

**SOUTHWESTERN UNIVERSITY RETIREE
HEALTH REIMBURSEMENT ARRANGEMENT**

LEGAL NOTICES

January 2014

Notice of Privacy Practices

THIS NOTICE DESCRIBES HOW MEDICAL INFORMATION ABOUT YOU MAY BE USED AND DISCLOSED AND HOW YOU CAN GET ACCESS TO THIS INFORMATION. PLEASE REVIEW THIS NOTICE CAREFULLY.

GENERAL INFORMATION

This Notice describes the practices that the Southwestern University Retiree Health Reimbursement Arrangement (the “Plan,” “us” or “we”) will follow with regard to your “protected health information” (“PHI”).

PHI is a special term, defined by the Health Insurance Portability and Accountability Act of 1996 (“HIPAA”) and its regulations (the “Privacy Rule”). PHI means individually identifiable health information (including demographic information) that is created or received by a health care provider, a health plan, your employer, or a health care clearinghouse and relates to: (i) your past, present, or future physical or mental health or condition; (ii) the delivery of health care to you; or (iii) the past, present, or future payment for the delivery of health care to you. For purposes of the Plan and this Notice, PHI includes information related to the medical claims that are submitted to the Plan about you, and information about the payment of those claims.

This Notice applies to all PHI the Plan maintains. Your personal doctor or health care provider may have different policies or notices regarding the doctor’s use and disclosure of your medical information created in the doctor’s office or clinic. The insurance company who provides your insurance may also have different policies or notices.

You may have additional rights under state law. State laws that provide greater privacy protection or broader privacy rights will continue to apply.

OUR RIGHTS AND OBLIGATIONS

- We are required by law to maintain the privacy of your PHI.
- We are required to give you this Notice about our privacy practices, our legal duties, and your rights concerning your PHI.
- We are required to follow the privacy practices described in this Notice. These privacy practices will remain in effect until we replace or modify them.
- We are required to notify you following a breach of unsecured PHI.

We reserve the right to change our privacy practices and the terms of this Notice at any time, provided that the change is permitted by law. We reserve the right to have such a change affect all PHI we maintain, including PHI we received or created before the change. When we make a material change

in our privacy practices, we will revise this Notice and post it at <http://southwestern.edu/hr/benefits> by the effective date of the material change and we will provide the revised Notice, or information about the material change and how to obtain the revised Notice, in the next annual mailing to participants.

HOW THE PLAN MAY USE AND DISCLOSE YOUR PHI.

Uses and Disclosures for Treatment, Payment, and Health Care Operations

For Treatment. We do not provide treatment. However, we may disclose your PHI to health care providers who require it in connection with your treatment. For example, we might disclose information about your prior prescriptions to a pharmacist to determine if a pending prescription is contraindicative with prior prescriptions.

For Payment. We may use and disclose your PHI for all activities that are included within the definition of “payment” set out in the Privacy Rule. For example, we may use and disclose your PHI to determine eligibility for the Plan’s benefits, to facilitate or make payment for the treatment and services you receive from health care providers, to determine benefit responsibility under the Plan, or to coordinate the Plan’s coverage. The definition of “payment” includes many more items, so please refer to the Privacy Rule for a complete list.

For Health Care Operations. We may use and disclose your PHI for all activities that are included within the definition of “health care operations” set out in the Privacy Rule. For example, we may use and disclose your PHI for purposes of: (a) conducting quality assessment and improvement activities; (b) underwriting; (c) premium rating and other activities relating to the Plan’s coverage; (d) submitting claims for stop-loss (or excess loss) coverage; (e) conducting or arranging for medical review, legal services, audit services, and fraud and abuse detection programs; (f) business planning and development such as cost management and business management; and (g) the Plan’s general administrative activities. The definition of “health care operation” includes many more items, so please refer to the Privacy Rule for a complete list.

If the Plan uses or discloses PHI for underwriting purposes, the Plan is prohibited from using or disclosing PHI that is genetic information for such purposes.

