

**Jurisdiction 9 Part A/Part B Medicare Administrative Contractor for
Florida, Puerto Rico and U.S. Virgin Islands
(J9 A/B MAC) Award**

--FIRST COAST SERVICE OPTIONS, INC.--

Qs and As

September 2008

Q: What company has been awarded the contract for the J9 A/B MAC workload?

A: First Coast Service Options Inc. (FCSO) has been awarded the contract for the J9 A/B MAC.

Q: What areas are included in A/B MAC J9?

A: J9 is comprised of Florida, Puerto Rico and U.S. Virgin Islands.

Q: What are the major contractual differences of the A/B MACs compared to the current fiscal intermediaries (FIs) and carriers?

A: The claims administration workload for each A/B MAC is being awarded through full and open competition conducted in accordance with the Federal Acquisition Regulation. Based on structured evaluation criteria, the proposal with the best value for the government will be selected in each procurement. The A/B MAC contracts are for the administration of both Medicare Part A and Part B claims in a specific geographic jurisdiction. They allow for performance incentives to be earned by the MAC.

The FI and carrier contracts historically have been competed to a limited number of contractors which may or may not have been the best qualified organizations to do the work. In addition, the carriers have had to be chosen from health insurance companies. The contracts for the FIs and carriers do not allow for performance incentives; rather they pay the contractor the costs incurred in conducting their operations.

Q: What is the effect of Medicare Contracting Reform on beneficiaries and providers?

A: Beneficiaries will have a single point-of-contact, connecting them to a seamless operations network for meeting their information needs. A beneficiary's first point of entry for resolution of questions about Medicare coverage will be 1-800-MEDICARE. The A/B MAC will handle only complex inquiries from beneficiaries.

The A/B MAC will serve as the point of contact for providers, physicians and practitioners for all claims-related business. Medicare contracting reform also will benefit providers with improved provider education and training by the A/B MACs.

Q: What type of contract has been awarded for the J9 A/B MAC workload?

A: The J9 A/B MAC was awarded under a cost-plus-award-fee contract. The period of performance for the contract is a base period with four 1-year options. The total value of the contract for the five year period is approximately \$368 million.

Q: Where is the J9 A/B MAC contractor's headquarters? Where will the work actually be performed?

A: 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.

Q: When will the new J9 A/B MAC begin operations?

A: The implementation activities of the A/B MAC that are needed to move the Part A/Part B workload for Florida, Puerto Rico and the U.S. Virgin Islands will begin immediately. The MAC will complete the transfer of the claims and information from FIs and carriers and be fully operational no later than March 2009.

Q: What FIs and carriers are currently processing claims in J9?

A: 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)

Q: How will staffing be affected as work moves from the current FIs and carriers to the J9 A/B MAC?

A: With the award and implementation of the new contract, the MAC for J9 will be performing the claims administration work that had been distributed among four contractors. Fewer staff will be required to perform the full scope of activities because of the consolidation of the contracts.

For more specific questions regarding staffing please contact the Contracting Officer, Melissa Starinsky at melissa.starinsky@cms.hhs.gov or 410-786-6336.

Q: How many beneficiaries and providers are there in J9? What percent of the national claims workload is accounted for in this Jurisdiction?

A: As of July 2007, approximately 3,765,918 Medicare Fee-for-Service beneficiaries are located in this jurisdiction. As of December 2007, approximately 298 Medicare hospitals are located in the three areas comprising this jurisdiction. Also, as of July 2007, approximately 76,754 physicians and practitioners provided services in this jurisdiction.

With respect to the workload, approximately 8.4% of national Medicare fee-for-service claims are in this jurisdiction as of September 2007.

Q: Did the winning contractor have any subcontracts? If so, what services will the subcontractor provide?

A: As the J9 A/B MAC, FCSO is subcontracting with the following companies:

- 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.