

August 7, 2007

To: All IMPAC Customers

From: Thomas Faris, V.P. Regulatory Affairs, IMPAC Medical Systems, Inc.

Re: **HIPAA Standards for Electronic Transactions Compliance Statement**

Health Insurance Portability and Accountability Act

The Health Insurance Portability and Accountability Act (HIPAA) was established to protect employees' healthcare coverage during employment transitions and to reduce the overhead costs of healthcare operations by requiring standardized Electronic Data Interchange (EDI). HIPAA promotes the most effective and efficient use of modern information technology, as tempered by common-sense privacy and security protections. A number of regulations enacted or to be enacted under HIPAA will directly affect IMPAC's healthcare facility customers. The first regulation for implementation is the Standards for Electronic Transactions regulation, 45 CFR 160, 164.

Standards for Electronic Transactions

Under the Standards for Electronic Transactions general rule, a Covered Entity must conduct defined electronic transactions according to specific electronic formats identified by the American National Standards Institute (ANSI). Covered transactions include eligibility, claims processing, enrollment, payment, claim status, coordination of benefits, and related transactions. Also, standard code sets must be used in all covered transactions, including defined coding systems for diseases, diagnoses, procedures or actions taken, drugs, and other related code sets.

IMPAC's Standards for Electronic Transactions Compliance Statement

IMPAC has conducted an extensive review of all IMPAC products to determine whether they fully support our customers' need to comply with the Standards for Electronic Transactions regulation. The evaluation team has concluded that IMPAC products will meet the Electronic Transactions and Code Sets requirements, for the most part. Customers using IMPAC's aCOUNT (DOS) received a separate letter with information detailing requirements to ensure compliance prior to the October 16, 2002 implementation deadline. All other IMPAC products are fully compliant with the Standards for Electronic Transactions regulation.

IMPAC shall continue to lead the healthcare information industry in developing the most efficient and effective healthcare information management practices. IMPAC plans to continue setting the standard by providing healthcare facilities with practical and effective HIPAA compliant solutions and will keep pace with our customers for every step of HIPAA.