

| Board | Mtg Date | Item # |
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**STATE OF WISCONSIN
DEPARTMENT OF EMPLOYEE TRUST FUNDS
801 West Badger Road
Madison, WI 53702**

CORRESPONDENCE MEMORANDUM

DATE: April 7, 2003

TO: Group Insurance Board

FROM: Kari Jo Zika, Director Quality Assurance Services Bureau
Steve Hurley, HIPAA Compliance Manager

SUBJECT: HIPAA Contract Amendment for the Administrative Services Only Contract

Staff recommends approval of the attached contract amendment to comply with HIPAA privacy rules.

Effective April 14, 2003, the privacy rules established by the Health Insurance Portability and Accountability Act (HIPAA) must be incorporated into administration of the Standard Plan. HIPAA privacy rules apply to both the Department and Blue Cross Blue Shield United of Wisconsin (BCBSUW) as they work together to administer the state employee health plans, and each possesses Protected Health Information (PHI). In this relationship the Department has been determined to be a "covered entity" under HIPAA law, and BCBSUW is our "business associate". As such, the Department is subject to sanctions for non-compliance and must enter into a Business Associate Agreement with BCBSUW in order to share PHI with them.

We worked with BCBSUW to develop terms for the Business Associate Agreement and any alterations needed in the contract in order to comply with HIPAA privacy. Staff, therefore, recommends that the Board approve the submitted contract amendment.