Uses & Disclosures to Other Entities

Business Associates. We may disclose your PHI to a “business associate.” Our business associates are the individuals and entities we engage to perform various duties on behalf of the Plan, or to provide services to the Plan. For example, our business associates might provide claims management services or utilization reviews. Business associates are permitted to receive, create, maintain, use, or disclose PHI, but only as provided in the Privacy Rule, and only after agreeing in writing to appropriately safeguard your PHI.

Other Covered Entities. We may use or disclose your PHI to a HIPAA-covered health care provider, health plan, or health care clearinghouse, in connection with their treatment, payment, or health care operations.

Uses and Disclosures for Which Your Permission May Be Sought.

For purposes of this subsection only, the following conditions apply: If you are present and able to give your verbal permission, we will only use or disclose your PHI with your permission. This verbal permission will only cover a single encounter, and is not a substitute for a written authorization. If you are not present or are unable to give your permission, we will use or disclose your PHI only if we determine (based on our professional judgment) that the use or disclosure is in your best interest.

To Others Involved in Your Care. We may use or disclose your PHI to a relative or other individual who you have identified as being involved in your health care. If you are not present, our disclosure will be limited to the PHI that directly relates to the individual's involvement in your health care.

For Limited Notification Purposes. We may use or disclose your PHI to help notify a relative or other individual who is responsible for your health care, of your location, general condition or death.

To Assist in Disaster Relief. We may disclose your PHI to an authorized public or private entity in order to assist in disaster relief efforts, or to coordinate uses and disclosures to relatives or other individuals involved in your health care.

Other Permitted Uses and Disclosures

To the Secretary. We will disclose your PHI to the Secretary of the Department of Health and Human Services, when required to do so, to enable the Secretary to investigate or determine our compliance with HIPAA and the Privacy Rule.

As Required By Law. We will disclose your PHI when required to do so by federal, state or local law.

For Public Health Activities. We may use or disclose your PHI for public health activities that are permitted or required by law. For example, we may disclose your PHI to a public health entity that is authorized by law to collect information for the purpose of reporting diseases, illnesses, births, or deaths.

Disclosures About Abuse, Neglect, and Domestic Violence. We may disclose your PHI, consistent with applicable federal and state laws, if we believe that you have been a victim of abuse, neglect, or domestic violence. Such disclosure will be made to the governmental entity or agency authorized to receive such information.

Health Oversight Activities. We may disclose your PHI to a health oversight agency for activities authorized by law. The relevant agencies include governmental units that oversee or monitor the health care system, government benefit and regulatory programs, and compliance with civil rights laws. The relevant activities include, for example, audits, investigations, inspections, and licensure.

Legal Proceedings. We may disclose your PHI in the course of a judicial or administrative proceeding.

Law Enforcement. Under limited circumstances (such as required reporting laws or in response to a grand jury subpoena), we may disclose your PHI to law enforcement officials.

Coroners, Medical Examiners, and Funeral Directors. We may disclose your PHI to a coroner, medical examiner, or funeral director as necessary for them to carry out their duties.

Organ and Tissue Donation. If you are an organ donor, we may disclose your PHI to organizations that handle organ procurement or organ, eye or tissue transplantation, or to an organ donation bank, as necessary to facilitate organ or tissue donation and transplantation.

Research. We may disclose your PHI to researchers when an institutional review board or a privacy board has (a) reviewed the research proposal and established protocols to ensure the privacy of the information; and (b) approved the research.

Serious Threat to Health or Safety. We may use and disclose your PHI when necessary to prevent a serious threat to your health and safety, or to the health and safety of others. Any such disclosure will be made to someone who would be able to help prevent the threat.

Specialized Government Functions. We may disclose your PHI, if you are in the Armed Forces, for activities deemed necessary by appropriate military command authorities, for determination of benefit eligibility by the Department of Veterans Affairs, or to foreign military authorities if you are a member of that foreign military service. We may disclose your PHI to authorized federal officials for conducting national security and intelligence activities (including for the provision of protective services to the President of the United States) or to the Department of State to make medical suitability determinations. If you are an inmate at a correctional institution, then under certain circumstances we may disclose your PHI to the correctional institution.

