

under this Plan, or for the acts of the Utilization Review Coordinator in performing their duties under this Plan.

FUNDING

If contributions are required of employees or dependents covered under this Plan, the Plan Administrator will maintain a Trust or otherwise account for the receipt of money and property to fund the Plan, for the management and investment of such funds and for the payment of claims and expenses from such funds. The terms of the Trust (when applicable) are hereby incorporated by reference, as of the effective date of the Trust, as a part of this Plan.

The Participating Group(s) shall deliver from time to time to the Plan Administrator or the Trust such amounts of money and property as shall be necessary to provide the Trust with sufficient funds to pay all claims and reasonable expenses of administering the Plan as the same shall be due and payable. The Plan Administrator may provide for all or any part of such funding by insurance issued by a company duly qualified to issue insurance for such purpose in the state of situs, and may pay the premiums therefore directly or by funds deposited in the Trust.

All funds received by the Trust and all earnings of the Trust shall be applied toward the payment of claims and reasonable expenses of administration of the Plan except to the extent otherwise provided by the Plan Documents. The Plan Administrator may appoint an investment manager or managers to manage (including the power to acquire and dispose of) any assets of the Plan.

Any fiduciary, employee, agent, representative or other individual performing services to or for the Plan or Trust shall be entitled to reasonable compensation for services rendered, unless such individual is the Plan Administrator, and for reimbursement of expenses properly and actually incurred.

EXCERPT FROM CITY OF YAKIMA'S 2008 HEALTH CARE PLAN

HIPAA PRIVACY AND SECURITY

Use and Disclosure of Protected Health Information (PHI)

Under the HIPAA privacy rules **effective April 14, 2003**, the Plan Sponsor must establish the permitted and required uses of Protected Health Information (PHI).

Plan Sponsor's Certification of Compliance

Neither the Plan nor any health insurance issuer or business associate servicing the Plan will disclose Plan Enrollees' PHI to the Employer (Plan Sponsor) unless the Employer (Plan Sponsor) certifies its compliance with 45 Code of Federal Regulations §164.504(f) (2) (collectively referred to as The Privacy Rule) as set forth in this Article, and agrees to abide by any revisions to The Privacy Rules.

Restrictions on Disclosure of PHI to Employer (Plan Sponsor)

The Plan and any health insurance issuer or business associate servicing the Plan will disclose Plan Enrollees' PHI to the Employer (Plan Sponsor) only to permit the Employer (Plan Sponsor) to carry out plan administration functions for the Plan consistent with the requirements of the Privacy Rule. Any disclosure to and use by the Employer (Plan Sponsor) of Plan Enrollees' PHI will be subject to and consistent with the provisions of paragraphs on **Employer (Plan Sponsor) Obligations Regarding Protecting PHI** and **Adequate Separation Between the Employer (Plan Sponsor) and the Plan** of this Article.

Neither the Plan nor any health insurance issuer or business associate servicing the Plan will disclose Plan Enrollees' PHI to the Employer (Plan Sponsor) unless the disclosures are explained in the Notice of Privacy Practices distributed to the Plan Enrollees.

Neither the Plan nor any health insurance issuer or business associate servicing the Plan will disclose Plan Enrollees' PHI to the Employer (Plan Sponsor) for the purpose of employment-related actions or decisions or in connection with any other benefit or employee benefit plan of the Employer (Plan Sponsor).

Employer (Plan Sponsor) Obligations Regarding Protecting PHI

The Employer (Plan Sponsor) will:

- Neither use nor further disclose Plan Enrollees' PHI, except as permitted or required by the Plan Documents, as amended, or required by law
- Ensure that any agent, including any subcontractor, to whom it provides Plan Enrollees' PHI, agrees to the restrictions and conditions of the Plan Documents, including this Article, with respect to Plan Enrollees' PHI
- Not use or disclose Plan Enrollees' PHI for employment-related actions or decisions or in connection with any other benefit or employee benefit plan of the Employer (Plan Sponsor)
- Report to the Plan any use or disclosure of Plan Enrollees' PHI that is inconsistent with the uses and disclosures allowed under this Article promptly upon learning of such inconsistent use or disclosure
- Make PHI available to the Plan Enrollee who is the subject of the information in accordance with 45 Code of Federal Regulations § 164.524
- Make Plan Enrollees' PHI available for amendment, and will on notice amend Plan Enrollees' PHI, in accordance with 45 Code of Federal Regulations § 164.526
- Track disclosures it may make of Plan Enrollees' PHI so that it can make available the information required for the Plan to provide an accounting of disclosures in accordance with 45 Code of Federal Regulations § 164.528
- Make available its internal practices, books, and records, relating to its use and disclosure of Plan Enrollees' PHI, to the Plan and to the U.S. Department of Health and Human Services to determine compliance with 45 Code of Federal Regulations Parts 160-64
- If feasible, return or destroy all Plan Enrollee PHI, in whatever form or medium (including any electronic medium under the Employer's (Plan Sponsor's) custody or control), received from the Plan, including all copies of and any data or compilations derived from and allowing identification of any Enrollee who is the subject of the PHI, when the Plan Enrollees' PHI is no longer needed for the plan administration functions for which the disclosure was made. If it is not feasible to return or destroy all Plan Enrollee PHI, the Employer (Plan Sponsor) will limit the use or disclosure of any Plan Enrollee PHI it cannot feasibly return or destroy to those purposes that make the return or destruction of the information infeasible

