DEPARTMENT OF HEALTH & HUMAN SERVICES
Health Care Financing Administration

June 18, 1999

Dear State Medicaid Director:

On May 24, the Health Care Financing Administration (HCFA) released two memoranda, <u>one to doctors</u> , and one to HCFA's other <u>health care partners</u> , informing them that HCFA and its Medicare contractors are fully prepared to process all appropriately formatted claims and information exchanges on January 1, 2000. Since many of these doctors and other health care partners also provide services to Medicaid beneficiaries, we wanted to ensure you were aware of this important correspondence.

Enclosed is a copy of each letter and the enclosures, (http://www.hcfa.gov/y2k/attach2.htm) Suggested Steps Toward Y2K Readiness; and, (http://www.hcfa.gov/y2k/pltrenc.htm) Sample Provider Y2K Readiness Checklist. We hope these materials will also be useful to you and your Medicaid fiscal agents as you continue your Y2K Provider Outreach Activities.

If you have any questions, or want more information, please contact Maria Friedman of my staff. Maria can be reached at (410) 786-9915, or via e-mail at MFriedman@hcfa.gov.

Sincerely,

/s/

Sally K. Richardson

Director

2 Enclosures

cc: All HCFA Regional Administrators All HCFA Associate Regional Administrators for Medicaid and State Operations Lee Partridge - American Public Human Services Association Joy Wilson - National Conference of State Legislatures Matt Salo - National Governors Association

May 24, 1999

Dear Doctor:

In January, the Health Care Financing Administration (HCFA) wrote to you about the progress it had made in correcting problems in Medicare computer systems caused by the Year 2000 or "Y2K" problem. Many of you responded with letters and further questions. The two most frequently asked questions were: "When will HCFA be fully ready to process our claims?" and "What do we as physicians need to be doing to be ready for the Year 2000?"

We are pleased to tell you that HCFA and its Medicare contractors are fully ready to handle all appropriately formatted claims and other data exchanges on January 1, 2000. All of HCFA's internal systems have been renovated, tested, certified; and necessary changes were implemented by the government-wide Year 2000 deadline of March 31, 1999. Among other things, these internal systems operate HCFA's accounts receivable and payable operations; manage the eligibility, enrollment, and premium status of our 39 million Medicare beneficiaries; and make payments to more than 400 managed care plans on behalf of over 6 million beneficiaries. All 75 mission-critical claims processing systems operated by our Medicare contractors are also certified as compliant, including end-to-end and future-date testing. We continue to test and retest our renovated systems. We want to be sure that you get paid for the valuable work you do.

The Y2K computer problem is far more than a billing problem. We are pleased so many of you are asking the second question about what you need to do. This is a patient care and quality of care issue as well as a technical one. Our expectation is that you will continue to provide the quality of care your patients depend upon. As physicians, you will need to prepare your internal office systems to communicate with HCFA systems and prepare other aspects of your practice to continue to function reliably after January 2000. We urge you to take the following steps toward Y2K readiness: (Please see the enclosed attachments for more details.)

- Understand the issue so that you can assure your patients of continued quality care.

- Access the numerous public and private websites offering Y2K guidance.

- Inventory your practice for other Y2K problems with the attached checklist.

- Contact your Medicare carrier now for testing of your billing submissions.

- Contact your other major third party payers and your State Medicaid Agency.

- Develop business contingency plans in the event something might go wrong.

More detail on each of these steps is (http://www.hcfa.gov/y2k/attach2.htm)attached. This is not an exhaustive list but is meant to guide you in your Y2K readiness efforts. I have also attached a (http://www.hcfa.gov/y2k/pltrenc.htm) Sample Provider Y2K Readiness Checklist for your information. Many of you have taken steps to prepare for Y2K and have helped us get ready for January 1, 2000, and we thank you. Please continue to let us know, through our Medicare contractors, our toll-free Y2K provider line (1-800-958-HCFA [4232]), and our website (www.hcfa.gov/y2k), what further HCFA activities would help you to get ready.

Sincerely,

Nancy-Ann Min DeParle Administrator

Robert A. Berenson, M.D. Director Center for Health Plans and Providers

Enclosures

May 24, 1999

Dear Health Care Partner:

I wrote to you in January about the substantial progress that the Health Care Financing Administration ((HCFA) had made in eliminating the Y2K bug from Medicare computer systems and about your part in assuring the continued quality of the health care system. Many of you responded with letters and further questions. The two most frequently asked questions were: "When will HCFA be fully ready to process our claims?" and "What do we as providers need to be doing to be ready for the Year 2000?"

We are pleased to inform you that HCFA and its Medicare contractors are fully ready to handle all appropriately formatted claims and information exchanges on January 1, 2000. All of HCFA's mission critical internal systems were renovated, tested, certified, and implemented by the government-wide Year 2000 deadline of March 31, 1999. Among other things, these internal systems manage the eligibility, enrollment, and premium status of our 39 million Medicare beneficiaries; make payments to more than 400 managed care plans on behalf of over 6 million beneficiaries; and operate HCFA's accounts receivable and payable operations. All 75 mission-critical claims processing systems operated by our Medicare contractors are also certified as compliant, including end-to-end and future-date testing. We continue to test and retest our renovated systems. We want to be sure that you get paid for the valuable work you do.

The available surveys indicate that health care providers, particularly physicians, clinics, and skilled nursing facilities, have not resolved the problems that may occur on January 1, 2000. This so-called "Y2K Bug" is far more than a billing problem. We are pleased so many of you are asking the second question about what you need to do. This is a patient care and quality of care issue as well as a technical one. Our expectation is that you will continue to provide the quality of care your patients depend upon. We urge you to take the following steps toward Y2K readiness:

- Understand the issue so that you can assure your patients of continued quality care.

- Access the numerous public and private websites offering Y2K guidance.

- Inventory your business for other Y2K problems with the attached checklist.

- Contact your Medicare contractor now for testing of your billing submissions.

- Contact your other major third party payers and your State Medicaid Agency.

- Develop business contingency plans in the event something might go wrong.

More detailed information on each of these steps is (http://www.hcfa.gov/y2k/attach2.htm) attached as well as a (http://www.hcfa.gov/y2k/pltrenc.htm) Sample Provider Y2K Readiness Checklist. This is not an exhaustive list but is meant to guide you in your Y2K readiness efforts. Also, we want to thank the many of you who have already taken steps to prepare for the millennium and have helped us get ready for January 1, 2000. Please continue to let us know, through your Medicare contractors, our toll-free Y2K provider line (1-800-958-HCFA [4232]), and our website (www.hcfa.gov/y2k) what further HCFA activities would help you to get ready.

Sincerely,

Nancy-Ann Min DeParle

Administrator

Enclosures