

HIPAA IMPLEMENTATION AT THE HALF WAY POINT

STEVE BIREK

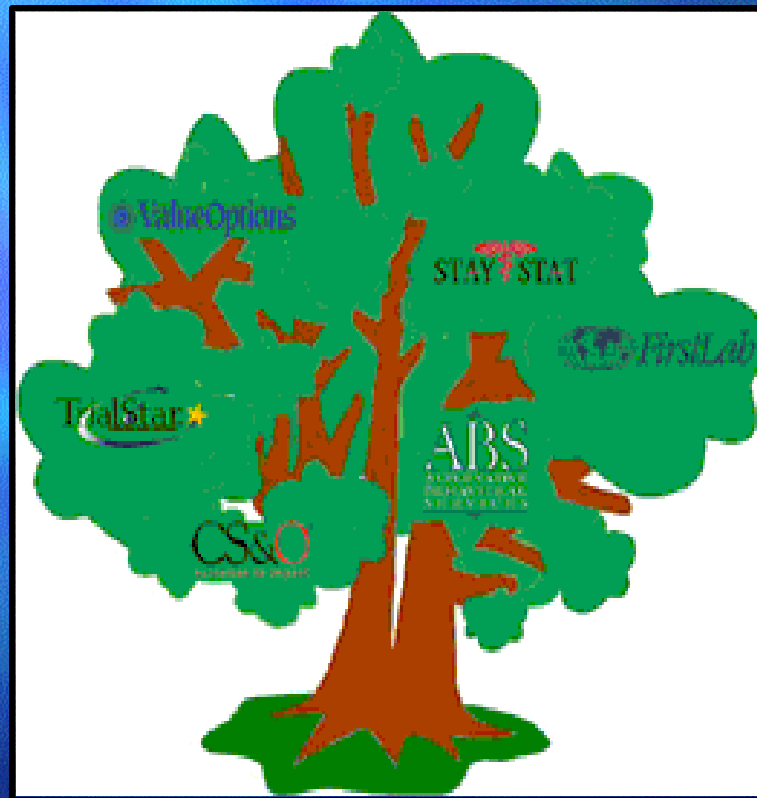
Associate General Counsel
ValueOptions, Inc

April 26, 2002

FHC Health Systems

ValueOptions:
managed behavioral health, including mental health, substance abuse, workplace services and government services. Some provider functions.

CS&O: Internet-based outcomes management, service tracking and survey tools



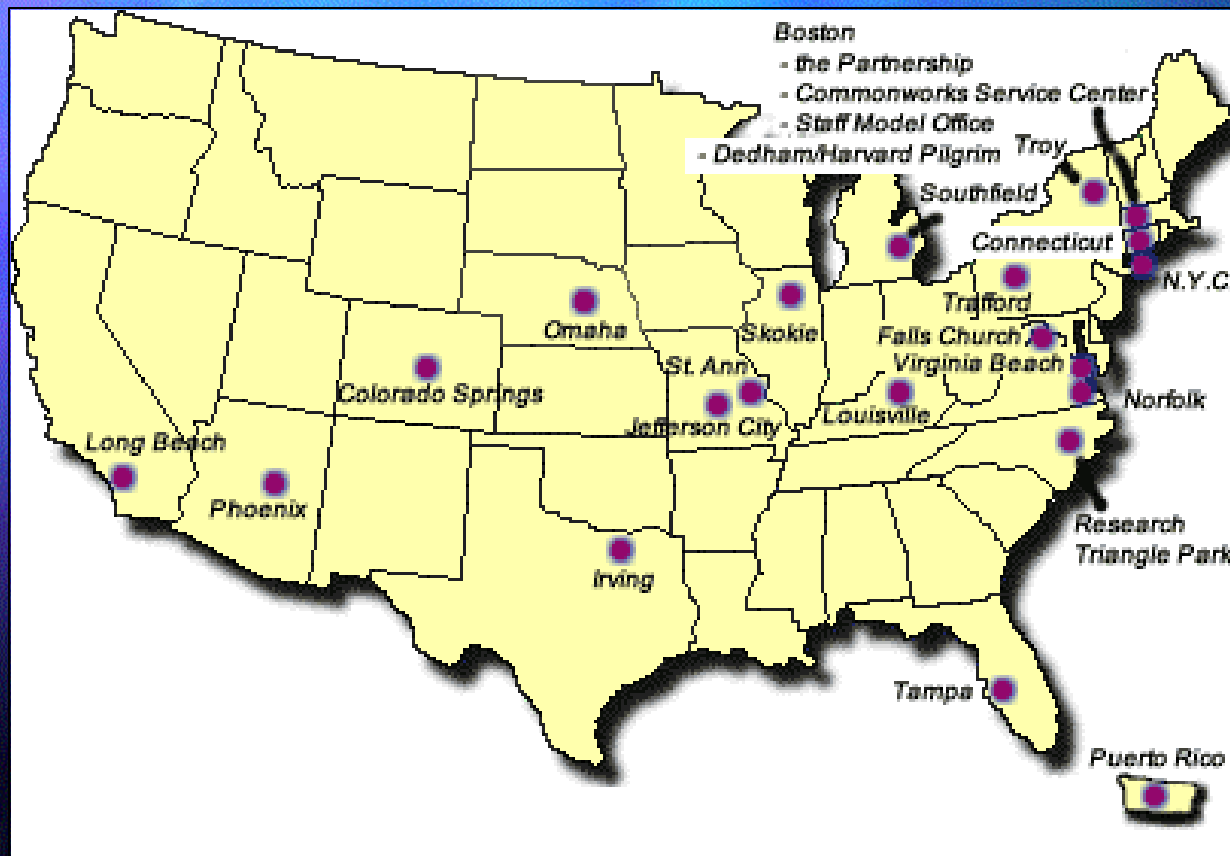
StayStat: personal medical information manager

FirstLab: TPA for drug and alcohol testing programs, Clozapine Support Services, general lab services

ABS: behavioral health provider services including acute psychiatric care, residential, therapeutic group homes, therapeutic foster care, alternative and special education.

