

HIPAA Compliance in Accounts Payable

A Modern Approach

Learn how AP automation supports HIPAA compliance by reducing risks, improving efficiency, and helping healthcare finance leaders modernize AP processes while meeting regulatory standards.



Content

Navigating HIPAA Compliance in AP	03
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The Compliance Challenge	03
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How AP Automation Enhances HIPAA Compliance	05
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HIPAA and Business Associates: What You Need to Know	06
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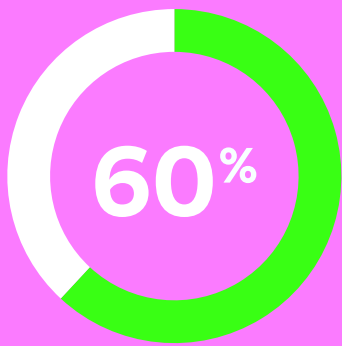
Commonly Overlooked HIPAA Compliance Requirements in AP	08
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Building Resilience for What's Next in HIPAA	09
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AP Automation: A Smarter, More Secure Future	10
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Navigating HIPAA Compliance in AP

HIPAA compliance remains a major challenge for AP departments, especially as financial data increasingly intersects with Protected Health Information (PHI). With 60 percent of healthcare organizations lacking confidence in their ability to pass a HIPAA audit, the stakes have never been higher.



60% of surveyed businesses lack confidence in their ability to pass their next HIPAA audit.

The healthcare industry operates with multiple branches, offices, and departments, making information management complex. Ensuring both accessibility and security, key pillars of HIPAA compliance, is a constant struggle without a reliable system in place. Manual workflows, paper files, and disconnected tools make it harder to protect patient information and prove compliance when it matters most.

The Compliance Challenge

Consider a medical billing center managing financial transactions for dozens of healthcare providers. Your company is responsible for coding, organizing,

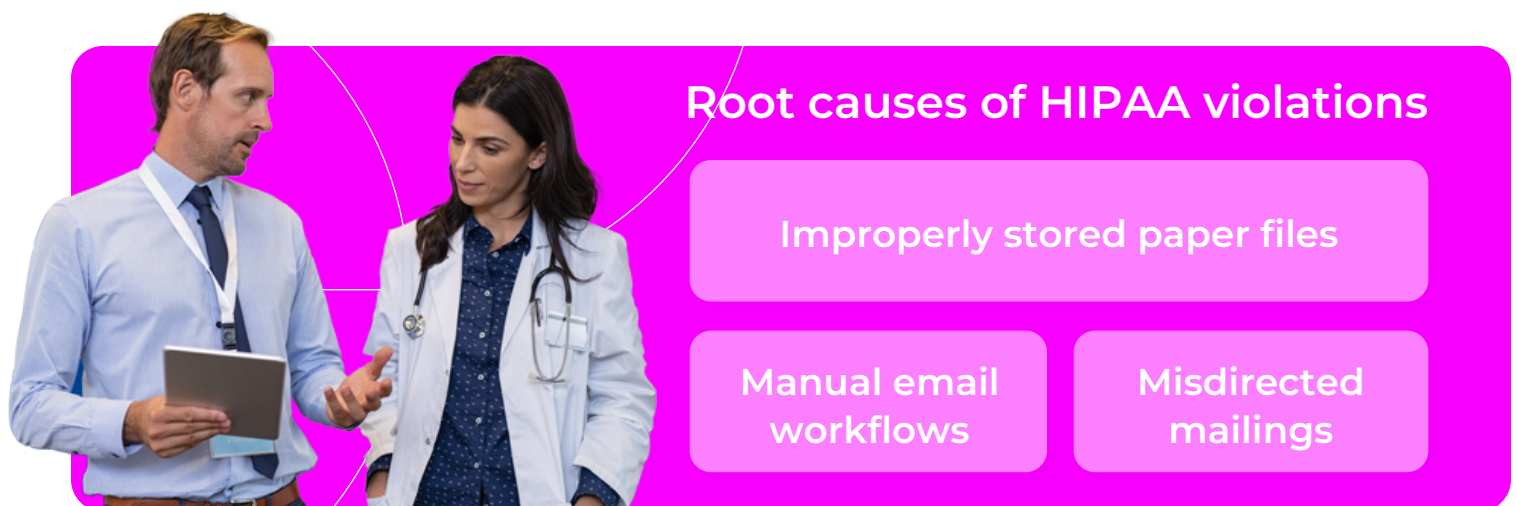
and securely housing invoices containing protected health information (PHI). Traditionally, PHI has been exchanged via email or scanned and manually stored, creating vulnerabilities and inefficiencies.

