

More Than Just for IT

**Add Security Compliance  
To Your 2004 Project List**

**W**ith the compliance date for the HIPAA Security Standards set for April 20, 2005 (April 20, 2006 for small health plans) for most covered entities, healthcare providers and health plans are gearing up for another compliance effort.



The Security Rule requires a comprehensive assessment of the potential risks and

vulnerabilities to the confidentiality, integrity, and availability of electronic protected health information (E-PHI) held by a covered entity, and the implementation of a variety of administrative, physical, and technical safeguards, based on that assessment, that will reduce those risks and vulnerabilities to a reasonable and appropriate level.

E-PHI is **any** health information that is transmitted by, or maintained in, electronic media; stored in computer memory, a CD, disk, memory card, or PDA; or sent via the Internet, a private network, PC-to-PC fax, or email attachment.

The Security Rule also mandates specified safeguards be added to the plan document amendment before an employer may receive E-PHI to perform .....(Continued on back)

Effective August 23, 2004

**DOL Overhauls 50-Year-Old FLSA Rules**



On April 23, the DOL issued sweeping new overtime pay regulations, giving employers 120 days to review employees' overtime status to determine whether they fall within the exempt or nonexempt categories of the Fair Labor Standards Act's (FLSA) new regulations.

The DOL estimates that more than one-half of employers have incorrectly classified employees under the FLSA. It is imperative that employers begin auditing their organizations now to avoid a DOL audit or expensive lawsuit, according to Business & Legal Reports *Compensation Ezine*. As part of the internal audit, employers should:

1. Review job descriptions to ensure their accuracy: they should reflect the jobs being performed and specify the skills necessary to perform the job.
2. Review employees' actual job duties to ensure that they still fall within the administrative, executive, professional, computer, or outside sales exemptions. (Continued on back)

**'Smorgasbord' of Programs Increases  
Visibility of Lower Wage Employees**



Boston College's *Model Programs and Policies for Hourly and Lower Wage Employees* highlights 15 best practices employers have implemented to help the hourly and lower wage employees with their work/life integration. Often undervalued and overlooked, these employees earn less than \$15,000 annually and are estimated to comprise nearly one-third (32%) of American workers today, with an additional 20% in the \$15,000 to \$25,000 earnings category.

The types of programs are as varied as the employers, focusing on dependent care, employee development, scheduling/leaves, and financial incentives or assistance, and include items such as child care expense reimbursement; training programs with simulated work experiences for different career tracks; sales incentive programs with monthly rewards for exceeding goals; (Continued on back)

## Security Deadline . . .

*(Continued from front)*

administration functions for the group health plan it sponsors, according to Neal, Gerber & Eisenberg LLP.

*HealthLeaders Newsletter* recommends approaching the Security Standards in three phases: *Phase 1: Risk Analysis*—Inventory your E-PHI. Make a comprehensive list of where your E-PHI is, where it goes, and how it is accessed or transmitted. *Phase 2: Remediation*—After you have a comprehensive view of your security risks and their relative priority, decide what holes can be plugged. *Phase 3:* Create a framework for ongoing compliance, similar to your HIPAA Privacy initiatives. ■

## New FLSA Regs . . .

*(Continued from front)*

3. Make sure overtime for nonexempt employees has been properly calculated, e.g., nondiscretionary bonuses and shift premiums should be included in the calculation of the regular rate of pay.
4. Make sure the required posters hang in the appropriate place in the workplace.
5. Pay past overtime due to employees who have been misclassified. Paying them now will be far less expensive than paying them in a DOL settlement or class action lawsuit.
6. Establish plans for employee communication regarding any changes in overtime eligibility to minimize any confusion and potential negative impact on employee engagement. ■

## Smorgasbord of Programs *(Continued from front)*

educational courses to improve literacy; paid sick leave to care for family, etc.; financial assistance for catastrophic/unexpected expenses; and different types of flexible work options, such as job sharing, flextime, compressed work week, alternative workplace, and phase-in after leave.

The most frequently cited reason for developing these programs: to attract and retain good workers. The program most frequently offered: financial assistance. The good news: many of these programs were implemented with little cost and have yielded benefits in terms of lower turnover, increased productivity, reduced absenteeism, and a more skilled workforce. ■

## . . . . . Bulletin Briefs . . . . .

### ◆ *U.S. Adults Face 'Health Literacy' Crisis*

According to the Institute of Medicine, 90 million adults have limited health literacy and face higher risks of health problems because of trouble understanding medical terms and directions, which, in turn, may be costing billions of dollars in avoidable costs. Even though education statistics show that one in five adults reads below the 6<sup>th</sup>-grade level, most health materials are written at 10<sup>th</sup>-grade level or above. The Institute says that patients with limited health literacy are more likely to be hospitalized and need emergency room care, have poorer health habits, and are less likely to use preventive services to ward off disease.

### ◆ *Group Legal Plans Gain in Popularity*

More employers are beginning to offer a group legal plan in order to add more value to their benefit plans as health costs are being shifted to employees, according to BenefitNews.com. Their major advantages: ease of administration and cost. Since a legal plan is an employee-pay-all program, employers are able to offer it to meet the diverse needs of their workforce without having to spend significant dollars.

### ◆ *Firms May Alter Benefits for Medicare-Eligible Employees*

The Equal Employment Opportunity Commission (EEOC) will now allow employers to reduce or eliminate retiree healthcare benefits when beneficiaries reach Medicare age without running afoul of the Age Discrimination in Employment Act (ADEA). ■

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