

March 7, 2014

## **HHS Announces First HIPAA Settlement with a County Government**

On March 7, 2014, the U.S. Department of Health & Human Services (HHS) announced that Skagit County, Washington has agreed to settle potential violations of the HIPAA Privacy, Security, and Breach Notification Rules. Skagit County agreed to a \$215,000 monetary settlement and a corrective action plan that requires the county to make regular status reports to HHS. This settlement, which is the first ever involving a county government, comes approximately two years after HHS reached a settlement with Alaska's Medicaid agency.

HHS opened an investigation of Skagit County's Public Health Department after receiving a breach report that money receipts with electronic protected health information (ePHI) of seven individuals were accessed by unknown third parties after the ePHI was moved to the County's publicly accessible server.

The HHS investigation revealed a much larger breach – the ePHI of more than 1,500 individuals had been accessed without authorization. In addition, the information contained on the server included sensitive data regarding the individuals' treatment for infectious diseases. HHS ultimately determined that the county had engaged in "widespread non-compliance" with the Privacy, Security, and Breach Notification Rules.

The lessons learned from this settlement apply to all covered entities and business associates. ePHI must never be made available to third parties on publicly accessible servers or other electronic media. When a covered entity or business associate learns of a breach, it should thoroughly investigate the matter to determine its full scope. Here, it appears Skagit County was unaware that this breach impacted well over a thousand individuals.

The HHS press release regarding the settlement is available via the following link:

<http://www.hhs.gov/news/press/2014pres/03/20140307a.html>

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