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Department of Human Resources
HIPAA Overview

On August 21, 1996, then President Bill Clinton, signed Public Law 104-191 (Health Insurance Portability and Accountability Act of 1996 (HIPAA)). To improve the efficiency and effectiveness of the health care system HIPAA includes a series of "administrative simplification" (AS) procedures that required the Department of Health and Human Services (HHS) to adopt national standards for electronic health care transactions. By ensuring consistency throughout the industry, these national standards will make it easier for health plans, doctors, hospitals and other health care providers to process claims and other transactions electronically. The law also requires the adoption of security and privacy standards in order to protect personal health information.

In December 2000, the Department of Health and Human Services (HHS) issued the original Privacy Standards in 45 CFR Section 160 and 164. In August 2002, HHS issued an amendment to the Privacy Standards to incorporate changes resulting from public comment. The HIPAA Privacy regulations set standards to protect the privacy of individually identifiable health information. The rules apply to health plans, health care clearinghouses, and health care providers who conduct electronic transactions. The regulations present standards with respect to the rights of individuals who are the subject of the individually identifiable health information, procedures for the exercise of those rights, and the authorized and required uses and disclosures of the individually identifiable health information. It covers provisions such as obtaining authorization for the use of individually identifiable health information, other than in the usual course of treatment, payment, and health care operations. Simply put, when a person has followed the standards established by the Security regulations to access patient information properly, the Privacy regulations describe how that information can be used and how it can be disclosed to others.

In order to meet these standards, covered entities need to adopt written policies and procedures that address who has access to patient health information, how it will be used within the entity, and when the information may be disclosed. Covered entities must also adopt policies and procedures that ensure their business associates protect the privacy of individually identifiable health information. The compliance date for implementing HIPAA Privacy Standards is 14 April 2003. The Office of Civil Rights is responsible for enforcing the HIPAA Privacy Standards.

In accordance with Public Law 104-191 (Health Insurance Portability and Accountability Act of 1996), penalties for misuse or misappropriation of health information include both civil monetary penalties and criminal penalties. Civil penalties range from $100 for each violation to a maximum of $25,000 per year for the same violations. Criminal penalties vary from $50,000 and/or one year imprisonment to $250,000 and/or ten years imprisonment (42 U.S.C. §§ 1320d-5 and 1320d-6).