

ADAMHS BOARD FOR MONTGOMERY COUNTY		BP # 214	
TITLE  Finance	SUBJECT Authorization of Disbursement		
	EFFECTIVE DATE  4/14/03	SUPERSEDES DATE 11/21/01	

**PURPOSE:** The Health Insurance Portability and Accountability Act of 1996 (HIPAA) granted individuals the right to receive adequate notice of the uses and disclosures of their protected health information (PHI) that may be made by a covered entity, and the individual's rights and the entity's legal duties with respect to PHI. This policy has been developed to assist the Board to comply with the law and to guide Board staff in reimbursing Medicaid claims within 30 days.

## **BACKGROUND**

The Alcohol, Drug Addiction and Mental Health Services Board for Montgomery County is required to reimburse Medicaid claims within 30 days from the date that the claims are adjudicated by MACSIS.

## **POLICY**

The Executive Director is authorized to approve Medicaid payment up to \$400,000 over the total approved amount of the various vendor blanket purchase order for in-county Medicaid providers.

The Executive Director is authorized to approve Medicaid, non-Medicaid and matching funds up to \$225,000 over and above the total amount of the board approved various vendor blanket purchase order for out-of-county vendors serving Montgomery County clients.

## **PROCEDURE**

Annually, board staff will notify the Finance Committee no later than the November board meeting of voucher(s) that have been approved under this policy.

## **DEFINITIONS**

1.1 Health Insurance Portability and Accountability Act of 1996 (HIPAA). HIPAA is comprehensive law enacted by the United States government. The law has several subparts providing such benefits as guaranteed portability and renewal of insurance benefits between employers, tax provisions for medical savings accounts and administrative simplification to improve the efficiency and effectiveness of the health care system. During the latter part of the 1990's, the

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Secretary of the Department of Health and Human Services drafted regulations for standardizing the electronic interchange of administrative and financial data and protecting the security and privacy of personal health information. HIPAA requires health care providers, health plans and health care clearinghouses to transition to the use of standard code sets and “electronic data interchange (EDI)” and to maintain reasonable and appropriate administrative, technical, and physical safeguards to insure the integrity and confidentiality of healthcare information; to protect against reasonably foreseeable threats and hazards to the security or integrity of the information; and, to protect against unauthorized uses or disclosure of the information. Compliance with the first of the HIPAA rules is scheduled for early 2003. HIPAA also provides criminal penalties for failure to comply with the regulations.

- 1.2 Protected Health Information (PHI). The final rule defines PHI as individually identifiable health information that is transmitted by electronic media; maintained in any electronic medium such as magnetic tape, disc, optical file; or transmitted or maintained in any other form or medium (i.e. paper, voice, Internet, fax etc.).