



**Benefit Plan  
Administrators**

# UpFront

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## HOW THE HITECH ACT AFFECTS YOU

On February 17, 2009, President Obama signed the Health Information Technology for Economic and Clinical Health (HITECH) Act, as part of the stimulus package. The main goal of the HITECH Act is to encourage the adoption of electronic health records (EHRs) through incentive payments to physicians.

We want to provide you with a high-level summary of some of the changes related to this Act.

We must notify the Plan of any breaches of unsecured Protected Health Information (PHI), and the Plan must notify the affected individual of any breaches of unsecured PHI. As a result, when we electronically transmit data that includes PHI or contains any confidential information, including, but not limited to, any eligibility information or claim inquiry, we send it using encryption software to keep all electronic transmission secure.

If we send an encrypted e-mail to you, please respond using a secure means. Please also use a secure means when you initiate an e-mail to our offices if the e-mail may contain PHI or confidential information. You are welcome to use the encryption software application provided through Noridian Benefit Plan Administrators. Please remember that even when sending an encrypted e-mail, it is important that you do not include any PHI, including, but not limited to, name or ID number, in the subject line of an e-mail.

All eligibility changes must come from the employee, including address changes. We will be sending an address change form to you for your convenience. If you have a HIPAA-compliant process for these changes and do not want to use our address change form, please contact our office for coordination.

We will provide you with an updated Business Associate Agreement to sign. This new agreement includes the required HITECH language. Please look for this in the mail and return it as soon as possible.

These changes significantly increase the penalty amounts the Secretary of Health and Human Services may impose for violations of HIPAA rules. The changes also encourage prompt corrective action.

Please visit the U.S. Department of Health and Human Services web site for details related to the HITECH Act.

## TOP 10 HEALTH INDUSTRY ISSUES IN 2010

When it comes to health industry issues, cost remains the key emphasis in 2010, according to a report from PriceWaterhouseCoopers' Health Research Institute.

"This year, as the United States emerges from recession, the health industry has an opportunity to move forward if organizations can effectively leverage relationships, understand the impact of pending reform and potential regulatory changes, and respond to changing consumer demands," the report states.

"The potential for savings multiplies as the industry converges, squeezing out inefficiencies and duplication," says a report recap in *Medical Benefits* newsletter. Health leaders must look beyond their own organizations and figure out how they can benefit by reducing costs elsewhere in the value chain, the report said.

Below is *Medical Benefits*' summary of the top 10 health industry issues identified in the study, titled "Top 10 Health Industry Issues in 2010: Squeezing the Juice Out of Healthcare."

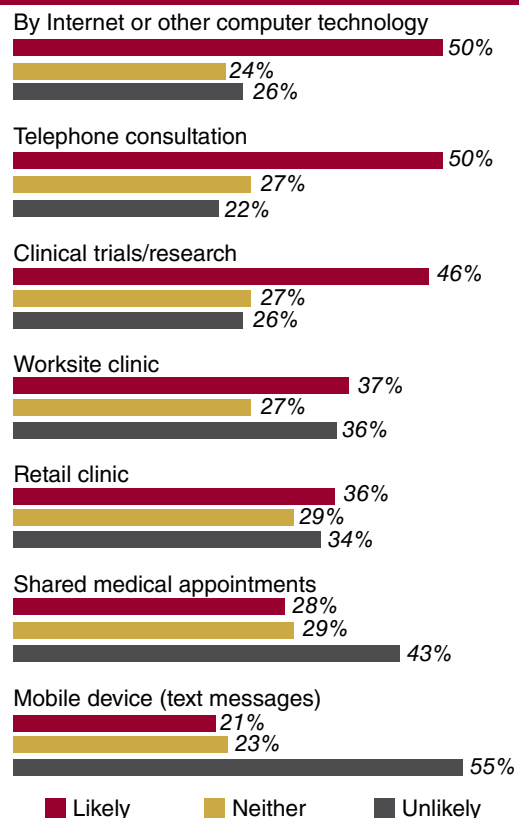
- 1. The aftermath of health reform.** Providers will face increasing reimbursement pressure. Some states may step up education and training programs. Payers will grapple with a leveling of Medicare Advantage reimbursement and possible increase of industry fees and taxes. The pharmaceutical industry ("pharma") will face continued restrictions in marketing activities. Employees will need to manage new mandates, changing tax implications and the potential cost shift.
- 2. Managing through the recession.** Cost reduction efforts are under way in the following areas: devices and pharmacy, nonlabor costs, employer dependent audits and payer administrative costs. Some doctors are entering gain sharing or service line cost management agreements. Hospitals will revisit high-cost implantable devices.
- 3. Government reimbursement moves to carrots and sticks.** Health care organizations that have not taken advantage of incentive programs need to gear up quickly. The Health Information Technology for Economic and Clinical Health Act of 2009 provides a scale of incentive payments to providers to establish meaningful use of an electronic health record (EHR) system. Large providers with legacy systems will require adequate planning for enterprise-wide EHRs or risk missing out on new funding dollars. Workflows need to be thoughtfully

