

PART A / PART B MEDICARE ADMINISTRATIVE CONTRACTORS

Medicare is in the process of replacing its current claims payment contractors with new contractors entitled Medicare Administrative Contractors (MACs). MACs are designed to bring together the claims processing functions for both Medicare Part A claims (generally hospital claims) and Part B claims (generally physician claims). There will be 15 MACs for purposes of bringing together physician, hospital and other provider claims, not including specialty MACs for such items as home health services. A vendor can be awarded more than one MAC contract.

Medicare is rolling out the new contractors over time with a bidding process that started in 2005. A listing of A/B contractors as of October 2008 is presented below. Medicare has until 2011 to complete the MAC implementation process. Several MAC awards are currently being challenged by unsuccessful bidders.

By centralizing both physician and hospital claims, Medicare will have a more comprehensive look at the overall health care services provided to Medicare beneficiaries. Medicare believes there will be improved beneficiary and provider services associated with this consolidation. Providers should expect that a more comprehensive database of services will also allow Medicare to more effectively target provider audits, analyze episodes of care and otherwise link services across provider types. Since a vendor can cover more than one MAC jurisdiction, providers can expect more common local carrier determination policies and other oversight functions.

Jurisdiction	States included in Jurisdiction	A/B MAC	Approximate Total Beneficiaries (in millions)*
1	American Samoa, California, Guam, Hawaii, Nevada & Northern Mariana Islands	Palmetto GBA	6.5
2	Alaska, Idaho, Oregon & Washington	National Heritage Insurance Corporation	2.1
3	Arizona, Montana, North Dakota, South Dakota, Utah & Wyoming	Noridian Administrative Services	1.9
4	Colorado, New Mexico, Oklahoma & Texas	Trailblazer Health Enterprises	4.8
5	Iowa, Kansas, Missouri & Nebraska	Wisconsin Physicians Health Insurance Corporation	2.4
6	Illinois, Minnesota & Wisconsin	TBD	3.9
7	Arkansas, Louisiana & Mississippi	Pinnacle Business Solutions	1.8
8	Indiana & Michigan	TBD	2.8
9	Florida, Puerto Rico & US Virgin Islands	TBD	4.9
10	Alabama, Georgia & Tennessee	TBD	3.3
11	North Carolina, South Carolina, Virginia (most counties) & West Virginia	TBD	3.9
12	Delaware, District of Columbia, Maryland, New Jersey, Pennsylvania & select northern Virginia counties	Highmark Medicare Services	5.3
13	Connecticut & New York	National Government Services	4.1

14	Maine, Massachusetts, New Hampshire, Rhode Island & Vermont	TBD	2
15	Kentucky & Ohio	TBD	2.9

* includes beneficiaries covered by managed care plans,
data as of July 1, 2007