For example, if a patient disputes a charge and requests access to their medical records under 45 CFR § 164.524 of the HIPAA Privacy Rule, your team must quickly retrieve relevant documents. However, if invoices are scattered across multiple locations, manual retrieval can be time-consuming and error-prone. Failure to provide timely access could result in regulatory penalties and legal consequences.

This issue is especially critical in light of the U.S. Department of Health & Human Services' (HHS) "Right of Access Initiative," which has resulted in over 50 enforcement actions since 2019 for organizations failing to fulfill patient records requests promptly, including billing records.

Additionally, transmitting personally identifiable information (PII) over unsecured platforms like email exposes your organization to security threats. Given that 67% of all major healthcare breaches involve compromised medical information, reliance on unsecured communication methods increases the likelihood of a data breach. Manual email workflows, misdirected mailings, and improperly stored paper files have all been root causes of HIPAA violations. The average cost of a healthcare data breach now exceeds \$10 million, making compliance failures not just risky, but costly.

And the risks aren't just theoretical. In one real-world example, a billing employee at a large public hospital left encounter forms containing PHI on a subway train, resulting in a \$1 million HIPAA settlement.



How AP Automation Enhances HIPAA Compliance

The good news? Modern AP automation platforms are helping healthcare organizations simplify compliance by design. By digitizing invoice intake, enforcing security controls, and eliminating manual handoffs, automation dramatically reduces exposure to HIPAA-related risks.



Key Benefits of AP Automation for HIPAA Compliance

Centralized Digital Storage

Automating AP processes ensures that invoices are securely stored and easily searchable, eliminating the need for manual retrieval. This also simplifies patient access requests, since all PHI is organized and available in a single system.

Audit-Ready Documentation

Automation tracks every access, modification, and transaction related to invoices, providing detailed audit logs that demonstrate compliance. Whether it's an OCR investigation, internal review, or patient inquiry, these logs make it easy to show who did what and when.

Reduced Risk of Data Breaches

Eliminating paper-based processes removes the risk of lost, stolen, or mishandled PHI. With over 314 million medical records exposed between 2009 and 2021, securing financial documents is now mission-critical. Automated platforms eliminate everyday vulnerabilities from shared drives, unsecured email chains, and printed invoices.

Faster Dispute Resolution

Quick access to invoice history allows AP teams to trace errors, ensure timely corrections, and improve patient satisfaction. You don't just move faster, you move with clarity and confidence.

Built-in Security and Access Controls

Modern platforms include encryption, role-based permissions, multi-factor authentication (MFA), and full access logs. These features aren't bolted on but part of the system's foundation, making compliance easier to enforce.

HIPAA and Business Associates:

What You Need to Know

HIPAA compliance extends beyond healthcare providers to include their business associates or any entity that processes PHI on behalf of a covered entity. The Omnibus Rule reinforced this requirement, holding business associates accountable for HIPAA violations.

This matters for AP. If your automation vendor, payment processor, or document scanning service touches PHI, they're considered a business associate and subject to the same compliance rules you are.

Before partnering with an AP automation provider, organizations must verify their compliance across the three HIPAA Security Rule components:



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Administrative Safeguards

- Appoint a Privacy Officer responsible for overseeing HIPAA compliance.
- Implement a business associate agreement (BAA) to ensure third-party vendors meet security standards.
- Provide ongoing employee training on HIPAA regulations and data protection. This is crucial, as 95% of cybersecurity incidents are caused by human error
- Conduct risk assessments regularly, including AP systems. If your AP process touches PHI, it must be evaluated under your HIPAA risk management plan.
- Establish internal policies for how invoice-related PHI is handled, reviewed, and disclosed.

