

**Health Insurance Portability and Accountability Act  
Compliance**

**FY2012 Request: \$1,000,000  
Reference No: 46918**

**AP/AL:** Appropriation **Project Type:** Information Systems  
**Category:** Health/Human Services  
**Location:** Statewide **House District:** Statewide (HD 1-40)  
**Impact House District:** Statewide (HD 1-40) **Contact:** Arnold Liebelt  
**Estimated Project Dates:** 07/01/2011 - 06/30/2016 **Contact Phone:** (907)465-1870

**Brief Summary and Statement of Need:**

The Health Insurance Portability and Accountability Act (HIPAA) compliance project is a multi-year, multi-phased effort to bring the Department into compliance with 45 CFR parts 160, 162, and 164. Major phases of the project include: initiate and complete risk assessment of Department of Health and Social Services (DHSS) Information Technology (IT) systems; implement comprehensive auditing and logging capabilities to track access to Electronic Protected Health Information (EPHI); strengthening department data center defenses to prevent unauthorized access to EPHI; and provide redundant failover for critical IT systems.

<b>Funding:</b>	<u>FY2012</u>	<u>FY2013</u>	<u>FY2014</u>	<u>FY2015</u>	<u>FY2016</u>	<u>FY2017</u>	<u>Total</u>
G/F Match	\$1,000,000						\$1,000,000
<b>Total:</b>	\$1,000,000	\$0	\$0	\$0	\$0	\$0	\$1,000,000

<input type="checkbox"/> State Match Required	<input type="checkbox"/> One-Time Project	<input type="checkbox"/> Phased - new	<input checked="" type="checkbox"/> Phased - underway	<input type="checkbox"/> On-Going
0% = Minimum State Match % Required		<input type="checkbox"/> Amendment	<input type="checkbox"/> Mental Health Bill	

**Operating & Maintenance Costs:**

	<u>Amount</u>	<u>Staff</u>
Project Development:	0	0
Ongoing Operating:	120,000	0
One-Time Startup:	0	
<b>Totals:</b>	<b>120,000</b>	<b>0</b>

**Additional Information / Prior Funding History:**

CH15/SLA09/P15/L20 - \$668.7 GF Match, \$668.7 Federal  
 CH159/SLA04/P26/L28 - \$296.0 Federal Unrestricted, \$296.0 Federal  
 CH82/SLA03/P28/L27 - \$640.7 GF Match, \$640.7 Federal  
 CH1/SLA02/P40/L22 - \$438.8 GF Match, \$438.8 Federal  
 CH29/SLA08/P149/L21 - \$1,000.0 Federal

**Project Description/Justification:**

Information Technology Capital Project Review Form FY2012

1. Has this project been previously approved?

Yes, the project was previously approved.

2. What is the purpose of the project?

The Health Insurance Portability and Accountability Act (HIPAA) compliance project is a multi-year, multi-phased effort to bring the Department of Health and Social Services (DHSS) into compliance with 45 CFR parts 160, 162, and 164.

Major phases of the project include: initiate and complete risk assessment of DHSS Information Technology (IT) systems; implement comprehensive auditing and logging capabilities to track access to electronic protected health information (EPHI); strengthening department data center defenses to prevent unauthorized access to EPHI; and provide redundant failover for critical IT systems.

Project cost:	Capital:				Annual O&M costs or savings
	Prior Years	FY 2012	FY 2013	FY2014	
General Funds		\$	\$ 744.2	\$ 461.4	
General Fund Match		\$ 1000.0	\$ 744.2	\$461.3	
General Fund Program Receipts					
I/A Receipts (dept. and fund source)					
Other Funds (name and fund) Fed number)					
Federal Funds					
Total		\$ 1000.0	\$ 1488.4	\$ 922.7	

3. Is this a new systems development project?

No.

Upgrade or enhancement to existing department capabilities?

This project represents more of a remediation of deficiencies discovered under the previous HIPAA project completed over FY02, FY03 and FY04 specifically in regards to meeting federal HIPAA security rule compliance.

4. Specifically, what hardware, software, consulting services, or other items will be purchased with this expenditure? (Include a line item breakdown.)

1. Complete risk assessment of DHSS IT systems.

2. Implement complete auditing and logging solution for DHSS Data Centers which include the following components:
  - a. General Auditing and Logging solution.
  - b. Identification of individual users utilizing privileged accounts with access to EPHI.
  - c. Database Auditing and Logging solution for custom applications that do not generate HIPAA compliant logs.
3. Strengthen DHSS data center defenses which physically contain EPHI:
  - a. Physical Security Audit/Improvements.
  - b. Provide pertinent Security Awareness and Training for IT personnel implementing these solutions, as well as delivery of required ongoing HIPAA Awareness and Training to all DHSS staff.

Description	FY12	FY13	FY14	Total
Project Initiation / Planning	58.0	31.4	29.0	118.4
Requirements Definition	17.6	13.8	13.8	45.2
Corrective and Adaptive Maintenance	100.0	80.0	80.0	260.0
Training	50.0	50.0	50.0	150.0
Risk Assessment	210.4	11.4	6.4	328.2
Auditing and Logging	250.1	225.1	218.5	893.7
Data Center Defenses	313.9	1,076.7	525.0	1,915.6
<b>Total</b>	<b>1,000.0</b>	<b>1,488.4</b>	<b>922.7</b>	<b>3,411.1</b>

5. How will service to the public measurably improve if this project is funded?

Confidentiality of protected citizen health information (EPHI) will be ensured.

6. Does project affect the way in which other public agencies will conduct their business?

Yes, HIPAA requirements will be performed.

7. What are the potential out-year cost implications if this project is approved? (Bandwidth requirements, etc.)

Operationally funding the maintenance of any solutions implemented.

8. What will happen if the project is not approved?

Federally mandated HIPAA standards must be in compliance for protection of individuals' medical records and health information which applies to health plans, health care clearing houses, and health care providers that conduct health care transactions electronically. Compliance records must be also be maintained regarding practices and procedures – which encompass facilities, books, records,

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accounts and all protected health information. Resolutions for investigations of complaints must also provide corrective action plans to demonstrate evidence of compliance within along with supporting agreements when violations are found.

DHSS is currently under investigation by the federal Office of Civil Rights (OCR). As part of their oversight role for the administrative, technical and physical safeguards in the HIPAA Security Rule (45 CFR 160, 162, and 164), OCR has formally requested a timeline for completion of a comprehensive risk assessment. The HIPAA Compliance Project directly addresses this legal compliance requirement. OCR has repeatedly informed DHSS that non-compliance with the HIPAA Security Rule may result in formal enforcement action, including the imposition of civil monetary penalties.

Department's Mission: To promote and protect the health and well being of Alaskans. This project supports the Department's mission by ensuring information for all clients requiring health-related services are kept secure and confidential.

The end result to which this project contributes is "The efficient and effective delivery of administrative services."

The HIPAA Compliance Project provides the foundation from which we will build better safeguards for our citizens' most private electronic protected health information. We are required to implement these safeguards as part of our Federal regulatory requirements under HIPAA.