

SERVICE BRIEF

Understanding HIPAA

Laws for the secure and private transfer of an individual's medical information.

The nearly instantaneous flow of information is a defining variable of the information age.

While it's true some companies can use this technology better than others, in regards to healthcare information, the seamless flow of information can literally be the difference between life and death.



In August of 1996, United States President Bill Clinton, in an effort to promote secure transfer of patient information, signed into law the Health Insurance Portability and Accountability Act (HIPAA). Three years later, HHS unveiled the official rules.

HIPAA Privacy Rule

The HIPAA Privacy Rule, or the Standards for Privacy of Individually Identifiable Health Information, established protocols for many healthcare providers in regards to who has access to patient information. The privacy rule applies to health plans, healthcare agencies, and to any healthcare provider that transmits patient information electronically.

The following information is protected under HIPAA's Privacy rule:

- An individual's complete history of their physical and mental health conditions.
- The treatment or provision the individual has access to.
- An individual's payment information for said healthcare.

HIPAA Security Rule

Unfortunately, there are entities out there looking for opportunities to intercept this information for their own, often nefarious, purposes.

No where is data more personal, than in the healthcare industry. HIPAA's Security Rule, or *Security Standards for the Protection of Electronic Protected Health Information*, specifies a series of administered, physical, and technical safeguards for covered parties to guarantee the integrity, real-time availability, and confidentiality of protected electronic healthcare information.

Electronic Transaction & Code Sets Standards

The standardization of electronic transactions is important to patient care.

With the standardization rules set forth by HIPAA, each healthcare provider has to adhere to the same set of protocols as other providers do to ensure the transferred financial and medical information is easily deciphered. HIPAA sets a standard and the operating rules for electronic funds transfer (EFT), electronic remittance advice (ERA), and attachments for claims.

National Identifier Requirements

As a part of the HIPAA law, healthcare providers are mandated to use unique Health Plan Identifiers (HPID).

These are identifying numbers assigned to specific medical transactions. For example, the numeric code for an allergy test is the same from one provider to another. This level of standardization allows providers to determine what care is to be provided as well as the act of billing the services that have been received.

Enforcement & Penalties

In order for the rules of the HIPAA law to work, the Enforcement Rule is in place for dedicated checks and balances. Currently the Centers for Medicare and Medicaid Services enforces the HIPAA Security Rule and the Rules covering the standardization of information, while the Privacy concern is handled by The Office of Civil Rights.

To date, the implementation of Health Insurance Portability and Accountability Act standards have substantially increased the use of electronic data interchange within the medical industry. Provisions in play will increase these electronic interchanges and include further requirements to take into account the basics of the initial act. The Act provides for crippling penalties for failures to certify or comply with the new standards and operating rules. These penalties include:

- Each general violation: a \$100 penalty per violation, with no more than \$25,000 in one year for all violations of identical requirements.
- For wrongful disclosure: \$50,000 penalty, imprisonment for not more than one year, or both.
- Wrongful disclosure made under false pretenses: \$100,000 penalty, imprisonment for not more than 5 years, or both.
- For wrongful disclosure with the intent to sell information: \$250,000 penalty, imprisonment for not more than 10 years, or both.

As well as the penalties listed above, entities that fail to comply with HIPAA regulations will likely be subject to a loss of credibility, likely resulting in the loss of public trust and revenue.

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