ABSolute IS: practice management software for behavioral health

ValueOptions



Covered Lives: 23 million
Customers: 1,000+
Contracted Providers: 40,000+
Contracted Facilities: 2000+
Locations: 20
Subsidiaries: 25
Employees: ~4100
Licenses: ~ 75

"We don't have to worry about HIPAA"

INTERNAL BARRIERS

- "We've been doing this for years. We know how to handle privacy issues."
 - Explain the scope of changes required.
- "We don't deal with medical records."
 - Explain the definition of PHI/PII
- "I am not a clinician."
 - Define everyone's responsibilities
- "We give data to customers because it's their data."
 - Discuss data control provisions

Internal Barriers

- Security: "That's IT's problem."
- Privacy: "We already have policies and procedures."
- Minimum Necessary: "I need everything in the record to do my job."
- Access: "We know what's best for the patient."
- Amendment: "Our systems can't track amendments."
- Accounting: "We've never kept track of this before."
- State Law: "We can't run a 50 state operation this way."

"Layered" HIPAA-related issues

- Several types of "covered entities" and business associates
- Multiple covered functions within one entity
- Required variations based on market segment and customer requirements
- State law pre-emption

Mental health and substance abuse often have greater protection than other health information

What Type Of "Covered Entity" Is ValueOptions?

- Provider
 - EAP "staff model"
 - Walk-in clinics
- Health Plan
 - HMO
 - PPO
- Business Associate
 - UM/TPA
 - Case manager
- Not covered
 - Housing
 - Foster placement
 - Developmental Disabilities
 - Workers Comp



*Affiliated
Covered Entity,
Health Plan*

**Relationship varies
in each contract**

Chosen Approach: A Privacy Program

*Privacy Coordinators
Network (PCN)*



Service centers
Corporate departments

- Central project plan, updated twice a month
- Dedicated project manager
- Group meets by phone twice a month
 - Working sessions
 - Overall updates
- Project detail added by PCN for own function or SC

Break Large Effort Into Segments

Relationships with members

- Notice of practices
- Consent, authorization, opportunity to object
- Access, accounting, amendment
- Alternative communication
- Restriction on further disclosures
- Personal representatives
- Problem resolution

Relationships with other entities

- Business associate provisions
- Routine disclosures
- Responding to RFIs

Relationships with providers

- Consent and authorization
- Secure data exchange

Internal operations

- Confidentiality policies
- Disclosure by computer, phone, fax
- Use of information off-site
- Role-based access
- Security enhancements
- Review of uses
- Verification of identity
- De-identification of data
- Staff training
- Mitigation of breaches
- Revision of ERISA docs and HR operations

Relationships with customers

- Releases by customer type
- Applicability of state laws
- Contractual arrangements



Fold Privacy Into General Compliance

- Incorporate HIPAA requirements into existing P&Ps
- Use the same coordination and approval mechanisms when appropriate
- Use the same training and implementation processes when appropriate

HIPAA is an opportunity to examine and improve existing compliance structures

"We don't have to worry about HIPAA"

External Barriers

- Employers
 - : "HIPAA...what's that?"
 - : "We're self funded."
 - : "We're not a covered entity."
 - : "What do you mean! Our HR Department isn't a health plan."
 - : "It's our data."
 - : "We have to do WHAT to get our data...SPD's, certifications, firewalls."

- TPAs
 - : "We work for the Employer, not the health plan."
 - : "We're nobody's Business Associate."

- Government Programs
 - : "We're the State. This law doesn't apply."
 - : "We're a Medicaid Plan."
 - : "Our state laws preempt all of HIPAA."
 - : "When people sign up for our programs they give up all their privacy rights."

External Barriers

- Providers
 - : "I'm a small business. I can't do all of this."
 - : "My billing system can't do these standard transactions."
 - : "Good...this means I never have to cooperate with managed care interference again."
- Health Plans
 - : "I'm the covered entity, you're not."
 - : "Don't you worry yourself about our compliance. We know what we're doing."
 - : "It's none of your business if we have received employer certifications."
 - : "Besides, you're a vendor. It's our data."

Create Many Experts

- Local privacy and compliance committees
- Databases of answers
 - Proposals
 - Questionnaires
 - Contract clauses and forms
- Easy access to centralized resource
 - HIPAA implementation team
 - Intranet-based information
 - External resources

The Balancing Act

Advantages:

- Drives understanding through the organization
- Uses local knowledge
- Integrates with corporate initiatives



Challenges:

- Time-intensive
- Difficult to balance with other job responsibilities
- Logistically complex