Workers' Compensation. We may disclose your PHI to the extent necessary to comply with laws concerning workers' compensation or to comply with similar programs that are established by law and provide benefits for work-related injuries or illness.

Reminders. We may use and disclose your PHI by sending you a reminder for important services, such as annual checkups.

Additional Services. We may use or disclose your PHI to send you information about alternative medical treatments and programs, or about health-related products and services that may be of interest to you, provided the Plan does not receive financial remuneration for making such communications.

Disclosure to Health Plan Sponsor. We may disclose your PHI to designated personnel at Southwestern University so that they may carry out their Plan-related administrative functions. These individuals will protect the privacy of your PHI and will ensure that it is only used as described in this Notice and as permitted by law. Your PHI will not be used by Southwestern University for any employment-related actions or decisions or in connection with any other benefit plan offered by Southwestern University.

Uses and Disclosures with an Authorization

Before we can use or disclose your PHI for a reason that is not listed in this Section, "How the Plan May Use and Disclose Your PHI," we are required to obtain your written authorization. In addition, we are required to obtain your authorization under the following circumstances:

Psychotherapy Notes. Most uses and disclosures of psychotherapy notes will require your authorization.

Marketing. Uses and disclosures of PHI which result in the Plan receiving financial payment from a third party whose product or services is being marketed will require your authorization.

Sale of PHI. Disclosures that constitute a sale of PHI will require your authorization.

You may revoke your authorization at any time, but you must do so in writing. You can obtain an authorization form by contacting us at the address or phone number listed at the end of this Notice.

YOUR RIGHTS REGARDING YOUR PHI

Some of your PHI is maintained by our business associates, particularly the ones who handle claims administration. In order to help you exercise the rights discussed below, we may ask you to contact our business associates directly.

Right to Inspect and Copy.

You have the right to inspect and copy your PHI that may be used to make decisions about your benefits. To inspect and copy the PHI that may be used to make decisions about you, you must submit your request in writing to the Contact Office listed at the end of this Notice. If you request a copy of your PHI, we may charge a fee for the costs of copying, mailing or other supplies associated with your request. We may

deny your request to inspect and copy in certain very limited circumstances; if we deny you access to your PHI, you may request that the denial be reviewed.

The Privacy Rule contains a few exceptions to this right. You do not have the right to inspect or copy, among other things, psychotherapy notes or materials that are compiled in anticipation of litigation or similar proceedings.

Right to Request an Amendment.

If you feel that the PHI we have about you is incorrect or incomplete, you may ask us to amend the PHI. You have the right to request an amendment for as long as the PHI is kept by or for the Plan. Your request must be in writing and must include a reason or explanation that supports your request. Request forms are available from and must be submitted to the Contact Office listed at the end of this Notice.

If we approve your request, we will include the amendment in any future disclosures of the relevant PHI. If we deny your request for an amendment, you may file a written statement of disagreement, which we may rebut in writing. The denial, statement of disagreement, and rebuttal will be included in any future disclosures of the relevant PHI.

We may deny your request for an amendment if it is not in writing or does not include a reason to support the request. In addition, we may deny your request if you ask us to amend PHI that: is not part of the PHI kept by or for the Plan; was not created by us, unless the person or entity that created the information is no longer available to make the amendment; is not part of the information which you would be permitted to inspect and copy; or is accurate and complete. All denials will be made in writing.

Right to an Accounting of Disclosures.

You have the right to request an “accounting” of the instances in which we disclosed your PHI.

If the PHI disclosed is an “electronic health record,” the accounting will include disclosures up to three years before the date of your request.

If the PHI disclosed is not an “electronic health record,” the accounting will include disclosures up to six years before the date of your request. In this case, the accounting is not required to include all disclosures. For example, the accounting will not include any disclosures made for treatment, payment, or health care operations. The accounting also will not include any disclosures we made before April 14, 2004.

