

NOTICE OF PRIVACY PRACTICES FOR PROTECTED HEALTH INFORMATION

NOTICE OF PRIVACY PRACTICES

45 CFR §164.520(b)(1)(i).

THIS NOTICE DESCRIBES HOW MEDICAL INFORMATION ABOUT YOU MAY BE USED AND DISCLOSED AND HOW YOU CAN GET ACCESS TO THIS INFORMATION. PLEASE REVIEW IT CAREFULLY.

The Town of Normal Medical and Dental Plans, the Employee Assistance Program and the Section 125 Flexible Benefit Program, collectively the "Plan", strive to provide insurance and other benefits in a confidential and private manner. The use and disclosure of private medical information is regulated by a federal law- the Health Insurance Portability and Accountability Act, known as HIPAA. The specific requirements of that law are set forth in Federal regulations. These regulations may be found at Code of Federal Regulations Parts 160 and 164. This notice attempts to summarize the regulations and the Plan's implementation of those regulations. It is the Plan's desire and intent to abide by and follow those regulations. Wherever this Notice contains insufficient information to establish a procedure for the Plan, the Plan shall refer to the Federal regulations for guidance.

The Plan is required to take steps to ensure the privacy of your personally identifiable health information and to inform you about the Plan's uses and disclosures of Protected Health Information (PHI), your privacy rights with respect to your PHI, the Plan's duties with respect to your PHI, your right to file a complaint with the Plan and to the Secretary of the U.S. Department of Health and Human Services, and the person or office to contact for further information about the Plan's privacy practices.

I. Definitions

"Business associate" has the definition found at *45 CFR 160.103*. Business associates refer to entities and persons other than the Plan and its employees who deal with protected health information on behalf of the Plan. All business associates are required to have privacy practices in place to comply with the Plan's privacy policy and Federal and State law.

"De-identified information" is health information that does not identify an individual and with respect to which there is no reasonable basis to believe that the information can be used to identify an individual. De-identified information is not individually identifiable health information. *45 CFR 164.515 (a)*.

"Designated Record Set" has the definition found at *45 CFR 164.501*. This definition includes the medical records and billing records about individuals maintained by or for a covered health care provider; enrollment, payment, billing, claims adjudication and case or medical management record systems maintained by or for a health plan; or other information used in whole or in part by or for the Plan to make decisions about individuals. Information used for quality control or peer review analyses and not used to make decisions about individuals is not in the designated record set.

"Healthcare operations" has the definition found at *45 CFR 164.501*. This definition includes conducting quality assessment and improvement activities, reviewing the competence or qualifications of healthcare professionals, underwriting activities, medical review, legal and audit functions, business planning and development and business management and general administrative activities.

"Individually identifiable health information" has the definition found at *45 CFR 160.103* This definition includes all information that "relates to the past, present or future physical or mental health of condition of an individual; the

NOTICE OF PRIVACY PRACTICES FOR PROTECTED HEALTH INFORMATION

provision of health care to an individual; or the past, present or future payment for the provision of health care to an individual."

"Payment" has the definition found at *45 CFR 164.501*. This definition includes activities involving obtaining premiums, payment reimbursements, eligibility and coverage determinations, risk adjustments, billing, claims management, collection activities, re-insurance including stop loss and excess loss insurance, health care data processing, review of health care services with respect to medical necessity, coverage, appropriateness of care or justification of charges, precertification and preauthorization of services, and disclosure to consumer reporting agencies of limited information relating to collection of premiums or reimbursements.

"Plan" means the Town of Normal health and dental plans, Employee Assistance Program, and Section 125 flexible benefit plan.

"Plan Sponsor" means the Town of Normal.

"Protected Health Information" (PHI) has the definition found at *45 CFR 164.501* and includes all "individually identifiable health information" transmitted or maintained by the Plan, regardless of form (oral, written, electronic).

"Treatment" has the definition found at *45 CFR 164.501* and means "the provision, coordination or management of health care and related services by one or more health care providers, including the coordination or management of health care by a health care provider with a third party; consultation between health care providers relating to a patient; or the referral of a patient for health care from one health care provider to another."

