

**ARE YOU  
PREPARED?**

**HIDA IS YOUR  
COMPLETE SOURCE  
FOR HIPAA  
INFORMATION!**



With ADVANCE<sup>®</sup>  
education and a  
series of HIPAA  
tools for your  
customers, you can  
provide added  
value to every  
sales visit.



**HEALTH INDUSTRY DISTRIBUTORS ASSOCIATION**  
*Serving Medical Products Distributors Since 1902*

## **HIPAA: A LEGAL PRIMER**

### **WHAT HIDA MEMBERS NEED TO KNOW ABOUT THE LAW**

If you're a healthcare distributor salesperson, you've probably been hearing your customers talk about HIPAA, or the Health Insurance Portability and Accountability Act. Next month, key provisions of the legislation go into effect, and as a distributor, you will be a benefit to your customers if you understand how this law affects your customers, helping win accounts away from those who remain uninformed. HIPAA provides the distributor with one of the best opportunities to position their sales force as consultants capable of advising customers on key business issues.

### **WHAT IS HIPAA?**

HIPAA is a broad-based set of regulations that affects every one of your customers and could affect you as a distributor. HIPAA includes provisions requiring healthcare providers to adopt national standards for electronic transactions in order to improve the efficiency and effectiveness of the healthcare system. As a distributor, your customers probably will be most concerned with two of the law's provisions: Transactions and Code Sets and Privacy Regulations. Under the Privacy Regulations, healthcare providers and insurance companies must take steps to protect patient health information in order to ensure that only those that need to see medical records for the purpose of treatment or reimbursement are able to do so. Under Transactions and Code Sets, your customers must use a common set of codes, created by the U.S. Department of Health and Human Services, for all their services, tests, and billing operations. So, if a physician orders a flu vaccination for a patient, for instance, they must record and bill for that using a standard code in order to be paid. The insurance company paying for the test must be able to recognize that code, and must pay for the test in a certain way under the law.

### **BECOME A HIPAA RESOURCE FOR CUSTOMERS**

The privacy and code sets regulations will have the most impact on your customers because they could be expensive to implement and will affect most providers' bottom line. However, few providers fully understand the law and may ask you, their distributor, to help them understand what the law means for them. Knowing the answer to that question will add to your value and give you an opportunity to consult on business practices and improve your trust level with the customer. Further, if you are a long term care distributor and are providing billing services for your customer, HIPAA has a much more direct effect on you, as you will be required to follow the law just as the providers do. If you collect any kind of patient information for your company, you need to understand the law and ensure that you are not violating any of HIPAA's provisions. If not, you need to understand the law in order to help your customers with compliance.

## PRIVACY REGULATIONS

You probably will have the most opportunity to position yourself as a consultant by advising your customers on HIPAA privacy regulations. The current law goes into effect this April, and many customers are confused by the regulation and do not know if they've taken the appropriate steps to ensure privacy. In general, the privacy rule safeguards patient information by giving patients control over their health information, setting boundaries on the release of health records, enabling patients to find out how their information is used, limiting the release of health information to the minimum needed, giving patients the right to obtain a copy of their health records, and allowing patients to control the use of their information. All health information that is disclosed must be stripped of any identifying information and medical records in an office or facility must be locked and controlled. If you understand the law, you can inform your customers of possible violations and educate them on how to become compliant, possibly helping them to avoid lawsuits or federal fines.

This customer tool is just one in a series of powerful HIPAA materials that are available **ONLY** to HIDA members. Educate your customers and become an invaluable resource by using your HIDA member services today.

### HIDA's HIPAA tools currently include:

*HIPAA: A Call to Action—Steps to Take to Comply with the Law*

NEW

*HIPAA Privacy Basics—All Providers Need to Know About Privacy Regulations*

NEW

*Helping Your Customers with HIPAA (A new ADVANCE® Masters module)*

## TRANSACTIONS & CODE SETS

Under HIPAA, all health claims, insurance enrollment information, insurance eligibility information, payments, premiums, referral services, and coordination of benefits information must be recorded and processed in a uniform manner. These transactions must be coded very specifically, and all medical conditions, hospital procedures, physician services, and supplies must be identified in the same way in order to be reimbursed. As a distributor, you should ask about the customer's compliance strategy and inform them that they may not be paid for their services if they don't file their claims in the standardized format. If your company sells compliance tools and software, you may have the opportunity to make a sale while helping your customer meet the law's standards.

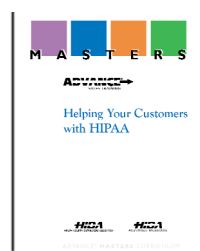
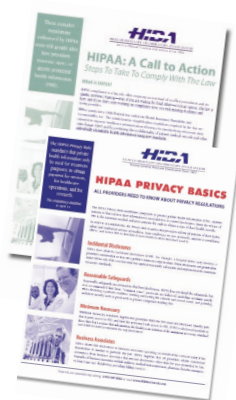
## INCIDENTAL DISCLOSURES

It is not uncommon for a distributor to overhear information about patients or to accidentally see a patient chart. Under HIPAA, this is perfectly legal if the customer has taken reasonable steps to ensure that these disclosures won't occur or will occur only rarely. You can rest assured that

neither you nor your customer will be held accountable for these accidents if the customer has done everything possible to protect the patient. However, if you routinely overhear conversations or see charts in a facility you call on, you will want to inform your customer of that fact, and advise them to increase their security in order to avoid federal penalties, which can total \$100 per incident, per patient. More than likely, the customer will welcome your knowledge and consider your input valuable in terms of their overall practice management.

## BUSINESS ASSOCIATES

In general, most distributors will not be considered business associates, as few require access to patient health records in order to perform their job. However, if you perform billing services for your customers, for instance, you are considered an associate and will be required under law to sign agreements with your customers ensuring that you have taken all the steps necessary under the law to protect private health information. If you are a business associate, it will be important for you to have all your contracts examined by an attorney in order to ensure that all provisions of the law are met



## How Can I Get More Information?

Visit the following links for more information on HIPAA.

<http://www.hidanetwork.com>

<http://www.hhs.gov/ocr/faqs/1001.doc>

[http://www.hospitalconnect.com/aha/key\\_issues/hipaa/index.html](http://www.hospitalconnect.com/aha/key_issues/hipaa/index.html)

<http://cms.hhs.gov/hipaa>

<http://telehealth.hrsa.gov/pubs/hipaa.htm#issue>

<http://hippo.findlaw.com/hipaa.html>

<http://www.hipaadvisory.com>

<http://www.hipaacomply.com>

<http://www.ama-assn.org/ama/pub/category/4234.html>