

**Congress of the United States**  
**Washington, DC 20515**

May 4, 2012

Marilyn Tavenner  
Acting Administrator/Chief Operating Officer  
Centers for Medicare & Medicaid Services  
Department of Health and Human Services  
200 Independence Avenue, S.W.  
Washington, D.C. 20201

RE: Monitoring the performance of Novitas Solutions as the new Medicare Administrative Contractor (MAC) for both Medicare Part A and Part B fee-for-service claims in Louisiana, Arkansas, Mississippi, Texas, Oklahoma, Colorado, and New Mexico (Medicare region JH).

Dear Ms. Tavenner:

On behalf of our constituents who are Medicare beneficiaries and the physicians who care for them, we want to contact you about the transition underway as a result of your selection of Highmark Insurance of Pennsylvania – and its subsidiary Novitas Solutions<sup>1</sup> – to replace TrailBlazer Health Enterprises as the Medicare Administrative Contractor (MAC) for the new Medicare region JH.

We are not writing in regard to the contract or the contracting process. Rather, we want to do our due diligence to communicate the potential for disruption in vital payment systems at a time when consistency, stability, and predictability are needed to prevent access problems. We would like to work with your agency in a bipartisan and open manner to do what is necessary to avoid needless interruptions to care for seniors and other Medicare patients.

We wish to ensure that Novitas is prepared to handle the tremendous increase in workload they are about to absorb. For Texas alone this amounts to more than 83.3 million Part A/B claims a year – that's around 335,000 each work day.

There is the potential for disruption in care and services when the transition requires physicians to undertake additional administrative tasks and burdens such as the execution of new electronic funds transfer (EFT) agreements with Novitas' bank of choice. Novitas currently uses US Bank to pay Medicare claims in its current region, while TrailBlazer used JP Morgan. A change in banks would require new agreements in order for claims to be paid. This is not a trivial difference and the Centers for Medicare & Medicaid Services (CMS) should work to acknowledge the potential impacts of this difference. We have heard concerns from health care providers who worry that obtaining the agreements, submitting them, and then waiting for the implementation of these agreements will disrupt their medical practices' cash flow.

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<sup>1</sup> Highmark Insurance of Pennsylvania has since sold Novitas Solutions to Blue Cross/Blue Shield of Florida.

In addition, Novitas uses a different "front end" system to receive electronic claims from physicians. This will require all practices to test their practice management systems with Novitas before they can conduct electronic transactions. This testing ensures successful adjudication of physicians' claims, eligibility requests, and claim status requests. Correcting problems that might occur region wide, on the scale in question, is an exceptional undertaking particularly given the large number of physicians and claims in our respective states.

These are just a few of our key concerns and we would like to work with CMS to help avoid any possible disruptions. If these concerns materialize, physicians may withdraw from the program, at least temporarily, further exacerbating both access and service issues to seniors. In an OIG letter to you, the OIG was critical of MACs lack of data on physicians who choose to opt out, and specifically listed Novitas' parent company Highmark as providing no data.<sup>2</sup>

These are exceptionally important issues and we wish to work with you proactively on behalf of our constituents. It is not our intention to interfere with the supervision of the contract. Instead, we would greatly appreciate the opportunity to avoid as many problems as possible before they manifest and mitigate the impact of this transition on beneficiaries and providers. To help aid us in determining the best means by which to prepare, avoid, and work to address any issues, we respectfully ask that you provide information regarding the following:

- Can CMS outline the performance standards in claims processing – both submission and payment – that are required of Novitas and make them public;
- Does CMS plan to address Novitas' failure to respond to an OIG request for information on Physicians Opting Out of Medicare, OEI-07-11-00340?<sup>3</sup> Is it CMS' intention to require Novitas and all Medicare Administrative Contractors to maintain such information and make it publicly available? If not, why not;
- How does CMS intend to intervene to resolve provider issues related to this transition;
- How does CMS plan to actively monitor whether or not the contractual standards are being met;
- Will CMS provide information about subcontractors and the functions for which they have been delegated and CMS authority to monitor their performance; and
- How will CMS respond to issues related to performance issues that threaten access to care by Medicare patients and the viability of physician practices that rely on prompt Medicare payment for the services provided?

