

NOTICE OF PRIVACY PRACTICES OF THE GROUP HEALTH PLANS MAINTAINED BY K C TRANSPORTATION, INC.

** This Notice is not a part of your Plan Documents. It is provided to you for informational purposes only.*

This Notice describes how medical information about you may be used and disclosed and how you can access this information. Please review it carefully.

This Notice applies to the Group Health Plans (each a "Plan" and collectively, the "Plans") maintained by the Plans' sponsor, K C Transportation, Inc. This Notice applies to all of the Plans because K C Transportation, Inc. coordinates the operations of the Plans to better serve you and the other participants and beneficiaries of the Plans. As a result, the Plans have entered into an arrangement to abide by the terms of this Notice. References to "we" and "us" throughout this Notice mean the Plans. Each of the Plans will use and disclose your health information as described in this Notice and each is obligated to comply with the terms of this Notice. The Plans may provide benefits through a health insurance issuer or health maintenance organization ("HMO"). The health insurance issuer or HMO may have its own policies and notice regarding your health information. You should review those notices for information about how the insurance issuer or HMO will handle your medical information in their possession. This Notice of Privacy Practices has been drafted to be consistent with what is known as the "HIPAA Privacy Rule," and any of the terms not defined in this Notice should have the same meaning as in the HIPAA Privacy Rule. Please provide this notice to your family members.

Effective Date

This Notice of Privacy Practices becomes effective on April 14, 2003.

We Are Legally Required to Safeguard Your Protected Health Information

We are required by law to maintain the privacy of your health information and to provide you with this notice of our legal duties and privacy practices with respect to your health information. We are committed to protecting your health information.

Future Changes to Our Practices and This Notice

We reserve the right to change our privacy practices and make any such change applicable to the PHI we obtained about you before the change. If a change in our practices is material, we will revise this Notice to reflect the change. You may obtain a copy of any revised Notice by contacting Human Resources at 734-654-0010 ext. 1680. We will also make any revised Notice available on our Web site at www.kctrans.com.

How We May Use and Disclose Your Protected Health Information

The law permits us to use and disclose your PHI for certain purposes without obtaining your written authorization. This Section gives examples of each of these circumstances.

Uses and Disclosures for Treatment, Payment and Health Care Operations

- We may also use or disclose your PHI to **provide payment** for the treatment you receive under a Plan. For example, we may use and disclose your PHI to obtain our premiums, to pay and manage your claims, coordinate your benefits and review health care services provided to you. We may also use and disclose your PHI to determine your eligibility or coverage for health benefits and evaluate medical necessity or appropriateness of care or charges. In addition, we may use and disclose your PHI as necessary to precertify and preauthorize services to you and review the services provided to you. We may also use and disclose your PHI to obtain payment under a contract for reinsurance, including stop-loss insurance. We may further use and disclose your PHI to adjudicate your claims. Also, we may disclose your PHI to **other health care providers or entities** who need your PHI in order to obtain or provide payment for your treatment.

- We may also use or disclose your PHI **for our health care operations**. For example, we may use your PHI to evaluate the quality of the health care you received from providers in participating networks or preferred providers. We may use or disclose your PHI to conduct audits, for purposes of underwriting and ratemaking, as well as for purposes of risk management. In addition, we may use or disclose your PHI in order to manage our data and information systems. We may use or disclose your PHI to provide you with customer service activities

or develop programs. We may also provide your PHI to our attorneys, accountants and other consultants who assist us in performing our functions and make sure we are complying with the laws that affect us. In addition, we may disclose your PHI to **other health care providers or entities for certain health care operations activities**, such as quality assessment and improvement activities, case management and care coordination, or as needed to obtain or maintain accreditation or licenses to provide services. We will only disclose your PHI to these entities if they have or have had a relationship with you and your PHI pertains to that relationship, such as with other health plans or insurance carriers in order to coordinate benefits, if you or your family members have coverage through another health plan.

- In addition, we may use or disclose your protected health information to assist health care providers in connection with their **treatment** or payment activities. For example, we may disclose your protected health information to a health care provider when needed by the provider to render treatment to you, and we may disclose protected health information to another covered entity to conduct health care operations in the areas of quality assurance and improvement activities or accreditation, certification, licensing or credentialing.

