

Request for Claims Audit Services

I. Background

The Association of Washington Cities Employee Benefit Trust (AWC Trust) is an employee welfare benefit trust fund (IRC 501(c)9 VEBA, exempt from ERISA) that provides medical, dental, vision, life, long-term disability, and an employee assistance program to employees and their dependents of cities and other eligible public entities within the state of Washington. There are approximately 14,000 active employees and retirees covered by the AWC Trust and approximately 275 participating employers.

In 2014, the AWC Trust transitioned from being fully insured to self-insured for medical, dental and vision. Carriers contracted to provide self-insured medical coverage are Regence BlueShield/Asuris Northwest Health and Kaiser Foundation Health Plan of Washington/Kaiser Foundation Health Plan of Washington Options Inc.

The joint self-insured program was created by Interlocal Agreement and is called the AWC Trust Health Care Program. There are approximately 260 employers and 35,000 employees and family members covered under the Health Care Program.

The following is an outline of the self-insured Health Care Program medical coverages offered to AWC Trust membership in 2019:

Regence BlueShield/ Asuris Northwest Health	Kaiser Foundation Health Plan of Washington/ Kaiser Foundation Health Plan of Washington Options Inc.
Active Coverage	
AWC HealthFirst® 250 Plan (PPO)	Kaiser 200 (HMO)
AWC HealthFirst® 500 Plan (PPO)	Kaiser 500
Accountable Health Network Plan (AHN/PPO)	High Deductible Health Plan, H.S.A. Qualified (HMO)
High Deductible Health Plan, H.S.A. Qualified (PPO)	Access PPO (PPO)
Plan A – LEOFF 1 (PPO)	\$0 Copay Plan - LEOFF 1 (HMO)

Retiree Coverage	
Plan A – LEOFF 1 (PPO)	Retiree 1000 Plan (HMO)
AWC HealthFirst® 1000 Retiree Plan (PPO)	Retiree High Deductible Health Plan, H.S.A. Qualified (HMO)
AWC HealthFirst® 2500 Retiree Plan (PPO) Retiree High Deductible Health Plan, H.S.A. Qualified (PPO)	

As additional background information, AWC Trust is administered by an eight-member Board of Trustees, which is comprised of four regionally elected officials from Trust member cities or towns, the Employee Benefit Advisory Committee Chair and Vice Chair, and two appointed individuals from the AWC Board of Directors, who are from Trust member cities or towns. The AWC Trust and Health Care Program have three to four regular Board meetings per year.

The AWC Trust Board of Trustees contracts for operational management of the Employee Benefit Trust with the Association of Washington Cities (AWC). The AWC is a private, non-profit corporation formed to provide legislative, technical and member services to all cities and towns in the state of Washington.

Administrative services (billing, eligibility, COBRA administration and accounting) were provided by Northwest Administrators through May 31, 2020, however AWC is transitioning to Vimly Benefit Solutions as of June 1, 2020; claims administration is handled by the carriers; financial auditing services by Moss Adams; ongoing dependent verification services are provided by Alight, and legal services by Perkins Coie. The AWC Trust Health Care Program purchases stop loss insurance, and in 2019 the Individual Stop Loss (ISL) for Regence/Asuris plans was at \$1.5 million through Commencement Bay, and Kaiser's ISL was at \$1 million through ASG Risk Management/Companion Life. The aggregate policy is for 200% of expected medical claims.

II. Scope of work

The AWC Trust is requesting proposals from qualified vendors to provide a claims audit of Regence BlueShield/Asuris Northwest Health (RBS/ANH) and Kaiser Foundation Health Plan of Washington/Kaiser Foundation Health Plan of Washington Options, Inc. (Kaiser) medical plans as outlined in Section I. We anticipate the successful vendor will begin work on this project in early August and will complete and present the audit to staff no later than November 6, 2020.

