

# Part D Advisors Newsletter

## Quarter 4, 2009

**RECONCILIATION DEADLINES RAPIDLY APPROACH, HIPAA POLICY CHANGES UNDER THE ARRA OF 2009**

### RECONCILIATION DEADLINES RAPIDLY APPROACH

As reconciliation time approaches for applications with plan years ending in June and July of 2008, Plan Sponsors need to be mindful of all deadlines to complete their reconciliations on time. Plan years ending in June of 2008 will have a reconciliation deadline of September 30, 2009 and plan years ending in July of 2008 will have reconciliation deadlines of October 31, 2009. Several of the steps involved in reconciliation can take up to several days and you should make certain that you don't wait until the very last minute. Steps which require an action on the part of the RDS, such as requesting a covered retiree list or the determination of final costs can easily take longer than predicted and contribute to a missed deadline. Final Reconciliation is required for any and all applications where the plan sponsor collected subsidy money. If a plan sponsor fails to complete reconciliation by the deadline, they will be penalized by having to pay back all subsidy dollars collected for the application plus interest and possible fines. Read more about RDS reconciliation deadlines [here](#).

**Plan Years Ending June 2008 – Reconciliation Deadline: September 30, 2009**  
**Plan Years Ending July 2008 – Reconciliation Deadline: October 31, 2009**

### HIPAA POLICY CHANGES HIPAA POLICY CHANGES UNDER THE ARRA OF 2009

Under new provisions of the American Recovery and Reinvestment Act (ARRA) of 2009 signed by President Barack Obama on February 17<sup>th</sup>, 2009, HIPAA privacy and security regulations have been dramatically increased. The scope of the regulations is being increased significantly to include those the legislation refers to as "Business Associates". These Business Associates can include any company or consultant who performs a service for a covered entity such as a health plan, doctor, or debt collector. Business associates will be directly responsible for following HIPAA guidelines and will now face the same penalties for noncompliance. While they were previously subject to both security and privacy requirements included in their private Business Associate contracts, they are now under the direct scrutiny of HIPAA under the new legislation regardless of the specific language in their contracts. Another major change involves Breach Notification Requirements for any leakage of Personal Health Records (PHR). This is extended to include not just normal entities covered by HIPAA but also vendors and the aforementioned business associates. When a breach has occurred, the entity responsible is required to directly notify all those whose PHRs were exposed. For small scale breaches (affecting less than 500 people) direct notification to the individuals is required, however, breaches affecting more than 500 people require an appropriate public media notification at the expense of the guilty party. Individuals have been granted additional rights under the new legislation as well, allowing them to request a

record of all PHI disclosures and may request copies of his or her record electronically. Enforcement has also been noticeably stepped up in the new legislation as well. Now state Attorney Generals will have the power to bring actions to seek relief or damages on behalf of their state's residents whose rights under HIPAA are violated. The majority of these changes are going into effect one year after the signing of the ARRA (February 17, 2010), however, some security changes may take effect in as little as 30 days after appropriate regulations get published. Enforcement provisions will take effect for any and all violations occurring after February 17, 2009.

Best of Luck!

Part D Advisors, Inc

(This article was prepared by Part D Advisors, Inc as a Subsidy Tip in the 4<sup>th</sup> Quarter Newsletter. If you wish to print and share the information in this newsletter, this Part D Advisors, Inc "credit" statement must be included. For more information regarding Part D Advisors, Inc or its services, please visit [www.PartDAdvisors.com](http://www.PartDAdvisors.com) or contact Part D Advisors, Inc at (888) 447-2783.)