

# Understanding Medicare Administrative Contractors

A patient's health care providers, treatment and medical expenses often depend upon their insurance. Patients with private insurance may have their claims processed directly by their insurer, but patients with Medicare undergo a slightly different process. These patients' claims are processed by entities known as Medicare administrative contractors.

## What are Medicare Administrative Contractors?

Medicare administrative contractors are private health insurers who process medical claims for Medicare beneficiaries. They work with providers, clinicians and suppliers within their geographic area, which is assigned by the federal Centers for Medicare and Medicaid Services.

Medicare administrative contractors are the main point of contact for the Centers for Medicare and Medicaid Services in their service area.

There are three types.

### 1. Part A and B

One group of Medicare administrative contractors is responsible for processing all the Part A and Part B claims.

Seven of these contractors cover 12 service areas.

### 2. Home Health & Hospice

Another group of Medicare administrative contractors processes the Medicare home health & hospice areas claims.

There are four of these contractors that cover several service areas.

### 3. Durable Medical Equipment

A third group of Medicare administrative contractors covers all the Medicare durable medical equipment, orthotics and prosthetics claims.

There are four contractors, each covering a geographic region.

## What do Medicare Administrative Contractors do?

These contractors provide a variety of services within their region:



Respond to inquiries from health care providers



Handle provider reimbursement services



Process Medicare Fee-for-Service claims



Enroll providers in the Medicare Fee-for-Service program



Determine coverage of provider-administered medications



Establish local coverage determinations

## What is a Local Coverage Determination?

Local coverage determinations are decisions made by Medicare administrative contractors about whether to cover a particular treatment or medical device for beneficiaries in their service area. These decisions are often based on whether a service or item is considered “reasonable and necessary.”

Local coverage determinations are different than national coverage determinations, which are Medicare coverage decisions that apply everywhere. In instances where there isn’t a national coverage determination, coverage decisions, or local coverage determinations, are left to Medicare administrative contractors.

The ability to make these decisions places a great deal of power into the hands of the Medicare administrative contractors. They may limit which treatments a patient can receive, sometimes putting patients at risk if they cannot access necessary treatment or receive it in the manner it was intended.

## How do Medicare Administrative Contractors Impact Patients?

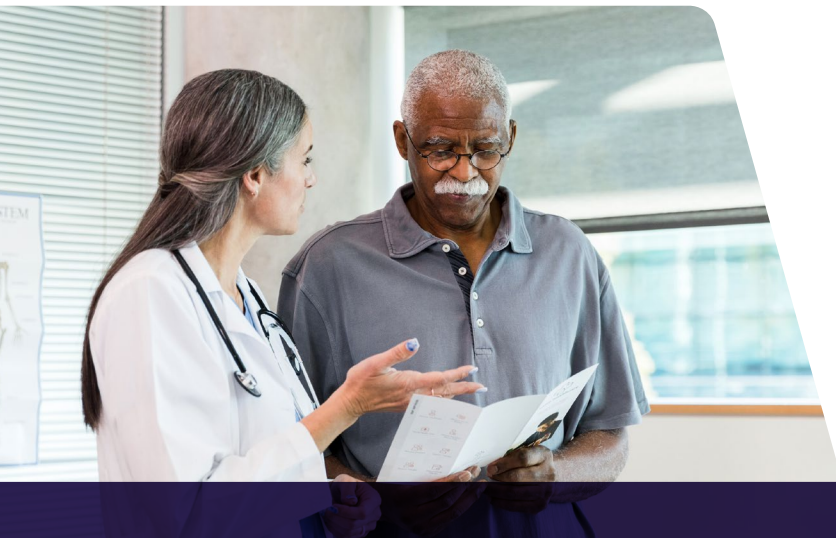
Medicare administrative contractors’ control over coverage can pose a serious risk to patient care. Medicare administrative contractors may choose to further restrict certain treatments or impose unreasonable requirements that patients would not encounter elsewhere.

### A Case Study

One drug that treats severe asthma serves as an example. In 2022, several Medicare administrative contractors placed this medication on the Self-Administered Drug List. Patients could receive coverage for the drug only if it was self administered.

At that time, however, the FDA had approved that treatment only for administration by a health care provider. The product and its packaging were created with clinician administration and clinic storage in mind. Patients had no clear instructions on how to store the medication or how to administer it to themselves.

The decision was ultimately reversed thanks to advocates who highlighted the risks to patients, but it could have put many patients in danger.



**Medicare administrative contractors play a major role in determining the care that patients receive.** They must be open and transparent, follow FDA approval guidelines, and accept patient and provider input.

