
OFFICE OF GOVERNOR RONNIE MUSGROVE
INTEROFFICE MEMORANDUM

TO: GOVERNOR
FROM: SMITH
SUBJECT: HIPAA UPDATE
DATE: 10/28/02
CC: RENICK, LEE ANN, BOYD, TELL, GAVIN, ZEYTOONJIAN

I attended the Mississippi HIPAA State Team meeting on Friday. All the state agencies and some private providers attended, including a representative from Blue Cross/Blue Shield. The deadline for filing an extension for the transactions and code sets rule was October 16, 2002. All state agencies applied for an extension by the deadline. The extension postponed compliance until October 16, 2003. However, the privacy rule deadline is April 14, 2003 and the deadline to begin testing for transactions and code sets compliance is April 16, 2003. The following are highlights from the meeting:

- All state agencies and providers present expressed much confusion and lack of training from the Feds related to HIPAA
- HIPAA compliance is projected to exceed cost related to Y2K compliance
- Only DFA and Division of Medicaid included added budget request related to HIPAA compliance in their FY04 Budget Request
- Division of Medicaid is required by CMS to submit quarterly HIPAA progress reports
- All state agencies are looking at all their policies and procedures to make needed changes to become compliant. All are training their employees without adequate resources
- Most state agencies have purchased HIPAA software, called PrivaPlan at a cost of \$399.00
- Most state agencies expressed they are further behind related to security related compliance issues
- Teresa Karnes with ITS leads the State Agency work group. She said that an AG opinion had been requested related to personnel issues in state issues. One agency funds its own cafeteria plan and will likely be affected by HIPAA
- Each agency will be required to designate staff as a security officer and a privacy officer

- There will sanctions for non-compliance (\$25,000 per occurrence)
- The National Committee of Vital and Health Statistics Chairman, John R. Lumpkin, M.D., M.P.H wrote a letter, dated September 27, 2002, to Secretary Thompson expressing low level implementation; many small towns and rural areas never heard of HIPAA, do not think it applies to them and are confused about the rules and regulations. Further; state and local governments reported lack of funding and personnel to draft their own HIPAA documents and design training programs to comply with Privacy Rule; failure of the Office of Civil Rights to make available sample forms, model language and practical guidance to covered entities; and recommended a substantial increase in resources and personnel, massive public education program, provision of sample forms, prompt technical assistance and expanded partnerships between the Office of Civil Rights and professional associations, industry organizations, state agencies and other affected parties. This letter was written after the first of several hearings.
- CMS shared information obtained from submitted compliance plans with the National Committee on Vital and Health Statistics (NCVHS) as required by the Administrative Simplification Compliance Act.
- Recent legislative action-Rep. Edward J. Markey (D-MA) introduced 'Stop Taking Our Health Privacy Bill on October 16, 2002. The purpose of the bill is to change back to the 2002 rule
- CMS has indicated that they will not extend HIPAA compliance deadline

I have shared this information with Fred and he is keeping me posted about anything going on at the federal level. Also, we have a meeting with Sam Cameron on Friday to discuss the HIPAA consultant. I will let you know the outcome of the meeting.

I recommend that we find the funds to allow Department of Human Resources to purchase PrivaPlan at a cost of \$399.00.