

***NOTICE OF PRIVACY PRACTICES OF CAREMARK RX, INC.******HEALTH AND WELFARE BENEFITS PLAN***

**THIS NOTICE DESCRIBES HOW MEDICAL INFORMATION ABOUT YOU MAY BE USED AND DISCLOSED BY THE CAREMARK RX, INC. HEALTH AND WELFARE BENEFITS PLAN AND HOW YOU CAN GET ACCESS TO THIS INFORMATION. PLEASE REVIEW IT CAREFULLY.**



The use and disclosure of your health information by the Plan is very important to the Plan's ability to pay for your health care, operate the health plan, and to comply with certain laws. This Notice applies to the Plan's uses and disclosures of individually identifiable Protected Health Information ("PHI") received or created by the Plan under the Standards for Privacy of Individually Identifiable Health Information disseminated under the Health Insurance Portability and Accountability Act of 1996 (the "Privacy Rule").

**I. The Plan is Legally Required to Safeguard Your PHI.** The Plan is required by law to:

- A. Maintain the privacy of your PHI;
- B. Provide you with this Notice of its legal duties and privacy practices with respect to your PHI; and
- C. Comply with this Notice currently in effect.

**II. Future Changes to the Plan's Privacy Practices and This Notice.** The Plan reserves the right to change its privacy practices and to make any such change applicable to all PHI the Plan maintains, including your PHI obtained before the change. If a change in the practices is material, the Plan will revise this Notice to reflect the change. You have the right to obtain a copy of any revised Notice by contacting the Corporate Employee Benefits Plan Administrator, c/o Caremark Rx, Inc., 2211 Sanders Road, Northbrook, Illinois 60062 or by viewing it on the Company's Intranet.

**III. The Plan's Uses and Disclosures of Your PHI.** The law permits the Plan to use and disclose your PHI for purposes of obtaining payment and for certain operations related to health care. The law also permits and, in certain cases, requires the Plan to make certain other disclosures of PHI. This Section III describes the ways in which the Plan may use and disclose your PHI.

**A. Permitted Uses and Disclosures for purposes of payment and health care operations.**

The Plan may use and disclose your PHI for **payment activities**. "Payment activities" are activities undertaken

by the Plan to obtain premiums or to determine or fulfill its responsibilities for coverage and provision of benefits under the Plan or to obtain or provide reimbursement for the provision of health care. These activities include, but are not limited to, determinations of eligibility or coverage under the Plan and adjudication or subrogation of health care claims; risk adjustment; billing, claims management, collection activities, obtaining payments under contracts of reinsurance (including stop-loss coverages) and related health care data processing; review of health care services with respect to medical necessity, coverage under the Plan, appropriateness of care or justification of charges, utilization review activities, including precertification and preauthorization of services, concurrent and retrospective review and disclosure to consumer reporting agencies of certain permitted elements of PHI relating to the collection of premiums and reimbursements; and any other activities that are defined as "payment" activities under the Privacy Rule.

**For example**, the Plan may use and disclose your PHI to pay claims from doctors, hospitals, pharmacies and others for services delivered to you that are covered by the Plan, to determine your eligibility for Plan benefits, to coordinate benefits, to make review determinations of medical necessity, to obtain premiums and/or to issue explanation of benefits under the Plan and to make claims determinations under the Plan.

The Plan may also use and disclose your PHI for the Plan's **health care operations**. "Health care operations" includes conducting quality assessment and improvement activities, including outcomes evaluation and development of clinical guidelines (subject to certain restrictions set forth in the Privacy Rule); population-based activities relating to improving health or reducing health care costs; protocol development; case management and care coordination, contacting of health care providers and patients with information about treatment alternatives; and related functions that do not include treatment; reviewing the competence of health care professionals, evaluating practitioner and provider performance and Plan performance; conducting

training programs permitted by the Privacy Rule; underwriting, premium rating and other activities relating to the creation, renewal or replacement of a contract of health insurance or health benefits and securing or placing a contract for reinsurance of risk relating to claims for health care (including stop-loss coverage), subject to certain restrictions imposed by the Privacy Rule; conducting or arranging for medical review, legal services and auditing functions including fraud and abuse detection and compliance programs; business planning and development; business management and general administrative activities of the Plan, such as management activities relating to implementation of and compliance with the Privacy Rule, customer service, resolution of internal grievances, or the merger of the Plan with another Plan; creating de-identified health information on a limited basis; and any other activities that are defined as “health care operations” under the Privacy Rule.

