DATE: August 3, 2006

TO: ALL MEDI-CAL MANAGED CARE HEALTH PLANS

SUBJECT: PROTECTED HEALTH INFORMATION (PHI) AND NOTIFICATION OF BREACHES

This letter is a reminder to all Medi-Cal Managed Care Division (MMCD) contracted health plans of your contractual responsibilities under the Health Insurance Portability and Accountability Act (HIPAA) as noted in MMCD All Plan Letter (APL) 06001 dated April 13, 2006, and as included in Exhibit G of your Medi-Cal contract. Due to the increasing number of breaches of protected health information (PHI) across the nation, MMCD reminds all contracted health plans of their obligation to employ safeguards to prevent PHI breaches, and to notify the California Department of Health Services (CDHS) of the discovery of any such breach not later than 24 hours after discovery.

As stated in APL 06001, MMCD contracted health plans must comply with Exhibit "G" of their Medi-Cal contracts and notify the CDHS of any unauthorized disclosure (initiated by either the plan, its subcontractors, or CDHS) of PHI or any breach of data security, or intrusion within twenty-four hours (24) of discovery during a work week. Plans should simultaneously provide notice to their MMCD contract manager and the Privacy Office, which can be reached by calling (916) 440-7840 or (916) 445-4646, or by e-mail at privacyofficer@dhs.ca.gov. In addition, plans must investigate such breaches, or unauthorized use or disclosure of PHI, and provide a written report of the investigation to the CDHS Privacy Officer within fifteen (15) working days of discovery.

All Medi-Cal Managed Care contracted health plans must have administrative, physical and technical safeguards in place that reasonably protect the confidentiality, integrity and availability of electronic and non-electronic PHI. They must also maintain a comprehensive written privacy and information security program appropriate to the size and complexity of the plans' operations and the nature and scope of its activities. To ensure the protection of Medi-Cal beneficiaries' confidential health information, the CDHS strongly encourages the use of encryption software by contracted health plans whenever transmitting PHI over the internet (e.g. email) or transporting PHI via mobile devices (e.g. compact disks, portable drives and storage devices, laptops etc).
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We greatly appreciate your cooperation in this matter. If you have any questions, please contact your MMCD Contract Manager at (916) 449-5000, or the CDHS Privacy Office at (916) 440-7840.

Sincerely,

Vanessa M. Baird, MPPA, Chief
Medi-Cal Managed Care Division