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Healthcare Administrative Technology Association (HATA) Adopts Position on Practice Management Systems as Covered Entities

LAGUNA BEACH, Calif. – July 24, 2018 – The [Healthcare Administrative Technology Association](http://www.hata.org) (HATA), the national association representing the practice management software (PMS) industry, recently adopted a position that PMS vendors should not be Covered Entities under HIPAA. Practice Management System vendors are business associates under HIPAA. While privacy and security requirements extend to business associates through The Health Information Technology for Economic and Clinical Health (HITECH) Act, HIPAA transactions and code set requirements do not (See definitions of “business associate” and “covered entity” at 45 CFR 160.103. <https://www.hhs.gov/hipaa/for-professionals/covered-entities/index.html>).

HATA President, Eric Christ shared the following statement on the association’s position:

Increased capital investment, if not offset by client demand, does not make good business sense, and has the potential to negatively affect the existing client base through price increases of the existing or upgraded software to cover business losses. Therefore, requiring practice management system vendors to become covered entities and incorporate all HIPAA transactions and code sets, when their client base does not use or need one or more transaction capabilities, does not make good business sense. Many vendors support various versions of their software, since their clients are not willing to upgrade to newer versions with additional capabilities, such as the ability to send and receive prior authorization.

Covered Entities are: 1) health care providers, 2) health plans, and 3) health care clearinghouses, but only if they transmit any information in an electronic form in connection with a transaction for which HHS has adopted a standard. Since Practice Management System software provides the capability, but do not transmit information, they remain a business associate.

Many practice management system vendors are small- and mid-size businesses that are in the healthcare industry to meet specific client business needs and retain a highly satisfied client base. Clients consist of all sizes of professional and institutional provider settings, billing services and others across all fields of medicine that seek software with the capabilities to automate and streamline a practice’s administrative and billing functions.

Like any business, capital decisions for solution capabilities and enhancements are determined by proven return on investment and client demand. Return on investment can only be realized when most payers and clients are willing to adopt and use new/updated solutions and standard transactions within their workflows and adhere to the standard transaction requirements.

HATA encourages all industry stakeholders to ensure potential HIPAA-mandated transactions and code sets specifically address clear business needs that can be documented prior to adoption and implement an industry-wide education campaign to provide stakeholders with the compelling business case for investing capital in building or purchasing upgraded capabilities. Client demand would ensure practice management software has the required capabilities to send and receive all mandated transactions, applicable to the client base. This would begin moving the industry toward voluntary adoption because it makes good business sense.

About HATA

The Healthcare Administrative Technology Association (HATA) is a non-profit trade association that provides a forum for the PMS industry and other affiliated stakeholders. The association serves as the representative voice to advocate and influence key stakeholders and government representatives on PMS Vendor issues. Its members: ALC Consulting, AllMeds, Alpha II, American Medical Association, Availity, Cognizant, e-MDs, eProvider Solutions, EZClaim, GeBBS Healthcare, Greenway Health, HealthPac, InstaMed, Medinformatix, MGMA, NextGen Healthcare, Office Ally, Optum, PAHCOM, PaySpan, PracticeAdmin, PracticeInsight and Zelis Payments represent more than 600,000 providers. To learn more about the Healthcare Administrative Technology Association, visit the website at www.hata-assn.org or contact Tim McMullen, JD, CAE, Executive Director, 844-440-HATA (4282) or tim@hata-assn.org.

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Press contact

Dave Anderson
Anderson Interactive
252-715-4767
dave@andersoni.com