**For example,** The Plan may use and disclose your PHI to rate the Plan’s risk and determine the amount of premiums for the Plan, to conduct quality assessment and review activities, to engage in case management activities and to manage the Plan’s business.

**B. Other Permitted Disclosures.** The Plan may disclose your PHI to another health care provider, health plan, or health care clearinghouse for purposes of their operations related to health care, including their treatment or payment activities. For example, the Plan may disclose your PHI to a health care provider when needed by the provider to render treatment to you and the Plan may disclose your PHI to another covered entity when needed by the covered entity to conduct health care operations in the areas of quality assurance and improvement activities or accreditation, certification licensing or credentialing.

In connection with the Plan’s payment and health care operations activities, the Plan may contract with entities (called “business associates”) to perform various functions on behalf of the Plan or to provide certain types of services, such as utilization management, pharmacy benefit management and claims processing. To perform these functions or provide the necessary services, the business associates will receive, create, maintain, use or disclose PHI, but only after the Plan requires the business associate to agree in writing to contract terms required by the Privacy Rule which are designed to appropriately safeguard the PHI.

The Plan may also use and disclose your information to the Sponsor so that that Sponsor may perform certain functions related to administration of the Plan. For example, the Plan may disclose summary health information to the Sponsor to enable the Sponsor to obtain premium bids for the Plan or to decide whether to modify, amend or terminate the Plan.

**C. Uses and Disclosures That Require the Plan to Give You the Opportunity to Object.** Unless you object, the Plan may provide relevant portions of your PHI to a family member, friend or other person you indicate is involved in your health care or in helping you get payment for your health care. In an emergency or when you are not capable of agreeing or objecting to these disclosures, the Plan will disclose PHI as the Plan determines is in your best interest, but will advise you of such use and disclosure after the emergency, and give you the opportunity to object to future disclosures to family and friends. Unless you object, the Plan may also disclose your PHI to persons performing disaster relief notification activities.

**D. Certain Other Uses and Disclosures Which Do Not Require Your Authorization.** The law allows the Plan to use and disclose PHI without your authorization in the following circumstances:

1. **When Required by Law.** The Plan uses and discloses PHI when it is required to do so by federal, state or local law.
2. **For Public Health Activities.** The Plan uses and discloses PHI when it is required to do so by public health and other government authorities. The Plan also uses and discloses PHI as necessary to report suspected child abuse.
3. **For Reports About Victims of Abuse, Neglect or Domestic Violence.** The Plan uses and discloses your PHI in reports about victims of abuse, neglect or domestic violence only if it is required or authorized by law to do so, or if you otherwise agree.
4. **To Health Oversight Agencies.** The Plan will use and disclose PHI as requested by government agencies who have authority to audit or investigate the Plan’s operations, such as the Department of Labor.
5. **For Lawsuits and Disputes.** If you are involved in a lawsuit or dispute, the Plan may use and disclose your PHI in response to a subpoena or other lawful request, but only if efforts have been made to tell you about the request or to obtain a court order that will protect the PHI requested.
6. **To Law Enforcement.** The Plan may use and disclose PHI if asked to do so by a law enforcement official, in the following circumstances: (a) in response to a court order, subpoena, warrant, summons or similar process; (b) to identify or locate a suspect, fugitive, material witness or missing person; (c) to provide information about the victim of a crime if, under certain limited circumstances, the Plan is unable to obtain the person’s agreement; (d) about a death the Plan believes may be due to criminal conduct; (e) about criminal conduct at any office or location of the

Plan; and (f) in emergency circumstances, to report a crime, its location or victims, or the identity, description or location of the person who committed the crime.

