



NOV 20 2000

Dear Concerned Party:

The Health Care Financing Administration (HCFA) is restarting the Medicare Participating Centers of Excellence demonstration that was suspended in 1999 due to resource constraints associated with BBA and Y2K preparation. This initiative is one of HCFA's priorities as we look to modernize Medicare utilizing private sector payment approaches. To simplify logistical, administrative, and systems issues, we are limiting the first phase of the demonstration to hospitals in Illinois, Michigan, and Ohio. We realize that many quality institutions, including a number of previous applicants, fall outside these geographic boundaries. We intend to broaden the demonstration's geographic boundaries in future phases.

The decision to initially limit the demonstration to Illinois, Michigan, and Ohio was based on three factors: 1) the majority of the original applications originated from these three states; 2) these states share common fiscal intermediaries and carriers which are already operating on standard systems for claims processing; and 3) the states are served by a single HCFA regional office.

We want to assure you that beneficiaries will still have complete freedom to select the hospitals and doctors they wish to use under the fee-for-service Medicare program and that doctors and hospitals not participating in the demonstration will not be restricted from providing services to their patients.

Additional information about the Medicare Participating Centers of Excellence demonstration may be found on HCFA's website at <http://www.hcfa.gov/ord/projdfs.htm>. Questions can be submitted through the website, or you may call Ms. Jody Blatt, the demonstration's project officer, at (410) 786-6921.

We appreciate your continued support and interest in this demonstration.

Sincerely,

Mark E. Miller, PhD.
Deputy Director

Center for Health Plans and Providers