

## MAC Consolidation & Contract Award Period of Performance

### REQUEST FOR INFORMATION

**Agency/Office:** Department of Health and Human Services, Centers for Medicare & Medicaid Services (CMS), Medicare Contractor Management Group (MCMG)

**Type of Notice:** Request for Information (RFI)

**Title:** Request for Information concerning consolidation of A/B Medicare Administrative Contractors (MACs) for Jurisdiction 5 (J5) and A/B HH+H MAC Jurisdiction 6 (J6) into “Jurisdiction G”; for consolidation of A/B MAC Jurisdiction 8 (J8) and A/B HH+H MAC Jurisdiction 15 (J15) into “Jurisdiction Q”; and 10-Year MAC Contract Award Period of Performance

**Classification Code:** As applicable to size status and NAICS

**NAICS Code:** 524114 - Direct Health and Medical Insurance Carriers.

**Response Date:** Please submit RFI responses to [MAC\\_Procurement@cms.hhs.gov](mailto:MAC_Procurement@cms.hhs.gov) within 30 days of the RFI publish date. Responses should be submitted as an email attachment in Microsoft Word. Limit total responses to a maximum of 15 pages.

### **Purpose:**

This Request for Information (RFI) is posted for informational purposes only and will be used to assist the Centers for Medicare & Medicaid Services (CMS) in:

- 1) Identifying the benefits and unique challenges of consolidating the current A/B J5 and A/B HH+H J6 into “Jurisdiction G” and the A/B J8 and A/B HH+H J15 MACs into “Jurisdiction Q”
- 2) Awarding MAC Contracts with a 10-year period of performance

This is not a formal request for proposal (RFP) and does not commit CMS to award a contract now or in the future.

### **Background:**

In the early 2000s, CMS replaced the former Medicare claims administration contractors (fiscal intermediaries and carriers) with regional contractors known as Medicare Administrative Contractors (MACs) through the use of competitive procedures per Section 911 of the Medicare Prescription Drug, Improvement, and Modernization Act (MMA) of 2003. Today, CMS has a total of sixteen (16) MAC contracts spread across seven companies that provide claims

administration and other services. Four (4) MAC contracts provide claims-related services and benefit administration related to durable medical equipment (DME) billings, and twelve (12) MAC contracts provide similar claims-related and benefit administration services related to Part A and Part B benefits. Four of the A/B MACs also process Home Health and Hospice (HH+H) claims in addition to their typical Medicare Part A and Part B claims.

### **MAC Consolidation**

In the 2000s, CMS went through a period of MAC geographic jurisdiction consolidation. CMS initially planned to establish 15 A/B MAC jurisdictions and 4 DME MAC jurisdictions. CMS planned to award four separate MAC contracts for processing Medicare claims for Home Health and Hospice (HH+H), but later decided to divide this workload among four of the existing A/B MAC contracts. Additionally, CMS had planned to consolidate A/B MAC Jurisdictions 5 and 6 to form “Jurisdiction G” and A/B MAC Jurisdictions 8 and 15 to form “Jurisdiction I” by calendar year 2017. However, CMS paused further consolidation of MAC jurisdictions in 2014 in the interest of promoting long-term program stability by building a competitive pool of contractors. In 2016, CMS announced that the jurisdiction consolidation pause was permanent. In 2023, CMS began revisiting the topic of MAC consolidation, specifically, consolidation of A/B J5 and A/B HH+H J6 into new MAC “jurisdiction G” and A/B J8 and A/B HH+H J15 into new MAC “jurisdiction Q.”

The current jurisdictional makeup for A/B MACs J5, J6, J8 and J15 is as follows:

- J5 - Iowa, Kansas, Missouri, and Nebraska
- J6 - Illinois, Minnesota, and Wisconsin plus Home Health and Hospice (HH+H) claims for Alaska, American Samoa, Arizona, California, Guam, Hawaii, Idaho, Michigan, Minnesota, Nevada, New Jersey, New York, Northern Mariana Islands, Oregon, Puerto Rico, US Virgin Islands, Wisconsin and Washington
- J8 – Indiana and Michigan
- J15 – Kentucky and Ohio plus Home Health and Hospice (HH+H) claims for Colorado, Delaware, District of Columbia, Iowa, Kansas, Maryland, Missouri, Montana, Nebraska, North Dakota, Pennsylvania, South Dakota, Utah, Virginia, West Virginia and Wyoming

