Health Insurance Portability and Accountability Act (HIPAA)

The Health Insurance Portability and Accountability Act (HIPAA) was signed into law in August 1996 and is designed to improve the effectiveness and efficiency of the U.S. healthcare system and mandates national standards in several areas.

Among HIPAA regulations are two important provisions:

Title I - Cobra (portability) – designed to protect workers and families from the loss of health insurance coverage as a result of a job change or termination.

Title II - Administrative Simplification (AS) – designed to simplify the administration of healthcare and to protect the privacy of individually identifiable health information.

The information below only covers issues related to Title II and its impact on Hygeia and our clients.

In response to the regulations issued by the U.S. Department of Health and Human Services regarding HIPAA Administrative Simplification (AS), Hygeia contracted with HIPAA consultant, Incepture, to perform an independent analysis of our operations and HIPAA-AS Gap Assessment. We reviewed all applicable business practices, and implemented policies and procedures to ensure full compliance with the standards for privacy of individual health information and electronic data interchange. In further support of our commitment to compliance, Incepture conducted a HIPAA Privacy and Security Orientation for all Hygeia staff members in Miami, Florida and Toronto, Canada.

Below are general HIPAA questions that you may find useful. For additional details on HIPAA please visit www.hhs.gov/ocr/hipaa

Who must comply with HIPAA?

HIPAA regulations apply to two groups - Covered Entities and their Business Associates.

There are three (3) types of Covered Entities:

- Health Plans
- Healthcare Providers (who transmit any health information or conduct electronic health transactions)
- Healthcare Clearinghouses (that facilitate electronic transactions between health plans and providers)

Covered entities must ensure that Business Associates protect patient privacy and therefore each covered entity is required to enter into a formal "business associate agreement" before sharing Protected Health Information (PHI) with a business associate. This "agreement" extends accountability for protection of PHI.

What is "PHI"?

Protected Health Information includes any information relating to an individual's health or which can be used to identify the individual. PHI is not limited to written medical files, i.e. the term covers verbal communication, billing records, information written on notice boards or conference room boards etc. HIPAA requires that this information is kept secure, accurate and only available to authorized persons and for authorized uses.

What is a Business Associate?

A Business Associate performs services for (or acts on behalf of) a covered entity. Hygeia is a Business Associate of our U.S. healthcare payer clients that are covered entities i.e. health plans and healthcare providers. As a Business Associate to these parties, Hygeia's services involve the use or disclosure of PHI and therefore Hygeia is accountable for the protection of this PHI.

Hygeia also contracts with entities that provide assistance services to travel, healthcare, financial and corporate clients. These entities would be considered Business Associates of their clients. Hygeia would be considered a Subcontractor of these Business Associates.

Our Business Associate status to our healthcare payer clients required us to execute addendums to our Network Access agreements to ensure full HIPAA compliance by those with whom we conduct business. In June 2003, Hygeia distributed these addendums to all payer-clients and has retained these signed agreements on file.

What are the HIPAA compliance deadlines?

There are three applicable deadlines:

Electronic Data Interchange - October 16, 2002
Privacy Rule - April 14, 2003
Security Rule - April 21, 2005
How does HIPAA apply to electronic data interchange (EDI) of patient claims?

HIPAA requires standardization in the electronic transmission of claims, administrative and financial transactions, and security for the electronic storage and transmission of patient information. This rule mandates the use of ANSI X12 format and standard coding schemes such as CPT-4 and ICD-9-CM.

Do Hygeia’s EDI activities comply with HIPAA regulations?

The majority of Hygeia’s information transport facilities (i.e. EDI, web-browser, fax, mail) meet the HIPAA-AS compliance guidelines.

Specific to EDI transactions, Hygeia is able to send and receive web-based electronic claim transmissions that meet HIPAA requirements. Our proprietary connection software provides a HIPAA compliant link that is in accordance with the requirements applicable to Business Associates. It is important to note that, due to the Business Associate relationship that exists between Hygeia and its international payer-clients, the HIPAA X.12 data standard is not required for claims to be sent to Hygeia.

However, we are developing a HIPAA compliant link that transforms non-standard incoming data into the X.12 format. This will allow clients to continue to communicate in a non-standard format through Hygeia’s secure communication application, without the extra administrative or time expense required for HIPAA compliance, and both incoming data to Hygeia and data returned by Hygeia will be fully HIPAA compliant.

Hygeia also uses an email information transport facility, which is not currently HIPAA compliant when PHI is shared with authorized parties. Hygeia’s IT development team is currently reviewing several solutions that will meet HIPAA-AS guidelines.

Will Hygeia support clients that are not HIPAA compliant?

It is our expectation that all U.S. clients and vendors that are covered entities will become compliant as soon as possible, and we will work with those that are not on a case-by-case basis to minimize disruption of business operations. As an international payer, does HIPAA apply to me?

If an international payer utilizes U.S. based subsidiaries or affiliates, or has a parent company that is U.S. based, these entities are subject to HIPAA requirements and regulations, which will impact all their business relationships. Hygeia is confident that our focus and commitment will minimize any impact on client relations and that we will continue to provide the high service levels our clients expect from us.