**7. To Coroners, Medical Examiners and Funeral Directors and Organ Donation.** The Plan may use and disclose PHI to facilitate the duties of coroners, medical examiners and funeral directors. In addition, the Plan may disclose PHI to organizations that handle organ, eye or tissue donation and transplantation.

**8. For Medical Research.** The Plan may use and disclose your PHI to medical researchers who request it for approved medical research projects; however, with very limited exceptions, such uses and disclosures must be cleared through a special approval process before any PHI is used and disclosed to the researchers, who will be required to safeguard the PHI they receive.

**9. To Avert a Serious Threat to Health or Safety.** The Plan may use and disclose your PHI to someone who can help prevent a serious threat to your health and safety or the health and safety of another person or the public.

**10. For Specialized Government Functions.** The Plan may use and disclose your PHI for specialized government functions. For example, the Plan may use and disclose your PHI to authorized federal officials for intelligence and national security activities that are authorized by law, or so that they may provide protective services to the President or foreign heads of state or conduct special investigations authorized by law.

**11. Inmates.** If you are an inmate of a correctional institution, the Plan may use and disclose your PHI to the correctional institution or to a law enforcement official in order to enable the institution to provide health care to you, for your health and safety and the health and safety of others or the safety and security of the correctional institution.

**12. To Workers' Compensation or Similar Programs.** The Plan may use and disclose your PHI to workers' compensation or similar programs in order for you to obtain benefits for work-related injuries or illness.

**E. Required Disclosures of Your PHI.** The Plan is required by law to make certain disclosures of your PHI. Specifically, the Plan is required to disclose your PHI to the Secretary of the U.S. Department of Health and Human Services when the Secretary is investigating or determining the Plan's compliance with the Privacy Rule. In addition, the Plan is required to disclose to you most of your PHI that is in a "designated record set" when you request access to this information. A

"designated record set" generally contains medical and billing records as well as other records that are used to make decisions about your health care benefits. Not all information is contained in a designated record set and you do not have the right to review information that is not in such a designated record set.

The Plan is also required to provide to you, upon request, an account of many disclosures of your PHI that are for reasons other than payment and health care operations.

**IV. Other Uses and Disclosures of Your Protected Health Information.** Other uses and disclosures of your PHI that are not covered by this Notice or permitted by the laws that apply to the Plan will be made only with your written authorization. If you give the Plan written authorization for a use or disclosure of your PHI, you may revoke that authorization, in writing, at any time. If you revoke your authorization, the Plan will no longer use or disclose your PHI for the purposes specified in the written authorization, except that the Plan is unable to take back any disclosures it has already made with your permission. In addition, the Plan can use or disclose your PHI after you have revoked your authorization for actions it has already taken in reliance upon your authorization. The Plan is also required to retain certain records of the uses and disclosures made when the authorization was in effect.

**V. Your Rights Related to Your Protected Health Information.** You have the following rights:

**A. The Right to Request Limits on Uses and Disclosures of Your PHI.** You have the right to ask the Plan to limit or restrict how the Plan uses and discloses your PHI, as long as you are not asking the Plan to limit uses and disclosures that the Plan is required or authorized to make by the Secretary of the federal Department of Health and Human Services related to any of the disclosures described in Section III, those that give you the opportunity to object (as listed in Section III.C), or those in which you have given authorization (Section IV). Any such request must be submitted in writing to the Plan's Privacy Officer. The Plan is not required to agree to your request. If the Plan does agree, you will be notified in writing and the Plan will abide by the agreement except when you require emergency treatment.

**B. The Right to Choose How the Plan Communicates With You.** You have the right to ask that the Plan send information to you at a specific address (for example, at work rather than at home) or in a specific manner (for example, by e-mail rather than by regular mail, or never by telephone). The Plan must agree to your request as long as it would not be disruptive to our operations to do so. You must make any such request in writing, addressed to the Plan's Privacy Officer.