The consolidation of A/B MACs J5/J6 and J8/J15 into new MAC Jurisdictions G and Q creates the need for CMS to revisit the longstanding A/B MAC prime contract award limitation of 26%. CMS objectives in implementing the longstanding prime contract award limitation were to manage the program risk associated with an entity taking on more responsibility than can be reasonably managed and to maintain a healthy level of competition for A/B MAC contracts. The estimated percentage of the national A/B workload for the A/B MACs is as follows:

<b>Current A/B MAC Jurisdictions</b>	<b>Percentage of National A/B Current Workload</b>
Jurisdiction 5	5.5%
Jurisdiction 6 *Includes HH+H	7.6%
Jurisdiction 8	4.6%
Jurisdiction 15 *Includes HH+H	4.8%
Jurisdiction E	10.4%
Jurisdiction F	7.4%
Jurisdiction H	14.7%
Jurisdiction J	6.4%
Jurisdiction K *Includes HH+H	11.6%
Jurisdiction L	11.5%
Jurisdiction M *Includes HH+H	8.1%
Jurisdiction N	7.7%

**MAC Contract Award Period of Performance**

Initially, Medicare law required that MAC contracts be re-competed every five years. However, Section 509 of the Medicare Access and CHIP Reauthorization Act (MACRA) of 2015 included language that extended Medicare Administrative Contractor (MAC) maximum periods of performance from five years to up to ten years. Since 2016, CMS has awarded seven-year (base + six option years) contracts for MAC procurements based upon MACRA legislation authority.

Part of the impetus behind Congress extending MAC contract award periods of performance from 5 years to up to 10 years was based on two primary factors: 1) The belief that longer-term contract awards would incentivize MAC contractors to make the long-term investments necessary to develop innovations and efficiencies that contractors may have been reluctant to pursue under shorter-duration MAC contracts; and 2) CMS historical experience managing MAC contracts, which suggests that longer-tenured contracts are positively correlated with higher contract performance scores. Ultimately, the Agency settled on a middle-ground seven-year contract duration award (1 base year with 6 potential option years) instead of awarding at the full 10-year duration authorized under MACRA.

Today, due to the long-term program stability that has been achieved, the Agency is now considering extending MAC contract awards at the time of source selection to the full ten years authorized under MACRA. The Agency believes awarding 10-year contracts will motivate contractors to be more innovative and efficient because contractors would have more time to achieve a return on their investment and drive down costs. CMS is exploring options for how best to approach 10-year MAC awards.

**Requested Responses:**

A. **MAC Consolidation** - Based upon experience and industry best practices, please provide comments and recommendations regarding MAC Consolidation of A/B MAC Jurisdiction 5 and A/B HH+H MAC J6 to form “Jurisdiction G” and A/B MAC Jurisdictions 8 and A/B HH+H MAC J15 to form “Jurisdiction Q”.

- 1) What consolidation aspects may require analysis or development on the part of the Agency to ensure effective and efficient implementation and/or to ensure that this opportunity to improve Medicare fee-for-service program operations over the next several years is fully leveraged?
- 2) Are there special and/or local issues of concern for the jurisdictions that are proposed for consolidation that CMS needs to consider and/or manage from a Medicare program perspective?
- 3) What provider communications issues/challenges will be presented by CMS’ plan to consolidate these A/B MAC jurisdictions?
- 4) What are the advantages of MAC consolidations?
- 5) What are the disadvantages of MAC consolidations?
- 6) In general, are there other consolidation issues CMS should consider?
- 7) What potential system security implementation impacts arise if Jurisdictions G and Q are awarded to existing MACs?
- 8) What potential system security implementation impacts arise for an incumbent MAC that loses a MAC contract?
- 9) What potential non-system related impacts arise due to transitioning a MAC contract from

an existing MAC?