Sharing of PHI Among Plans

In addition to the uses and disclosures of your PHI for purposes of treatment, payment and health care operations discussed above, **the Plans may share your PHI with each other**. As discussed at the beginning of this Notice, the Plans have entered into an arrangement to coordinate their operations. To do so, the Plans may need to share PHI with each other in order to manage their operations. However, the Plans will only share your PHI with each other as is necessary for treatment, payment or health care operations of the **Plans** and their common operation.

Disclosures to the Sponsor of the Plans

We may disclose your PHI to K C Transportation, Inc., **the sponsor of the Plans**. As the sponsor of the Plans, K C Transportation, Inc. assigns certain members of its personnel to administer the Plans so that the Plans can operate and provide you with your health benefits.

K C Transportation, Inc. will only use and disclose your PHI as necessary to administer the Plans. The law only permits the Plans to disclose your PHI to K C Transportation, Inc., in its role as the Plans' sponsor, if K C Transportation, Inc. certifies, among other things, that it will only use and disclose your PHI as permitted by the Plans, restrict access to your PHI to those K C Transportation, Inc. employees whose job it is to administer the Plans; it will not use PHI for any employment-related actions or decisions.

Uses and Disclosures of Business Associates

We contract with individuals and entities (business associates) to perform various functions on our behalf or provide certain types of services. To perform these functions or provide these services, our business associates will receive, create, maintain, use or disclose protected health information, but only after we require the Business Associates to agree in writing to contract terms designed to appropriately safeguard your information, consistent with federal law. For example, we may disclose your protected health information to a business associate to administer claims or provide service support, utilization management, subrogation or pharmacy benefit management. Examples of our business associates would be our Third Party Administrator, Wausau Benefits, which will be handling many of the functions in connection with the operation of our health plan.

Uses and Disclosures That Require Us to Give You the Opportunity to Object

Unless you object, we 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 receive payment for your health care. If you are not capable of agreeing or objecting to these disclosures because of, for instance, an emergency situation, we will disclose PHI (as we determine) in your best interest. After the emergency, we will give you the opportunity to object to future disclosures to family and friends.

Other Uses and Disclosures

The law allows us to disclose PHI without your prior authorization in the following circumstances:

- **When Required by Law:** We disclose PHI when we are required to do so by federal, state or local law.
- **For Public Health Activities:** For example, we disclose PHI when we report to a public health authority for purposes such as public health surveillance, public health investigations or suspected child abuse.
- **For Reports About Victims of Abuse, Neglect or Domestic Violence:** We will disclose your PHI in these reports only if we are required or authorized by law to do so, or if you otherwise agree.
- **To Health Oversight Agencies:** We will provide PHI as requested to government agencies that have the authority to audit or investigate our operations.

- **For Lawsuits and Disputes:** If you are involved in a lawsuit or dispute, we may 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 obtain a court order that protects the PHI requested.
- **To Law Enforcement:** We may release PHI if asked to do so by a law enforcement official in the following circumstances: (a) to respond 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 assist the victim of a crime if, under certain limited circumstances, we are unable to obtain the person's agreement; (d) to investigate a death we believe may be due to criminal conduct; (e) to investigate criminal conduct; and (f) to report a crime, its location or victims or the identity, description or location of the person who committed the crime (in emergency circumstances).
- **To Coroners, Medical Examiners and Funeral Directors:** We may disclose PHI to facilitate the duties of these individuals.
- **To Organ Procurement Organizations:** We may disclose PHI to facilitate organ donation and transplantation.
- **For Medical Research:** We may disclose your PHI without your consent to medical researchers who request it for approved medical research projects. However, with limited exception, such disclosures must be cleared through a special approval process before any PHI is disclosed to the researchers who are required to safeguard the PHI they receive.
- **To Avert a Serious Threat to Health or Safety:** We may 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 general public.
- **For Specialized Government Functions:** For example, we may disclose your PHI to authorized federal officials for intelligence and national security activities that are authorized by law so that they may provide protective services to the President or foreign heads of state or conduct special investigations authorized by law.
- **To Workers' Compensation or Similar Programs:** We may provide your PHI to these programs in order for you to obtain benefits for work-related injuries or illness.

