

HIPAA Facts: What You Need to Know

"...There are segments of the industry which still do not understand the HIPAA impact. Small providers and individual physicians' offices seem to be a particular problem."

The National Committee on Vital and Health Statistics Fourth Annual Report to Congress

What is HIPAA?

The Health Insurance Portability and Accountability Act of 1996 (HIPAA) is a set of federal legislation and regulations created to improve the portability of an individual's healthcare coverage when changing jobs and to promote administrative simplification of health insurance. It will significantly impact the way you administer your practice.

Title I of the law deals with improving health insurance access and portability when changing jobs and became effective in September 1996.

Title II of HIPAA deals with administrative functions in healthcare practices, including regulations which will greatly impact your practice: standardizing code sets and electronic transactions, establishing privacy and security standards, and standardizing identifiers for healthcare entities.

Who Does HIPAA Affect?

The easiest answer is that virtually all healthcare providers in the United States, regardless of size, are subject to HIPAA regulations. HIPAA applies to all healthcare providers who store or transmit electronic information, either directly or indirectly through a billing service, clearinghouse or other arrangement, to government or private payers, or to other healthcare providers. Many experts believe that the privacy and security aspects of HIPAA apply to all healthcare providers.

Regardless, HIPAA's privacy standards represent the new standard of care regarding patient privacy. Additionally, the bulk of HIPAA's regulations reflect solid business practices as well.

What Happens if I Don't Comply?

HIPAA is the law. Non-compliance carries serious penalties, including:

- \$100 per occurrence, up to \$25,000 per standard per year for transaction and code set violations.
- \$100 per incident, up to \$25,000 per standard per year in civil penalties for privacy standard violations.

• Federal criminal penalties including:

- Up to \$50,000 and/or one year in prison for obtaining or disclosing protected health information
- Up to \$100,000 and/or up to five years in prison for obtaining protected health information under "false pretenses"
- Up to \$250,000 and/or up to 10 years in prison for obtaining or disclosing protected health information with the intent to sell, transfer or use it for commercial advantage, personal gain or malicious harm.

Enforcement is expected to occur by patient and employee reporting to the Office of Civil Rights within the Department of Health and Human Services. Ignorance is expensive; even the civil penalties can add up quickly. A negligent practice with 1,000 patients could easily incur well over \$100,000 in fines in under 12 months.

What Do I Have To Do To Comply?

HIPAA includes three sections with which providers must comply: transactions, privacy and security.

Compliance involves:

- Conducting transactions in a certain way
- Protecting patient privacy to new, uniform levels and providing patients certain rights regarding their medical records
- Ensuring security of physical and electronic patient records

HIPAA was created to ensure uniformity in the application of transactional, privacy and security standards across the industry. It requires not only that you meet certain standards in these areas, but insists that you document your policies, procedures and how you continue to meet these standards for each individual.

When Do I Have To Comply?

HIPAA is already the law of the United States and is in effect today. However, the Department of Health and Human Services has granted a transition period, indicating that enforcement will begin as follows:

- Transactions – October 16, 2002. With the previously available one-year extension, October 16, 2003.
- Privacy – April 14, 2003
- Security – To be determined once final regulations are issued later this year

“...the HIPAANow! Toolkit and Coaching Session covers **everything** - everything we needed to know was discussed.”

A satisfied HIPAANow! customer, Fort Payne, AL

Agent 77's comprehensive HIPAANow! Toolkit, built specifically for small healthcare providers, includes everything you will need for your HIPAA compliance efforts — all at an affordable price.



Training – one seat at Agent 77's informative HIPAANow! Coaching Session is included with the toolkit

Guide – step-by-step solution for HIPAA compliance

Workbook – all the policies, procedures, forms, job descriptions, etc. you need to document your HIPAA compliance

CD-ROM – Self-paced training and electronic versions of the Guide and Workbook

Service Package – 6 month service package including monthly newsletters, product updates and a toll-free number to call with any questions

Get your HIPAANow! Toolkit today. Contact your Patterson representative or call Colwell Systems at 800.637.1140 for more information or to purchase the HIPAANow! Toolkit.