

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop C2-21-15
Baltimore, Maryland 21244-1850



AUG 6 2003

Ms. Melinna Giannini
President
Alternative Link
6121 Indian School Road NE
Suite 131
Albuquerque NM 87110

Dear Ms. Giannini:

Ms. Leslie Norwalk has asked me to respond to your email requesting clarification on the ability of contractual trading partners of registered participants in the ABC code demonstration project to use the codes in contractually supported relationships.

For the ABC code demonstration project (approved in accordance with 45 CFR section 162.940) in cases where a participant in the demonstration project has contractual relationship with another entity to provide services on its behalf, the participant's concurrence also binds the contractor.

Written concurrences would be required in other circumstances. These concurrences are required from covered entities who agree to participate in a test, in order to assure that 1) participation is voluntary and 2) this authority does not circumvent the standards adoption and modification process set out in law and regulation. For example, a health plan cannot simply require all providers that submit claims to the plan to participate in testing a proposed modification.

Additionally you asked for our repose to some specific situations:

Can a health plan that registered to participate instruct its contracted software vendor to incorporate the ABC codes into software the plan uses to process claims?

Yes. The vendor should incorporate the ABC codes for the use of the participating health plan.

If a health plan registered to participate in the ABC code demonstration contracts with another insurance company to perform claims processing or administrative services on its behalf, can that plan use the ABC codes to process those claims even if it did not register?

Yes. As long as it is performing functions under the contract with the registered health plan, the contracted insurance company would and should use the ABC codes.

Would a Preferred Provider Organization's (PPO) registration in the ABC code set demonstration also cover the practitioners that it contracts with to provide services?

Yes. The practitioners providing services under contract to the PPO would be covered by virtue of that contractual relationship.

Please feel free to contact me if you have questions on this issue. I can be reached at 410-786-4160.

Sincerely,

Jared A. Adair
Director
Office of HIPAA Standards