

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

November 13, 2007

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 September 12, 2006 Board meeting.

BACKGROUND INFORMATION:

Federal Health Insurance Portability and Accountability Act of 1996 (HIPAA) went into effect 7/1/97 or the beginning of the first plan year following such date. Since the plan effective date for Denton I.S.D. is January 1, 1998, that was the date that the Act became effective for Denton I.S.D.

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”, then a notice to plan participants describing the impact of the District’s opting 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. This decision to be exempt from HIPAA must be made annually. There are severe penalties which are established in the law for non-compliance. The District’s benefit plans meet the requirements of the law. There is the potential of severe financial penalties for failure to communicate applicable provisions on a timely basis. The District would not be opting out to avoid providing benefits to their employees or participants. They would simply be opting out to avoid the assessment of penalties.

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 1/1/08.

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 Budget and Finance

ATTACHMENT:

HIPAA Exemption Notice to Regulatory Entities
HIPAA Exemption Notice to Employees

APPROVAL:

Signature of Staff Member Proposing Recommendation: _____

Comments: _____

Signature of Divisional Leader: _____

Comments: _____

Signature of Superintendent: _____

Comments: _____