- 10) If a consolidation occurred, what are the potential downstream impacts on subcontracts for the outgoing MACs?
- 11) What are the anticipated impacts on MAC workflow systems during conversion and/or over multiple years?
- 12) What are the potential impacts on FISS, MCS, VMS, CWF, PECOS and HIGLAS? Are there impacts to other systems that CMS should consider?
- 13) What are the potential impacts on Dental cloud system implementation and claims processing?
- 14) What issues would the prime contract award limitation of 26% total Part A and Part B claims volume present to your organization? If the prime contract award limitation is not the best approach, what approach should CMS consider?
- 15) What additional issues should be considered for consolidating current A/B MAC Jurisdictions 5 and A/B HH+H MAC Jurisdiction 6 into new “Jurisdiction G” and current A/B MAC Jurisdictions 8 and A/B HH+H Jurisdiction 15 into “Jurisdiction Q”?
- 16) What issues would need to be addressed if CMS were to consider expanding MAC Consolidation efforts beyond those specified herein?

**B. MAC Contract 10-Year Period Performance** - Based upon experience and industry best practices, please provide your comments regarding implementation of 10-year MAC contract awards, as authorized under MACRA, and performance-based incentives.

- 1) What are the advantages and disadvantages of awarding MAC contracts with longer periods of performance?
- 2) What recommendations do you have for incentivizing and rewarding exceptional MAC performance?
- 3) How will a 10-year contract term affect innovation development and enhancement? Please provide a summary of how this approach will change as a result of a longer-term contract.
- 4) Are there any specific metrics or evaluation criteria that would be valuable in measuring the level and quality of the service provided by a MAC?
- 5) Are there any specific metrics or evaluation criteria that would be valuable in measuring the level and quality of a MAC’s relationships (including education and outreach) with providers?
- 6) Under a proposed MAC Contract 10-Year Period of Performance, CMS is considering re-negotiating each MAC contract at each Option Year. What advantages and disadvantages should CMS consider under this approach?

- 7) What additional issues should be considered with respect to awarding MAC contracts with longer periods of performance?

Disclaimer: For RFI, the term “vendor” refers to those members of industry providing responses to this RFI. The vendor should identify any proprietary information in their RFI responses. Proprietary materials will neither be distributed to nor discussed with any other vendor.

CMS will use the information submitted in response to this RFI at its discretion and will not provide comments to any vendor’s submission. However, responses to the RFI may be reflected in future MAC procurements.

CMS reserves the right to contact any vendor that responds to this RFI for the sole purpose of enhancing CMS’ understanding of your RFI submission. However, it is not CMS’ intent to contact vendors individually based on their responses to this RFI. This RFI is issued for planning purposes only and is not an RFP, Invitation for Bid (IFB), or an obligation on the part of the Government to acquire any products or services. This RFI is disseminated through the SAM.gov system. In accordance with FAR 15.201(e), responses to this RFI are not offers and cannot be accepted by the Government to form a binding contract. All costs associated with responding to the RFI will be solely at the responding party's expense. The Government will not reimburse respondents for any costs associated with the preparation or submission of the information requested. No funds have been authorized, appropriated, or received for this contemplated effort.

Protection of Privileged or Confidential Commercial or Financial Information.

The Freedom of Information Act (FOIA), 5 U.S.C. § 552, provides individuals with a right to access certain records in the possession of the Federal government, subject to certain exemptions. Exemption 4 of the FOIA permits information to be withheld that is in the nature of "trade secrets and commercial or financial information obtained from a person and privileged or confidential." The term "person" refers to a wide range of entities, including corporations, banks, state governments, agencies of foreign governments, and Native American tribes or nations, who provide information to the government. Information that does not qualify withholding under the Exemption will be disclosed.

CMS may invoke Executive Order 12600 in accordance with FOIA Regulation 45 C.F.R. § 5.42. Information provided by entities to CMS in response to this notice may be subject to FOIA disclosure requirements unless protected under Exemption 4 of the Freedom of Information Act. Should entities wish to protect any trade secret or confidential information under Exemption 4, they should mark their submission accordingly citing applicable redactions and non-disclosure rationale. Pre-disclosure redactions and non-disclosure rationale shall be sent via e-mail to the requesting contracting officer with a copy to the CMS FOIA Office at 12600@cms.hhs.gov.