



CMA Weekly Alert (1 of 2) – November 17, 2005

**A NEW MEANING TO “INDEPENDENT”  
IN QUALIFIED INDEPENDENT CONTRACTOR (QIC)**

The Center for Medicare & Medicaid Services has awarded two contracts to provide “independent review” of Part B Medicare claims to Q2Administration (“Q2A”), a subsidiary of Palmetto GBA. Palmetto GBA, itself a subsidiary of Blue Cross/Blue Shield, is one of the largest Medicare contractors in the country, overseeing first level claims determinations in 16 states, Puerto Rico and the Virgin Islands. Palmetto GBA, which has its headquarters in South Carolina, processes more than 125 million Medicare claims each year.

Until now, beneficiaries and providers who believed that their claims were incorrectly denied by a Medicare claims administrator like Palmetto GBA could get a second level review only from that same organization. However, in 2000 Congress amended the Medicare law to establish a new level of appeal by independent contractors called Qualified Independent Contractors (QICs). Section 521 of BIPA. Congress adopted further requirements to assure the independence of these reviewers in 2003, specifying that there must be at least four independent contractors throughout the country. Section 993(d) of MMA.

Advocates for Medicare beneficiaries are concerned that Q2A will not provide Medicare beneficiaries with a truly independent review such as Congress intended. As a subsidiary of Palmetto, Q2A will be reviewing decisions by either Palmetto itself, or another Medicare claims administrator that performs the same function. In other words, it will be reviewing the correctness of its own earlier decisions. An article in the *Columbus (Ohio) Dispatch* notes that a new office will be established for Q2A in Easton, where Palmetto GBA already has an office that handles Medicare administration for 2.2 million people in Ohio and West Virginia. Palmetto employees who were formerly performing in-house reviews for Palmetto GBA under the old system will be hired by the new Q2A office to perform “independent reviews.” Is this what Congress intended as a Qualified Independent Contractor?

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