

Health Insurance Portability Accountability Act (HIPAA) Overview

Regulation entitled, *Standards for Privacy of Individually Identifiable Health Information* (the Privacy Rule), promulgated by the Department of Health and Human Services (HHS), provides the first comprehensive federal protection for the privacy of health information. All segments of the health care industry are responsible for the objective of enhanced patient privacy in the health care system. HIPAA has been likened to Y2K compliance, Hospitals, Health Insurance Providers and Doctors must prove compliance by April 14, 2003. The U.S. Government estimates the expense of the privacy regulation to the private sector of the health industry alone to be over \$20 billion dollars.

HIPAA legislation will restructure the approach in which health data is captured, transmitted, stored, secured and managed. It will affect healthcare policy, procedure, and information technology - how we do business and how patients receive care. Quai provides the expertise to help you meet HIPAA objectives. We've provided answers to the most common questions: Who, What, When, Why.

WHO?

As required by Congress, the Privacy Rule covers health plans, health care clearinghouses, and those health care providers who conduct certain financial and administrative transactions electronically. These electronic transactions are those for which standards are required to be adopted under HIPAA, such as electronic billing and fund transfers. These entities are bound by the new privacy standards even if they contract with others to perform some of their essential functions.

WHAT?

The Privacy Rule became effective on April 14, 2001. Most health plans and health care providers that are covered by the new rule must comply with the new requirements by April 2003.

The Privacy Rule for the first time creates national standards to protect individuals' medical records and other personal health information.

- ▶ It gives patients more control over their health information.
- ▶ It sets boundaries on the use and release of health records.

- ▶ It establishes appropriate safeguards that health care providers and others must achieve to protect the privacy of health information.
- ▶ It holds violators accountable, with civil and criminal penalties that can be imposed if they violate patients' privacy rights.
- ▶ And it strikes a balance when public responsibility requires disclosure of some forms of data - for example, to protect public health.

For patients - it means being able to make informed choices when seeking care and reimbursement for care based on how personal health information may be used.

- ▶ It enables patients to find out how their information may be used and what disclosures of their information have been made.
- ▶ It generally limits release of information to the minimum reasonably needed for the purpose of the disclosure.
- ▶ It gives patients the right to examine and obtain a copy of their own health records and request corrections.

For the average health care provider or health plan, the Privacy Rule requires activities, such as:

- Providing information to patients about their privacy rights and how their information can be used.
- Adopting clear privacy procedures for its practice, hospital, or plan.
- Training employees so that they understand the privacy procedures.
- Designating an individual to be responsible for seeing that the privacy procedures are adopted and followed.
- Securing patient records containing individually identifiable health information so that they are not readily available to those who do not need them.

To ease the burden of complying with the new requirements, the Privacy Rule gives needed flexibility for providers and plans to create their own privacy procedures, tailored to fit their size and needs. The scalability of the rules provides a more efficient and appropriate means

of safeguarding protected health information than would any single standard.

WHEN?

As required in HIPAA, most covered entities have two full years from the date that the regulation took effect - or, until April 14, 2003 - to come into compliance with these standards. Under the law, small health plans will have three full years - or, until April 14, 2004 - to come into compliance.

WHY?

In enacting the Health Insurance Portability and Accountability Act of 1996 (HIPAA), Congress mandated the establishment of standards for the privacy of individually identifiable health information.

When it comes to personal information that moves across hospitals, doctors' offices, insurers or third party payers, and state lines, our country has relied on a patchwork of federal and state laws. Under the current patchwork of laws, personal health information can be distributed - without either notice or consent - for reasons that have nothing to do with a patient's medical treatment or health care reimbursement. Patient information held by a health plan may be passed on to a lender who may then deny the patient's application for a home mortgage or a credit card - or to an employer who may use it in personnel decisions. The Privacy Rule establishes a federal floor of safeguards to protect the confidentiality of medical information. State laws, which provide stronger privacy protections, will continue to apply over and above the new federal privacy standards.

Health care providers have a strong tradition of safeguarding private health information. But in today's world, the system of paper records in locked filing cabinets is not enough. With information broadly held and transmitted electronically, the rule provides clear standards for all parties regarding protection of personal health information. Contact Quai to discuss your compliance initiative.