The selected Claims Auditing Firm will be expected to perform the following services:

1. Meet with AWC Trust staff to plan timeline and gather/understand data.
2. Meet or have a conference call with AWC Trust staff to discuss and finalize audit points for claims audit components (i.e. eligibility, no duplicate claims, coordination of benefits, claims within the effective date, etc.).
3. Meet or have a conference call with AWC Trust staff to discuss and finalize audit points for operational assessment (i.e. assessment of claims processing system, policies that directly impact claims operations, etc.).
4. Conduct a performance audit of paid claims and evaluate the claims process and administration practices. The performance audit of paid claims should include:
 - a. Testing claims for financial accuracy and procedural compliance.
 - b. A statistical projection of the entire amount of dollars paid and frequency of errors during the entire audit period.
 - c. A detailed description of the sampling method and sample of the financial reports.
5. Comply with WAC 200-110-120 Standards for claims management—Claims administration, Subsections (1) and (5).
6. Evaluate the fiscal controls in place at RBS/ANH and Kaiser as they apply to the AWC Trust Health Care Program medical plans, including compliance with national industry standards.
7. Verify plan provisions affecting claim payments and the correct interpretation (i.e. “lag time” in claim payments affecting individual stop loss).
8. Review the claims system capabilities, controls, and procedures used to adjudicate claims according to benefit plan specifications.
9. Evaluate subrogation procedures.
10. Evaluate coordination of benefits with Medicare.
11. Recommend any policies and/or procedures that could be implemented to improve claims process.

12. Provide final summary audit report for each of AWC Trust’s medical plan TPAs (currently RBS/ANH and Kaiser) that shall comply with WAC-200-110-120 subsection (5) requirements, which includes but is not limited to:
 - a. Provide a statement that the vendor is not affiliated with the program being audited, its brokers, and third-party administrators.
 - b. Provide background information, goals, and the purpose of audit.
 - c. Document the scope of the audit that was conducted (i.e. claims date range, sampling criteria, etc.).
 - d. Document the findings of the audit.
 - e. Document the strengths.
 - f. Document areas of improvement, if applicable.
 - g. Document conclusions and recommendations as a result of the audit.
13. Present in person or via virtual meeting the results of the claims audit with AWC Trust staff.
14. Present in person or via virtual meeting the results of the claims audit to the Board of Trustees at their December 10, 2020 meeting.
15. Respond to questions, either in writing, in person, or via virtual setting to AWC Trust staff, Board of Trustees, and/or external auditors in follow up to final documents.

III. Vendor qualifications

- License to do business in the state of Washington.
- Professional Liability or Errors & Omissions insurance in effect and current.
- Experience providing medical/pharmacy claims audit in support of public sector agencies.
- Thorough knowledge and expertise in applicable state rules and laws related to self-insured medical plan claim audits.
- A representative as the primary contact and a “backup” representative.

IV. Timeline

Activity	Date
RFP released	May 18
Vendor questions/clarifications due	June 1
Answers to questions/clarification sent	June 10
Proposal due	June 25
Vendors notified for interviews	July 8
Finalist interviews	Weeks of July 20 – 30
Finalist selected and contract awarded	August 5
Contract effective and services begin	August 6

V. Bidding instructions

All proposals must meet each of the requirements of this RFP as detailed. The AWC Trust reserves the right to make a written request for additional information from any vendor to assist in understanding or clarifying a proposal response. Your proposals should include the following:

1. A completed questionnaire outlined in Section VI.
2. Your firm's fee proposal, and a description of how the fee proposal would be structured, including:
 - a. Hourly rate by audit team member (if applicable), bundled fee for claims audit by TPA (RBS/ANH and Kaiser claims).
 - b. Identify fee by medical claim sample size (i.e. fee for 100 claims, fee for 200 claims, etc.).
 - c. Travel expenses (if applicable).
 - d. Specify other expenses included in the medical claims audit fees (i.e. report productions, postage, etc.).
 - e. Identify the markup for outside services (if applicable).

All proposals must be received by the AWC Trust no later than 5 pm on Thursday, June 25, 2020.

Proposals received after that time shall not be considered. All offers, including rates, shall remain fixed and valid from the proposal due date, until the contract effective date. Proposals may be submitted either electronically or by mail using the contact information below:

Via email: Bobbi Fox at bobbif@awcnet.org

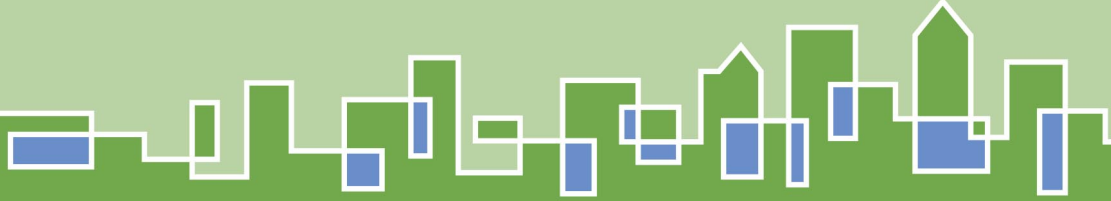
By U.S. mail: AWC Employee Benefit Trust
Attn: Bobbi Fox
1076 Franklin Street SE
Olympia, WA 98501

If you need additional information regarding the AWC Trust or the claims auditing services requested, contact Bobbi Fox at 1-800-562-8981 or by email at bobbif@awcnet.org. Responses to your questions will be provided no later than June 10, 2020, in alignment with the timeline described in Section IV.

