

**EXEMPTION FOR THE HEALTH INSURANCE PORTABILITY AND  
ACCOUNTABILITY ACT OF 1996 (HIPAA)**

December 14, 2010

**SUMMARY:**

This item requests approval for the District to “opt out” of HIPAA on all benefit plans.

**PREVIOUS BOARD ACTION:**

The Board approved the District’s “opt out” of the HIPAA requirements last year during the December 8, 2009 Board meeting.

**BACKGROUND INFORMATION:**

Under the authority of Section 2721(b)(2) of the Public Health Services Act and 45 CFR 146.180 of Federal Regulations, Denton ISD has annually elected to remain exempt from certain provisions of title XXVII of the Public Health Services Act and specific requirements of the Health Insurance Portability and Accountability Act of 1996.

**SIGNIFICANT ISSUES:**

The decision to “opt out” must be made prior to plan year effective date. If Denton I.S.D. decides to “opt out” a notice to plan participants, describing the impact of the District’s decision to opt out of HIPAA, must be provided. A second notice must be given annually to the required regulatory entities. If we do not provide the required notice by a date prior to the effective date we will be subject to all HIPAA requirements. The decision to be exempt from HIPAA must be made annually. There are severe penalties which are established in the law for non-compliance. There is also the potential of severe financial penalties for failure to communicate applicable provisions on a timely basis.

**FISCAL IMPLICATIONS:**

None

**BENEFIT OF ACTION:**

Releases the possibility of federal penalties which could accrue to the district for inadvertent non-compliance.

**PROCEDURAL AND REPORTING IMPLICATIONS:**

Notice to plan participants and regulatory entities prior to 1/1/2011.

**PUBLIC COMMENT RECEIVED:**

None

**ALTERNATIVES:**

No alternative actions are proposed.

**SUPERINTENDENT’S RECOMMENDATION:**

Approve exemption for District to “opt out” of HIPAA on all benefit plans.

**STAFF PERSONS RESPONSIBLE:**

Sally Havey, Insurance Coordinator  
Debbie Monschke, Executive Director Administrative Services

**ATTACHMENT:**

HIPAA Exemption Election Renewal  
Notice to Plan Participants in Denton ISD Employee Health Benefit Plan

**APPROVAL:**

Signature of Staff Member Proposing Recommendation: \_\_\_\_\_

Comments: \_\_\_\_\_

Signature of Divisional Leader: \_\_\_\_\_

Comments: \_\_\_\_\_

Signature of Superintendent: \_\_\_\_\_

Comments: \_\_\_\_\_