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Medicare/Medicaid Technical Assistance

An Introduction to Medicare Administrative Contractor Reform for Federally Qualified Health Centers

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Medicare Administrative Contracting Reform

The Medicare Prescription Drug, Improvement and Modernization Act of 2003 (PL 108-73), also known as the Medicare Modernization Act (MMA), brought many changes and improvements to the Medicare program. Included in the law was a provision that called for the revision of the current Medicare administrative structure. This issue brief will examine the Medicare Administrative Contracting reform and how the changes will affect federally qualified health centers (FQHCs).

WHAT YOU NEED TO KNOW

LEGACY (also known as existing) health centers should continue to work with National Government Services (NGS) until further notified.

NEW health centers and sites (established April 27, 2009 or after) should work with their state's Medicare Administrative Contractor (MAC) or fiscal intermediary (depending on where their state is in the transition).

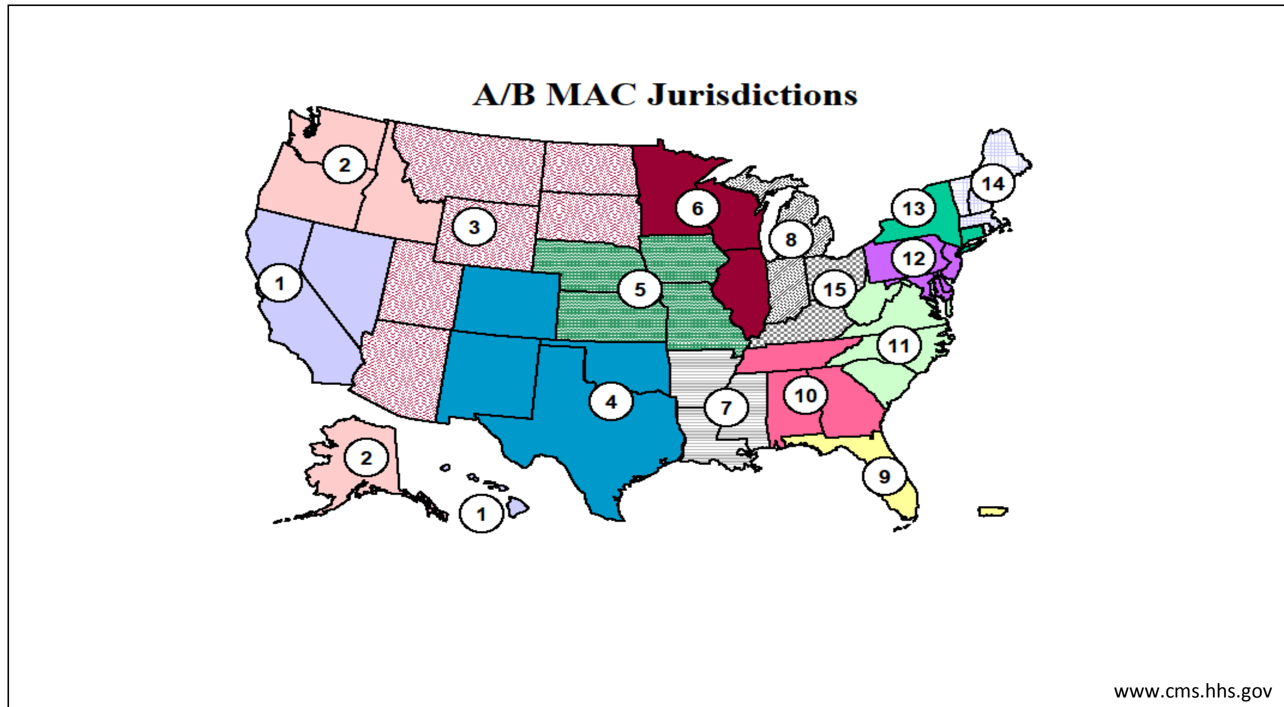
ALL health centers and sites will eventually transition to their state's MAC but the timeline for that transfer has not yet been determined.