VI. Questionnaire

As part of your proposal, each vendor should provide answers to the questions listed below. When answering these questions, please number your responses to correspond with the numbers listed in this questionnaire.

1. Give a brief history of your organization, including size, services, and resources available.
2. Describe your qualifications to provide the services outlined in this RFP. Include the following:
 - a. Date of your firm's first claims audit
 - b. Total number of claims audits administered since 2017
 - c. Number of claims audits you administered in 2019
 - d. Your experience working with health care clients or other similar organizations
3. Provide a sample report.
4. Provide a list of data requirements you typically require from your client to complete medical claims audit.
5. Provide a list of other services your firm provides.
6. Include a list of those team members who will be on the team servicing the AWC Trust's account and a summary of their related experience.
7. Identify the location/office that will service the AWC Trust's account.
8. Provide a list of three clients whom we may contact for references, and who you have worked for in the past three years. Include company name, contact name, and telephone number.
9. Indicate whether or not your organization would be willing to enter into a HIPAA Business Associate's Agreement (BAA) with the AWC Trust. Attached is the AWC Trust's BAA for reference.



1076 Franklin Street SE • Olympia, WA 98501-1346

Exhibit 1
Sample Business Associate Agreement

HIPAA Business Associate Contract Association of Washington Cities Employee Benefit Trust

This HIPAA Business Associate Contract (“Contract”) is among the health plan(s) sponsored by the Association of Washington Cities Employee Benefit Trust (“Plan”), the Association of Washington Cities Employee Benefit Trust (“Plan Sponsor”) and _____ (“Business Associate”).

The Plan, the Plan Sponsor, and Business Associate intend to protect the privacy of PHI disclosed to Business Associate and the security of Electronic PHI in connection with the services provided by Business Associate to the Plan in compliance with this Contract, the Health Insurance Portability and Accountability Act of 1996 (“HIPAA”), the regulations promulgated under HIPAA, and other applicable laws.

1. Definitions

Terms used, but not otherwise defined, in this Contract shall have the same meaning as those terms in the HIPAA Regulations.

(a) **Agent.** “Agent” means an agent as used and defined under the HIPAA Regulations and federal common law.

(b) **Breach.** “Breach” shall have the same meaning as the term “breach” in 45.C.F.R. § 164.402.

(c) **Designated Record Set.** “Designated Record Set” has the meaning assigned to such term in 45 C.F.R. 164.501.

(d) **Discovery.** “Discovery” means the first day on which a Breach of Unsecured PHI is known to Business Associate (including any person, other than the individual committing the Breach of Unsecured PHI, who is an employee, officer, or other agent of Business Associate), or should reasonably have been known to Business Associate, to have occurred.

(e) **Effective Date.** “Effective Date” means _____.

(f) **Electronic Media.** “Electronic Media” shall have the same meaning as the term “electronic media” in 45 C.F.R. § 160.103.

(g) **Electronic Protected Health Information or EPHI.** “Electronic Protected Health Information” or “EPHI” shall have the same meaning as the term “electronic protected health information” in 45 C.F.R. § 160.103, limited to the information created or received by Business Associate from or on behalf of the Plan.

(h) **Electronic Transactions Rule.** “Electronic Transactions Rule” means the federal regulations found at 45 CFR Part 162.

(i) **HIPAA Regulations.** “HIPAA Regulations” means the Privacy Rule, the Security Rule, and the Electronic Transactions Rule.

(j) **Individual.** “Individual” means the person to which specific PHI applies.

(k) **Information System.** “Information System” means an interconnected set of information resources under the same direct management control that shares common functionality. An Information System normally includes hardware, software, information, data, applications, communications, and people.

(l) **Other Agreement.** “Other Agreement” means any and all other agreements, if any, entered into between the Plan or Plan Sponsor and Business Associate relating to services of Business Associate concerning the Plan which are in effect as of the Effective Date of this Contract or which come into effect after the Effective Date of this Contract.