Adequate Separation Between the Employer (Plan Sponsor) and the Plan

The following classes of employees or other workforce members under the control of the Employer (Plan Sponsor) may be given access to Plan Enrollees' PHI received from the Plan or a health insurance issuer or business associate servicing the Plan:

- **City Manager**
- **Assistant City Manager**
- **Human Resource Manager**
- **Deputy Human Resource Manager**
- **Human Resource Support Staff**
- **City Attorney or Designee**
- **Director of Finance and Budget**
- **Deputy Director of Accounting and Budgeting**
- **City Clerk (Privacy Officer)**

This list includes every class of employees or other workforce members under the control of the Employer (Plan Sponsor) who may receive Plan Enrollees' PHI relating to payment under, health care operations of, or other matters pertaining to the Plan in the ordinary course of business. The identified classes of employees or other workforce members will have access to Plan Enrollees' PHI only to perform the plan administration functions that the Employer (Plan Sponsor) provides for the Plan.

The identified classes of employees or other workforce members will be subject to disciplinary action and sanctions, including termination of employment or affiliation with the Employer (Plan Sponsor), for any use or disclosure of Plan Enrollees' PHI in breach or violation of or noncompliance with the provisions of this Article to the Plan Documents. Employer (Plan Sponsor) will promptly report such breach, violation or noncompliance to the Plan, and will cooperate with the Plan to correct the breach, violation or noncompliance, to impose appropriate disciplinary action or sanctions on each employee or other workforce member causing the breach, violation or noncompliance, and to mitigate any deleterious effect of the breach, violation or noncompliance on any Enrollee, the privacy of whose PHI may have been compromised by the breach, violation or noncompliance.

Employer (Plan Sponsor) Obligations Regarding Protecting Electronic Protected Health Information (ePHI)

Effective April 21, 2005, the Employer (Plan Sponsor) will:

- Implement administrative, physical and technical safeguards that reasonably and appropriately protect the confidentiality, integrity and availability of ePHI that it creates, receives, maintains or transmits on behalf of the Plan
- Ensure that the adequate separation between the Plan and Plan Sponsor with respect to ePHI is supported by reasonable and appropriate security measures
- Ensure that any agent, including a subcontractor, to whom it provides electronic PHI, agrees to implement reasonable and appropriate security measures to protect the ePHI
- Report to the Plan any security incident of which it becomes aware concerning ePHI

INADVERTENT ERROR

Inadvertent error by the Plan Administrator in the keeping of records or in the transmission of employee's applications shall not deprive any employee or dependent of benefits otherwise due, provided that such inadvertent error be corrected by the Plan Administrator within ninety (90) days after it was made.

MEDICARE

Medicare - As used in this section shall mean Title XVIII (Health Insurance for the Aged) of the United States Social Security Act, as added to by the Social Security Amendments of 1965, the Tax Equity and Fiscal Responsibility Act of 1982, or as later amended.

Person - As used in this section means a person who is eligible for benefits as an employee in an eligible class of this Plan and who is or could be covered by Medicare Parts A and B, whether or not actually enrolled.

Eligible Expenses - As used in this section with respect to services, supplies and treatment shall mean the same benefits, limits and exclusions as defined in this Plan Document. However, if the provider accepts Medicare assignment as payment in full, then Eligible Expenses shall mean the lesser of the total amount of charges allowable by Medicare, whether enrolled or not, and the total eligible expenses allowable under this Plan exclusive of coinsurance and deductible.

Order of Benefits Determination - As used in this section shall mean the order in which Medicare benefits are paid, in relation to the benefits of this Plan.

Total benefits of this Plan shall be determined as follows:

Active Employees - For active employees and/or non-working spouses of active employees age 65 or over, this Plan will be primary and Medicare will be secondary.

Disabled Employees with Medicare (except those with End-Stage Renal Disease) - For persons eligible for Medicare by reason of disability the order of determination will be as shown below:

If employed by a company with 100 or more employees: This Plan will be primary and Medicare will be secondary. The Employer will remain the primary payor of medical benefits until the earliest of the following events occurs: (1) the group coverage ends for all employees; or (2) the group coverage for an active individual ends.

If employed by a company with less than 100 employees: This Plan will be secondary and Medicare will be primary.

The Omnibus Budget Reconciliation Act of 1986 defines a large group health plan as one that covers employees of at least one employer that normally employed at least 100 employees on a typical business day during the previous calendar year. A typical business day is defined as 50% or more of the employer's regular business days during the previous calendar year.

Disabled Employees with End-Stage Renal Disease (ESRD)

This Plan shall be primary for ESRD Medicare beneficiaries during the initial 30 months of Medicare coverage, in addition to the usual 3-month waiting period, or a maximum of 33 months. ESRD Medicare Entitlement usually begins on the fourth month of renal dialysis, but can start as