

What is a contingency plan?

A contingency plan is an alternate way of doing business when established routines are disrupted. In the case of the October 16, 2003 deadline, a contingency plan should address the potential interruption of claims processing and claims payment due to problems with transmission using the new HIPAA transaction standards. Just as each covered entity is different, there is no single contingency approach that would be appropriate for all covered entities and all situations. In addition, larger covered entities may need more than one contingency plan.

For example, health plans will need to make their own determinations regarding contingency plans based on their unique business environments. A contingency plan could include maintaining legacy systems, flexibility on data content or interim payments. Other more specific contingency plans may also be appropriate. For example, a plan may decide to continue to receive and process claims for supplies related to drugs using the NCPDP format rather than the 837 format currently specified in the regulations. The appropriateness of a particular contingency or the basis for deploying the contingency will not be subject to review by CMS.