

FLEXIBLE BENEFITS PLAN NOTICE OF PRIVACY PRACTICES

INTRODUCTION

This Notice of Privacy Practices has been created to help you understand the rules designed to protect your Protected Health Information (“PHI”). PHI is individually identifiable health information, including demographic information, collected from you or created or received by a health care provider, a health care clearinghouse, a health plan, or your employer on behalf of a group health plan, that relates to: 1) your past, present or future physical or mental health or condition; 2) the provision of health care to you; or 3) the past, present or future payment for the provision of health care to you.

This Notice also describes your legal rights regarding your PHI. Your PHI will be used and disclosed as described in this notice. The Plan will obtain prior written authorization for use and disclosure not described in this Notice.

PLAN RESPONSIBILITIES

The Plan is required by law to maintain the privacy of PHI and provide you with notice of its legal duties and privacy practices with respect to PHI. The plan is also required to abide by the terms of the Notice.

We reserve the right to change the terms of this Notice and to make new provisions regarding your PHI that we maintain, as required or allowed by law. In the event we make a material change to this Notice you will receive information regarding those changes and how to receive a revised copy of the Notice.

When using or disclosing PHI 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.

HOW WE MAY USE AND DISCLOSE YOUR PHI

Under the law, we may use or disclose your PHI under certain circumstances without your permission. The following describes the different ways we may use and disclose your PHI.

For Treatment. We may use or disclose PHI for the provision, coordination, or management of health care and related services for an individual by one or more health care providers, including consultation between providers regarding a patient and referral of a patient by one provider to another.

For Payment. We may use or disclose your PHI for activities to obtain reimbursement for health care services or products. This includes but is not limited to actions to make coverage determinations and payment (including billing, claims management, subrogation, plan reimbursement, review for medical necessity and appropriateness of care and utilization review and preauthorizations).

Health Care Operations. We may use or disclose PHI for any of the following activities: (a) quality assessment and improvement activities, including case management and care coordination; (b) competency assurance activities, including provider or health plan performance evaluation, credentialing, and accreditation; (c) conducting or arranging for medical reviews, audits, or legal services, including fraud and abuse detection and compliance programs; (d) specified insurance functions, such as underwriting, risk rating, and reinsuring risk; (e) business planning, development, management, and administration; and (f) business management and general administrative activities of the Plan, including but not limited to: de-identifying protected health information, creating a limited data set, and certain fundraising for the benefit of the Plan.

To Business Associates. We may use or disclose PHI with Business Associates. A Business Associate is a person or organization, other than a member of the Plan's workforce, that performs certain functions or activities on behalf of, or provides certain services to, the Plan that involve the use or disclosure of individually identifiable health information. Business Associate functions or activities on behalf of a Plan include claims processing, data analysis, utilization review, and billing.

Incidental Use and Disclosure. HIPAA does not require that every risk of an incidental use or disclosure of PHI be eliminated. A use or disclosure of this information that occurs as a result of, or as "incident to," an otherwise permitted use or disclosure is permitted as long as the Plan has adopted reasonable safeguards as required by HIPAA, and the information being shared was limited to the minimum necessary.

Public Interest and Benefit Activities. The Privacy Rule permits use and disclosure of protected health information, without an individual's authorization or permission, for 12 national priority purposes. These include:

Required by Law. We may use or disclose PHI as required by law.

Public Health Activities. We may disclose PHI to: (1) public health authorities authorized by law to collect or receive such information for preventing or controlling disease, injury, or disability and to public health or other government authorities authorized to receive reports of child abuse and neglect; (2) entities subject to FDA regulation regarding FDA regulated products or activities for purposes such as adverse event reporting, tracking of products, product recalls,

and post-marketing surveillance; (3) individuals who may have contracted or been exposed to a communicable disease when notification is authorized by law; and (4) employers, regarding employees, when requested by employers, for information concerning a work-related illness or injury or workplace related medical surveillance, because such information is needed by the employer to comply with the Occupational Safety and Health Administration (OHSA), the Mine Safety and Health Administration (MHSA), or similar state law.

Victims of Abuse, Neglect or Domestic Violence. We may disclose PHI to appropriate government authorities regarding victims of abuse, neglect, or domestic violence.

Health Oversight Activities. We may disclose PHI to health oversight agencies (as defined in the Rule) for purposes of legally authorized health oversight activities, such as audits and investigations necessary for oversight of the health care system and government benefit programs.

