

STATE OF MARYLAND
DEPARTMENT OF HEALTH AND MENTAL HYGIENE

Frederick W. Puddester
Chairman

Kevin J. Sexton
Vice Chairman

Joseph R. Antos, Ph.D.

George H. Bone, M.D.

C. James Lowthers

Herbert S. Wong, Ph.D.



Robert Murray
Executive Director

Stephen Ports
Principal Deputy Director
Policy & Operations

Gerard J. Schmith
Deputy Director
Hospital Rate Setting

HEALTH SERVICES COST REVIEW COMMISSION

4160 PATTERSON AVENUE, BALTIMORE, MARYLAND 21215

Phone: 410-764-2605 · Fax: 410-358-6217

Toll Free: 1-888-287-3229

www.hsrcr.state.md.us

Memorandum

December 21, 2010

To: Maryland Hospital Chief Financial Officers

Cc: Case Mix Liaisons Contacts

From: Oscar Ibarra, Chief Information Management & Program Administration

Re: New Federal Security Requirements Related to Case Mix Data

The proposed HIPAA Privacy, Security, Enforcement Rules under the HITECH Act (Health Information Technology for Economic and Clinical Health) (see, 75 FR 40868 at 40868-40924 (7/14/10), if adopted, would become effective in February, 2011.¹ Commission staff recommends (from a security and privacy standpoint) transitioning into an electronic-only format for transmitting data. Under the proposed federal rules, civil penalties may be imposed for a breach caused by willful intent or by the negligent failure to use safeguards for handling the data.

Assuming the proposed rules are adopted, effective July 1, 2011, Commission staff will require that all Maryland acute care hospitals transmit data directly to our data vendor by way of dedicated secure private connections (point-to-point private connection). T-1 lines are an example. Hospitals will be free to select any vendor of their choice, as discussed at the August 12, 2010 MHA Financial Technical Issues Task Force meeting. Several hospitals have already had private point-to-point connections installed to ensure the secure transmission of sensitive case mix data.

¹ <http://www.federalregister.gov/articles/2010/07/14/2010-16718/modifications-to-the-hipaa-privacy-security-and-enforcement-rules-under-the-health-information>
<http://edocket.access.gpo.gov/2009/pdf/E9-20169.pdf>

Specifically, the change to the Inpatient/Outpatient case mix data tapes set is outlined below: The federal government, via a provision in the “**American Recovery and Reinvestment Act of 2009**,” has enacted much tighter HIPAA restrictions on the safeguards of electronic patient data. As a result, all parties involved in the transfer and delivery are now responsible and can be held legally liable for the safety of the data including the hospitals, the Commission, as well as State vendors processing the data.

The proliferation of Health IT has created a new legitimate concern-- the patient’s health information must be protected effectively. Confidential information is valuable, sensitive, and protected by law and strict HIPAA policies. The intent of these laws and policies is to assure that confidential information will remain confidential. Because of the sensitive nature of the data contained in the HSCRC databases, there is a continued need to reinforce the safeguards and restrictions placed on use and transmission of the data. Therefore, all hospitals must complete the **Acknowledgement of New Federal Security Requirements related to case mix data** form below.

This form emphasizes the importance of data protection, helps to reduce the risk of inadvertent violations, and describes your individual responsibility when transmitting HSCRC data.

If you have any questions concerning the above, please contact me at 410-764-2566.

Acknowledgement of New Federal Security Requirements related to case mix data

You may communicate your acknowledgment of this security requirement by sending this page (signed below) via fax, mail, or e-mail to Oscar Ibarra:

State of Maryland
Health Services Cost Review Commission
4160 Patterson Avenue
Baltimore, MD 2125

Phone: 410-764-2566

Fax: 410-358-6217

oibarra@hsrc.state.md.us

We ask for your **reply by January 24, 2011**, so that we can meet the effective date of February 2011. If you cannot approve or obtain approval of this request, please let us know by that date as well.

I attest by my signature that I am aware of the new **HITECH Act, (Health Information Technology for Economic and Clinical Health)** as part of the new **HIPAA Rules** regarding the protection of personal, confidential data. I also understand the consequences if a breach of the data occurs, i.e. “all parties involved in the transfer and delivery of confidential data are now responsible and can be held legally liable for the safety of the data including the hospitals, the Commission, as well as State vendors processing the data.”

_____	_____
HOSPITAL NAME	CITY
_____	_____
PRINT NAME/TITLE	DATE
_____	_____
SIGNATURE	DATE
_____	_____
WITNESS	DATE