

POLICY: HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT (HIPAA) PRIVACY POLICY

DATE: April 14, 2003

PURPOSE: As an employer that provides group health care benefits to all eligible full-time employees, eligible retirees, and COBRA participants, we are required to maintain the confidentiality of any and all Protected Health Information (PHI) that is conveyed to us via our Plan Provider, Third Party Administrator, Insurance Agents and other "Business Associates." The following policy addresses these privacy issues and how the City of Cadillac will satisfy them in accordance with HIPAA. Note that the City of Cadillac has largely minimized its contact with PHI due to its various relationships with Business Associates (i.e., Blue Cross Blue Shield of Michigan; Michigan Employee Benefit Services, Flex System ;) who handle PHI on the City's behalf, without disclosure of that PHI to the City.

I. NOTICE OF PRIVACY PRACTICES

The privacy practices of the City of Cadillac, designed to protect the privacy, use and disclosure of Protected Health information ("PHI"), are clearly delineated in the City of Cadillac's Notice of Privacy Practices ("Notice") that was developed and is used in accordance with the Privacy Rule.

PROCEDURE

- The privacy practices of the City of Cadillac are described in this Notice.
- The Notice is distributed to all new participants in their summary plan description. All current participants received the Notice as of the compliance date. All participants receive a revised Notice within 60 days of any material revision to the Notice. The Notice is provided to the named participant or employee for the benefit of all dependents.
- The Notice is available to anyone who requests it. Participants have the right to receive a paper copy of the Notice, even if they previously agreed to receive the Notice electronically.
- All current participants are notified at least once every three years of the availability of the Notice and provided with instructions on how to obtain it.
- The Notice is given to all Business Associates.
- The Notice is reviewed with all current workforce members who perform Health Plan functions during their initial training and annually thereafter.
- The Notice is revised as needed to reflect any changes in the City of Cadillac's privacy practices. Revisions to the policies and procedures are not implemented prior to the effective date of the revised Notice.
- When revisions to the Notice are necessary, all current participants, workforce members who perform Health Plan functions and Business Associates receive a revised copy of the Notice.
- The Privacy Officer retains copies of the original Notice and any subsequent revisions for a period of six (6) years from the date of its creation or when it was last in effect, whichever is later.
- All workforce members who perform Health Plan functions and Business Associates are required to adhere to the privacy practices as detailed in the Notice, privacy policies and procedures and Business Associate contracts.

- Violations of the City of Cadillac's privacy practices will result in disciplinary action up to and including termination of employment or contracts.
- The Notice is prominently displayed and available electronically on the City of Cadillac's Web site at www.cadillac-mi.net.

II. PARTICIPANT PRIVACY RIGHTS

The City of Cadillac has implemented policies and procedures to ensure participant privacy rights as required by and specified in the Privacy Rule of the Administrative Simplification provisions of the Health Insurance Portability and Accountability Act of 1996.

PROCEDURE

Participants have the right to:

- Receive a paper copy of the City of Cadillac's Notice of Privacy Practices ("Notice"), even if participant has agreed previously to receive the Notice electronically;
- Request restrictions on the uses and disclosures of Protected Health Information ("PHI");
- Request to receive confidential communication by an alternative means or at an alternative location if appropriate cause is shown;
- Access documents in the designated record set for inspection and/or copying;
- Request to amend documents in the designated record set that are inaccurate or incomplete; and
- Obtain an accounting of disclosures of their PHI.
- The City of Cadillac adheres to policies and procedures developed and implemented to ensure participant privacy rights.
- The City of Cadillac provides workforce members who perform plan administration functions with annual training regarding participant rights with respect to their PHI.

III. BUSINESS ASSOCIATES

The Group Health Plan's Business Associates are required to provide satisfactory assurances that they will maintain the confidentiality of the Protected Health Information ("PHI") of Group Health Plan's participants and only use and disclose PHI for the purposes for which it was provided.