Judicial and Administrative Proceedings. We may disclose PHI in a judicial or administrative proceeding if the request for the information is through an order from a court or administrative tribunal. Such information may also be disclosed in response to a subpoena or other lawful process if certain assurances regarding notice to the individual or a protective order are provided.

Law Enforcement Purposes. We may disclose PHI to law enforcement officials for law enforcement purposes under the following six circumstances, and subject to specified conditions: (1) as required by law (including court orders, court-ordered warrants, subpoenas) and administrative requests; (2) to identify or locate a suspect, fugitive, material witness, or missing person; (3) in response to a law enforcement official's request for information about a victim or suspected victim of a crime; (4) to alert law enforcement of a person's death, if the Plan suspects that criminal activity caused the death; (5) when the Plan believes that protected health information is evidence of a crime that occurred on its premises; and (6) by a covered health care provider in a medical emergency not occurring on its premises, when necessary to inform law enforcement about the commission and nature of a crime, the location of the crime or crime victims, and the perpetrator of the crime.

Decedents. We may disclose PHI to funeral directors as needed, and to coroners or medical examiners to identify a deceased person, determine the cause of death, and perform other functions authorized by law

Cadaveric Organ, Eye, or Tissue Donation. We may disclose PHI to facilitate the donation and transplantation of cadaveric organs, eyes, and tissue.

Research. We may disclose PHI for research provided certain conditions are met.

Serious Threat to Health or Safety. We may disclose PHI that we believe is necessary to prevent or lessen a serious and imminent threat to a person or the public.

Essential Government Functions. We may disclose PHI for certain essential government functions.

Workers Compensation. We may disclose PHI as authorized by, and to comply with, workers' compensation laws and other similar programs providing benefits for work-related injuries or illnesses.

Use and Disclosure to Personal Representatives, Family Members, and pursuant to an Authorization. We may use or disclose your PHI to an individual authorized by you, or to a personal representative, attorney, provided the Plan has received written notice or authorization and supporting documentation. We may rely on an individual's informal permission to disclose to the individual's family, relatives, or friends, or to other persons, whom the individual identifies, protected health information directly relevant to that person's involvement in the individual's care or payment for care.

YOUR RIGHTS WITH RESPECT TO YOUR PHI

You have the following rights with respect to your PHI:

The right to request restrictions on certain uses and disclosures of PHI.

You have the right to request a restriction of the use or disclosure of PHI for treatment, payment, or health care operations. Please note that the Plan is not required to agree to the requested restriction.

The right to receive confidential communications of PHI. You may request an alternative means or location for receiving communications of protected health information. For example, you may request that the Plan communicate with the individual through a designated address or phone number.

The right to inspect and copy PHI. You have the right to review and obtain a copy of your PHI contained in a designated record set. The "designated record set" is a group of records maintained by or for the Plan that is used, in whole or part, to make decisions about individuals, or that is a provider's medical and billing records about individuals or a health plan's enrollment, payment, claims adjudication, and case or medical management record systems.

The right to amend PHI. You have the right to amend your PHI in a designated record set when that information is inaccurate or incomplete. To request an

amendment, your request must be in writing and submitted to the Plan. You must supply a reason that supports your request. In the event the Plan denies your request you may submit a statement of disagreement.

The right to receive an accounting of disclosures of PHI. You have a right to an accounting of the disclosures of your PHI by the Plan or its business associates. This does not include disclosures; (a) for treatment, payment, or health care operations; (b) to the individual or the individual's personal representative; (c) for notification of or to persons involved in an individual's health care or payment for health care, for disaster relief, or for facility directories; (d) pursuant to an authorization; (e) of a limited data set; (f) for national security or intelligence purposes; (g) to correctional institutions or law enforcement officials for certain purposes regarding inmates or individuals in lawful custody; or (h) incident to otherwise permitted or required uses or disclosures.

The right to receive a paper copy of the Notice upon request. You have the right to a paper copy of this notice. To obtain a paper copy please contact:

Name or Title:

Phone:

CONCLUSION

If you believe your privacy rights have been violated you may file a complaint with the Plan or with the Office of Civil Rights of the United States Department of Health and Human Services.

To file a complaint with the Plan, contact:

Name or Title:

Phone number:

The Plan will not penalize you or retaliate against you for filing a complaint with either the Plan or the Department of Health or Human Services.

This Notice is effective beginning April 6, 2007.