C. **The Right to See and Copy Your PHI.** Except for limited circumstances, you may look at and copy your PHI if you ask in writing to do so. Any such request must be addressed to the Corporate Employee Benefits Plan Administrator, c/o Caremark Rx, Inc., 2211 Sanders Road, Northbrook, IL 60062. The Plan Administrator will respond to your request within 30 days (or 60 days if the extra time is needed). In certain situations the Plan may deny your request, but if the request is denied, the Plan will tell you in writing of the reasons for the denial and explain your rights with regard to having the denial reviewed.

If you ask the Plan to copy your PHI, it may charge you a reasonable amount as allowed by law. Alternatively, the Plan may provide you with a summary or explanation of your PHI, as long as you agree to that and to the cost, in advance.

D. **The Right to Correct or Update Your PHI.** If you believe that the PHI the Plan has about you is incomplete or incorrect, you may ask the Plan to amend it. Any such request must be made in writing, must be addressed to the Corporate Employee Benefits Plan Administrator, c/o Caremark Rx, Inc., 2211 Sanders Road, Northbrook, IL 60062 and must tell the Plan why you think the amendment is appropriate. The Plan will not process your request if it is not in writing or does not tell the Plan why you think the amendment is appropriate. The Plan will act on your request within 60 days (or 90 days if the extra time is needed), and will inform you in writing as to whether the amendment will be made or denied. If the Plan agrees to make the amendment, the Plan will ask you who else you would like the Plan to notify of the amendment.

The Plan may deny your request for an amendment if the PHI

1. was not created by the Plan, unless the person who created the information is no longer available to make the amendment;
2. is not part of the PHI the Plan keeps about you;
3. is not part of the PHI that you would be allowed to see or copy; or
4. is determined by the Plan to be accurate and complete.

If the Plan denies the requested amendment, the Plan will tell you in writing how to submit a statement of disagreement or complaint, or to request inclusion of your original amendment request in your PHI.

E. **The Right to Get a List of the Disclosures the Plan Has Made.** You have the right to get a list of instances in which the Plan has disclosed your PHI. The list will not include disclosures the Plan has made for treatment, payment, and health care operations purposes

described in Section III, those made directly to you or your family or friends, for disaster notification purposes, or those that were made per an authorization from you. The list will also not include disclosures the Plan has made for national security purposes or to law enforcement personnel, or disclosures made before April 14, 2003.

Your request for a list of disclosures must be made in writing and be addressed to the Corporate Employee Benefits Plan Administrator, c/o Caremark Rx, Inc., 2211 Sanders Road, Northbrook, IL 60062. The Plan Administrator will respond to your request within 60 days (or 90 days if the extra time is needed). The list you will be provided will include disclosures made within the last six years unless you specify a shorter period. The first list you request within a 12-month period will be free. You will be charged the Plan's costs for providing any additional lists within the 12-month period.

F. **The Right to Get a Paper Copy of This Notice.** Even if you have agreed to receive the Notice by e-mail, you have the right to request a paper copy as well. You may obtain a paper copy of this Notice by contacting the Corporate Employee Benefits Plan Administrator, c/o Caremark Rx, Inc., 2211 Sanders Road, Northbrook, IL 60062.

**VI. Complaints.** If you believe your privacy rights have been violated, you may file a complaint with the Plan or with the Secretary of the federal Department of Health and Human Services. To file a complaint with the Plan, put your complaint in writing and send it to the Corporate Benefit Plan's Privacy Officer at Caremark Rx, Inc., 2211 Sanders Road, Northbrook, IL 60062 within 180 days of the suspected violation. The Plan will not retaliate against you for filing a complaint.

**If you have any questions or comments about this notice or about the Plan's privacy practices, please contact the Privacy Officer for the Caremark Rx, Inc. Health and Welfare Plan (the "Plan") who is the Vice President of Compensation and Benefits in the Northbrook Office of Caremark Rx, Inc. (the "Sponsor"), at 847-559-3809.**

**Effective Date:** April 14, 2003