

# S .B. NO. 2849

JAN 23 2014

---

## A BILL FOR AN ACT

RELATING TO COMPLIANCE WITH THE HEALTH INSURANCE PORTABILITY AND  
ACCOUNTABILITY ACT.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1           SECTION 1. The purpose of this Act is to promote  
2 compliance with information privacy and security provisions of  
3 the Health Insurance Portability and Accountability Act of 1996  
4 (HIPAA; Pub.L. 104-131) and the related HIPAA Privacy Rule and  
5 HIPAA Security Rule.

6           The department of health is considered a covered entity for  
7 purposes of HIPAA compliance, and as such is required to  
8 designate (1) a privacy official responsible for the development  
9 and implementation of privacy-related policies and procedures  
10 per 45 Code of Federal (C.F.R.) 164.530(a)(1), and (2) a  
11 security official responsible for coordinating information  
12 security compliance per 45 C.F.R. 164.308(a)(2).

13           SECTION 2. Chapter 321, Hawaii Revised Statutes, is  
14 amended by adding a new section to be appropriately designated  
15 and to read as follows:

16           "§321-           Information privacy and security. The department  
17 of health shall establish the following permanent or temporary

S . B . N O . 2849

1 exempt positions for the purpose of department compliance with  
2 federal information privacy and security rules:

3 (1) Privacy Officer; and

4 (2) Security Officer.

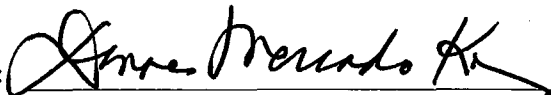
5 The positions shall be appointed by the director without regard  
6 to chapter 76."

7 SECTION 3. New statutory material is underscored.

8 SECTION 4. This Act shall take effect upon its approval.

9

10

INTRODUCED BY: 

11

BY REQUEST

12

S . B. NO. 2849

**Report Title:**

Department of Health Information Privacy and Security; Health Insurance Portability and Accountability Act

**Description:**

Authorizes the Department of Health to create permanent or temporary exempt Privacy Officer and Security Officer positions.

# SB. NO. 2844

## JUSTIFICATION SHEET

DEPARTMENT: Health

TITLE: A BILL FOR AN ACT RELATING TO COMPLIANCE WITH THE HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT.

PURPOSE: To establish civil service exempt Privacy Officer and Security Officer positions for compliance with state and federal privacy and information security laws.

MEANS: Add a new section to chapter 321, Hawaii Revised Statutes.

JUSTIFICATION: Federal healthcare information privacy and security laws such as the Health Insurance Portability and Accountability Act (HIPAA) require covered entities to maintain an infrastructure to assure confidential healthcare data are protected from breaches and unnecessary disclosures.

With the proliferation of computer networking and the adoption of state and federal policy to encourage widespread use of electronic medical records, the healthcare system is ever more reliant on health data for clinical service delivery, quality improvement, and cost containment. Patient and public trust in the security of computer systems and organizational procedures is critical to assure participation to maximize the benefits of computerization.

To this end, the Department of Health finds that civil service pay scales are insufficient to attract and retain qualified healthcare information privacy and security staff, given the high demands for these skillsets in the private sector. Recruitment efforts have been largely unsuccessful due in large part to higher salaries outside of government.

# SB. NO. 2849

Impact on the public: Greater public trust in government healthcare systems and procedures.

Impact on the department and other agencies:  
None.

GENERAL FUND: None.

OTHER FUNDS: None.

PPBS PROGRAM  
DESIGNATION: HTH-907.

OTHER AFFECTED  
AGENCIES: None.

EFFECTIVE DATE: Upon approval.