II. Notice of PHI Uses and Disclosures

A. Uses and disclosures for treatment, payment and health care operations

The Plan and its business associates will use PHI without your consent, authorization or opportunity to agree or object to carry out treatment, payment and health care operations. The Plan also will disclose PHI to the Plan Sponsor, Town of Normal, for purposes related to treatment, payment and health care operations. The Plan Sponsor has amended its plan documents to protect your PHI as required by federal law.

Treatment involves the provision, coordination or management of health care and related services, and includes, but is not limited to, consultations and referrals between one or more of your providers. (Example, the Plan may disclose to a treating orthodontist the name of your treating dentist so that the orthodontist may ask for your dental X-rays from the treating dentist.)

Payment involves but is not limited to actions to make coverage determination, billing, claims management, subrogation, plan reimbursement, reviews for medical necessity and appropriateness of care and utilization review and precertifications and preauthorizations. (Example: the Plan may tell a doctor whether you are eligible for coverage or what percentage of the bill will be paid by the Plan.)

Health care operations involve but are not limited to quality assessment and improvement, reviewing competence or qualifications of health care professionals, underwriting, premium rating and other insurance activities relating to creating or renewing insurance contracts. Health care operations also includes disease

NOTICE OF PRIVACY PRACTICES FOR PROTECTED HEALTH INFORMATION

management, case management, conducting or arranging for medical review, legal services and auditing functions including fraud and abuse compliance programs, business planning and development, business management and general administrative activities. (Example: the Plan may use information about your claims to refer you to a disease management program, project future benefit costs or audit the accuracy of its claims processing functions.)

B. Uses and disclosures that require your written authorization

Your written authorization will be obtained before the Plan will use or disclose psychotherapy notes about you from your psychotherapist. Psychotherapy notes are separately filed notes about your conversations with your mental health professional during a counseling session. They do not include summary information about your mental health treatment. The Plan may use and disclose such notes when needed by the Plan to defend against litigation filed by you.

C. Uses and disclosures for which consent authorization or opportunity to object is not required

As set forth and limited by 45 CFR 164.512, the following disclosures and uses of PHI may occur without your authorization or opportunity to object:

- i. When required by law.
- ii. When permitted for purposes of public health activities, including when necessary to report product defects, to permit product recalls and to conduct post-marketing surveillance. PHI may also be used or disclosed if you have been exposed to a communicable disease or are at risk of spreading a disease or condition, if authorized by law. Public health activities also include reporting of child abuse.
- iii. When authorized by law to report information about abuse, neglect or domestic violence to public authorities if there exists a reasonable belief that you may be a victim of abuse, neglect or domestic violence. In such case, the Plan will promptly inform you that such a disclosure has been or will be made unless that notice would cause a risk of serious harm.
- iv. To a public health oversight agency for oversight activities authorized by law. This includes uses or disclosures in civil, administrative or criminal investigations; inspections; licensure or disciplinary actions (example: to investigate complaints against providers); and other activities necessary for appropriate oversight of government benefit programs (example: investigate Medicare or Medicaid fraud).
- v. When required for judicial or administrative proceedings. For example, your PHI may be disclosed in response to a subpoena or discovery request provided certain conditions are met. One of those conditions is that satisfactory assurances must be given to the Plan that the requesting party has made a good faith attempt to provide written notice to you, and the notice provided sufficient information about the proceeding to permit you to raise an objection and no objections were raised or were resolved in favor of disclosure by the court or tribunal.
- vi. When required for law enforcement purposes (for example, to report certain types of wounds). For law enforcement purposes, including for the purpose of identifying or locating a suspect, fugitive, material witness or missing person, certain requirements must be met. When disclosing information about an individual who is or is suspected to be a victim of a crime, the individual must agree to the disclosure or the Plan must show that it is

NOTICE OF PRIVACY PRACTICES FOR PROTECTED HEALTH INFORMATION

unable to obtain the individual's agreement because of emergency circumstances. Furthermore, the law enforcement official must represent that the information is not intended to be used against the individual and that the immediate law enforcement activity would be materially and adversely affected by waiting to obtain the individual's agreement and disclosure is in the best interest of the individual as determined by the exercise of the Plan's best judgment.

vii. To coroners, or medical examiner to identify a deceased person, determining a cause of death or other duties as authorized by law. Also, disclosure is permitted to funeral directors, consistent with applicable law, as necessary to carry out their duties with respect to the decedent.

viii. To organ procurement programs for the purpose of cadaveric organ, eye or tissue donation.

ix. For research purposes subject to numerous conditions.

x. To avert a serious threat to health or safety.

xi. For specialized government functions. For purposes of the Armed Forces, foreign military personnel, national security, intelligence activities, security for the President and others, PHI may be disclosed. PHI may also be disclosed to correctional institutions for the health and safety of the individual or other inmates or employees of the institution.

xii. When authorized by and to the extent necessary to comply with workers' compensation or other similar programs established by law.

xiii. To the Secretary of the Department of Health and Human Services to investigate or determine the Plan's compliance with the privacy regulations.