Background

Section 911 of the MMA amends title XVIII of the Social Security Act and authorizes the Centers for Medicare and Medicaid Services (CMS) to make significant changes to the administrative structure of the Medicare program. Prior to this legislation, Medicare Part A providers worked with fiscal intermediaries for their administrative needs, such as Medicare enrollment and claims processing and Part B providers worked with Medicare carriers toward similar ends. With the implementation of this section of the law, Medicare is to transition from a patchwork system of 34 fiscal intermediaries and carriers to 15 integrated Medicare Administrative Contractors (MAC) assigned based on geographic jurisdiction. These MACs will serve as the point of contact for all Medicare Part A and B providers in their region, including FQHCs. A CMS fact sheet on the A/B transition states: "[t]he MACs will serve as the providers' primary point-of-contact for enrollment, training on Medicare coverage and billing requirements, and the receipt, processing, and payment of Medicare fee-for-service claims within their respective jurisdictions. These contractors will perform all core claims processing operations for both Part A and Part B. [1] "

[1] Medicare Administrative Contractor (MAC) Jurisdictions Fact Sheet July 2009 http://www.cms.hhs.gov/MedicareContractingReform/Downloads/MACJurisdictionFactSheet.pdf.

In early 2005, CMS released a Report to Congress[2] which outlined its plan for the transition from the fiscal intermediaries and carries to the MACs. This plan involved establishing 15 jurisdictions and overseeing a competitive bidding process for each jurisdiction. Below is a map of the 15 jurisdictions.



Since 2005, CMS has been in the process of awarding contracts in each of the 15 A/B regions. CMS divided the jurisdictions evenly to distribute the contractor's workloads. CMS has staggered the process of awarding jurisdictions and once a jurisdiction is awarded, the contractor implements one state in its jurisdiction at a time.

In January 2009, CMS announced the contracts for the final 5 jurisdictions, thus finalizing the competitive bid process. However, with every announcement, contractors have the ability to "protest" the contract, triggering a Government Accountability Office (GAO) review of the contract. Noted in the chart below, even though each of the jurisdictions have been initially awarded, each is in various stages of transition, from fully operational, to partially operational in certain states, to under "protest" or under "corrective action." The varying status of the contracts underlines the importance of knowing which is your state's jurisdiction and the status of your state's transition. Please note that this information could change and the most recent information can be found on the CMS website at www.cms.hhs.gov/MedicareContractingReform/02_Spotlight.asp#TopOfPage.

[2] Department of Health and Human Services, Report to Congress: Medicare Contracting Reform: A Blueprint for a Better Medicare (Washington, D.C.: Feb. 7, 2005).

Status of MAC Jurisdictions

Jurisdiction	States	Contractor	Current Implementation Status
1	American Samoa, CA, Guam, HI, NV, Northern Mariana Islands	Palmetto Government Benefits Administrator	Fully implemented in September 2008
2	AK, ID, WA, OR	National Heritage Insurance Corp.	Contract was awarded in May 2008, but a protest was quickly filed. The GAO is currently reviewing the decision. In the mean time, the current FI's and Carriers are continuing to operate.
3	AZ, MT, ND, SD, UT, WY	Noridian Administrative Services	Fully implemented in March 2007
4	CO, NM, OK, TX	TrailBlazer Health Enterprises	Fully implemented in June 2008
5	IA, KS, MO, NE	Wisconsin Physicians Service	Fully implemented in June 2008
6	IL, MN, WI	Noridian Administrative Services (this is the current Fiscal Intermediary for Health Centers and sites in existence prior to April 2009)	Contract was awarded in January 2009, but a challenge was filed, and CMS is taking corrective action. Meanwhile, the existing FI's and Carriers will continue to operate.
7	AR, LA, MI	TrailBlazer Health Enterprises	Contract was awarded in June 2008, but a challenge was filed. The GAO reviewed the award, and announced in July 2009 that the contract would go to TrailBlazer. Implementation began immediately, with full implementation to be completed by March 2010.
8	IN, MI	National Government Services	Contract was awarded in January 2009, but a challenge was filed, and CMS is taking corrective action. Meanwhile, the existing FI's and Carriers will continue to operate.
9	FL, Puerto Rico, U.S. Virgin Islands	First Coast Service Options, Inc.	Fully implemented in March 2009
10	AL, GA, TN	Cahaba Government Benefit Administrators	Contract awarded in January 2009, full implementation expected by September 2009
11	NC, SC, VA, WV	Palmetto Government Benefits Administrator	Contract was awarded in January 2009, but a challenge was filed, and CMS is taking corrective action. Meanwhile, the existing FI's and Carriers will continue to operate.

Jurisdiction	States	Contractor	Current Implementation Status
12	DE, DC, MD, NJ, PA	Highmark Medicare Services	Fully implemented in December 2008
13	CT, NY	National Government Services	Fully implemented in November 2008
14	ME, MA, NH, RI, VT	National Heritage Insurance Corp.	Fully implemented in June 2009
15	KY, OH	Highmark Medicare Services	Contract was awarded in January 2009, but a challenge was filed, and CMS is taking corrective action. Meanwhile, the existing FI's and Carriers will continue to operate.

