

## **HIPAA COVERED ENTITY AND ELECTRONIC TRANSMISSIONS**

How to determine whether you are an entity is covered under the Administrative Simplification provisions of HIPAA. The standards adopted by HIPAA act of 1996 applies to any entity that is:

1. A healthcare provider that conducts certain transactions in electronic form, which is called a “covered healthcare provider”
  - a. Business associates
  - b. Other doctors in your office
  - c. Contract workers
  - d. Independent contractors
2. Any healthcare clearing houses
3. Any health plan
4. Billing services
5. Insurance payments

An entity that is one or more of these type entities is referred to as a “covered entity”

Is a person, business or agency a covered health care provider? Most private physicians, physician groups fall into this category.

1. Does the person, business or agency furnish, bill or receive payments for health care in the normal course of business? If you answered, “**yes**” than does the person, business or agency conduct covered transactions? If you answered, “**yes**” than are the covered transactions transmitted in electronic form? If you answered, “**yes**” than the person, business or agency is a covered healthcare provider.
2. Does the person, business or agency furnish, bill or receive payment for healthcare in the normal course of business? Does the person, business or agency conduct covered transactions? Are any of the transactions transmitted in electronic form? If you answered “**no**” to these questions, than the person, business or agency is not a covered healthcare provider.

Healthcare means: care, services, or supplies related to the health of an individual, which includes: preventive, diagnosis, rehabilitative, maintenance, or palliative care, and counseling, services, assessment, or procedures to the physical, mental, or functional status of an individual or that effects the structure or function of the body.

Covered transactions: Electronic billing will eventually replace all paper billing with insurance companies. If the healthcare provider uses another entity (third party payer) to conduct covered transactions in electronic form on its behalf, the healthcare provider is

considered to be conducting the transaction in electronic form, than the healthcare provider is a covered entity conducting covered transactions.

**TRANSACTION STANDARDS:** (Effective in 2002) This deals with the method of electronic transmission of healthcare information through the use of specific management and HIPAA compliant software. Electronic form means: Using electronic media, electronic storage media, including memory devices in computers (hard drives) and any removable, transportable digital memory medium to used to exchange information in any electronic form. Transmission includes: Internet, recorded or written in any form created or received by the healthcare provider, and relates to past, present or future physical, condition of the individual. Also included are leased and dial-up lines, and private networks. Paper transactions, facsimile, voice, via the telephone are not considered to be transmissions via electronic media, because the information being exchanged did not exist in electronic form before the transmission.

Medical care means: Amounts paid for the following: diagnosis, cure, mitigation, treatment or prevention of disease, or amounts paid for the purpose of affecting any structure or function of the body.

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