

Exhibit A

BUSINESS ASSOCIATE AGREEMENT

This BUSINESS ASSOCIATE AGREEMENT (the "Agreement") is entered into this **January 1, 2004**, by and between _____ (hereinafter the "Covered Entity"), and the undersigned (hereinafter the "Business Associate").

WHEREAS, the Business Associate has been retained by the Covered Entity to perform certain plan-related services as part of its Organized Health Care Arrangement (OHCA) on its behalf.

WHEREAS, in connection with the Business Associate's provision of services, the Covered Entity may disclose to the Business Associate information that is deemed to be "Protected Health Information" by the Health Insurance Portability and Accountability Act of 1996, Public Law 104-191 ("HIPAA").

WHEREAS, Covered Entity and Business Associate intend to protect the privacy and provide for the security of Protected Health Information disclosed to Business Associate in compliance with HIPAA.

THEREFORE, the parties agree to enter into this Agreement to govern the disclosure of Protected Health Information by the Covered Entity to the Business Associate and the treatment accorded to this Protected Health Information by the Business Associate.

Definitions.

For purposes of this Agreement:

- "Business Associate" will include the Business Associate and all successors and assigns, affiliates, subsidiaries (as applicable), and related companies of the Business Associate.
- "Designated Record Set" will have the same meaning given to the term "designated record set" in 45 C.F.R. 164.501.
- "Individual" will have the same meaning as the term "individual" in 45 C.F.R. §164.501 and will include a person who qualifies as a personal representative in accordance with 45 C.F.R. §164.502(g).
- "Privacy Rule" will mean the Standards for Privacy of Individually Identifiable Health Information at 45 C.F.R. Part 160 and Part 164, Subparts A and E.
- "Protected Health Information" will have the same meaning as the term "protected health information" in 45 C.F.R. §164.501, limited to the information created or received by the Business Associate from or on behalf of the Covered Entity.
- "Representative" will include the Business Associate's managing members (as applicable), trustees, general partners (as applicable) and financial and legal advisors.
- "Required by Law" will have the same meaning as the term "required by law" in 45 C.F.R. § 164.501.

- “Secretary” will mean the Secretary of the Department of Health and Human Services or his designee.

1. Confidentiality. At all times, both during and after the termination of its relationship with the Covered Entity for any reason, the Business Associate and its Representatives will not use, disclose, or give others any of the Protected Health Information in any manner whatsoever, except as provided in paragraphs 2 and 3 of this Agreement, and will hold and maintain the Protected Health Information in confidence. The Business Associate will ensure that appropriate safeguards are in place to prevent the use or disclosure of the Protected Health Information other than as permitted by this Agreement.

2. Permitted Uses and Disclosures.

(a) Except as otherwise limited in this Agreement, the Business Associate may use or disclose Protected Health Information on behalf of the Covered Entity for the following purposes:

1. To place a contract of insurance for health benefits for Covered Entity with a health plan that is subject to HIPAA’s requirements;
2. [For self-funded plan activities] To solicit bids on behalf of Covered Entity for self-funded plan administration with a third party administrator (TPA), stop-loss insurer, or a Business Associate of Covered Entity;
3. For the proper management and administration of the Business Associate.

(b) At the request of the Covered Entity, the Business Associate agrees to provide access to the Protected Health Information that it or its agents or subcontractors maintains in Designated Record Sets to the Individual to whom the Protected Health Information relates in accordance with 45 C.F.R. § 164.524. The Business Associate further agrees to document any disclosures of Protected Health Information and the information related to such disclosures to respond to an accounting of disclosures of Protected Health Information if requested by the Covered Entity, in accordance with 45 C.F.R. §164.528, and to provide such documentation to the Covered Entity as it may request from time to time. Furthermore, at the request of the Covered Entity, the Business Associate agrees to make amendments to Protected Health Information that it maintains in a Designated Record Set as directed by the Covered Entity and to incorporate any amendments to Protected Health Information in accordance with 45 C.F.R. § 164.526. Notwithstanding the foregoing, the Covered Entity will not request that the Business Associate use or disclose Protected Health Information in any manner that would not be permissible under the Privacy Rule if such disclosure or use were done by the Covered Entity itself.