(m) **PHI.** PHI means “Protected Health Information” as such term is defined in the Privacy Rule, limited to the information created or received by Business Associate from or on behalf of the Plan or Plan Sponsor.

(n) **Plan Sponsor.** “Plan Sponsor” means the Association of Washington Cities Employee Benefit Trust.

(o) **Privacy Rule.** “Privacy Rule” means the Standards for Privacy of Individually Identifiable Health Information at 45 CFR Part 160 and Part 164, Subparts A and E.

(p) **Required By Law.** “Required By Law” shall mean a mandate contained in law that compels an entity to make a use or disclosure of PHI and that is enforceable in a court of law as provided in 45 C.F.R. § 160.103.

(q) **Secretary.** “Secretary” means the Secretary of the United States Department of Health and Human Services.

(r) **Security Incident.** "Security Incident" means the attempted or successful unauthorized access, use, disclosure, modification, or destruction of PHI or interference with system operations in an Information System.

(s) **Security Rule.** "Security Rule" means the Security Standards for the Protection of Electronic Protected Health Information at 45 CFR Part 164, Subpart C.

(t) **Subcontractor.** "Subcontractor" shall have the same meaning as the term "Subcontractor" in 45 C.F.R. § 160.103, limited to Subcontractors that create, use, transmit, access, disclose, receive, or maintain PHI of the Plan.

(u) **Unsecured PHI.** "Unsecured PHI" shall have the same meaning as the term "unsecured protected health information" in 45 C.F.R. § 164.402, limited to PHI of the Plan created, used, transmitted, disclosed, received, or maintained by Business Associate or its Agents or Subcontractors.

2. Permitted uses and disclosures by Business Associate

Except as otherwise limited in this Contract, Business Associate may use or disclose PHI to perform one or more functions, activities, or services for, or on behalf of, the Plan as specified in the Other Agreement, provided that such use or disclosure would not violate the HIPAA Privacy Rule if done by the Plan or the minimum necessary policies and procedures of the Plan. Business Associate may disclose PHI to, or receive PHI from, another business associate of the Plan to the extent directed to do so by the Plan or the Plan Sponsor. For purposes of this Agreement, the terms "use" or "disclose" include the receipt, creation, transmission, or maintenance of PHI of the Plan to the extent allowed by the HIPAA Regulations.

Additionally, Business Associate may use and disclose PHI received by Business Associate for the proper management and administration of Business Associate or to carry out the legal obligations of Business Associate, but only:

(a) if the disclosure is Required by Law; or

(b) if Business Associate receives reasonable assurances from the third party to whom the PHI is disclosed that: (i) the PHI will be held confidentially by the third party; (ii) the PHI will be used or further disclosed by the third party only as required by law or for the purpose for which it was disclosed to the third party; and (iii) the third party agrees to notify Business Associate of any Breaches of which the third party becomes aware.

3. Obligations and Activities of Business Associate

(a) Business Associate agrees to not use or disclose PHI other than as permitted or required by this Contract or as Required by Law.

(b) Business Associate agrees to use appropriate safeguards to prevent use or disclosure of PHI other than as provided for by this Contract.

(c) Business Associate agrees to mitigate, to the extent practicable, any harmful effect that is known to Business Associate of a use or disclosure of PHI by Business Associate, a Subcontractor of Business Associate, or an Agent of Business Associate in violation of the requirements of this Contract.

(d) Business Associate agrees to report to the Plan in writing any use or disclosure of the PHI not permitted under this Contract by Business Associate, a Subcontractor of Business Associate, or an Agent of Business Associate, within five business days of such unauthorized use or disclosure. Business Associate agrees to report to the Plan and to the Plan Sponsor any Security Incident of which Business Associate becomes aware.

(e) Business Associate will ensure that any Subcontractor of Business Associate using or disclosing PHI of the Plan has executed a Business Associate Agreement containing substantially the same terms as this Contract, including the same restrictions and conditions that apply through this Contract to Business Associate with respect to such PHI. Business Associate will ensure that any Agent to whom Business Associate provides PHI received from, or created or received by Business Associate on behalf of, the Plan has executed an agreement containing substantially the same restrictions and conditions that apply through this Contract to Business Associate with respect to such information. Business Associate will provide, upon written request by the Plan Sponsor, a list of any such Subcontractors of Business Associate and any Agents of Business Associate using or disclosing the Plan's PHI. Business Associate will ensure only those who reasonably need to know such PHI in order to perform the services contemplated by the Other Agreement receive such PHI and, in such case, only the minimum amount of such PHI is disclosed as is necessary for such performance.

