

Retirement and Benefits Disaster Recovery System

FY2012 Request: \$796,200

Reference No: 51600

AP/AL: Appropriation

Project Type: Information Technology / Systems / Communication

Category: General Government

Location: Statewide

House District: Statewide (HD 1-40)

Impact House District: Statewide (HD 1-40)

Contact: Cheryl Lowenstein

Estimated Project Dates: 07/01/2011 - 06/30/2016 **Contact Phone:** (907)465-5655

Brief Summary and Statement of Need:

The Division of Retirement and Benefits (DRB) systems house important data regarding health care eligibility and premium payments. DRB is defined as the Covered Entity for both the active and retiree health plans. This means that DRB is legally mandated by the Health Insurance Portability and Accounting Act to develop a continuity of operation plan for critical IT systems that have access to electronic protected health information. If the State is not in compliance, it is possible that fines and penalties will be imposed.

| Funding: | FY2012 | FY2013 | FY2014 | FY2015 | FY2016 | FY2017 | Total |
|-----------------|------------------|---------------|---------------|---------------|---------------|---------------|------------------|
| Ben Sys | \$296,400 | | | | | | \$296,400 |
| Jud Retire | \$3,600 | | | | | | \$3,600 |
| Nat Guard | \$11,400 | | | | | | \$11,400 |
| P/E Retire | \$343,500 | | | | | | \$343,500 |
| Teach Ret | \$141,300 | | | | | | \$141,300 |
| Total: | \$796,200 | \$0 | \$0 | \$0 | \$0 | \$0 | \$796,200 |

| | | | | |
|-----------------------------------------------|-------------------------------------------|--------------------------------------------------|---------------------------------------------|-----------------------------------|
| <input type="checkbox"/> State Match Required | <input type="checkbox"/> One-Time Project | <input checked="" type="checkbox"/> Phased - new | <input type="checkbox"/> Phased - underway | <input type="checkbox"/> On-Going |
| 0% = Minimum State Match % Required | | <input type="checkbox"/> Amendment | <input type="checkbox"/> Mental Health Bill | |

Operating & Maintenance Costs:

| | <u>Amount</u> | <u>Staff</u> |
|----------------------|---------------|--------------|
| Project Development: | 0 | 0 |
| Ongoing Operating: | 0 | 0 |
| One-Time Startup: | 0 | 0 |
| Totals: | 0 | 0 |

Additional Information / Prior Funding History:

No previous funding requested.

Project Description/Justification:

The Division of Retirement and Benefits (DRB) systems house important data regarding health care eligibility and premium payments. As such, DRB is defined as the Covered Entity for both the active and retiree health plans. This means that DRB is legally mandated by the Health Insurance Portability and Accounting Act (HIPAA) to develop a continuity of operation plans (COOP) for critical IT systems that have access to electronic protected health information (EPHI) and must comply with:

1. The Contingency Plan standard under the HIPAA Administrative Safeguards Security Section for electronic protected health information (EPHI). The Contingency Plan standard requires covered entities to establish and implement policies and procedures for responding to emergencies and other occurrences that can damage systems containing electronic protected

health information (E PHI). Examples of such occurrences include fires, vandalism, system failures, and natural disasters.

2. The Emergency Access Procedure standard under the HIPAA Technical Safeguards Security Section for E PHI. Emergency access procedure is a required implementation specification defined within the Access Control Standard in the Technical Safeguards section of the HIPAA Security Rule. The objective of the emergency access procedure implementation specification is to establish and implement procedures for obtaining necessary electronic protected health information during an emergency.

This request will bring DRB's active and retiree health plans into compliance with two required and two addressable implementation specifications of the Contingency Plan Standard under the Administrative Security Section of the HIPAA Security Rule for E PHI for:

1. The Disaster Recovery Plan [HIPAA 164.308(a)(7)(ii)(B)] - Required
2. Emergency Mode Operation Plan [HIPAA 164.308(a)(7)(ii)(C)] - Required
3. Testing and Revision Procedures [HIPAA 164.308(a)(7)(ii)(D)] - Addressable
4. Applications and Data Criticality Analysis [HIPAA 164.308(a)(7)(ii)(E)] – Addressable

This request will also bring DRB into compliance with one of the required implementation specifications of the Access Control Standard under the Technical Safeguard Security Section of the HIPAA Security Rule for E PHI:

1. Emergency Access Procedure [HIPAA 164.312(a)(2)(ii)]

It is in the State's best interest for DRB to be in compliance with the HIPAA Security Rule Standards as it allows for business continuity, including any applicable federal funding that may become available.

If the State is not in compliance with the HIPAA Security Rule, it is possible that fines and penalties will be imposed. The recent passage of the HITECH Act (signed into law on February 17, 2009) increases the amounts of the fines/penalties for noncompliance issues related to security breaches and implementation specifications related to the HIPAA Security Rule.