



1 INAUGURAL GBAC NEWSLETTER

Group Benefit Administrators of Connecticut is proud to present Volume 1 of our newsletter. This issue is the first in a series which will be presented to you on a quarterly basis. The newsletters will address issues pertaining to group health insurance and many other subject pertinent to our clients making the best choice for their group health coverage. GBAC hopes that you enjoy, and derive valuable information from these newsletters. We welcome any comments or suggestions as to what you, our client would like to see in the newsletter and you can contact us via phone call, fax or E-mail: joannem@gbac.com.

HIPAA COUNTDOWN: WHAT YOU SHOULD BE DOING NOW?

On April 14, 2004, the regulations governing compliance with the Privacy Rule of the Health Insurance Portability and Accountability Act will



take effect for “covered entities”. They are health plans, health care providers and health care clearing houses. For a lot of employers, this law, which will encompass virtually every

doctor, pharmacy, lab, and other medical service providers, as well as every health insurance carrier, has gone unnoticed. Why? Because employers often don't recognize that their health plans, as well as

those of their insurance carriers have to comply. There are exceptions though. If you are an employer with a fully insured plan and the insurance company and the insurance carrier handles everything for you, you have very little involvement with the rule. Also, if you are a self insured, self administered plan, with fewer than 50 participants, then you have no responsibility. And not complying can cost. Civil penalties include \$100 for each violation, up to a maximum of \$25,000. Release of information on multiple employees might trigger the \$100 penalty per employee. There are also criminal penalties, ranging to \$250,000 and up to ten years in prison, for a deliberate offense such as selling protected health information. The rule has two components, the confidentiality of health information and the steps that have to be taken to safeguard it.

The rule limits the use or disclosure of personal information related to an individual's health care

(or payment for health care). Disclosure is only allowed in the following limited circumstances:


- to the individual;
- to carry out “treatment”, “payment” or “health care operations”; But, covered entities must provide notice regarding privacy rights and the privacy practices of the covered entity. If not for “treatment”, “payment” or “health care operations”, then only if a signed, dated and specific authorization has been provided by the individual; or
- to the government (state/federal) for purposes of public health, abuse/neglect/fraud, etc.

Additional Requirements and Administrative Safeguards

Administrative steps are required to safeguard medical information. These steps require planning and effort-not only for the covered entities themselves but for those related to them. Covered entities are required to develop and implement privacy policies and a privacy notice to be distributed to employees. They must also appoint a Privacy Officer responsible for HIPAA privacy issues. Violations must be documented and disciplinary procedures established. Employees working with health information must be trained on appropriate uses and disclosures of protected health information. You must consider any special procedures you should implement for phones, medical files, mail and faxes.

How do you get started?

There are three things that need to be done to get on the road to compliance. First, recognize that these rules will result in fundamental changes in the relationship between the person and the “covered entity”. The application of the rule varies depending on whether the person is a patient, employee, or customer of the covered entity. Next, appoint a task force to address compliance

issues from the standpoint of information technology, administrative procedures, and human resources issues. Each business segment will be impacted by the rules. Third, undertake an audit of the collection, use and disclosure of health information. Audits often reveal that individual health information is provided externally and internally on a routine basis. Although the recently announced final modifications of the rule indicate that employment records maintained by a covered entity acting as an employer are excluded as protected health information, employers must be aware of how this information will be used by the covered entity requesting such information. The HIPAA privacy rules will bring sweeping changes to everyday transactions. It’s not too late for compliance-but it’s time to get started. 

LIAR, LIAR-BACKGROUND CHECKS INCREASING IN POPULARITY, BUT DO IT RIGHT

Should you be conducting background checks? Based on calculations of the 2.6 million background verifications ADP-conducted Hiring Index, you probably should.

Here’s why: 44 percent of employment records showed differences between the information reported on resumes and the information given by past employers. Of these differences, 13 percent involved negative remarks made

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by former employers concerning the applicants’ work habits, attendance, behavior, termination, or other unfavorable conduct. And, about one in

every four showed a difference between information provided by the applicant and that reported by the credential provider. Of these, 4 percent included negative remarks from the credential provider regarding disciplinary actions or complaints against the individual. Even with educational records, the




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study found that 41 percent of the information was misrepresented in some form.

Before you decide to conduct background checks, here are some questions you should ask:

- Will all employees be subject to background investigations? If not, be certain there are valid business reasons for not investigating everyone.
- How much weight in the employment/promotion decision will the results of the investigation have? Consider the relationship between convictions and the work being performed. If a person will be a company driver, a recent DUI conviction will probably play a role in your decision. For other positions it may not be as much of a factor.
- What information does the company require? Employment, personal, education, criminal, credit, motor vehicle are examples of areas subject to investigation. Management must consider what information is necessary for position in question

and uniformly apply that standard to all who apply. Remember that there are both federal and state laws dealing with background checks and that they should not be taken lightly. Appropriate authorization should be included on the employment application for new hires, and again in the Employee Handbook or as a separate document for existing employees being considered for promotions, transfers, etc. Needless to say the employee's authorization should always be in writing. If you are going to use an outside agency to conduct the check, screen professional the firm to be certain they are knowledgeable and will help you conform to the federal Fair Credit Reporting Act and state regulations and that they have a proven track record with a ready list of references for you to contact. 

TURNOVER PROBLEMS? MAYBE RETROACTIVE RAISES AREN'T THE ANSWER

Some employers have been promising retroactive pay increases to new hires as a possible fix for turnover. Typically new employees are promised retroactive increases sometime during the first few months of employment, providing performance has been satisfactory. While it's hard to find anyone not happy with getting more money, employers who have tried the practice have found that that some employees have left soon after receiving the retroactive payment. 

Minimum Wage Reminder

Effective January 1, 2004 the minimum wage rate for many CT employees increases from \$6.90 per hour to \$7.10 per hour.