PROCEDURE

- Existing and new relationships with the Health Plan's service providers are reviewed to determine if the relationship requires the use and/or disclosure of PHI and thus, whether the entity is a Business Associate.
- Business associates are required to sign a written contract that provides satisfactory assurances that they will adhere to Health Plan's privacy practices.
- Health Plan requires its Business Associates to determine the minimum necessary type and amount of PHI required to perform the services under the Agreement and to represent to Health Plan that it has requested the minimum necessary PHI for the stated purpose. The City of Cadillac relies on the professional judgment of Business Associates to determine the type and amount of PHI necessary for their purposes.

- The Privacy Official monitors the return or destruction of PHI used, created or obtained by the Business Associate upon termination of the contract (or the extension of protection if not returned or destroyed).
- The Privacy Official ensures that any complaints regarding privacy violations by Business Associates are reviewed. If the Privacy Official is aware of a pattern or practice that is a material violation of the Business Associate's duties with regard to privacy, the Privacy Official takes reasonable steps to end the violation. If such steps are unsuccessful, the Privacy Official determines, in consultation with the fiduciary or Board of Trustees, whether termination of the agreement is feasible. If not, the Privacy Official reports the violation to DHHS.

IV. DISCLOSURE TO PLAN SPONSOR

The City of Cadillac does not disclose PHI to the Plan Sponsor, except in the manner and for the purposes specifically permitted under the Privacy Rule. The Plan Sponsor is required to certify that plan documents have been amended before disclosure may occur.

PROCEDURE

The City of Cadillac only discloses PHI to the Plan Sponsor if one of the following applies:

- The City of Cadillac receives written authorization from the participant to disclose PHI to the Plan Sponsor;
- The City of Cadillac discloses information to the Plan Sponsor on whether an individual is participating in the health plan;
- The City of Cadillac provides the Plan Sponsor with PHI in the form of Summary Health Information for the purpose of obtaining premium bids from health insurance issuers;
- The City of Cadillac provides the Plan Sponsor with PHI in the form of Summary Health Information for the purpose of assessing, modifying, amending, or terminating the Health Plan; or
- The City of Cadillac receives certification from the Plan Sponsor that the plan documents have been modified as required by the Privacy Rule, and the uses and disclosures of PHI by the Plan Sponsor will be restricted to plan administration functions performed by the Plan Sponsor on behalf of the Health Plan in accordance with the plan document.
- The City of Cadillac requires certification from the Plan Sponsor that the Plan Sponsor will not use the PHI for any employment-related decisions and that plan documents have been amended as required before disclosing PHI to the Plan Sponsor.
- The City of Cadillac includes a separate statement in its Notice of Privacy Practices informing participants that PHI may be disclosed to the Plan Sponsor.
- The City of Cadillac only discloses the minimum necessary amount and type of PHI to the Plan Sponsor.

V. MINIMUM NECESSARY DISCLOSURES

Individuals who perform Health Plan functions use the minimum amount of Protected Health Information ("PHI") necessary to perform their duties.

PROCEDURE

- The City of Cadillac identifies the individuals who need access to PHI according to the categories of uses for payment or health care operations.
- The City of Cadillac identifies the type and minimum amount of PHI needed to administer the plan.
- The City of Cadillac determines the circumstances under which individuals who perform plan functions may use PHI.
- All individuals are required to use PHI in accordance with the determination made by the City of Cadillac of the minimum amount necessary to effectively administer the plan.
- When an individual performs more than one function for the City of Cadillac, the types of PHI and conditions for access are dependent on the function that the member is performing.
- Newly hired individuals who will perform plan administration functions are provided with information regarding their access to PHI during their initial training.

VI. MINIMUM NECESSARY REQUESTS

The City of Cadillac requests the minimum amount of Protected Health Information ("PHI") necessary to achieve its purpose from Covered Entities and Business Associates.

PROCEDURE

Routine and recurring requests for PHI

- The City of Cadillac has identified requests for PHI it makes on a routine and recurring basis.
- The City of Cadillac has determined the minimum amount of PHI that is needed to achieve the purpose of these requests.
- When the City of Cadillac requests PHI, the Covered Entity or Business Associate to whom the request is made may rely on the City of Cadillac's determination that the amount of PHI requested is the minimum necessary to achieve the purpose of the request.