(c) The Business Associate may disclose Protected Health Information to its agents or subcontractors with a bona fide need to know such Protected Health Information, but only if, prior to such disclosure, such agents or subcontractors provide reasonable assurances that they will agree to the same restrictions and conditions that apply to the Business Associate with respect to such Protected Health Information.

3. Required Disclosures and Use. The Business Associate may disclose the Protected Health Information revealed to it by the Covered Entity if and to the extent that

such disclosure is required by Law or court order. Further, the Business Associate agrees to make its internal practices, books, and records, including policies and procedures, relating to the use and disclosure of Protected Health Information received from, or created or received by the Business Associate on behalf of the Covered Entity [available to the Covered Entity], or to the Secretary, as requested by the Covered Entity or designated by the Secretary, for purposes of the Secretary determining the Covered Entity's compliance with the Privacy Rule.

4. Required Notice to the Business Associate. In accordance with 45 C.F.R. §164.520, and to the extent that such a limitation may affect the Business Associate's use or disclosure of Protective Health Information, the Covered Entity will notify the Business Associate of any limitation(s) in its notice of privacy practices of the Covered Entity, including, without limitation, any changes in, or revocation of, permission by an Individual to use or disclose Protected Health Information. Covered Entity will also notify the Business Associate of any restriction to the use or disclosure of Protected Health Information that Covered Entity has agreed to in accordance with 45 C.F.R. § 164.522, to the extent that such restriction may affect the Business Associate's use or disclosure of Protected Health Information.

5. Required Notice to the Covered Entity. The Business Associate will report to the Covered Entity any use or disclosure of Protected Health Information otherwise than as provided by this Agreement within [ten] days of becoming aware of such use or disclosure.

6. Disclosure to Employees of the Covered Entity or Plan Sponsor.

(a) The Covered Entity acknowledges and agrees that the Business Associate shall only disclose PHI in its possession to the following employees who are identified in the Plan documents (Designated Persons) in accordance with 45 C.F.R. § 164.504(f), and that such disclosures are solely for purposes of carrying out plan administration functions that the Plan Sponsor performs for the Plan:

C.E.O.; Human Resource Administrator; Office Manager

(b) Covered Entity agrees to timely notify Business Associate in writing of any changes to the names or positions of employees listed in subsection (a) as Designated Persons. Business Associate shall have no duty to inquire whether the list of Designated Persons is accurate.

(c) Covered Entity/Plan Sponsor shall indemnify and hold harmless Business Associate (and its employees) for any and all liability Business Associate may incur as a result of any improper use or disclosure of PHI by the Covered Entity, Plan Sponsor or a Designated Person(s).

Term/Termination.

7.1 *Term.* This Agreement shall be effective as of the later of April 1, 2004 or the date set forth above, and shall terminate as provided in Section 6.2 or upon thirty (30) days written notice by the Covered Entity or the Business Associate.

7.2 *Termination for Cause.* Upon Covered Entity's knowledge of a material breach of this Agreement by Business Associate, the Covered Entity shall either:

- (1) Provide an opportunity for Business Associate to cure the breach or end the violation and terminate this Agreement if Business Associate does not cure the breach or end the violation within the time specified by the Covered Entity; or
- (2) Immediately terminate this Agreement if Business Associate has breached a material term of this Agreement and cure is not possible; or
- (3) If neither termination nor cure is feasible, Covered Entity shall report the violation to the Secretary.

7.3 *Effect of Termination.*

- (1) Upon termination of this Agreement, for any reason, Business Associate shall return or destroy all Protected Health Information received from Covered Entity, or created or received by Business Associate on behalf of Covered Entity. This provision shall apply to Protected Health Information that is in the possession of subcontractors or agents of Business Associate. Business Associate shall retain no copies of the Protected Health Information.
- (2) In the event that Business Associate determines, [in its sole discretion], that returning or destroying the Protected Health information is infeasible, Business Associate shall provide to Covered Entity notification of the conditions that make return or destruction infeasible. In the event that Business Associate determines that return or destruction of the Protected Health Information is infeasible, Business Associate will continue to extend the protections of this Agreement to such Protected Health Information and limit further uses and disclosures of such Protected Health Information to those purposes that make the return or destruction infeasible, for so long as the Business Associate maintains such Protected Health Information.

8. No Third Party Beneficiaries. Nothing express or implied in this Agreement is intended to confer, nor shall anything herein confer, upon any person other than Covered Entity, Business Associate and their respective successors or assigns, any rights, remedies or obligations whatsoever.