D. Uses and disclosures that require that you be given an opportunity to agree or disagree prior to the use or release

Except as otherwise indicated in this notice, uses and disclosures will be made only with your written authorization subject to your right to revoke such authorization unless future regulation changes permit the use.

Disclosure of your PHI to family members, other relatives and your close personal friends is allowed only if the information is directly relevant to the family or friend's involvement with your care or payment for that care, and you have either agreed to the disclosure or have been given an opportunity to object and have not objected. PHI may also be disclosed to family members or other relatives or close personal friends, when you are unable to object and such disclosure is in your best interests.

III. Rights of Individuals

A. Right to Request Restrictions on PHI Uses and Disclosures

You may request the Plan restrict uses and disclosures of your PHI to carry out treatment, payment or health care operations, or to restrict uses and disclosures to family members, relatives, friends or other persons identified by you who are involved in your care or payment for your care. However, the Plan is not required to agree to your request.

NOTICE OF PRIVACY PRACTICES FOR PROTECTED HEALTH INFORMATION

B. Right to Receive PHI by Alternative means.

Generally, PHI will be sent by the Plan to your home in writing. The Plan will accommodate reasonable requests to receive communications of PHI by alternative means or at alternative locations. The Plan must accommodate reasonable requests for alternative communications if disclosure of PHI would endanger an individual.

C. Right to Inspect, and Copy

You have a right to inspect and obtain a copy of your PHI contained in a "designated record set," for as long as the Plan maintains the PHI. The Plan may discuss with you any limitation you wish to place on the material you wish to inspect.

D. Right to Amend PHI

You have a right to amend PHI in your designated record set. The Plan may deny your request to amend as set forth in 45 CFR 164.526(a)(2).

E. Right to Receive an Accounting of PHI Disclosures

The Plan is required to maintain an accounting of all disclosures of your PHI. You have a right to this accounting of disclosures by the Plan of your PHI during the six years prior to the date of your request. Such accounting need not include PHI disclosures made: (1) to carry out treatment, payment or health care operations; (2) to individuals about their own PHI; or (3) prior to April 14, 2004.

F. Right to Receive a Paper Copy of This Notice Upon Request

You have the right to receive a paper copy of this notice upon request.

G. Right to File a Complaint

If you believe that your privacy rights have been violated, you may complain to the Plan. You may also complain to the Secretary of the U.S. Department of Health and Human Service. The Plan or the Plan Sponsor may not retaliate against you for filing a complaint.

IV. How to exercise your rights

A. All requests involving your rights shall be submitted to the Human Resources Department, Town of Normal, 100 E. Phoenix Ave., Normal, IL 61761 in writing on designated forms established by the Plan. You may act on your own behalf or through a personal representative. If a request is made through a personal representative, the Plan may require proof that the representative has authority to act on your behalf.

B. Requests to inspect or copy PHI. The requested information will be provided within 30 days if the information is maintained on site or within 60 days if the information is maintained offsite. A single 30-day

NOTICE OF PRIVACY PRACTICES FOR PROTECTED HEALTH INFORMATION

extension is allowed if the Plan is unable to comply with the deadline. The Plan may charge a fee to cover costs of copying, including labor, and postage.

If access is denied, you or your personal representative will be provided with a written denial setting forth the basis for the denial, a description of how you may exercise your review rights and a description of how you may complain to the Secretary of the U.S. Department of Health and Human Services.

C. Requests to Amend your PHI. You can request the Plan amend your PHI or a record about you in a designated record set for as long as the PHI is maintained in the designated record set. The Plan has 60 days after the request is made to act on the request. A single 30-day extension is allowed if the Plan is unable to comply with the deadline. If the request is denied in whole or part, the Plan must provide you with a written denial that explains the basis for the denial. You may then submit a written statement disagreeing with the denial and have that statement included with any future disclosures of your PHI.

D. Requests For Accounting.

The Plan has sixty days to provide you with an accounting of disclosures. If the accounting cannot be provided within 60 days, an additional 30 days is allowed if the individual is given a written statement of the reasons for the delay and the date by which the accounting will be provided. If you request more than one accounting within a 12-month period, the Plan will charge a reasonable, cost-based fee for each subsequent accounting. If the accounting is denied, you or your personal representative will be provided with a written denial setting forth the basis for the denial, a description of how you may exercise your review rights and a description of how you may complain to the Secretary of the U.S. Department of Health and Human Services.

E. Request for a Paper Copy of this Notice.

To obtain a paper copy of this Notice contact the Human Resources Department.

F. Requests for Restrictions on Uses and Disclosures.

The Plan will respond in writing to a request for a restriction on uses and disclosures.

G. Requests to Receive PHI By alternative means.

The Plan will respond in writing to a request to receive PHI by alternative means. If the request is denied, you or your personal representative will be provided with a written denial setting forth the basis for the denial, a description of how you may exercise your review rights and a description of how you may complain to the Secretary of the U.S. Department of Health and Human Services.

H. Filing a Complaint

Complaints must set forth with sufficient detail the exact nature of the violation. The Plan will respond to complaints in writing. Complaints to the Plan shall be sent to the Plan in care of the following person:

Human Resources Generalist
Town of Normal
100 E. Phoenix Ave.

NOTICE OF PRIVACY PRACTICES FOR PROTECTED HEALTH INFORMATION

Normal, IL 61761

You may file a complaint with the Secretary of the U.S. Department of Health and Human Services, Hubert H. Humphrey Building, 200 Independence Avenue S.W., Washington, D.C. 20201.

V. The Plan's Duties

A. Duty to follow Practices Set forth in this notice and to provide notice of changes.

The Plan is required by law to maintain the privacy of PHI and to provide individuals (participants and beneficiaries) with notice of its legal duties and privacy practices. This notice is effective beginning April 14, 2004 and the Plan is required to comply with the terms of this notice. However, the Plan reserves the right to change its privacy practices and to apply the changes to any PHI received or maintained by the Plan prior to that date. If a privacy practice is changed, a revised version of this notice will be provided [to all past and present participants and beneficiaries] for whom the Plan still maintains PHI to be received by US mail, interoffice mail or by email. Any revised version of this notice will be distributed within 60 days of the effective date of any material change to the uses or disclosures, the individual's rights, the duties of the Plan or other privacy practices stated in this notice.

B. Duty to Utilize Minimum Necessary Standard

When using or disclosing PHI or when requesting PHI from another covered entity, the Plan will make reasonable efforts not to use, disclose or request more than the minimum amount of PHI necessary to accomplish the intended purpose of the use, disclosure or request, taking into consideration practical and technological limitations.

The minimum necessary standard does not apply in the following situations:

- disclosures to or requests by a health care provider for treatment;
 - uses or disclosures made to the individual;
 - disclosures made to the Secretary of the U.S. Department of Health and Human Services;
 - uses or disclosures that are required by law; and
 - uses or disclosures that are required for the Plan's compliance with legal regulations.
- de-identified information.

VI. No Additional Rights Granted

Nothing in this Notice of Privacy Practices for Protected Health Information grants to any individual a cause of action against the Plan or Plan Sponsor. Any action against the Plan or Plan Sponsor for violation of any right to privacy or similar claim shall be limited to those causes provided for in Federal or State Law. The Plan and Plan Sponsor specifically reserve the right to bring forth any defenses that they have to such action, including but not limited to the invalidity of HIPAA. Such reservation of right to bring defenses shall remain notwithstanding any language which may exist in this Notice of Privacy Practices.

NOTICE OF PRIVACY PRACTICES FOR PROTECTED HEALTH INFORMATION

VII. Contact Person

All comments, questions and inquiries regarding this Notice and the privacy practices of the Plan shall be made to:

Human Resources
Town of Normal
100 E. Phoenix Ave.
Normal, IL 61761
(309) 454-9675

VIII. Effective Date

This notice is effective April 14, 2004.