Non-routine requests for PHI

- The City of Cadillac reviews the non-routine requests it makes for disclosures of PHI on a case-by-case basis.
- The Privacy Officer (or designee) reviews non-routine requests made by the City of Cadillac for PHI from another Covered Entity or Business Associate to ensure that the amount of PHI requested is the minimum necessary to achieve the purpose of the request according to established criteria.

Requests for entire medical record

- The City of Cadillac does not request a participant's entire medical record for any purpose unless a justification for such a disclosure is documented.

VII. MINIMUM NECESSARY USES

Individuals who perform the City of Cadillac's functions use the minimum amount of Protected Health Information ("PHI") necessary to perform their duties.

PROCEDURE

- The City of Cadillac identifies the individuals who need access to PHI according to the categories of uses for payment or health care operations.
- The City of Cadillac identifies the type and minimum amount of PHI needed to administer the plan.
- The City of Cadillac determines the circumstances under which individuals who perform plan functions may use PHI.
- All individuals are required to use PHI in accordance with the determination made by the City of Cadillac of the minimum amount necessary to effectively administer the plan.
- When an individual performs more than one function for the City of Cadillac, the types of PHI and conditions for access are dependent on the function that the member is performing.
- Newly hired individuals who will perform plan administration functions are provided with information regarding their access to PHI during their initial training.

VIII. PRIVACY TRAINING

The City of Cadillac provides privacy training for all current and new workforce members under its direct control who perform Health Plan functions and have contact with participants' Protected Health Information ("PHI").

PROCEDURE

- All current members of the City of Cadillac's workforce who perform Health Plan functions received training regarding the requirements of the HIPAA Privacy Rule on 4-21-03.
- All new workforce members of the City of Cadillac who perform Health Plan functions receive privacy training as part of their initial training.
- All workforce members of the City of Cadillac who perform Health Plan functions and who change positions will receive new privacy training (as appropriate) at the time of the change.
- All affected members of the City of Cadillac's workforce receive retraining within a reasonable time if the City of Cadillac materially changes any privacy policy or procedure.
- Documentation of privacy training is maintained by the Privacy Official according to the requirements of the Privacy Rule.

IX. REQUEST FOR ACCESS

Participants have the right to request to inspect or obtain a copy of their Protected Health Information ("PHI") in the designated record set.

PROCEDURE

- 1) The City of Cadillac requires and informs participants that requests for access to PHI must be made in writing.
- 2) When a request for access to PHI is received, it will be acted upon according to the following time frames:
 - A. Within thirty (30) days if the requested information is maintained and accessible on site; or
 - B. Within sixty (60) days if the requested information is maintained off site.
- 3) If the request is granted, the City of Cadillac informs the participant and provides the access requested, within the time frames above.
- 4) The time frames stated above may be extended one time for no more than thirty (30) days. If the extension is necessary, the City of Cadillac will provide the participant, within the time frames above, a written statement that specifies the reason(s) for the delay and the date by which the participant may expect to receive a decision on the request to access the PHI for inspection and/or copying.
- 5) The City of Cadillac documents the records that comprise the designated record set that is subject to access requests and maintains such records for a period of six (6) years from the date they were created or were last in effect, whichever is later.
- 6) The City of Cadillac maintains the titles of the persons/offices responsible for receiving and processing access requests for a period of six (6) years.

When the City of Cadillac denies a request for access (in whole or in part):

- 7) The participant is given a statement written in plain language that includes:
 - A. the reasons for the denial decision;
 - B. if applicable, the participant's right to a review of the decision with an explanation of how to exercise this right; and
 - C. a description of how the participant may file a complaint with the Health Plan and DHHS, including the title and telephone number of a Health Plan contact person.
- 8) To the extent possible, the City of Cadillac will grant access to other PHI for which there are no grounds to deny access.
- 9) If the denial is reviewable and the participant requests such a review, the City of Cadillac will designate a licensed health care professional, not involved in the original denial decision, to serve as a reviewing official. Upon receipt of a review request, the City of Cadillac will promptly refer the denial to the reviewing official for reevaluation. The City of Cadillac will provide written notice to the participant of the reviewing official's determination.
- 10) If the City of Cadillac denies access because it does not maintain the PHI requested but knows where the requested PHI is maintained, the City of Cadillac will inform the participant of where to direct the request.