Once a contract is finalized, the contractor begins to notify providers in a state about the upcoming transition and the timeline for the transition. Many health centers have noted that they have received information from their jurisdiction's MAC about the transition. The following paragraphs will outline the process for both legacy health centers and new health centers.

Impact on Health Centers

Historically, FQHCs nationwide have had a single fiscal intermediary, National Government Services (formerly United Government Services). This has been beneficial for health centers as they are unique providers and have unique requirements and reimbursement mandates in the Medicare program. Having a single intermediary for all FQHCs nationwide, assured the application of uniform policies nationwide and, equally important, assured health centers that they would be dealing with an intermediary that had the appropriate background and understood the reimbursement and programs requirements that centers had to follow. However, with the transition to the Medicare Administrative Contractors, health centers will be transferred from their single intermediary to one of 15 MACs. The process for this transition is a bit different for FQHCs versus other Medicare Part A and B providers. While most other Medicare providers have transitioned as their jurisdiction transitions to the new MAC, health centers will be transitioned over a period of time.

Status of Health Center Transition

Initially, health centers in Jurisdiction 3 (Arizona, Utah, Wyoming, Montana, North and South Dakota) were transitioned to their new MAC, Noridian Administrative Services, along with the other Medicare providers in their jurisdiction. However, there were some administrative issues with this transition, which led to a revised transition schedule for FQHCs in the remaining MAC jurisdictions. There are two different "tracks" of transition now, one for "legacy" health centers (those that were enrolled in Medicare prior to April 2009) and "new" health centers (those enrolling in Medicare after April 2009). The following paragraphs outline the process for both "legacy" health centers and sites and new health

centers and sites. For more information, please see CMS Change Request #6027 which can be found at http://www.cms.hhs.gov/transmittals/downloads/R1707CP.pdf.

Legacy Health Centers and Sites

Under the previous system, the FQHC workload was "housed" in the Wisconsin workload, which is why health centers will initially transfer to Jurisdiction 6. Because health centers were all under one single fiscal intermediary prior to the transition, those "legacy" health centers will transition to Jurisdiction 6. As noted in the chart above, Jurisdiction 6 was awarded to Noridian Administrative Services in January 2009, but a protest was filed and it is currently in "corrective action." **Therefore, "legacy" health centers will remain with NGS until Jurisdiction 6 is resolved. After this "corrective action" is resolved, there will be a transition time between the announcement and effective date of the transition.**

Eventually all legacy health centers will be moved to their state's MAC, but not until a later date.

New Health Centers and Sites

The process is different though for new health center grantees and sites. As a reminder, every health center grantee and site must be certified by the Medicare program. **Effective April 27, 2009, all new health centers and sites are to enroll in the Medicare program via their state's MAC (if the transition is complete) or their state's fiscal intermediary.** This is a change from previous rules, where new health centers and sites submitted their information to NGS. These health centers and sites will also eventually transition to their state's MAC, but not until the full transition is complete. Please see the CMS website www.cms.hhs.gov/MedicareContractingReform/02_Spotlight.asp#TopOfPage for the most up to date information on the MAC transition.

The change of policy for new health centers and sites raises the question of how a health center can continue to file consolidated cost reports if the grantee must submit its information to NGS while a new site submits its information to a different company. NACHC has raised this issue with CMS and CMS has said they will work with the health centers to address this issue. According to the CMS Change Request, if an initial enrollment FQHC satellite is located in the jurisdiction of a MAC other than the audit MAC, then the geographic MAC will service the claims, and the audit MAC will service the cost report."[3]

What about Medicare Part B Services?

There are currently a number of services that are not "FQHC services" thus health centers bill directly to Medicare Part B for these services. Therefore, it is important to know the status of your state's transition to the MAC (as both an existing and new health center or site) in order to know where you should send your claims for these types of services.

[3] CMS Change Request 6027, "Assignment of Initial Enrollment FQHCs, ESRD Facilities, and RHCs" http://www.cms.hhs.gov/transmittals/downloads/R1707CP.pdf.

Conclusion

The majority of health centers have not yet transitioned to their MAC. However, the recent change request is beginning to impact new health centers and sites, and will soon affect all health centers. It is important for health centers to stay up to date on where the transition in their state, as well as the transition for Jurisdiction 6, which will impact existing or those yet to transition health centers nationwide in the upcoming months. NACHC will continue to provide resources to health centers as the timeline for transition solidifies. For more information on this issue, please contact Susan Sumrell at NACHC, at ssumrell@nachc.com.