

## Statement of HIPAA Preparedness

### HIPAA

The Health Insurance Portability and Accountability Act of 1996 (HIPAA) has created a flurry of activity within every sector of the healthcare industry. Adopted as part of HIPAA, the Administrative Simplification Act (ASA) is designed to facilitate the flow of healthcare information in a standardized, secure and private manner. It includes seven sets of regulations but focuses primarily on:

- Data Privacy—Final Rule published December 28, 2000 (65 Fed Reg 82462)— Effective April 13, 2003.
- Transaction and Code Sets—Final Rule published August 17, 2000 (65 Fed Reg 50312)— Effective October 16, 2002. Note: The adopted code sets apply to financial and administrative transactions and do not include clinical transactions as of yet.
- Data Security—Final Rule published February 20, 2003 (63 Fed Reg 43242)

### Importance of HIPAA compliance

Health care providers, health plans (including self-funded employers with 50 or more employees) and health care clearinghouses are considered covered entities, and are therefore bound by HIPAA. But there are also compelling business reasons for covered entities to willingly embrace these regulations. For such organizations, HIPAA compliance means:

- Increased operational efficiency
- Protection of patient information and safety
- Prevention of the loss of Medicare revenue, which would significantly affect current business.

SIHO has formed an internal HIPAA task force consisting of experienced healthcare professionals. Our team understands the regulations and is attentive to the impact these requirements will have on our business processes as well as those of our customers. SIHO is complete in changing internal processes in order to achieve compliance with HIPAA Privacy requirements. SIHO has also completed testing and independent certification of our Transaction and Code Sets through our software vendor OAO Healthcare Solutions. Certification information is available at [Claredi.com](http://Claredi.com).

SIHO has also reviewed the Security rules published in February 2003 and expects to complete any necessary improvements in advance of federal deadlines. In addition to our own implementation, we are committed to design, develop and assist in implementation of services, tools and innovative educational programs that will help you, our customers, in turning today's challenges into tomorrow's opportunities.

In addition to detailed HIPAA security and monitoring, SIHO systems are capable of producing standard and customized TPA reporting for monthly, quarterly and annual analysis.

A handwritten signature in black ink, appearing to read "Mike Clancy".

Mike Clancy  
VP Information Technology Services / Privacy Officer  
SIHO Insurance Services