LAXOR, Inc.

CPS Workgroup April 12, 2007 John DesMarteau, MD President & CEO

Privacy & Security **People Are Concerned** Markle Foundation* 91% of respondents very concerned about privacy & security of health information People with chronic health care issues and frequent health care users somewhat less concerned Many recent high-profile data leaks

*2003 Survey of 1,246 US Adults

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- Many PHRs are
 - Not Covered Entities (CE) as currently defined by HIPAA
 - Should they be?

See questions and answers beginning next slide

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1) Collection/Sharing of Information

- □ The LAXOR[®] PHR is patient-controlled
- To access their PHRs patients must invite their:
 - Providers
 - LAXOR[®] Personal Health Information Managers (PHIMs)
 - Family Members

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1) Collection of Information

- Document Uploading by Patients, Providers & LAXOR[®] PHIMs
 - Faxes to Digital via LAXOR[®] Fax-Server
 - □ LAXOR[®] Toll-free number
 - Scans to Digital
 - Local: Patient-controlled PCs
 - Remote: PHIM-controlled PCs
 - Native Digital Document
 - Local: Patient-controlled PCs
 - Remote: PHIM-controlled PCs

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1) Sharing of Information

- Patients Establish Access
 - Providers
 - PHIMs
 - Family Group Members
- Access
 - Routine
 - Emergency
 - Data subset
- □ Time delimited
 - Providers always have access to data they created

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2) Protection

Storage

- Hosting: Tier 1 facility
- Hacking
 - Strong passwords
 - Managed firewalls
 - Database encryption
- Loss: co-location
 - Mirroring
- Transmission & Access
 - Encryption: SSL for the entire PHR
 - Automatic time-out logouts
- Identity Theft
 - No storage of SSN or credit card numbers

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3) Privacy & Security Breaches

- Notification of Clients
 - Paramount
- Administrative
 - Internal Breach Management
 - Termination
 - Possible criminal charges
 - External Breach Management
 - Business Associate agreements
 - Same standards as LAXOR[®]
- Physical
 - Repeated threat analysis and threat testing
- Technical

Repeated threat analysis and threat testing

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4) Communication of Protection

Notice of Privacy Practices

- Public Website
 - Summary
 - Downloadable as PDF (Copies available)
- PHR itself

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5) Consumer Control

□ The LAXOR[®] PHR is:

- Patient-owned
- Patient-controlled
 - Patients can append comments to any document
 - Patients cannot change documents provided by their providers
 - Access is granted by the patient

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6) Operation of Law

- LAXOR[®] is not a HIPAA covered entity (CE)
- Yet voluntarily follows HIPAA where appropriate to its business operations

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7) LAXOR[®] Abiding By HIPAA*

Believes improves competitiveness

Increases LAXOR's trustworthiness

Believes improves interoperability

Facilitates data acquisition from data creators

Especially health care providing organizations

*Where applicable to LAXOR's business operations

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8) HIPAA Compliance

LAXOR®

Not a Covered Entity as defined by HIPAA

- Is not a health plan
- Is not a health clearinghouse
- Is not a health provider
- Yet abides by HIPAA*
- Does not feel cost outweighs benefits
 - Has done so essentially from inception
 - Improves competitiveness via trustworthiness
 - Improves interoperability

*Where applicable to LAXOR's business operations

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9) Minimum HIPAA Privacy Set*

Need to Balance Access/Use with Protection

- □ Ability to Amend (§164.526)
 - Patient-entered comments into the LAXOR[®] PHR
- Access & Right of Restriction (§164.524; §164.522)
 - Emergency & Routine
 - Already under LAXOR[®] members' control
- Business Associates (§164.308; (§164.314)
- Complaint Management (Chief Privacy Officer) (§164.530)
 - Method in place
 - Documentation of complaints
 - Workforce sanctions
 - Mitigation of complaints
 - No retaliation

*As appropriate to LAXOR's business operations

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9) Minimum HIPAA Privacy Set*

Need to Balance Access/Use with Protection - Continued

- Disclosure Accounting (§164.528)
 - LAXOR's patient-controlled automatically generated, always available audit trail (see next slide)
- □ HIPAA Training (§164.530)
- Limited data set & usage for research (§164.514)
- Marketing (§164.508)
 - Opt-in only
 - PHIMs acting as intermediaries no direct connection with vendors except by patient request
- Minimum Necessary (§164.514)
- Notice of Privacy Practices (§164.520)
- Policies & Procedures (§164.316)

*As appropriate to LAXOR's business operations

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9) Example: Disclosure Accounting

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10) Non-Relevant HIPAA Principles

Authorizations (§164.506; §164.508; §164.510)

- No use of PHI by LAXOR[®] for treatment, payment or health care operations
 - Acceptance of terms of usage (TOU) conditional to use of LAXOR[®] PHR
 - Members control access and therefore disclosures for:
 - Emergency access
 - Routine access

Facility Directories (§164.510)

11) Certification Process

LAXOR[®] Submission dependent on:

- Requirement specifications
- Cost
 - Time
 - Personnel
- Periodicity
- National acceptance for value
 - Governmental promotion of the certification standard

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12) Market Forces

Competition

- Marketing advantage
- Consumer Trust
 - Much concern on part of consumers
 - Trustworthiness is vital to usage
- Liability
 - The PHR business is a fledgling industry
 - One major mishap could imperil LAXOR[®] or even the industry as a whole

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13) Business Associates

- LAXOR not yet a business associate, but...
 - Would make certain that its operations meet requirements of any entity for which it becomes a business associate
 - PHR companies that are not health plans, clearinghouses or providers should have a business associate modified to account for the differences in their operations from these entities
 - Business associate agreements negotiated by CEO with assistance of LAXOR's counsel
 - LAXOR will be developing a standard contract appropriate to its business operations for its business associates

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13) Business Associates

LAXOR[®] has one subcontractor

- Provides hosting services only
- Has signed a robust confidentiality agreement
- LAXOR[®] feels that accountability for meeting relevant HIPAA requirements is vital to its business operations

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