When a request for access is accepted (in whole or in part):

- 11) The participant is notified of the decision and may choose to inspect the PHI, copy it, or both, in the form or format requested.
- 12) In lieu of providing access, the City of Cadillac may provide a summary of the requested PHI, copy it, or both, in the form or format requested.
- 13) The City of Cadillac and the participant will arrange a mutually convenient time and place for the participant to inspect and/or obtain a copy of the requested PHI.
- 14) The City of Cadillac will mail a copy of the requested PHI if the participant prefers this method of obtaining a copy.

Fees charged by the City of Cadillac for access to PHI:

- 15) The City of Cadillac charges a reasonable, cost-based fee for copying, including labor and supplies (for instance, paper, computer disks).
- 16) The City of Cadillac charges the cost of postage when the participant requests that the information be mailed.
- 17) No fee is charged for retrieving or handling the PHI or for processing the participant's access request.
- 18) The City of Cadillac may charge a nominal fee for preparing an explanation or summary of the requested PHI if the participant is informed of and agrees to receive a summary of the PHI and is willing to pay the fee.

X. REQUESTS FOR ACCOUNTING

Participants have the right to request an accounting of the disclosures of their Protected Health Information ("PHI") for purposes other than treatment, payment or health care operations and other exceptions specified in the Privacy Rule.

PROCEDURE

- Effective April 14, 2003, the City of Cadillac will provide an accounting of disclosures of a participant's PHI for up to six (6) years prior to the date of the participant's request.
- The City of Cadillac does not provide an accounting of disclosures made for the following purposes:
 - pursuant to an authorization the individual has signed;
 - that are incidental to another permissible use or disclosure;
 - that are part of a limited data set;
 - made for the purposes of payment or health care operations, including those made to business associates;
 - made to the individual who is the subject of the information;
 - made for national security or intelligence purposes;
 - made to correctional institutions or law enforcement officials; and
 - made prior to April 14, 2003 (the compliance date of the Privacy Rule)

- When a request for an accounting of disclosures of PHI is received, it will be provided within sixty (60) days. If necessary, this time frame may be extended for thirty (30) days. The participant requesting the accounting will be informed in writing, within sixty (60) days of the original request, of the reason(s) for the delay and the date by which action will be taken upon the request.
- A participant may receive an accounting of disclosures once during any twelve (12) month period for no charge.
- If a participant requests more than one accounting within the same twelve (12) month period, a reasonable, cost-based fee may be charged by the City of Cadillac. The participant will be informed of the fee in advance and will be provided the opportunity to modify or withdraw the request.
- The accounting for each disclosure includes:
 - The date of the disclosure;
 - The name of the entity or person to whom the disclosure was made and their address (if known);
 - A brief description of the PHI disclosed;
 - One of the following:
 - A brief statement of the purpose of the disclosure; or
 - A copy of the written request for the disclosure from DHHS or from the appropriate entity.
- If the accounting includes multiple disclosures to the same person/entity for a single purpose, the accounting will include only the frequency or number of disclosures and the date of the last disclosure made during the accounting period for all disclosures after the first disclosure.
- The City of Cadillac maintains the information that is required to be included in an accounting of PHI for six (6) years from the date of its creation or the date when it was last in effect, whichever is later.
- Written accountings provided to individuals in response to a request are maintained for six (6) years from the date of the creation or the date when it was last in effect, whichever is later.
- The City of Cadillac maintains the titles of the persons/offices responsible for receiving and processing requests for an accounting for a period of six (6) years.

XI. REQUEST TO AMEND PROTECTED HEALTH INFORMATION

Participants have the right to request amendment of incorrect or incomplete Protected Health Information ("PHI") contained in the designated record set.

