloads during two MAC procurement and transition cycles, which will be preceded by one start-up cycle.
- CMS will compete the DME MACs and one Primary A/B MAC as the start-up cycle.
- CMS plans to award the DME MAC contracts in December 2005 and will immediately begin necessary transitions.
- CMS plans to award the first Primary A/B MAC contract in June 2006 and will immediately begin necessary transitions.
- During the two subsequent cycles, CMS will compete and transition the balance of the fee-for-service workload. We anticipate completing the final cycles by October 2009.
- Each MAC contract may be renewed annually, based on contractor performance, for a period of five years.
- MAC contracts must be re-competed every five years.
- CMS will maintain its relationships with functional contractors (e.g., payment safeguard contractors, coordination of benefit contractor) that have improved efficiency of Medicare services for beneficiaries and providers.
- CMS will implement the Health Care Integrated General Ledger and Accounting System as the standard accounting system across the MACs.
- In the future, CMS will be establishing beneficiary call centers to standardize and improve customer service for beneficiaries. The single point-of-contact for beneficiary inquiries will then become 1-800-MEDICARE, which will take them through a highly advanced and coordinated customer service network.
- In the future, CMS will consolidate the number of data centers to four, from the current 16, and will contract directly with the centers for Medicare claims processing support.
- In the future, CMS will establish a unified fee-for-service claims system that will process all types of Medicare fee-for-service claims data.