

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



Effective Date: April 14, 2003

COSTCO WHOLESALE HEALTH PLANS NOTICE OF PRIVACY PRACTICES

General Information About This Notice

Costco Wholesale Corporation ("Costco") continues its commitment to maintaining the confidentiality of your private medical information. This Notice describes our efforts to safeguard your health information from improper or unnecessary use or disclosure. ***This Notice only applies to health-related information created or received by or on behalf of the Costco benefit programs listed below*** (collectively referred to in this Notice as the Costco "Health Plans"). A new federal law requires us to provide you with a summary of the Health Plans' privacy practices and related legal duties, and your rights in connection with the use and disclosure of your Health Plan information.

This Notice applies to Costco employees, former employees, and dependents who participate in any of the following benefit programs:

- **Medical benefits** under the Managed Choice or Freedom of Choice plans
- **Dental benefits** under the Core Dental or Premium Dental plans
- **Vision benefits** under the Costco Wholesale Corporation Vision Benefit Program
- **Prescription drug coverage** under the Costco Wholesale Corporation Prescription Drug Program
- **Pre-tax health care spending account** under the Costco Wholesale Corporation Health Care Reimbursement Account
- **Mental health and substance abuse treatment** under the Costco Wholesale Corporation Employee Assistance Program

CONTACT INFORMATION

If you have any questions regarding this Notice, please contact:

**Costco Wholesale
Benefits Department
999 Lake Drive
Issaquah, Washington 98027**

Phone: **(425) 313-8544**

Fax: **(425) 427-3069**

E-mail: **benefits@costco.com**

In this Notice, the terms "Health Plans," "we," "us," and "our" refer to the Costco Health Plans, all Costco employees involved in the administration of the Costco Health Plans, and all third parties to the extent they perform administrative services for the Costco Health Plans. However, Costco employees perform only limited Health Plan functions – most Health Plan administrative functions are performed by third party service providers.

Please note:

- If you are enrolled in the HMO Choice Hawaii, Hawaii PPO, , or Triple-S Puerto Rico medical plan, and/or in the Managed Dental plan, you will also receive a separate notice from your HMO provider or health insurance company that describes the HMO provider's or insurance company's use and disclosure of your health information.
- The new law also requires health care providers (such as doctors and pharmacies) to distribute similar notices to patients/customers. Costco has created a separate privacy notice for customers of the warehouse pharmacies, optical centers, and hearing aid centers. If you are a customer of the pharmacies, optical centers, or hearing aid centers, you can obtain a copy of the Costco Health Centers Notice of Privacy Practices at any warehouse location or on the internet at www.costco.com.
- Costco also protects your personal information as set forth in your Employee Agreement.

What is Protected?

Federal law requires the Health Plans to have a special policy for safeguarding a category of medical information related to you called "protected health information," or "PHI," received or created in the course of administering the Costco Health Plans. PHI is health information that can be used to identify you and that relates to:

- your physical or mental health condition,
- the provision of health care to you, or
- payment for your health care.

Your medical and dental records, your claims for medical and dental benefits, and the explanation of benefits ("EOB's") sent in connection with payment of your claims are all examples of PHI.

If Costco obtains your health information in another way – for example, if you are hurt in a work accident, if you provide medical records with your request for Family and Medical Leave Act (FMLA) absence, or if you are working under a Contract for Continued Employment – then Costco will safeguard that information in accordance with the Employee Agreement and other applicable laws. Similarly, health information obtained by a non-health-related benefits plan, such as the Costco Wholesale Corporation Long-Term Disability Insurance Plan, is not protected under this Notice. This Notice does not apply in those types of situations because the health information is not received or created in connection with a Costco Health Plan.

The remainder of this Notice generally describes our rules with respect to PHI received or created by the Health Plans.

Uses and Disclosures of PHI

To protect the privacy of PHI, the Health Plans not only guard the physical security of PHI, but we also limit the way PHI is used or disclosed to others. We may use or disclose PHI in certain permissible ways described below. To the extent required under federal health information privacy law, we use the minimum amount of PHI necessary to perform these tasks.

- ***To determine proper payment of your Health Plan benefit claims.*** The Health Plans use and disclose PHI to reimburse you or your doctors or health care providers for covered treatments and services. For example, your diagnosis information may be used to determine whether a specific procedure is medically necessary or to reimburse your doctor for your medical care.

