

IMPLEMENTATION DELAY HOSPITAL OUTPATIENT PROSPECTIVE PAYMENT SYSTEM INITIATIVE EFFECTIVE AUGUST 1, 2000

The Health Care Financing Administration (HCFA) has delayed implementation of the Hospital Outpatient Prospective Payment System (HOPPS) initiative, scheduled for July 1, 2000, to **August 1, 2000**.

The decision to postpone the implementation from the scheduled date of July 1, 2000, to **August 1, 2000**, was reached after careful consideration of the status of system changes at HCFA's contractors and in hospitals around the country. Unavoidable delays in meeting certain milestones—such as the delay to release the Claims Expansion and Line Item Processing (CELIP), the expanded claim form necessary for the new system—have also limited the ability of the hospital industry to prepare for the HOPPS initiative. Furthermore, an informal survey of the hospital community indicated that a significant number of hospitals may not be prepared to implement the PPS initiative on July 1, 2000.

In order to assure that beneficiaries are charged the correct co-insurance, HCFA is requesting the help of the hospital industry not to collect deductibles or co-insurance from Medicare beneficiaries beginning August 1, 2000, until the beneficiaries are notified of the correct amount. In this way, it can be ensured that most beneficiaries will be charged the correct, generally lower, co-insurance amounts when hospital claims are processed in August.

In July, HCFA will begin working together with hospitals to inform beneficiaries that changes in Medicare payments for hospital outpatient department services could mean changes in the amount of coinsurance that they will need to pay.

HCFA will provide all hospitals with a "plain English" flyer to distribute to all beneficiaries. HCFA will also inform beneficiaries that they should call HCFA's Medicare Choice Helpline, 1-800-MEDICAR(E) (1-800-633-4227), for more information about the new payment system. Medicare customer service representatives will be available to answer questions and provide information about their bills.

HCFA has developed contingency plans that would be triggered in the unlikely event either that hospitals are unable to submit claims in the new format or that HCFA is unable to process claims under the HOPPS in a timely manner. These contingency plans will help to ensure that:

- Medicare beneficiaries will be charged the correct copayments under the new system
- Medicare providers will continue to be paid
- The financial integrity of the Medicare program will be protected.

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Please share the *Medicare A Bulletin* with appropriate members of your organization.

Routing Suggestions:

- Medicare Manager
- Reimbursement Director
- Chief Financial Officer
- Compliance Officer
- DRG Coordinator
- _____
- _____
- _____
- _____

Implementation Delay - HOPPS Initiative Effective August 1, 2000 (continued)

On June 15, 2000, HCFA will host a national satellite broadcast to assist hospitals in preparing for implementation. Other efforts include reconfiguring the HOPPS materials on the HCFA website to facilitate access to relevant program instructions, training documents, and other materials. In July, HCFA is planning to host a face-to-face town hall meeting at the HCFA headquarters in Baltimore, Maryland. The purpose of this meeting will be to respond to any remaining concerns about the implementation of the new system. Weekly teleconferences with hospital associations will continue to keep them abreast of the implementation schedule, and to answer any questions. HCFA is also compiling a booklet of "Frequently Asked Questions and Answers" that will be available both on the Internet and in printed form.

This one-month postponement is critical to ensure that HCFA and the hospital industry are ready for this significant change. ❖