Your request must be in writing. Your request must include the time frame that you would like us to cover (this may be no more than six years before the date of the request). Request forms are available from and must be submitted to the Contact Office listed at the end of this Notice. We may charge you for the costs of providing the list. We will notify you of the cost involved and you may choose to withdraw or modify your request at that time before any costs are incurred.

Right to Request Restrictions.

You have the right to request a restriction or limitation on the PHI about you that we use or disclose for treatment, payment or health care operations. You also have the right to request a limit on the PHI about you that we disclose to someone who is involved in your care or the payment of your care, like a family member or friend. For example, you could ask that we not use or disclose information about a surgery you had. We are not required to agree to your request.

Your request must be in writing. In your request, you must tell us (1) what information you want to limit; (2) whether you want to limit our use, disclosure or both; and (3) to whom you want the limits to

apply, for example, disclosure to your spouse. Request forms are available from and must be submitted to the Contact Office listed at the end of this Notice. Again, we are not required to agree to your request.

Right to Request Confidential Communications.

You have the right to request that we communicate with you about medical matters in a certain way or at a certain location. For example, you can ask that we only contact you at work or by mail. We will not ask you the reason for your request.

Your request must be in writing. In your request, you must tell us how or where you wish to be contacted. Request forms are available from and must be submitted to the Contact Office listed at the end of this Notice. We will make reasonable efforts to accommodate your request.

Right to a Paper Copy of This Notice.

You have the right to a paper copy of this Notice. You may ask us to give you a copy of this Notice at any time. Even if you have agreed to receive this Notice electronically, you are still entitled to a paper copy of this Notice. You may also obtain a paper copy of this Notice from the Contact Office listed at the end of this Notice.

COMPLAINTS

If you believe your privacy rights have been violated, you may file a complaint with us, or with the Secretary of the Department of Health and Human Services. To file a complaint with us, send a written complaint to the Contact Office listed at the end of this Notice. We will not retaliate against you for filing a complaint, and you will not be penalized in any other way for filing a complaint.

CONTACT OFFICE

Elma F. Benavides
Associate Vice President for Human Resources
Southwestern University
1001 University Avenue
P.O. Box 770
Georgetown, TX 78627-0770
(512) 863-1435

EFFECTIVE DATE: January 1, 2014

Continuation of Coverage Rights Under COBRA

This notice contains important information about your right to COBRA continuation coverage, which is a temporary extension of coverage under the Plan. This notice generally explains COBRA continuation coverage, when it may become available to you and your family, and what you need to do to protect the right to receive it.

The right to COBRA continuation coverage was created by a federal law, the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA). COBRA continuation coverage can become available to you when you would otherwise lose your group health coverage. It can also become available to other members of your family who are covered under the Plan when they would otherwise lose their group health coverage. For additional information about your rights and obligations under the Plan and under federal law, you should review the Plan's Summary Plan Description or contact the Plan Administrator.

What is COBRA Continuation Coverage?

COBRA continuation coverage is a continuation of Plan coverage when coverage would otherwise end because of a life event known as a "qualifying event." Specific qualifying events are listed later in this notice. After a qualifying event, COBRA continuation coverage must be offered to each person who is a "qualified beneficiary." You or your spouse could become qualified beneficiaries if coverage under the Plan is lost because of the qualifying event. Under the Plan, qualified beneficiaries who elect COBRA continuation coverage must pay for COBRA continuation coverage.

If you are a retiree, you will become a qualified beneficiary if you lose your coverage under the Plan because of the Southwestern University's Chapter 11 bankruptcy. If you are the spouse of a retiree, you will become a qualified beneficiary if you lose your coverage under the Plan because any of the following qualifying events happens:

- You become divorced or legally separated from your spouse; or
- Southwestern University's Chapter 11 bankruptcy.

When is COBRA Coverage Available?

The Plan will offer COBRA continuation coverage to qualified beneficiaries only after the Plan Administrator has been notified that a qualifying event has occurred. When the qualifying event is Southwestern University's bankruptcy, the employer must notify the Plan Administrator of the qualifying event.

