Reg.

**U.S. Office of Personnel Management**
**Plan for Implementation of**
**HCFA 1500 Form in the**
**Federal Employees Health Benefits Program (FEHBP)**

March 24, 1995

**Contract Negotiation Objectives for 1996 contracts:** Commit all fee-for-service plans and other plans with an indemnity type claims paying component to the following:

- √ By the year 2000, the majority of provider claims will be submitted electronically;
- √ By January 1996, all physicians will be notified that future claims must be submitted electronically or on the HCFA 1500 form;
- √ By June 1996, all unique FEHBP physician claim forms will be abolished;
- √ By September 1996, all claims submitted on forms other than the HCFA 1500 form will be rejected.

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| | | PH | FAX |
|---|---|---|---|
| | GS FLYNN | (202) 606-0600 | (202) 606-2711 |
| | ABBY BLOCK | (202) 606-0004 | (202) 606-0633 |
| | LOU MYERS | (202) 606-0770 | (202) 606-0633 |
| HUFA | STEWART STREIMER | (410) 966-6963 | (410) 966-5327 |

United States
**Office of**
**Personnel Management**

Washington, D.C. 20415

In Reply Refer To: Your Reference:

MAR 24 1995

Ms. Jennifer Klein
Special Assistant to the President
for Domestic Policy
The White House
Washington, DC 20500

Dear Ms. Jennifer-

Enclosed is our plan to use a standard claims form in the Federal Employees Health Benefits Program (Program). Our plan establishes realistic negotiation objectives that address the long term goal of automating the majority of claim submissions while achieving the short term goal of using a standardized form. Our objective is that by September 1996 all paper claims submitted for manual processing will be on the HCFA 1500. This approach recognizes that an abrupt change will have an undesirable impact on both providers and subscribers in the Program. Providers and subscribers will experience inconvenience and delay if we reject claims not filed on the HCFA 1500. We need to educate providers before refusing to pay claims submitted on forms other than the HCFA 1500.

We are now notifying the carriers of our negotiation objectives to allow them to assess the impact. Thus, we anticipate meaningful negotiations this summer when we negotiate our 1996 contracts.

If you have any questions feel free to contact me (606-0600) or Lucretia F. Myers, Assistant Director for Insurance Programs (606-0770). I enjoyed meeting with you and look forward to working with you on this important National Performance Review initiative.

Sincerely,

William E. Flynn, III
Associate Director
for Retirement and Insurance

Enclosure

Dear Jennifer,

We were thinking of something like this for a press release. If I can be of any help let me know. I can be reached on 606-0004.

Best,

Abby Block

**DRAFT PRESS RELEASE**
**STANDARDIZED HEALTH BENEFITS CLAIM FORM**

The Vice President announced today that the United States Office of Personnel Management (OPM) plans to use a standard claims form in the Federal Employees Health Benefits (FEHB) Program.

The Federal program covers about nine million employees, retirees, and dependents. While about 30 percent are in HMOs that provide services rather than pay claims, the rest are enrolled in plans that accept claims from physicians. OPM estimates that several million claims a year are filed by physicians who provided services to FEHB members.

Physician groups maintain that the proliferation of different claim forms throughout the insurance industry adds unnecessary costs to the billing process and helps make the American health care system inefficient. During the health reform debate in the last Congress, a standard claim form for use throughout the industry was under consideration.

Medicare, Medicaid, CHAMPUS, CHAMPVA, and others already use a standard form designed by the Health Care Financing Administration (HCFA) in consultation with the American Medical Association. The form, known as the HCFA 1500, will now be used in the FEHB Program as well.

"This is an important step toward ending the unnecessary paperwork mess in the American health care system," according to the Vice President. "It is fitting that this positive action has come about through the National Performance Review process."

E X E C U T I V E  O F F I C E  O F  T H E  P R E S I D E N T

16-Feb-1995 03:16pm

TO: Jennifer L. Klein

FROM: Joseph F. Lackey, Jr.
Office of Mgmt and Budget, OIRA

SUBJECT: OPM--health claims form

Here is who should probably come from OPM to the meeting covering the issue of using the HCFA-5000 form for the FEHB program:

Michael Cushing-Chief of Staff
606-1000

William Flynn--Asst. Director-Retirment and Insurance Group
606-0600

(Cushing is a political apointee and Flynn is head of the substantive area within OPM)

Should I mention that this is happening to OPM staff?

JL

E X E C U T I V E  O F F I C E  O F  T H E  P R E S I D E N T

10-Feb-1995 08:02am

TO: Joseph F. Lackey, Jr.

FROM: Shannah Koss
Office of Mgmt and Budget, OIRA

SUBJECT: RE: HCFA 1500

Joe,

Although this may be the case in some instances most carriers also serve Medicare and therefora are alredy processing the 1500. If that is the only hold up. We think they should support it and put their concern as a con on the proposal.

Shannah

E X E C U T I V E  O F F I C E  O F  T H E  P R E S I D E N T

10-Feb-1995 08:04am

TO: Jennifer L. Klein

FROM: Shannah Koss
Office of Mgmt and Budget, OIRA

SUBJECT: about FEHB

I am also sending you my reply. I'll be at the Department this AM. If you need more call Joe at 54741.

E X E C U T I V E  O F F I C E  O F  T H E  P R E S I D E N T

09-Feb-1995 06:01pm

TO: Shannah Koss

FROM: Joseph F. Lackey, Jr.
Office of Mgmt and Budget, OIRA

SUBJECT: HCFA 1500

Shannah:

I talked with OPM this afternoon about FEHBP usage of the HCFA1500. The following represents their current thinking but they feel they currently do not know how much of a problem implementing this proposal could be:

OPM is concerned that insurance carriers, particularly HMO's or fee-for-service plans with preferred provider arrangements may have established data systems to suit their individual informational needs. In many cases people covered by FEHB may be a small part of their total business. It could, therefore, be costly and burdensome to require the establishment of new data systems to process FEHB claims. OPM plans to discuss this issue with representatives of the fee-for-service plans at a conference scheduled for March 14 and at a conference for HMO plans scheduled for a later date.

I have put in your mailbox a copy of a message they previously sent Jennifer Klein on this question.

JL

E X E C U T I V E  O F F I C E  O F  T H E  P R E S I D E N T

10-Feb-1995 08:05am

TO: Jennifer L. Klein

FROM: Shannah Koss
Office of Mgmt and Budget, OIRA

SUBJECT: more FEHB