Uses and Disclosures Requiring Your Authorization

Other uses and disclosures of your PHI that are not covered by this Notice or the laws that apply to us will be made only with your written authorization. If you give us 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, we will no longer use or disclose your PHI for the purposes specified in the written authorization, except that we are unable to take back any disclosures we have already made with your permission. In addition, we can use or disclose your PHI after you have revoked your authorization for actions we have already taken in reliance on your authorization, or if your authorization was obtained as a condition to your obtaining insurance coverage and the law permits us to contest a claim or the policy.

Your Rights Related to Your Protected Health Information

The Right to Appoint Representatives You may appoint a representative authorized to act on your behalf. We will disclose your protected health information only to representatives who have been formally designated by you. You must designate any such representative in writing and such designation will be effective until you revoke the appointment in writing. An Appointment of Authorized Representative and Revocation of Appointment of Authorized Representative form will be made available to you by us.

The Right to See and Copy Your PHI Except for limited circumstances, you may look at and copy your PHI by completing a prescribed form that will be made available to you by us. Any such request must be addressed to **Wausau Benefits**. In certain situations we may deny your request, but if we do, we will tell you in writing of the reasons for the denial and explain your rights with regard to having the denial reviewed. If you request copies of your PHI, we may charge you a reasonable fee to cover the cost. Alternatively, we may provide you with a summary or explanation of your PHI, upon your request as long as you agree to the rules and cost (if any) in advance.

The Right to Correct or Update Your PHI If you believe that the PHI we have is incomplete or incorrect, you may ask us to amend it. Any such request must be made in writing and must be addressed to **Wausau Benefits**. You must also tell us why you think the amendment is appropriate. We will not process your request if it is not in writing on a prescribed form that is made available to you by us or does not tell us why you think the amendment is appropriate. We will inform you in writing as to whether the amendment will be made or denied. If we agree to make the amendment, we will make reasonable efforts to notify other parties of your amendment. If we agree to make the amendment, we will also ask you to identify others you would like us to notify.

We may deny your request if you ask us to amend information that:

- Was not created by us, unless the person who created the information is no longer available to make the amendment;
- Is not part of the PHI we keep about you;
- Is not part of the PHI that you would be allowed to see or copy; or
- Is determined by us to be accurate and complete.

If we deny the requested amendment, we will notify you in writing on how to submit a statement of disagreement or complaint or request inclusion of your original amendment request in your PHI.

The Right to Obtain a List of the Disclosures You have the right to get a list of PHI disclosures, which is also referred to as an accounting. Your request for a list of disclosures must be made in writing on a prescribed form that will be made available to you by us; it must be addressed to **Wausau Benefits**. The list will not include disclosures we have made for treatment, payment and health care operations purposes, those made directly to you or under an authorization that you provided or those made to your family or friends. Neither will the list include disclosures we have made for national security purposes or law enforcement personnel or disclosures made before April 14, 2003. The list we provide will include disclosures made within the last six years (subject to the April 14, 2003 beginning date) unless you specify a shorter period. The first list you request within a 12-month period will be free. You may be charged for providing any additional lists within a 12-month period.

The Right to Choose How We Communicate With You You have the right to ask that we 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). We must agree to your request if you state that disclosure of the information may put you in danger. You must make any such request in writing on a prescribed form made available to you by us and address it to **Wausau Benefits**.

The Right to Request Limits on Uses and Disclosures of Your PHI You have the right to ask us to limit how we use and disclose your PHI, as long as you are not asking us to limit uses and disclosures that we are required or authorized to make to the Secretary of the Department of Health and Human Services or the disclosures described in Section III above. Any such request must be submitted in writing to our Privacy Officer on a prescribed form provided by us. We are not required by law to agree to your request and currently have made the decision for operational reasons not to agree to restrictions.

The Right to Get a Paper Copy of This Notice Even if you have agreed to receive this 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 Privacy Officer at K C Transportation, Inc. The Notice is also available on our Web site at www.kctrans.com.

Complaints

If you believe your privacy rights have been violated, you may file a complaint with us, or the Secretary of the federal Department of Health and Human Services. To file a complaint with us, put your complaint in writing and address it to Wausau Benefits Privacy Officer. Your health plan will not retaliate against you for filing a complaint. You may also contact the Privacy Officer at K C Transportation, Inc. if you have questions or comments about our privacy practices.

Effective Date: April 14, 2003

Distribution Date: April 10, 2003

Contact Information

Privacy Officer
Wausau Benefits
PO Box 8046
Wausau, WI 54402-8046

H.R. / Privacy Officer
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