What is the HIPAA Privacy Rule?
The HIPAA Privacy Rule establishes federal protections for individually identifiable health information held by covered entities and their business associates (called "protected health information") and gives patients important rights with respect to their health information. At the same time, the Privacy Rule is balanced to permit the use and disclosure of health information needed for patient care and other important purposes.

Please note: The information in this publication applies to HIPAA covered entities, which include most Health Care Professionals and Health Care Organizations, as well as their business associates. Any use of the pronoun "you" refers to such persons and entities.

What is the HIPAA Security Rule?
The Security Rule specifies a series of administrative, physical, and technical safeguards that covered entities and their business associates must implement to assure the confidentiality, integrity, and availability of electronic protected health information.

HIPAA Rules apply to covered entities and business associates.
Individuals, organizations, and agencies that meet the definition of a covered entity under HIPAA must comply with the Rules' requirements to protect the privacy and security of health information and must provide individuals with certain rights with respect to their health information.

If a covered entity engages a business associate to help it carry out its health care activities and functions, the covered entity must have a written business associate contract or other arrangement with the business associate that establishes the uses and disclosures of protected health information that the business associate is permitted to make and requires the business associate to safeguard the information. In addition to these contractual obligations, business associates are directly liable under the HIPAA Rules for making uses and disclosures that are not authorized by its contract or required by law and for failing to safeguard electronic protected health information in accordance with the HIPAA Security Rule.
### What is a Covered Entity and a Business Associate?

#### Covered Entity

**A Health Care Provider**

- Doctors
- Clinics
- Psychologists
- Dentists
- Chiropractors
- Nursing Homes
- Pharmacies

...but only if they transmit any information in an electronic form in connection with a transaction for which HHS has adopted a standard.

**A Health Plan**

- Health insurance companies
- HMOs
- Company health plans
- Government programs that pay for health care, such as Medicare, Medicaid, and the military and veterans' health care programs

**A Health Care Clearinghouse**

This includes entities that process nonstandard health information they receive from another entity into a standard (that is, standard electronic format or data content), or vice versa.

### Business Associate

In general, a business associate is a person or organization, other than a member of a covered entity’s workforce, that performs certain functions or activities on behalf of, or provides certain services to, a covered entity that involve access to protected health information. A business associate also is a subcontractor that creates, receives, maintains, or transmits protected health information on behalf of another business associate. Business associate functions or activities on behalf of a covered entity include claims processing, data analysis, utilization review, and billing. Business associate services to a covered entity include legal, actuarial, accounting, consulting, data aggregation, management, administrative, accreditation, or financial services. However, persons or organizations are not considered business associates if their functions or services do not involve the use or disclosure of protected health information. A covered entity can be a business associate of another covered entity.

#### Examples of Business Associates

- A third party administrator that assists a health plan with claims processing.
- A CPA firm whose accounting services to a health care provider involve access to protected health information.
- A pharmacy benefits manager that manages a health plan’s pharmacist network.
Resources

The table below provides links to additional information that can be found through the website of the HHS Office for Civil Rights, which administers and enforces the HIPAA Privacy and Security Rules. This fact sheet was current at the time it was published or uploaded onto the web. Medicare policy changes frequently so links to the source documents have been provided within the document for your reference.

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DISCLAIMER

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Please send your suggestions related to MLN product topics or formats to MLN@cms.hhs.gov.

For more information, visit the “Are You a Covered Entity?” web page on the CMS website or scan the Quick Response (QR) code to the left with your mobile device.

Check out CMS on:

[Icons for Twitter, LinkedIn, YouTube, Flickr]