(f) Business Associate agrees to provide access, at the request of the Plan, and in the time and manner designated by the Plan, to PHI in a Designated Record Set, to the Plan or, as directed by the Plan, to an Individual in order to meet the requirements under 45 CFR § 164.524. If the Plan or Plan Sponsor requests an electronic copy of PHI that is maintained electronically in a Designated Record Set in the Business Associate's custody or control or the custody or control of a Subcontractor or Agent of Business Associate, Business Associate will provide such PHI in the electronic format requested by the Plan or Plan Sponsor unless it is not readily produced in such format, in which case Business Associate will provide another reasonable electronic format as agreed to by the parties and the Individual requesting such PHI.

(g) Business Associate will document its disclosures of PHI and information related to such disclosures as would be required for the Plan to respond to a request by an Individual for an accounting of disclosures of PHI in accordance with 45 C.F.R. § 164.528. Within 30 days of receiving a request from the Plan, Business Associate will provide to the Plan information collected in accordance with the previous sentence as necessary to permit the Plan to make an accounting of disclosures of PHI about an Individual in accordance with 45 C.F.R. § 164.528.

(h) Business Associate agrees to make any amendment(s) to PHI in a Designated Record Set that the Plan directs or agrees to pursuant to 45 CFR § 164.526 at the request of the Plan or an Individual, and in the time and manner designated by the Plan.

(i) Business Associate agrees to make internal practices, books, and records relating to the use and disclosure of PHI received from, or created or received by Business Associate on behalf of the Plan available to the Plan, or at the request of the Plan, to the Secretary or other regulatory official as directed by the Plan, in a time and manner requested by the Plan or official, for the purpose of determining the Plan's or Business Associate's compliance with the HIPAA Regulations.

(j) Business Associate agrees to implement administrative, physical, and technical safeguards (including written policies and procedures) that reasonably and appropriately protect the confidentiality, integrity, and availability of electronic PHI that it creates, receives, maintains or transmits on behalf of the Plan as required by the Security Rule. Business Associate will ensure that any Agent, including a Subcontractor, to whom Business Associate provides EPHI agrees to implement reasonable and appropriate administrative, physical and technical safeguards to reasonably and appropriately protect the confidentiality, integrity and availability of such EPHI. Business Associate agrees to comply with Sections 164.306, 164.308, 164.310, 164.312, and 164.316 of title 45, Code of Federal Regulations with respect to all EPHI.

(k) In conducting any electronic transaction that is subject to the Electronic Transactions Rule on behalf of the Plan, Business Associate agrees to comply with all requirements of the Electronic Transactions Rule that would apply to the Plan if the Plan were conducting the transaction itself. Business Associate agrees to ensure that any Agent or Subcontractor of Business Associate that conducts standard transactions with PHI of the Plan will comply with all of the requirements with the Electronic Transactions Rule that would apply to the Plan if the Plan were conducting the transaction itself.

(l) Business Associate shall not disclose PHI to any member of its workforce unless Business Associate has advised such person of Business Associate's privacy and security obligations under this Contract, including the consequences for violation of such obligations. Business Associate shall take appropriate disciplinary action against any member of its workforce who uses or discloses PHI in violation of this Contract and applicable law.

(m) Business Associate agrees to determine the minimum necessary type and amount of PHI required to perform its services and will comply with any regulations promulgated under HIPAA concerning minimum necessary rules.

(n) **Breach Notification.** Business Associate, following the discovery of a Breach of Unsecured PHI of the Plan, shall notify the Plan of such breach. Business Associate shall provide such notice without unreasonable delay, and in no case later than five (5) business days after Discovery of the Breach of Unsecured PHI by Business Associate or Discovery of the Breach of Unsecured PHI by a Subcontractor or Agent of Business Associate. Business Associate will require its Subcontractors and Agents to notify the Plan of a Discovery of a Breach of Unsecured PHI at the same time its Subcontractors and Agents notify the Business Associate.