PROCEDURE

- The City of Cadillac requires and informs participants that requests for amendment of their PHI must be made in writing and must include a reason to support acceptance of the amendment.
- If the request for amendment is not received in writing, or if the written request does not include a reason in support of the request, the City of Cadillac will not act on the request.
- When a request for amendment of PHI is received, it will be acted on within sixty (60) days. If necessary, this time frame may be extended for thirty (30) days. The individual requesting the amendment will be informed in writing of the reason(s) for the delay and the date by which action will be taken on the request. The extension notice will be provided within sixty (60) days of receipt of the original request.

- The City of Cadillac documents the titles of the persons/offices responsible for receiving and processing requests for amendment and retains such documentation for a period of six (6) years.

When a request for amendment is denied:

- The participant is given a notice written in plain language that:
- Includes a permissible basis for denial¹;
- Informs the participant of the right to submit a statement of disagreement, and how to file the statement;
- States that if the participant does not file a statement of disagreement the participant may request that the City of Cadillac provide the request for amendment and the denial in any future release of the disputed PHI; and
- Includes a description of the procedure to file a complaint with the City of Cadillac or DHHS.
- If the individual chooses to write a statement of disagreement with the denial decision:
- The City of Cadillac may write a rebuttal statement and will provide a copy to the participant; and
- The City of Cadillac will include the request for amendment, denial letter, statement of disagreement, and rebuttal (if any), with any future disclosures of the disputed PHI.
- If the participant does not choose to write a statement of disagreement with the denial decision, the City of Cadillac is not required to include the request for amendment and denial decision letter with future disclosures of the disputed PHI unless requested by the participant.

When a request for amendment is accepted (in whole or in part):

- The City of Cadillac will identify the record(s) that are the subject of the amendment request and will append the amendment to the record(s).
- The City of Cadillac will inform the participant that his or her request for amendment has been accepted and request the identification of and permission to contact other individuals or health care entities that need to be informed of the amendment(s).
- The City of Cadillac will make reasonable efforts to provide the amendment within a reasonable time to the persons/entities identified by the participant as well as persons and Business Associates who the Health Plan knows have the disputed PHI and may rely on it to the participant's detriment.

Receipt of notification of amendment from other Covered Entities:

- When the City of Cadillac receives notification from another Covered Entity that a participant's PHI has been amended:
 - The City of Cadillac will ensure that the amendment is appended to all applicable records of the participant, and
 - The City of Cadillac will inform its Business Associates that may use or rely on the participant's PHI of the amendment and require them to make the necessary corrections.

XII. REQUEST FOR CONFIDENTIAL COMMUNICATIONS

¹ The information requested was not created by the Health Plan, is accurate and complete, is not part of the record, or may not legally be changed (e.g., information compiled in anticipation of a civil, criminal or administrative proceeding).

Participants have the right to request restrictions on how and where their Protected Health Information ("PHI") is communicated.

PROCEDURE

- The City of Cadillac requires participants who desire their PHI to be communicated in an alternative manner or location than the Health Plan would otherwise use, to specify the alternative location or other method of communication.
- The City of Cadillac requires that the participant clearly state that the restriction is necessary to prevent a disclosure that could endanger the participant.
- The City of Cadillac does not refuse to accommodate such requests unless the request imposes an unreasonable administrative burden.
- The participant may request confidential communication at any time.
- The request must be made in writing to:

Human Resources
City of Cadillac
200 N. Lake Street
Cadillac, MI 49601

- Written documentation of the participant's request, if granted, will be placed in the participant's record(s).

XIII. REQUEST TO RESTRICT ACCESS

Participants have the right to request restrictions on how their Protected Health Information ("PHI") is used and/or disclosed for treatment, payment and health care operations.

PROCEDURE

- 1) Participants are informed of their right to request restrictions on the use and disclosure of their PHI in the City of Cadillac's Notice of Privacy Practices ("Notice").
- 2) All requests by participants for restrictions on the use and disclosure of their PHI must be forwarded to the Privacy Official or Claims Manager for approval.
- 3) Workforce members or Business Associates who perform plan functions may not grant or deny a participant's request for restrictions without prior authorization from the Privacy Official or Claims Manager.

