

**From:** CMS Region 10; Seattle WA  
**Sent:** Tuesday, September 08, 2009 3:36 PM  
**Subject:** Information: Status Update - MAC Transition

Recently the Centers for Medicare & Medicaid Services (CMS) Seattle Regional Office has received several inquiries regarding the status of the Medicare Administrative Contractor (MAC) transition for providers within Region 10 (also known as MAC Jurisdiction 2).

Accordingly, following is a brief status update for providers in general, as well as for the following specific provider types: freestanding rural health clinics (RHCs); home health and hospice providers; and federally qualified health centers (FQHCs).

We hope that the following information is useful to you and your membership.

### **Medicare Administrative Contractor (MAC) Update September 8, 2009**

#### **Medicare Administrative Contractor (MAC)**

Section 911 of the Medicare Modernization Act (MMA) of 2003 requires that by 2011 the Centers for Medicare & Medicaid Services (CMS) replace all current Medicare Part A fiscal intermediaries and Part B carriers serving providers and suppliers with Medicare administrative contractors (MACs) for the combined administration of Part A and Part B (AB). For AB MAC purposes, the nation has 15 different geographic Jurisdictions. The Region 10 states of Alaska, Idaho, Oregon, and Washington comprise AB MAC Jurisdiction 2 (J-2).

On May 06, 2008, CMS awarded the J-2 AB MAC contract to National Heritage Insurance Corporation (NHIC). On May 27, 2008, however, a protest against the award was filed with the Government Accountability Office (GAO). CMS currently is taking corrective action on certain aspects of the award decision. In the meantime, the current Medicare fiscal intermediaries and carriers serving most Region 10 providers and suppliers will continue to provide Medicare claims processing services for them.

Each of the 15 AB MAC contracts entails a one year contract, with four (4) one-year renewal periods.

#### **Rural Health Clinics (freestanding)**

Until recently, Riverbend Government Benefits Administrator (GBA) has been serving freestanding RHCs in Region 10 and elsewhere as a designated Medicare specialty fiscal intermediary for such providers. Effective August 3, 2009, all current freestanding RHCs served by Riverbend GBA (based in Tennessee) began to be served by CAHABA GBA, the new AB MAC for Jurisdiction 10 (J-10), a geographic area comprised by the states of Tennessee, Georgia, and Alabama.

CAHABA GBA will continue serving such current RHCs as "out of jurisdiction" providers (OJPs) until after all MACs fully are in place and operational. CMS will begin the migration of each such OJP to its destination AB MAC workload when all the Medicare systems that support the claims processing function, the cost report audit function, and the provider enrollment function are capable of moving individual providers between AB MAC Jurisdictions. For all freestanding RHCs, this ultimate or end destination would be the geographic AB MAC serving its Jurisdiction. Therefore, for Region 10 freestanding RHCs, the ultimate or end destination is the J-2 AB MAC. The OJP migration, however, is an event that will be among the last steps, if not the very last step, in the overall completion of the legislatively required transition from Medicare fiscal intermediaries and carriers to MACs. As such, we currently anticipate that this OJP migration may not occur until 2015 or later.

Until such time as the J-2 AB MAC becomes operational, any **new** applicant for freestanding RHC participation should file its initial Medicare enrollment application with Noridian Administrative Services, LLC (NAS), as the outgoing Region 10 Medicare fiscal intermediary, which will pass this workload to the J-2 AB MAC when it becomes operational.

### Home Health and Hospice Providers

On January 7, 2009, CMS announced it had awarded the remaining five Medicare contracts for the combined administration of Part A and Part B. Among the five contracts awarded, NAS was awarded the contract for AB MAC Jurisdiction 6 (J-6), a geographic area comprised of the states of Illinois, Minnesota and Wisconsin. Please note, however, that the contract for the J-6 AB MAC also includes the home health and hospice claims processing workload for the Region 10 states of Alaska, Idaho, Oregon, and Washington (as well as for American Samoa, Arizona, California, Guam, Hawaii, Michigan, Minnesota, Nevada, New Jersey, New York, Northern Mariana Islands, Puerto Rico, U.S. Virgin Islands, and Wisconsin).

The GAO received four protests, however, against the J-6 AB MAC award to NAS. Accordingly, current Medicare contractors serving home health and hospice providers in this Region—primarily National Government Services (NGS) as the designated regional home health and hospice intermediary (RHHI) but also CAHABA GBA as the alternate RHHI—are continuing to process Medicare claims.

After the award protests have been resolved and the J-6 AB MAC becomes operational, the home health and hospice providers currently served by NGS will begin to be served by the J-6 AB MAC. The home health and hospice providers currently served by CAHABA GBA, now the new AB MAC for J-10, will continue being served by that contractor as “out of jurisdiction” providers (OJPs) until such time as all MACs fully are in place and operational. CMS will begin a migration of all such OJPs to the appropriate destination AB MAC workload when the Medicare systems that support the claims processing function, the cost report audit function, and the provider enrollment function all are capable of moving individual providers between AB MAC Jurisdictions. For home health and hospice providers in Region 10, the ultimate or end destination would be the J-6 AB MAC, which has this Medicare workload in its contract. The OJP migration, however, is an event which will be one of the final steps in the overall completion of the legislatively required transition from Medicare fiscal intermediaries and carriers to MACs. As such, we currently anticipate that this OJP migration may not take place until 2015 or later.

Until the J-6 AB MAC becomes operational, any **new** applicant for Medicare home health or hospice participation will be served by NGS for Medicare claims processing,

### Federally Qualified Health Centers (FQHCs)

Once the award protests have been resolved and the J-6 AB MAC has become operational, it also will begin serving all current FQHCs now served by NGS Wisconsin.

Of these current FQHCs, all that are located outside of J-6 will be served by the J-6 AB MAC as “out-of-jurisdiction” providers (OJPs) until all MACs fully are in place and operational. CMS will begin the migration of each such OJP its destination AB MAC workload when all the Medicare systems that support the claims processing function, the cost report audit function, and the provider enrollment function are capable of moving individual providers between AB MAC Jurisdictions. For all **non-tribal** FQHCs, the ultimate or end destination for each is the geographic AB MAC serving its Jurisdiction. Therefore, for Region 10 non-tribal FQHCs, the ultimate or end destination is the J-2 AB MAC. The ultimate or end destination for all **tribal** FQHCs is the J4 AB MAC (currently TrailBlazer Health Enterprises), which has the tribal/Indian Health Service (IHS) Medicare workload in its contract. Please note, however that the OJP migration will be among the final steps in the overall completion of the legislatively required transition from Medicare fiscal intermediaries and carriers to MACs. As such, we do not expect that the OJP will take place for several years, possibly not until 2015 or later.

For now, any **new non-tribal** applicant for Medicare FQHC participation should file its initial enrollment application with NAS as the outgoing Region 10 fiscal intermediary, which will pass this workload to the new J-2 AB MAC after it becomes operational. Any **new tribal** applicant for Medicare FQHC participation should file its initial enrollment application with the J-4 AB MAC.