(1) Notice to the Plan required by this Paragraph 3(n) shall include: (i) to the extent possible, the names of the individual(s) whose Unsecured PHI has been, or is reasonably believed by Business Associate to have been accessed, acquired, used or disclosed during the Breach; (ii) a brief description of what happened including the date of the Breach and the date of the discovery of the Breach, if known; (iii)

a description of the types of Unsecured PHI that were involved in the Breach;
(iv) a brief description of what Business Associate is doing or will be doing to investigate the Breach, to mitigate harm to the individual(s), and to protect against further Breaches; and (v) any other information that the Plan or Plan Sponsor determines it needs to include in notifications to the individual(s) under 45 CFR § 164.404(c).

(2) After receipt of notice, from any source, of a Breach involving Unsecured PHI used, disclosed, maintained, or otherwise possessed by Business Associate or a Subcontractor or Agent of Business Associate, the Plan or Plan Sponsor, exercising reasonable discretion, may: (i) require Business Associate, at Business Associate's sole expense, to use a mutually agreed upon written notice to notify, on the Plan's behalf, the individual(s) affected by the Breach, in accordance with the notification requirements set forth in 45 CFR § 164.404, without unreasonable delay, but in no case later than sixty (60) days after discovery of the Breach; or (ii) elect to provide notice to the individual(s) affected by the Breach. Business Associate shall indemnify, hold harmless, and defend the Plan and Plan Sponsor from and against any and all costs (including mailing, labor, administrative costs, vendor charges, and any other costs determined to be reasonable by the Plan or Plan Sponsor in their sole discretion), losses, penalties, fines, and liabilities arising from or associated with the Breach, including without limitation, the costs of the Plan's or Plan Sponsor's actions taken to: (i) notify the affected individual(s) of and to respond to the Breach; (ii) mitigate harm to the affected individual(s); (iii) respond to questions or requests for information about the Breach; and (iv) fines, damages or penalties assessed against the Plan on account of the Breach of Unsecured PHI.

(o) **Other Prohibited Uses; Use and Disclosure of Genetic Information; Sale of PHI.** Business Associate shall not use or disclose genetic information of the Plan in violation of 45 C.F.R. §164.502(a)(5) or sell PHI (directly or indirectly receive remuneration in exchange for any PHI) of the Plan in violation of 45 C.F.R. §164.502(a)(5). Business Associate must obtain the required authorizations or confirm that the Plan Entity has obtained the required authorizations for any use or disclosure of PHI for Marketing, as that term is defined in 45 C.F.R. §164.501, or for fundraising communication purposes, as described in 45 C.F.R. §164.514.

4. Obligations of the Plan

(a) The Plan shall provide Business Associate with its notice of privacy practices that the Plan produces in accordance with 45 CFR § 164.520, including the limitations found in such notice, as well as any changes to such notice.

(b) The Plan shall provide Business Associate with any changes in, or revocation of, permission by Individual to use or disclose PHI, if such changes affect Business Associate's permitted or required uses and disclosures.

(c) The Plan shall notify Business Associate of any restriction to the use or disclosure of PHI that the Plan has agreed to in accordance with 45 CFR § 164.522, to the extent that such restriction may affect Business Associate's use or disclosure of PHI.

5. Term and Termination

(a) **Term.** This Contract shall be effective as of the Effective Date specified above, and shall terminate when all of the PHI provided by the Plan to Business Associate, its Agents and Subcontractors or created or received by Business Associate, its Agents and Subcontractors on behalf of the Plan, is destroyed or returned to the Plan, or, if it is infeasible to return or destroy PHI, protections are extended to such PHI, in accordance with the termination provisions in this Section.

(b) **Termination for Cause.** Upon the Plan's knowledge of a material breach or violation of this Contract by Business Associate, the Plan and/or Plan Sponsor shall take one of the following actions:

(1) **Curable Breach.** If the Plan determines that the breach or violation is curable, the Plan shall provide an opportunity for Business Associate to cure the breach or end the violation within a reasonable time period set by the Plan, which shall not exceed 90 days. If the breach or violation is not cured or ended within the time set by the Plan, the Plan and/or Plan Sponsor may: (i) immediately terminate this Contract and any Other Agreement(s); or (ii) suspend performance by the Plan and/or Plan Sponsor under the Other Agreement(s) until such breach or violation is cured.

(2) **Incurable Breach.** If the Plan determines that the breach or violation is not curable, the Plan and/or Plan Sponsor shall immediately terminate this Contract and any Other Agreement(s).

(3) **Alternative Actions.** If the Plan determines that neither a termination of the Contract or a cure of the breach is feasible, the Plan may take other appropriate actions to remedy, correct or mitigate such breach.