When a request for restriction(s) is accepted:

- 4) The participant will be informed of any potential consequences of the restriction;
- 5) A notation will be made in the participant's record(s);
- 6) The City of Cadillac will not use or disclose PHI inconsistent with the agreed restriction, nor will its Business Associates;

- 7) The participant will be informed that the City of Cadillac is not required to comply with the agreed upon restriction(s) in emergency treatment situations when the restricted PHI is needed for treatment;
- 8) If the agreed upon restriction hampers treatment, the City of Cadillac will ask the participant to modify or revoke the restriction and get written agreement to the modification or revocation or document an oral agreement;
- 9) The use and/or disclosure of PHI will be consistent with the status of the restriction in effect on the date it is used or disclosed; and
- 10) Written documentation of the agreed to restriction will be maintained for six (6) years from the date of its creation or the date when it was last in effect, whichever is later.

When a request for restriction(s) is denied by the City of Cadillac:

- 11) The participant will be given the opportunity to discuss his or her privacy concerns, if desired; and
- 12) Efforts will be made to assist the participant in modifying the request for restrictions to accommodate his or her concerns and obtain acceptance by the City of Cadillac.

XIV. USE OF AUTHORIZATION

Authorizations are required for the use and disclosure of Protected Health Information ("PHI") for purposes other than the permitted uses and disclosures specified in the Privacy Rule.

PROCEDURE

- The City of Cadillac does not obtain an authorization from the participant to:
 - Use or disclose PHI for the City of Cadillac payment or Health Care Operations;
 - Disclose PHI to a Health Care Provider for the participant's treatment;
 - Disclose PHI to another Covered Entity or a Health Care Provider for that entity's payment activities; and
 - Disclose PHI to another Covered Entity for that entity's Health Care Operations if both entities have or had a relationship with the participant whose PHI is being requested, the PHI pertains to the current or former relationship, and the purpose of the disclosure is for:
 - A Health Care Operations activity for which the Privacy Rule states an authorization is not required; or
 - Detection of health care fraud and abuse or compliance with health care fraud and abuse laws.
 - Use or disclose PHI as specifically permitted by the Privacy Rule pursuant to an exception.
- When authorization is needed, the participant is provided with a copy of the authorization form and asked to sign it.
 - Signing the authorization form is voluntary and the participant may refuse to sign it.

- A copy of the signed authorization is provided to the participant.
- The participant may revoke the authorization, in writing, at any time.
- The permissions granted in the authorization are not acted upon if the authorization has been revoked or if it has expired.
- The authorization is documented and retained for a period of six (6) years after it was created or expired, whichever date is later.

XV. PRIVACY AND MARKETING

The City of Cadillac's marketing activities protect the privacy of Protected Health Information ("PHI") and include provisions for participants to authorize marketing communications.

PROCEDURE

- Marketing includes communications that encourage participants to purchase or use a product or service.
- Marketing does not include:
 - The City of Cadillac's description of a health-related product or service (or payment for such product or service) that the City of Cadillac provides or includes in its plan of benefits, including communications about the City of Cadillac's participating providers or network.
 - The City of Cadillac's description of replacement of or enhancements to a Health Plan.
 - The City of Cadillac's description of health-related products or services that are only available to Health Plan participants and that are not part of the plan of benefits, but add value to it.
- Communications for treatment of the participant.
- Communications for the participant's case management or care coordination, or to direct or recommend treatment alternatives, therapies, Health Care Providers or settings of care.
- The City of Cadillac does not allow its Business Associates or others to use PHI for their own marketing purposes without obtaining authorizations from the participants who are the subject of the PHI.

XVI. DECEASED INDIVIDUALS

The City of Cadillac protects the Protected Health Information ("PHI") of deceased Health Plan participants in the same manner and to the same extent as it did prior to the participant's death.

PROCEDURE

- Protection of the privacy of a deceased participant's PHI is provided for as long as the City of Cadillac maintains this information.
- A personal representative of the deceased participant (someone with legal authority to act on behalf of the deceased participant or his or her estate) may exercise the deceased participant's rights with respect to PHI.