Treatment, Payment, and Healthcare Operations (TPO) are defined in the Privacy Rule at 45 CFR 164.501. Each of the three terms in the phrase is individually defined as a core healthcare activity, but they are typically referred to as a group because privacy laws generally permit the use and disclosure of protected health information (PHI) without patient authorization for TPO purposes. This document describes the three terms and provides examples in order to help you understand the types of activities that are included in TPO.

**TREATMENT**
“Treatment” refers to a healthcare professional’s provision, coordination, and management of a patient’s healthcare and related services. Such services cross the continuum of care and include but are not limited to primary and specialty outpatient care, inpatient hospitalization, step-down and extended facility care, emergency medicine and referral activities. For example:

- A hospital may use protected health information about an individual to provide health care to the individual and may consult with other health care providers about the individual’s treatment.
- A primary care provider may send a copy of an individual’s medical record to a specialist who needs the information to treat the individual.
- A hospital may send a patient’s health care instructions to a nursing home to which the patient is transferred.

**PAYMENT**
“Payment” means all activities undertaken by a healthcare professional or entity to obtain reimbursement for treatment that has been provided, including the following:

- Eligibility determination for coverage.
- Coordination of benefits among third parties and patients for cost-sharing responsibilities.
- Adjudication or subrogation of health benefit claims.
- Risk adjustment of amounts due.
- Payment under a contract for reinsurance.
- Healthcare data processing that supports billing, claims management and collection.
- Utilization reviews.

**HEALTHCARE OPERATIONS**
“Healthcare Operations” are the numerous administrative, financial, legal, and quality improvement activities required for managing and delivering health and medical services. These include both business-focused and clinically focused functions, including all processes relating to the following:
Business Focused Activities

- Business management and general administrative functions, including compliance activities required by HIPAA.
- Business planning and development (for example: cost management analyses, planning-related analyses, formulary development, payment methods and coverage policies).
- Disclosure of PHI for legal and regulatory purposes.
- Internal grievance resolution.
- Customer service provided PHI is not disclosed.
- Accreditation, certification, licensing or credentialing activities.
- Health insurance contracting (for example: underwriting, premium rating, reinsurance of risk relating to claims); and
- Medical review, legal services and auditing functions including those associated with fraud and abuse detection and compliance programs).

Clinically Focused Activities

- Quality assessment including outcomes evaluation.
- Patient safety activities.
- Population-based activities relating to improving health or reducing healthcare costs.
- Clinical guidelines and clinical protocol development.
- Case management and care coordination.
- Patient contact regarding treatment alternatives.
- Performance evaluation for healthcare professionals; and
- Training programs for practitioners and non-healthcare professionals.