(4) **Termination for Material Breach of Security Rule.** In addition to the termination for cause procedures listed above, the Plan and/or Plan Sponsor may immediately terminate this Contract and any Other Agreement(s) if the Plan or Plan Sponsor determines that Business Associate has violated a material term of this Contract concerning the Security Rule.

(c) Effect of Termination.

(1) Except as provided in paragraph (c)(2) of this section, upon termination of this Contract, for any reason, Business Associate shall return or destroy all PHI. This provision shall also apply to PHI that is in the possession of Subcontractors or Agents of Business Associate. Business Associate shall retain no copies of the PHI.

(2) In the event that Business Associate determines that returning or destroying the PHI is infeasible, Business Associate shall provide to the Plan notification of the conditions that make return or destruction infeasible. Upon mutual agreement of the parties that return or destruction of PHI is infeasible, Business Associate shall extend the protections of this Contract to such PHI (including PHI held by Agents or Subcontractors of Business Associate) and limit further uses and disclosures of such PHI to those purposes that make the return or destruction infeasible, for so long as Business Associate or its Agents or Subcontractors maintain such PHI.

6. Miscellaneous

(a) **Regulatory References.** A reference in this Contract to a section in the HIPAA Regulations means the section as in effect or as amended, and for which compliance is required.

(b) **Amendment.** The Parties agree to take such action as is necessary to amend this Contract from time to time for the Plan to comply with the requirements of the HIPAA Regulations and the Health Insurance Portability and Accountability Act, Public Law 104-191, as amended.

(c) **Survival.** The respective rights and obligations of Business Associate under Section 6 of this Contract shall survive the termination of this Contract.

(d) **Interpretation.** Any ambiguity in this Contract shall be resolved in favor of a meaning that permits the Plan to comply with the HIPAA Regulations and other applicable law. The section and paragraph headings of this Agreement are for the convenience of the reader only, and are not intended to act as a limitation of the scope or meaning of the sections and paragraphs themselves.

(e) **Relationship of Parties; No Third-Party Beneficiaries.** The relationship between the Plan/Plan Sponsor and Business Associate will solely be that of independent contractors engaged in the operation of their own respective businesses. Business Associate is not an Agent of Plan or Plan Sponsor. Subcontractors and Agents of Business Associate are not Agents of the Plan or Plan Sponsor. Nothing express or implied in this Agreement is intended to confer, nor shall anything herein confer, upon any person other than Business Associate, the Plan, and the Plan Sponsor and their respective successors or assigns, any rights, remedies, obligations or liabilities whatsoever.

(f) **Assignment.** This Agreement shall not be assigned or otherwise transferred by a party without the prior written consent of the other parties, which consent shall not be unreasonably withheld; provided that no such consent shall be required for either party's assignment or transfer of this Agreement in connection with a sale or transfer of all or substantially all of the business or assets of the assigning party.

(g) **Severability and Waiver.** The invalidity of any term or provision of this Agreement will not affect the validity of any other provision. Waiver by any party of strict performances of any provision of this Agreement will not be a waiver of or prejudice any party's right to require strict performance of the same provision in the future or of any other provision of this Agreement.

(h) **Notices.** Any notices permitted or required by this Agreement will be addressed as follows or to such other address as either party may provide to the other:

If to Plan or Plan Sponsor:

If to Business Associate:

(i) **Counterparts.** This Agreement may be executed in multiple counterparts, all of which together will constitute one agreement, even though all parties do not sign the same counterpart.

(j) **Other Agreement.** Notwithstanding any provision of the Other Agreement to the contrary, to the extent of any inconsistency between any Other Agreement and this Contract, the provisions of this Contract shall prevail.

(k) **Supersedes Prior Business Associate Agreement.** This Contract supersedes any other Business Associate Agreement currently in effect among or between the Parties, or affiliates of the Parties, to this Contract.

IN WITNESS WHEREOF, the parties have caused this Business Associate Contract to be executed on their behalf by their duly authorized representatives' signatures as of the dates set forth below.

Health Plan(s) of AWC Employee Benefit Trust

Association of Washington Cities Employee Benefit Trust

By: _____

By: _____

Printed name: _____

Printed name: _____

Title: _____

Title: _____

Date: _____

Date: _____

Business Associate

By: _____

Printed name: _____

Title: _____

Date: _____