

Health Information Compliance Alert

Financial Strategies: Accounting For Disclosures Doesn't Require An Accountant

Consider your costs when assessing your accounting of disclosures fee

Sure, the first one's free, but the next one will cost ... how much?

The HIPAA regulations state that every individual is entitled to one free accounting of disclosures within a 12-month period. However, for any subsequent requests for an accounting within that same 12-month period, the covered entity is allowed to charge "a reasonable, cost-based fee."

In order to determine the costs behind this cost-based fee, covered entities should work with their cost accountants, finance managers or accounting firms to identify and calculate the various expenses involved in producing an accounting of disclosures, says **Rose Dunn**, a consultant with **First Class Solutions** in St. Louis.

Labor time and effort should factor most heavily into any determination of a "reasonable" fee, although there are non-labor expenses you can consider as well, she notes. However, if you do plan to include non-labor items in your fee calculations, realize that the "full cost of the non-labor expenses cannot be allocated solely to accounting of disclosures, as these items are used for many purposes," Dunn cautions.

To kickstart your accounting fee calculations, Dunn invites you to consider some of the following labor and non-labor components:

Accounting For Disclosures Components

Labor Components

Review and verify the request for the accounting of disclosures, including confirming whether or not the request is "initial" or "repeat" within the same year.

Discuss the purpose and content limitations of the accounting, availability, whether the patient wishes to have the report mailed or picked up, the accounting fee and - if applicable - postage required and sales tax.

Log request.

Find the patient in the master patient index.

Determine where accounting information is maintained: Are disclosures maintained in the patient record? Are disclosures maintained in a database? Must calls be made to various departments to capture disclosures?

Determine disclosure locations to research.

Pull records.

Research databases for disclosures.

Prepare inventory of disclosures in a format established by the organization.

If this is a repeat request, prepare an invoice.

Annotate log to indicate that request has been prepared and released to patient.

Non-Labor Expenses

Space (including utilities) to house staff and equipment to perform the accounting of disclosure.

Furnishings.

Benefits and payroll taxes of staff performing this function.

Administrative overhead.

Other applicable overhead.

Consulting and professional guidance (i.e., legal, accounting, consulting).

Liability insurance.

Copy machine maintenance and supplies (if copies are prepared).

Consumable supplies used: paper, envelopes, staples, etc.

Printer maintenance and supplies.

Software license and annual maintenance.

PC maintenance.

Depreciation expense on items owned by the entity for this function.

Telephone.

Education and training; reference manuals.

Note: The above lists were developed to provide guidance and are not intended to be all inclusive, says Dunn. Covered entities are encouraged to discuss other possible expenses with their facility's cost accountant.

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