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<sup>2</sup> Memorandum to Marilyn Tavenner, CMS from Stuart Wright, HHS Office of Inspector General, January 26, 2012 re: Lack of Data Regarding Physicians Opting out of Medicare, OEI-07-11-00340. See Page 5, under "Results."

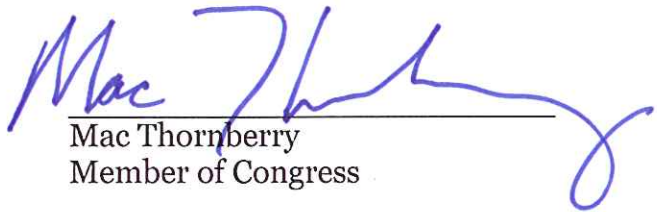
<sup>3</sup> Memorandum to Marilyn Tavenner, CMS from Stuart Wright, HHS Office of Inspector General, January 26, 2012 re: Lack of Data Regarding Physicians Opting out of Medicare, OEI-07-11-00340. See Page 7, APPENDIX re: Data Elements Provided by Medicare Administrative Contractors and Legacy Carriers to the Office of Inspector General. Highmark (Novitas' previous name) was one of three MACs with notation "No Data Received."


Thank you for your attention to these vital issues. We look forward to your response and working with CMS to ensure the smoothest transition possible for our Medicare regional contractor. Should you have any questions regarding this letter please contact Representative Burgess Deputy Chief of Staff, J.P. Paluskiewicz, at [James.Paluskiewicz@mail.house.gov](mailto:James.Paluskiewicz@mail.house.gov) or at 202-225-7772. Thank you again for your assistance in this matter and we look forward to working with you in this regard.

Sincerely,

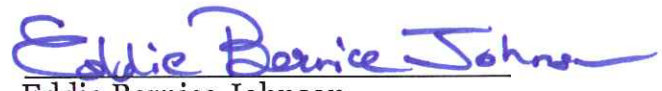
  
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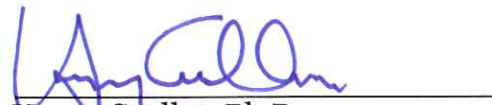
  
Mac Thornberry  
Member of Congress

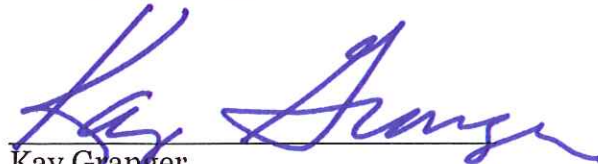
  
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Eddie Bernice Johnson  
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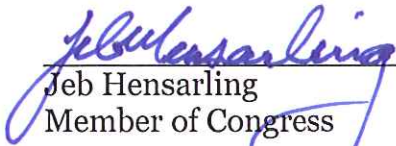
  
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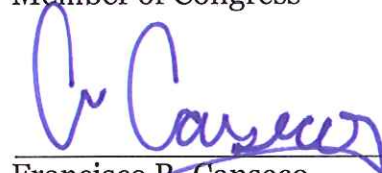
  
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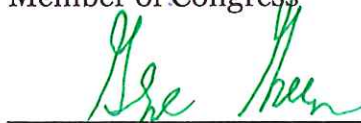
  
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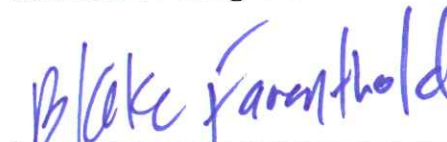
  
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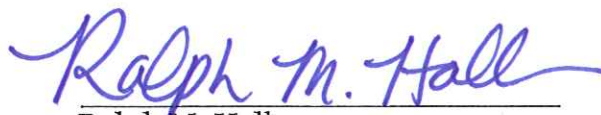
  
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