



November 14, 2001

Lawrence E. Smarr
President
Physician Insurers Association of America
2275 Research Blvd., Suite 250
Rockville, MD 20850

Dear Mr. Smarr:

Thank you for your letter regarding the Privacy Rule and for your support, on behalf of the Physician Insurers Association of America (PIAA), of our efforts to provide technical assistance to the health care industry. We appreciate your dedication to assisting your members to understand and comply with the Privacy Rule.

We understand your concerns regarding the application of the Rule to professional liability insurance, and specifically how professional liability insurers can continue to arrange for and maintain medical liability insurance for health care providers covered by the Rule.

Let me clarify that the Rule permits a covered health care provider to disclose information for "health care operations" purposes, subject to certain requirements under the Rule. Disclosures by a covered health care provider to a professional liability insurer or a similar entity for the purpose of obtaining or maintaining medical liability coverage or for the purpose of obtaining benefits from such insurance, including the reporting of adverse events, falls within "business management and general administrative activities" under the definition of "health care operations." Therefore, a covered health care provider may disclose individually identifiable health information to a professional liability insurer to the same extent as the provider is able to disclose such information for other health care operations purposes.

We appreciate your bringing this issue to our attention and hope that our clarification alleviates your concerns. Please feel free to contact me with any further concerns or questions.

Sincerely,

A handwritten signature in cursive script that reads "Susan McAndrew".

Susan McAndrew, J.D.
Sr. Health Information Privacy Policy Specialist
Office for Civil Rights