redesigned. Privacy and security strategies need to be established or revisited.

4. **The fine line between fraud and mistakes.** Health care executives could face jail time in addition to fines if they break the rules in 2010. Internal controls need to be tightened and staff educated on the ramifications of fraud and abuse. Program integrity units need to shift more toward fraud prevention. Businesses need to be more vigilant about using funding for unproven fraud detection solutions.
5. **Telecom companies integrate into health delivery.** Current players need to understand how consumers use new media and social networks for education on health treatments and resources. Technology and telecommunication companies may become key players in setting new regulatory rules. New players will continue to change the structure of the industry.
6. **Pharma extends into patient care delivery.** Faced with a revenue growth rate that has dropped from 9.9 percent in 1997 to 1.3 percent in 2008, pharmaceutical companies are shifting toward a more comprehensive patient-centered approach. Pharmaceutical companies will rebuild trust among consumers and be seen as a strong partner in delivering effective health care. Opportunities will open for pharma to partner with providers.
7. **Physician groups rejoining with health systems.** Physicians are looking for stability, while hospitals are trying to manage rising costs. One indicator of the growing trend is physician employment by hospitals, which has nearly doubled since 1994. Providers will re-evaluate their relationships and consider all aspects of new partnerships. Hospitals that have poor relationships with their physicians may have to devise a strategy that repairs trust and garners buy-in.
8. **Care delivery continues to move out of traditional venues.** Consumers are open to other ways of receiving care outside of traditional venues. See graph. Increased availability of remote patient-monitoring systems will complement disease management and home health care to engage consumers with constant feedback on their health. Hospitals have an opportunity to understand and educate patients on alternative means of care, such as community retail clinics and online consultations. Health care organizations need to connect to each other outside hospital settings to help patients stay healthy or recover from illnesses.

9. **Battling the flu.** Experts believe that the flu will intensify in 2010 with another wave of H1N1. At the height of a flu season, hospitals could exhaust their bed capacity in 15 states, and beds in 22 other states could reach 75 percent capacity. Organizations need to develop comprehensive, strategic approaches to educating employees on flu prevention, care and containment. Businesses need to engage in proactive business continuity planning. Formal collaboration within communities will enable more people to receive care during heightened flu seasons.
10. **Reinvigorating population health.** In 2010, a new social responsibility will emerge as community health is rewarded by government programs. Health care stakeholders may get a boost in support for new health and wellness programs. The key will be figuring out sustainable ways to engage people in these programs. By partnering with community initiatives, health care leaders will augment their corporate responsibility and community benefit plans. Increased public-private partnerships may create new and nontraditional arrangements.

Consumers' willingness to use alternative methods of accessing health care, 2009.



Source: PriceWaterhouseCoopers' Health Research Institute, December 2009