

## What is HIPAA

HIPAA is the Health Insurance Portability and Accountability Act. The Privacy Rule (“Rule”) is a section of this law designed to protect the privacy of certain health information. This information is referred to as Protected Health Information (“PHI”): information that relates to the health of an individual and identifies, or can be used to identify, the individual.

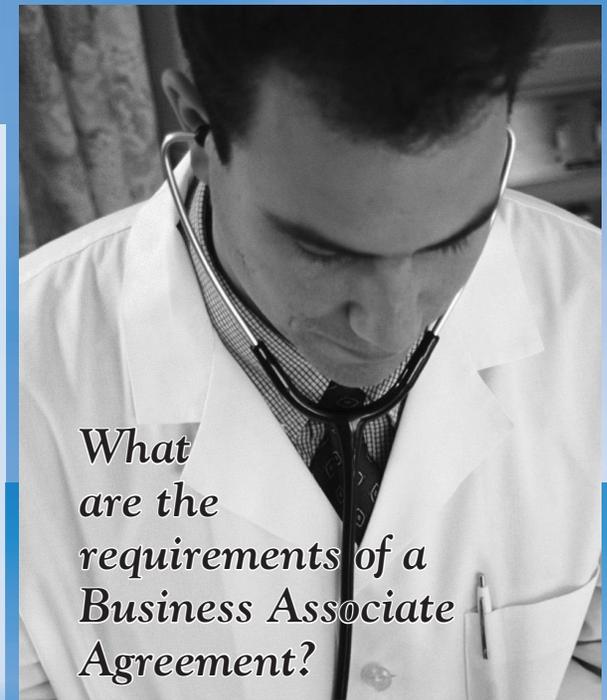
The Privacy Rule applies only to “Covered Entities” which include certain health care providers, clearinghouses and health insurance plans. However, the Rule requires a Covered Entity to obtain written assurances, in the form of a contract, from its Business Associates that they will safeguard PHI. The effect of this contract is to extend privacy protections contained in the Rule to protected health information that we give to you.

## What makes you a Business Associate?

“Business Associate” has a specific meaning under the Privacy Rule. You are our Business Associate because you provide us with a service that requires the exchange of Protected Health Information. You may be our Business Associate and a Covered Entity at the same time. For instance, a physician is a Covered Entity, but may also be our Business Associate in his or her role as Medical Director of the facility. As Medical Director, the physician may be participating in quality assurance and review activities on the facility’s behalf.

The Rule provides an exception to the requirement of a Business Associate Agreement if the Business Associate is a health care provider to whom we provide PHI solely for treatment purposes. One dimension of our working relationship may qualify under the “treatment” exclusion while another does not. In this case, a Business Associate Agreement is required. For example, if a pharmacy providing medications to residents at a skilled nursing facility (treatment) also provided consultation services to the facility, a Business Associate Agreement would be required.

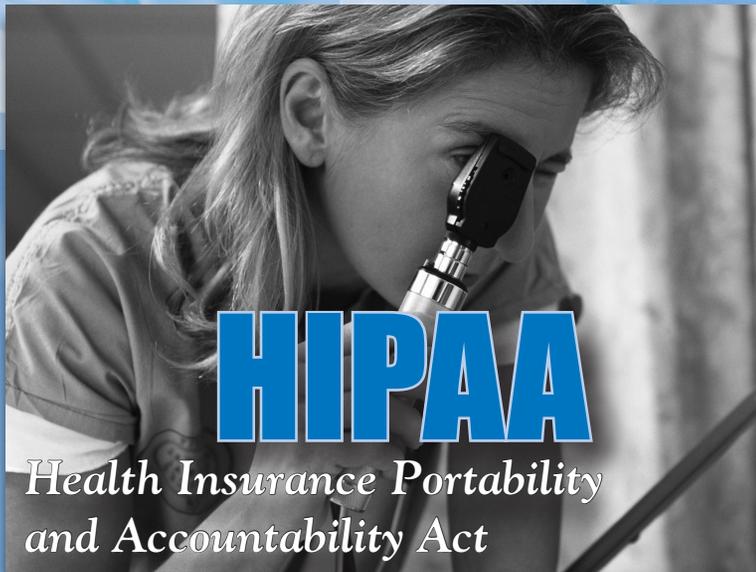
In both examples, only the PHI received pursuant to the Medical Director or Pharmacy consultant roles would be covered by the Business Associate requirements. Any PHI this physician received pursuant to his/her treatment relationship or that the pharmacy received pursuant to its medication supplier role is not subject to the BA requirement.

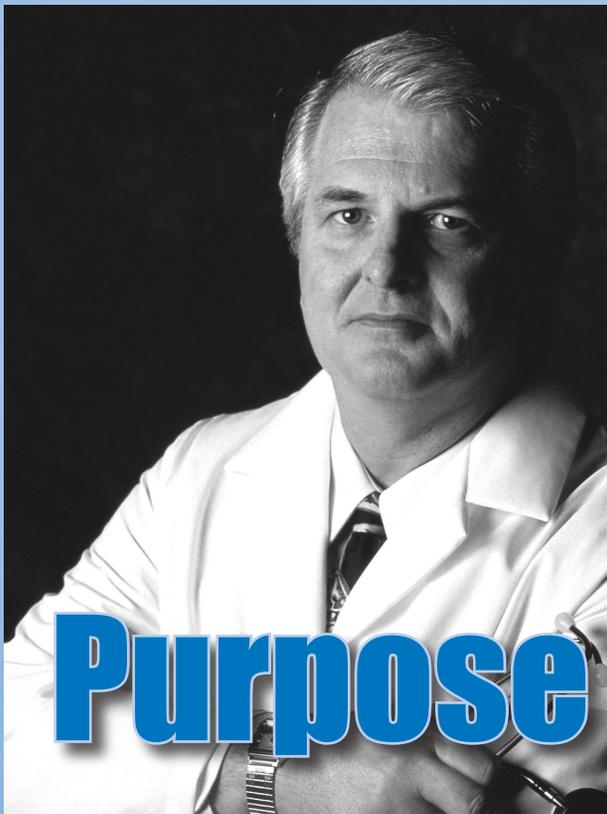


## What are the requirements of a Business Associate Agreement?

As a Business Associate, you must agree in writing that (1) you will protect PHI disclosed to you by the covered entity and, (2) use or disclose the PHI only as permitted or required by the agreement. As a Covered Entity, we cannot continue to do business with you unless this agreement is in place. The Rule requires a number of specific provisions related to safeguarding and allowing access to PHI to be contained in the written agreement. These required provisions are listed in Section II of the Business Associate Addendum (“Obligations and Activities of Business Associate”). Note that paragraphs 7 and 10, related to access and amendment of PHI, apply only if you retain or store any PHI provided to you by the Covered Entity.

If you have questions or would like a copy of the Rule, please contact Blair Jackson at 605-362-3270 or e-mail [bjackson@good-sam.com](mailto:bjackson@good-sam.com).





# Purpose

*This brochure is meant to provide basic information about the HIPAA Privacy Rule and how it affects our business relationship with you.*

# HIPAA

*Health Insurance Portability and Accountability Act*

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