You Must Give Notice of Some Qualifying Events

For the other COBRA qualifying event (divorce or legal separation of the retiree and spouse), you must notify the Plan Administrator within 60 days after the qualifying event occurs. For additional information and instructions for notifying the Plan Administrator, contact the Human Resources Department.

How is COBRA Coverage Provided?

Once the Plan Administrator receives notice that a qualifying event has occurred, COBRA continuation coverage will be offered to each of the qualified beneficiaries. Each qualified beneficiary will have an independent right to elect COBRA continuation coverage. Covered retirees may elect COBRA continuation coverage on behalf of their spouses.

COBRA continuation coverage is a temporary continuation of coverage. When the qualifying event is your divorce or legal separation, COBRA continuation coverage lasts for up to a total of 36 months.

When the qualifying event is the bankruptcy of Southwestern University, COBRA coverage for the covered retiree will last from the date of the bankruptcy until the covered retiree's death, and COBRA coverage for the covered retiree's spouse may continue until the earlier of either: (1) the covered retiree's death plus an additional 36 months of coverage; or (2) the covered retiree's spouse's death.

However, coverage may end earlier upon the occurrence of any of the following events:

- The date the qualified beneficiary notifies the Plan Administrator that he or she wishes to discontinue coverage;
- The date any required monthly premium is not paid when due or during the applicable grace period;
- The date, after the date of the qualified beneficiary's election to continue coverage, that he or she becomes covered under another group health plan that does not contain any exclusion or limitation with respect to any pre-existing condition of the qualified beneficiary; or
- The date the employer ceases to provide any group health plan.

If You Have Questions

Questions concerning your Plan or your COBRA continuation coverage rights should be addressed to the contact or contacts identified below. For more information about your rights under ERISA, including COBRA, the Health Insurance Portability and Accountability Act (HIPAA), and other laws affecting group health plans, contact the nearest Regional or District Office of the U.S. Department of Labor's Employee Benefits Security Administration (EBSA) in your area or visit the EBSA website at www.dol.gov/ebsa. (Addresses and phone numbers of Regional and District EBSA Offices are available through EBSA's website.)

Keep Your Plan Informed of Address Changes

In order to protect your family's rights, you should keep the Plan Administrator informed of any changes in the addresses of family members. You should also keep a copy, for your records, of any notices you send to the Plan Administrator.

Contact

For more information about the plan and COBRA continuation coverage, contact the Human Resources Department at (512) 863-1807.

Women's Health & Cancer Rights Act

If you have had or are going to have a mastectomy, you may be entitled to certain benefits under the Women's Health and Cancer Rights Act of 1998 (WHCRA). For individuals receiving mastectomy-related benefits, coverage will be provided in a manner determined in consultation with the attending physician and the patient, for:

- All stages of reconstruction of the breast on which the mastectomy was performed;
- Surgery and reconstruction of the other breast to produce a symmetrical appearance;
- Prostheses;
- Treatment of physical complications of the mastectomy, including lymphedema.

These benefits will be provided subject to the same deductibles and coinsurance or copays applicable to other medical and surgical benefits provided under this Plan. Therefore, the deductibles and coinsurance shown in the medical section of this guide apply.

If you would like more information on WHCRA benefits, call the Human Resources Department at (512) 863-1807.

Newborns' and Mothers' Health Protection Act of 1996

Group health plans and health insurance issuers generally may not, under federal law, restrict benefits for any hospital length of stay in connection with childbirth for the mother or newborn child to less than 48 hours following a vaginal delivery, or less than 96 hours following a cesarean section. However, federal law generally does not prohibit the mother's or newborn's attending provider, after consulting with the mother, from discharging the mother or her newborn earlier than 48 hours (or 96 hours as applicable). In any case, plans and issuers may not, under federal law, require that a provider obtain authorization from the plan or the issuer for prescribing a length of stay not in excess of 48 hours (or 96 hours).