9. Successors and Assigns. This Agreement and each party's obligations hereunder will be binding on the representatives, assigns, and successors of such party and will inure to the benefit of the assigns and successors of such party; provided, however, that the rights and obligations of the Business Associate hereunder are not assignable.

10. Notices. All notices, requests, consents and other communications hereunder will be in writing, will be addressed to the receiving party's address set forth below or to

such other address as a party may designate by notice hereunder, and will be either (i) delivered by hand, (ii), sent by overnight courier, or (iii) sent by registered or certified mail, return receipt requested, postage prepaid.

If to the Covered Entity:

If to the Business Associate:

Entire Agreement. This Agreement embodies the entire agreement and understanding between the parties hereto with respect to the subject matter hereof and supersedes all prior oral or written agreements and understandings relating to the subject matter hereof. No statement, representation, warranty, covenant or agreement of any kind not expressly set forth in this Agreement will affect, or be used to interpret, change or restrict, the express terms and provisions of this Agreement.

12. Modifications and Amendments. The terms and provisions of this Agreement may be modified or amended only by written agreement executed by the parties hereto and any such amendment will comply with the requirements of the Privacy Rule and the Health Insurance Portability and Accountability Act of 1996, Pub. L. No. 104-191.

13. Severability. The parties intend this Agreement to be enforced as written. However, (i) if any portion or provision of this Agreement will to any extent be declared illegal or unenforceable by a duly authorized court having jurisdiction, then the remainder of this Agreement, or the application of such portion or provision in circumstances other than those as to which it is so declared illegal or unenforceable, will not be affected thereby, and each portion and provision of this Agreement will be valid and enforceable to the fullest extent permitted by law; and (ii) if any provision, or part thereof, is held to be unenforceable because of the duration of such provision, the Covered Entity and the Business Associate agree that the court making such determination will have the power to reduce the duration of such provision, and/or to delete specific words and phrases, and in its reduced form such provision will then be enforceable and will be enforced.

14. Interpretation. The parties hereto acknowledge and agree that both (i) the rule of construction to the effect that any ambiguities are resolved against the drafting party and (ii) the terms and provisions of this Agreement, will be construed fairly as to all parties hereto and not in favor of or against a party, regardless of which party was generally responsible for the preparation of this Agreement.

15. Headings and Captions. The headings and captions of the various subdivisions of this Agreement are for convenience of reference only and will in no way modify, or affect the meaning or construction of any of the terms or provisions hereof.

16. No Waiver of Rights, Powers and Remedies. No failure or delay by a party hereto in exercising any right, power or remedy under this Agreement, and no course of

dealing between the parties hereto, will operate as a waiver of any such right, power or remedy of the party. No single or partial exercise of any right, power or remedy under this Agreement by a party hereto, nor any abandonment or discontinuance of steps to enforce any such right, power or remedy, will preclude such party from any other or further exercise thereof or the exercise of any other right, power or remedy hereunder. The election of any remedy by a party hereto will not constitute a waiver of the right of such party to pursue other available remedies. No notice to or demand on a party not expressly required under this Agreement will entitle the party receiving such notice or demand to any other or further notice or demand in similar or other circumstances or constitute a waiver of the rights of the party giving such notice or demand to any other or further action in any circumstances without such notice or demand. The terms and provisions of this Agreement may be waived, or consent for the departure therefrom granted, only by written document executed by the party entitled to the benefits of such terms or provisions. No such waiver or consent will be deemed to be or will constitute a waiver or consent with respect to any other terms or provisions of this Agreement, whether or not similar. Each such waiver or consent will be effective only in the specific instance and for the purpose for which it was given, and will not constitute a continuing waiver or consent.

17. Governing Law. This Agreement will be governed by and construed in accordance with the laws of the State of California.

18. Attorney's Fees. If any action at law or in equity is brought to enforce or interpret the provisions of this Agreement, the prevailing party in such action will be entitled to reimbursement for reasonable attorneys' fees and costs.

19. Counterparts. This Agreement may be signed in counterparts, which together will constitute one agreement.

IN WITNESS WHEREOF, the parties have caused this Agreement to be signed by their duly authorized representatives or officers, effective as of the date first listed above in the preamble to this Agreement.

COVERED ENTITY:

BUSINESS ASSOCIATE:
