DATE: [Insert Date]

TO: [Insert Name of Billing Department/Staff]

FROM: [Insert Name of Compliance Officer/Management]

SUBJECT: Internal Control Procedures: Patient Billing and HIPAA Compliance

Dear [Insert Name],

This letter serves as a formal directive regarding the internal controls required for patient billing processes to ensure full compliance with the Health Insurance Portability and Accountability Act (HIPAA).

To mitigate risks of unauthorized disclosure of Protected Health Information (PHI) and to ensure financial accuracy, the following controls must be strictly followed:

- **Access Control:** Only authorized billing personnel shall have access to patient financial and medical records. Login credentials must never be shared.
- **Data Verification:** Before processing any invoice or claim, staff must verify that the patient's identity matches the services rendered to prevent "wrong-patient" billing errors.
- **Transmission Security:** All electronic billing claims and communications containing PHI must be sent through encrypted channels. Faxing PHI is permitted only to verified, secure numbers.
- **Minimum Necessary Standard:** When communicating with third-party payers, only the minimum necessary PHI required to process the payment should be disclosed.
- **Record Retention and Disposal:** Paper records containing PHI must be stored in locked cabinets and disposed of via secure shredding bins. Digital records must be retained according to [Insert State/Federal] statutory periods.
- **Audit Trails:** Billing software logs will be reviewed monthly to monitor for unauthorized access or unusual activity.

Failure to adhere to these internal controls may result in disciplinary action and could lead to significant legal penalties for the organization. If you encounter any discrepancies or potential data breaches, you are required to report them to the Compliance Office immediately.

Please sign and return a copy of this letter to acknowledge that you have read and understand these internal control procedures.

Sincerely,

[Insert Signature]

[Insert Printed Name]
[Insert Title]

Acknowledgment of Receipt:

Signature: _____ Date: _____