

**RESOLUTION TO AMEND
THE CITY OF RAPID CITY HEALTHCARE BENEFIT PLAN**

PLAN AMENDMENT NO. 20

LF041603-15

The **City of Rapid City** hereby amends its Healthcare Plan adopted July 1, 1990, restated March 1, 2002, with such amendment being effective April 14, 2003 at 12:01 a.m. standard time.

The Plan shall be amended as follows:

The last paragraph of Section 2.03 "Late Enrollment And Special Enrollment Periods" shall be **replaced** with the following language:

Late applicants, individuals not eligible for a special enrollment period, are subject to an 18 month exclusionary period. At the end of the 18 month exclusionary period late applicants are eligible to join the Plan with no Pre-Existing Condition limitation. A formal application, available from your employer, must be completed to begin the 18 month waiting period.

The balance of Section 2.03 shall remain as previously adopted.

Section 5.02 "Hospital Inpatient Expenses" shall be **replaced** with the following language:

Hospital Room and Board - an amount per day up to the semi-private room rate. Charges incurred for use of the Intensive Care Unit (ICU) when ordered by the patient's primary physician is limited to three times the semi-private room rates. Observation exceeding 23 hours will be considered an inpatient admission and must be reviewed. See Article III of this Plan for proper direction in obtaining a utilization review.

Hospital Miscellaneous - all other charges made by a hospital during an inpatient confinement exclusive of personal items or services not necessary to the treatment of illness or injury. Outpatient means there is no room and board charge and the total observation time at the facility does not exceed 23 hours

The following definitions shall be **added** to Article IX "Definitions":

BUSINESS ASSOCIATE

The term "Business Associate" means a person or organization that performs a function or activity on behalf of a covered entity, but is not part of the covered entity's workforce. A business associate can also be a covered entity in its own right. (Also see Part II, 45 CFR 160.103).

HIPAA

The term "HIPAA" means the Health Insurance Portability and Accountability Act, a Federal law that allows persons to qualify immediately for comparable health insurance coverage when they change their employment relationships. Title II, Subtitle F, of HIPAA gives Health and Human Services (HHS) the authority to mandate the use of standards for the electronic exchange of health care data; to specify what medical and administrative code sets should be used within those standards; to require the use of national identification systems for health care patients, providers, payers (or plans) and employers (or sponsors); and to specify the types of measures required to protect the security and privacy of personally identifiable health care information. (Also known as Public Law 104-191).

PLAN SPONSOR

The term "Plan Sponsor" means an entity that sponsors a health plan. This can be an employer, a union or some other entity. (Also see Part II, 45 CFR 164.501).

PROTECTED HEALTH INFORMATION (PHI)

The term "Protected Health Information (PHI)" means individually identifiable health information (any health information that can be tied back to an individual). (See Part II, 45 CFR 164.501).

The balance of Article IX shall remain as previously adopted.

The title of Article X "General Claim Information" shall be **changed** to "General Information".

The following language shall be **added** to Article X "General Information":

D10.35 PROTECTING PERSONAL HEALTH INFORMATION

Plan Sponsor's Certification of Compliance

The Employer is the Plan Sponsor of this Plan, unless participants have been notified, in writing, that another entity is the Plan Sponsor. This Plan, any business associate servicing this Plan, or the Benefit Services Administrator cannot disclose protected health information to the Plan Sponsor unless the Plan Sponsor agrees to abide by the provisions outlined in this section.

Purpose of Disclosure to Plan Sponsor

This Plan, any business associate servicing this Plan, or the Benefit Services Administrator will disclose protected health information to the Plan Sponsor only to permit the Plan Sponsor to administer this Plan consistent with the requirements of the Health Insurance Portability and Accountability Act of 1996 and its implementing regulations (45 Code of Federal Regulations Parts 160-64). Any disclosure to and use by the Plan Sponsor of protected health information will be subject to and must be consistent with the provisions outlined in the "Restrictions on Plan Sponsor's Use and Disclosure of Protected Health Information" and "Adequate Separation Between the Plan Sponsor and this Plan" sections that follow.

Neither this Plan, nor the Benefit Services Administrator, nor any business associate servicing this Plan will disclose protected health information to the Plan Sponsor unless the disclosures are explained in the Notice of Privacy Practices distributed to plan participants.

Neither this Plan, nor the Benefit Services Administrator, nor any business associate servicing this Plan will disclose protected health information to the Plan Sponsor for the purpose of employment-related actions or decisions or in connection with any other benefit or employee benefit plan of the Plan Sponsor.

Restrictions on Plan Sponsor's Use and Disclosure of Protected Health Information

The Plan Sponsor:

- (a) will not use or further disclose protected health information, except as permitted or required by law;
- (b) will ensure that any agent, including any subcontractor, to whom it provides protected health information, agrees to the same restrictions and conditions that apply to the Plan Sponsor;
- (c) will not use or disclose protected health information for employment-related actions or decisions or in connection with any other benefit or employee benefit plan of the Plan Sponsor;
- (d) will promptly report to this Plan, upon the learning of, any use or disclosure of protected health information that is inconsistent with the uses and disclosures stated in the provisions outlined in this section ("Protected Health Information");
- (e) will make protected health information available to Plan participants in accordance with 45 CFR § 164.524;

- (f) will make protected health information available for amendment, and will, on notice, amend protected health information in accordance with 45 CFR § 164.526;
- (g) will track disclosures it may make of protected health information so that it can provide the information required by this Plan to account for disclosures in accordance with 45 CFR § 164.528; and
- (h) will make its internal practices, books, and records relating to its use and disclosure of protected health information available to this Plan, and to the U.S. Department of Health and Human Services to determine compliance with 45 CFR Parts 160-64.

When protected health information is no longer needed for the plan administrative functions for which the disclosure was made, the Plan Sponsor will, if feasible, return or destroy all protected health information, in whatever form or medium received from this Plan, including all copies of any data or compilations derived from and/or revealing member identity. If it is not feasible to return or destroy all of the protected health information, the Plan Sponsor will limit the use or disclosure of protected health information it cannot feasibly return or destroy to those purposes that make the return or destruction of the information infeasible.

Adequate Separation Between the Plan Sponsor and This Plan

Certain individuals under the control of the Plan Sponsor may be given access to protected health information received from this Plan, a business associate servicing this Plan, or the Benefit Services Administrator. This class of employees will be identified by the Plan Sponsor to this Plan and the Benefit Services Administrator from time to time as required under 45 Code of Federal Regulations §164.504. These individuals include all those who may receive protected health information relating to payment under, health care operations of, or other matters pertaining to this Plan in the ordinary course of business.

These individuals will have access to protected health information only to perform the plan administration functions that the Plan Sponsor provides for this Plan.

Individuals granted access to protected health information will be subject to disciplinary action and sanctions, including loss of employment or termination of affiliation with the Plan Sponsor, for any use or disclosure of protected health information in violation of or noncompliance with the provisions outlined in this section ("Protected Health Information"). The Plan Sponsor will promptly report such violation or noncompliance to this Plan, and will cooperate with this Plan to correct the violation or noncompliance, to impose appropriate disciplinary action or sanctions on each employee causing the violation or noncompliance, and to mitigate any negative effect the violation or noncompliance may have on the member, the privacy of whose protected health information may have been compromised by the violation or noncompliance.

The balance of Article X shall remain as previously adopted.

Passed this _____ day of _____, 2003.

THE CITY COUNCIL

Jerry Munson, Mayor

Finance Officer