

What to Do When You Are Asked to Sign A HIPAA Business Associate Agreement

If your business is going to handle or have access to individual medical or health information in any form, paper, oral or electronic, for another entity such as an insurance company, hospital or medical practice, then that entity or its lawyers will probably ask you to sign a side contract entitled "Business Associate Agreement" or "HIPAA Business Associate Agreement."

What is this contract? Why are you being asked to sign it? What are you being asked to agree to? This article addresses these common questions.

The Basics of HIPAA

First, some basic terminology and concepts that are critical to understanding the answers to these questions:

- "HIPAA" is the federal Health Insurance Portability and Accountability Act, which among other things protects the privacy of individual medical and health information.
- A "Covered Entity" under HIPAA is either a "health plan," "health care clearinghouse" or a "health care provider," each of which has its own detailed definition under HIPAA.
- Your business will be a "Business Associate" of a Covered Entity under HIPAA if it performs certain functions or activities that involve the use or disclosure of "Protected Health Information" on behalf of, or provides services to, a Covered Entity. These functions and activities include claims processing or administration, data analysis, processing or administration, utilization review, quality assurance, billing, benefits management, practice management, and repricing. Business associate services are legal; actuarial; accounting; consulting; data aggregation; management; administrative; accreditation; and financial services.
- "Protected Health Information," or "PHI," is individually identifiable health information you receive from or create or receive on behalf of a Covered Entity.

What Is this Contract and Why Am I Being Asked to Sign It?

HIPAA requires that a Covered Entity have a written agreement with its Business Associate. This requirement is the legal driver behind what your counterparty is asking. The Covered Entity must, through such a written agreement, obtain "satisfactory assurance" from the Business Associate that the Business Associate will "appropriately safeguard" PHI the Covered Entity discloses to the Business Associate.

These agreements are customarily referred to as "Business Associate Agreements." The remainder of this article assumes that your counterparty is in fact a Covered Entity and that PHI will in fact be disclosed to you. If your counterparty is not a Covered Entity and you are not going to have access to PHI, then your counterparty is not legally required by HIPAA to enter a Business Associate Agreement with you.

What Am I Being Asked to Agree To?

HIPAA further requires that the Covered entity impose certain specific obligations on you via the Business Associate Agreement. At the very least, a Business Associate Agreement will contain these obligations. The remainder of this article assumes the Business Associate Agreement

contains only the minimum legally required obligations. This is all that some standard Business Associate Agreements put forward by Covered Entities contain. However, many of them mix in additional provisions that go above and beyond what the law requires. A Covered Entity is free to seek to augment the basic requirements, so as long as it does not lessen them.

The following bullet points summarize the minimum required obligations. It should be noted that they are only intended to give the flavor of the requirements, not the full details, which are found in complex federal regulations. Some of the required obligations are relatively straightforward. Two are broadly worded and open-ended. The "straightforward" obligations are the following:

- You must report any unauthorized use or disclosure of the PHI to the Covered Entity.
- You must report any security incident to the Covered Entity.
- You must not use or further disclose the PHI other than as permitted or required by the agreement or as required by law.
- You must obligate your agents and subcontractors to agree to the same restrictions and conditions that apply to you, and they must agree to implement reasonable and appropriate safeguards for the protection of electronic PHI.
- You must make the PHI available in connection with individuals' rights under federal law to access their PHI.
- You must make the PHI available for amendment and incorporate any amendments in connection with individuals' rights under federal law to seek amendment of their PHI.
- You must make available the information required to provide an accounting of disclosures of PHI to individuals in accordance with their rights under federal law to obtain such an accounting.
- You must make your internal practices, books, and records relating to the use and disclosure of the PHI available to the federal government for purposes of determining the Covered Entity's compliance with HIPAA.
- You must return or destroy all PHI, if feasible, at the termination of the agreement, or, if return or destruction is not feasible, you must continue to protect the PHI even after termination.

The "open-ended" obligations are the following:

- You must use appropriate safeguards to prevent use or disclosure of the information other than as provided for by the agreement.
- You must implement administrative, physical, and technical safeguards that reasonably and appropriately protect the confidentiality, integrity, and availability of electronic PHI.

Typically, addressing the "open-ended" requirements involves such matters as password protecting computers, workstation security, data backup/disaster recovery plans, locked storage for paper PHI, sanctions for violating employees, etc. A more detailed analysis of what is

adequate depends on a variety of factors such as the form of the PHI and the nature of the services you will be providing.

One other important requirement of a Business Associate Agreement is that it provide for termination by the Covered Entity in the event you breach it. A cure period is permitted, but at the end of the day, the Covered Entity cannot legally waive breach indefinitely. The mandatory termination of the Business Associate Agreement can jeopardize your underlying contract and business relationship, because a Covered Entity cannot keep disclosing PHI to you without the required contractual assurances for its protection.

Complying with Your Business Associate Agreement Obligations

Once you have entered a Business Associate Agreement, you should make sure your employees understand the importance of complying with it and exactly how it is you will comply. Especially if you handle electronic PHI or handle PHI on any sizeable scale, you should have a simple, plain English HIPAA Business Associate Policy to routinize and facilitate compliance with your obligations.

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