Physical Safeguards

- Secure workstations and access points where PHI is processed.
- Eliminate paper-based processes to prevent unauthorized access to patient information.
- Lock filing cabinets, restrict office access, and implement clean-desk policies.
- Use shredding bins or secure disposal services for any physical financial records.

Technical Safeguards

- Require strong authentication measures, such as multi-factor authentication (MFA) for system access.
- Enable automated tracking of document views and edits, ensuring accountability.
- Use encryption protocols to protect sensitive data during transmission and storage.
- Ensure all invoice data containing PHI is encrypted at rest and in transit.
- Log all user access to financial records that include PHI and review those logs regularly.

Commonly Overlooked HIPAA Compliance Requirements in AP

Even with safeguards in place, AP teams often miss these critical compliance obligations:

- **Patient Access to Billing Information.** AP automation allows instant retrieval of invoices linked to specific patient identifiers, ensuring compliance with patient access rights. This isn't optional. HIPAA requires organizations to provide records, including billing records, within 30 days.
- **Tracking Access to PHI.** Manual processes lack visibility, making it impossible to monitor who has viewed an invoice. Automation provides a detailed access log, listing every user who interacts with PHI. This helps organizations detect unauthorized access and support investigations or audits.
- **Managing Corrections and Amendments.** HIPAA requires organizations to allow patients to request corrections to inaccurate PHI. Automation tracks version history, logging who made changes, when, and what was modified. Even small changes, like fixing an incorrect service code, need to be documented. A good system makes this effortless.
- **Supporting Restrictions and Confidential Communications.** Patients can request that invoices be sent to an alternate address, or that specific information not be shared with insurers. These requests must be respected, and your system must support them.

Building Resilience for What's Next in HIPAA

At onPhase, we understand that HIPAA audits can be daunting. That's why our HIPAA-compliant AP automation is designed to help healthcare organizations simplify compliance, improve security, and reduce administrative burdens.

Why Leading Healthcare Organizations Trust onPhase



Third-Party Audited for HIPAA Compliance

We undergo regular audits to ensure our solutions meet industry standards.



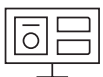
Advanced Security Features

Our platform includes encryption, access controls, MFA, and full audit trails built into every workflow.



Seamless Integration

Our automation technology works with existing healthcare financial systems and ERPs, ensuring both continuity and compliance.



Support for Patient Rights

onPhase enables fast, secure retrieval of PHI to support access requests, corrections, and audits.



Business Associate Ready

As a business associate, we meet and exceed HIPAA Security Rule expectations, so our customers can meet theirs.



AI That Protects and Detects

Our AI powered platform automates HIPAA safeguards by tracking access, flagging anomalies, and enforcing policies without extra effort.

AP Automation:

A Smarter, More Secure Future

While HIPAA compliance is non-negotiable, AP automation delivers additional strategic advantages: greater efficiency, enhanced visibility, and improved cost control. When compliance tools simultaneously boost operational performance, you're no longer choosing between what's easy and what's required.

As your organization explores automation, ensure your solution provider can meet HIPAA's stringent security requirements. The right AP automation platform should enhance compliance efforts, not complicate them.

With end-to-end HIPAA-compliant automation, your organization can reduce manual workloads, strengthen security, and redirect focus toward patient care and strategic initiatives, all while maintaining regulatory compliance.

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- ✓ Reduce manual workloads
- ✓ Strengthen security
- ✓ Redirect focus toward patient care and strategic initiatives
- ✓ All while maintaining regulatory compliance.





Ready to streamline your AP processes while ensuring HIPAA compliance?

Contact onPhase to learn more about our secure, automated solutions.

From invoice capture to vendor payments, onPhase gives healthcare organizations one AI-powered platform to streamline finance and reduce risk. By automating accounts payable, supplier payments, and financial workflows, onPhase helps teams cut manual work, avoid errors, and meet compliance standards with ease.

onPhase also includes document management, online forms, and workflow automation so teams can manage approvals, purchasing requests, and records without chasing paper or switching systems. With smarter automation and fewer silos, finance teams gain visibility into cash flow, improve control, and stay audit ready. Whether expanding services, integrating with clinical systems, or modernizing back-office processes, onPhase adapts and scales with your organization.

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