

DEPARTMENT OF HEALTH SERVICES

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January 27, 1999



MMCD All Plan Letter 99003

TO: Medi-Cal Managed Care Health Plans

SUBJECT: YEAR 2000 READINESS CERTIFICATION AND BUSINESS
CONTINUATION PLAN

In order to satisfy the requirements of the Federal Health Insurance Accountability and Portability Act of 1996 and California Executive Order W-163-97, the Department of Health Services (DHS) is in the process of enhancing its automated systems. The enhancements will resolve the date field issue associated with the Year 2000 (Y2K), and convert the Medi-Cal eligibility system from a magnetic tape system to an electronic data transmission system. The purpose of this letter is:

1. To provide DHS' criteria for Y2K readiness, as defined at this point in time.
2. To advise Medi-Cal managed care plans (MCP) of the requirement that they develop and forward to DHS for approval a Y2K Readiness Certification and Business Continuation Plan.

We presume that Plans are aware of the Y2K problem. The problems with the date field and the way computer programs and computer (embedded) chips process dates present a serious potential for computer system failure on, or before, January 1, 2000. Every person and organization in California is likely to be affected by the Y2K problem in one way or another. This certainly includes healthcare service organizations, including all Medi-Cal MCPs, which are significant users of both computer applications and computerized equipment.

Through Policy Letter 98-03, issued February 20, 1998, and from other policy and industry sources, all Medi-Cal MCPs have been made aware of their exposure to the Y2K potential for computer failures. To assure the capability to fulfill your contract obligations, and pursuant to your Y2K plan, you should be taking all prudent and necessary steps to address your problems internally. The paramount concern of DHS is that all medically necessary services are provided without interruption to the Medi-Cal members of your plan.

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While we have made the assumption that all Medi-Cal MCPs are aware of their exposure to the Y2K potential for computer failures and are taking prudent and necessary steps to address their problems internally, DHS is taking an additional step. Through this All Plan Letter, DHS is requiring each Medi-Cal MCP to certify to DHS that you are Y2K ready and that you have an aggressive Business Continuation and Contingency plan in place should there be an interruption in services.

Y2K Readiness Certification

All Plans must certify that they, and all their subcontracting providers and/or subcontracting provider organizations/suppliers, are Y2K ready. Subcontracting providers and/or subcontracting provider organizations/suppliers are defined as entities that deliver or support the delivery of the program services of the plan. This Certification must include Y2K readiness of all information technology systems including computer applications, technical infrastructure (which includes system software, personal computers, local area networks, telecommunications, etc.), and non-information technology.

In order to ensure the continuation of uninterrupted access to quality health care for Medi-Cal MCP members, every effort must be made for the timely identification and remediation of problematic date and date dependent data. In addition, either directly or, through subcontractors, indirectly, Plans must also certify that laboratory equipment, durable medical equipment, office equipment, and other infrastructure equipment which use embedded chip technology has been identified, assessed, and certified as Y2K ready. Plans and/or subcontractors must work with care providers and vendors of services (e.g., claims payment) to assess, test, and fix (replace, if necessary) mission critical equipment which employs embedded computer chips. In addition, Plans must assure that any equipment which is used to maintain life support (i.e., pacemakers, ventilators, etc.) has been identified to determine whether embedded chip technology is a part of those devices. It is the Plans' responsibility to obtain verification that such devices are Y2K ready.

Plans' Y2K readiness certification should include verification that all plan business partners/suppliers (those that support delivery of services to plan members) will be able to deliver services or support should they experience difficulties resulting from Y2K failures.

The certification must also encompass the infrastructure, including landlord certification of Y2K readiness for any facilities not owned by the Plans, and external interfaces. The infrastructure includes building systems (security systems, fire suppression systems, power distribution units), specialized equipment (laboratory, medical, water pumping, mass mailing, remittance processing equipment, etc.), and office automation equipment (phone and voice mail, copiers, fax machines, OCR equipment, etc.). External Interfaces include sources of data output from your organization systems to an outside partner or data input to your organization's systems from an outside partner.

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Business Continuation and Contingency Plan

In addition to the Y2K Readiness Certification, each Plan must develop an aggressive Business Continuation and Contingency Plan (BCCP) that includes both risk mitigation (actions to be taken to avoid failures) and contingency planning (emergency workarounds implemented until failed systems can be brought back online). The BCCP must cover all systems operated by the Plan and by the Plan's subcontractors, as well as systems operated by outside entities upon which you or your subcontractors are dependent.

For example, in the event of an infrastructure failure that precludes the use of Point of Service (POS) devices, or any other automated system for verifying plan members' eligibility, Plans must develop, and have in place, a contingency plan for determining plan membership and plan members' Medi-Cal eligibility.

Once Plans have completed their Y2K Readiness Certification and BCCP, two copies should be submitted to their contract manager for review no later than July 31, 1999. Upon approval, one copy will be stamped, dated, and returned to the Plan for their records. The other copy will be maintained by DHS to show that your Plan is Y2K ready.

DHS is doing everything we can to prepare for the Year 2000. We urge every Plan to do the same. Our ultimate objective must be that no Medi-Cal Plan member suffers a life-threatening experience or preventable illness because of a foreseeable and preventable breakdown in healthcare systems.

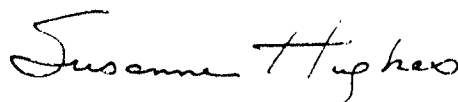
DHS may not have the resources or expertise to directly assist you in addressing every Y2K issue. However, you can find guidance and assistance from the following websites:

The Department of Health Services: { HYPERLINK <http://www.dhs.ca.gov/> }

The Department of Information Technology (DOIT): { HYPERLINK <http://www.doit.ca.gov/> }

The DOIT Y2K Information Webpage: { HYPERLINK <http://www.year2000.ca.gov/> }

If you have any comments or questions regarding this letter, please contact your contract manager.



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Medi-Cal Managed Care Division