- **For the administration and operation of the Health Plans.** We use and disclose PHI for numerous administrative and quality control functions necessary for the Health Plans' proper operation. For example, we may use your claims information for fraud and abuse detection activities or to conduct data analyses for cost-control or planning-related purposes.
- **To inform you or your health care provider about treatment alternatives or other health-related benefits that may be offered under a Health Plan.** For example, we may use your claims data to alert you to an available case management program if you become pregnant or are diagnosed with diabetes or liver failure.
- **To a health care provider if needed for your treatment.** For example, we may disclose your prescription information to a pharmacist regarding a drug interaction concern.
- **To a health care provider or to a non-Costco health plan to determine proper payment of your claim under the other plan.** For example, we may exchange PHI with your spouse's health plan for coordination of benefits purposes.
- **To a non-Costco health plan for certain administration and operations purposes.** We may share PHI with another health plan or health care provider who has a relationship with you for quality assessment and improvement activities, to review the qualifications of health care professionals who provide care to you, or for fraud and abuse detection and prevention purposes.
- **To a family member, friend, or other person involved in your health care** if you are present and you do not object to the sharing of PHI, or in the event of an emergency.
- **For Health Plan design activities or to collect Health Plan premium contributions.** Costco may also use summary or de-identified health information for Health Plan design activities. In addition, Costco employees may use information about your enrollment or disenrollment in a Health Plan in order to collect your Health Plan premiums through payroll deductions.
- **To comply with an applicable federal, state, or local law,** including workers' compensation or similar programs.
- **For public health reasons,** including (1) to a public health authority for the prevention or control of disease, injury or disability; (2) to a proper government or health authority to report child abuse or neglect; (3) to report reactions to medications or problems with products regulated by the Food and Drug Administration; (4) to notify individuals of recalls of medication or products they may be using; or (5) to notify a person who may have been exposed to a communicable disease or who may be at risk for contracting or spreading a disease or condition.
- **To report a suspected case of abuse, neglect or domestic violence,** as permitted or required by applicable law.
- **To comply with health oversight activities,** such as audits, investigations, inspections, licensure actions, and other government monitoring and activities related to health care provision or public benefits or services.
- **To the U.S. Department of Health and Human Services** to demonstrate our compliance with federal health information privacy law.

- **To respond to an order of a court or administrative tribunal**, such as a court ordered warrant, subpoena or summons, grand jury subpoena, or administrative subpoena or other request.
- **To respond to a subpoena, warrant, summons or other legal request** if sufficient safeguards, such as a protective order in the case of a private lawsuit, are in place to maintain PHI privacy.
- **To a law enforcement official for a law enforcement purpose** as required by law.
- **For purposes of public safety or national security.**
- **To allow a coroner or medical examiner to identify you or determine your cause of death.**
- **To allow a funeral director to carry out his or her duties.**
- **To respond to a request by military command authorities** if you are or were a member of the armed forces.

Certain Costco employees may access PHI to perform administrative functions on behalf of the Health Plans. Absent your written permission, however, Costco employees will only use or disclose PHI as described in this Notice. Costco employees will not access PHI for reasons unrelated to Health Plan administration, and **Costco does not use PHI for any employment-related reason** without your express written authorization.

If an applicable state law provides greater health information privacy protections than the federal law, we will comply with the stricter state law.

Other Uses and Disclosures of PHI

Before we use or disclose PHI for any purpose other than those listed above, we must obtain your written authorization. You may revoke your authorization, in writing, at any time. If you revoke your authorization, the Health Plans will no longer use or disclose PHI except as described above (or as permitted by any other authorizations that have not been revoked). However, please understand that we cannot retrieve any PHI disclosed to a third party in reliance on your prior authorization.

Your Rights

Federal law provides you with certain rights regarding PHI that pertains to you. Parents of minor children and other individuals with legal authority to make health decisions for a Health Plan participant may exercise these rights on behalf of the participant, consistent with state law.

Right to request restrictions: You have the right to request a restriction or limitation on the Health Plans' use or disclosure of PHI. For example, you may ask us to limit the scope of PHI disclosures to a case manager who is assigned to you for monitoring a chronic condition. Because we use PHI only as necessary to pay Health Plan benefits, to administer the Health Plans, and to comply with the law, it may not be possible to agree to your request. *The law does not require the Health Plans to agree to your request for restriction.* However, if we do agree to your requested restriction or limitation, we will honor the restriction until you agree to terminate the restriction or until we notify you that we are terminating the restriction with respect to PHI created or received by the Health Plans in the future.

You may make a request for restriction on the use and disclosure of PHI by contacting the Benefits Department at the number provided on the first page of this Notice or by submitting the appropriate request form. Request forms are available on the Costco Intranet or from the Benefits Department.

Right to receive confidential communications: You have the right to request that the Health Plans communicate with you about PHI at an alternative address or by alternative means if you believe that communication through normal business practices could endanger you. For example, you may request that the Health Plans contact you only at work and not at home.

You may request confidential communication of PHI by completing and appropriate form available on the Costco Intranet or from the Benefits Department. We will accommodate all reasonable requests if you clearly state that you are requesting the confidential communication because you feel that disclosure in another way could endanger your safety.

Right to inspect and obtain a copy of PHI: You have the right to inspect and obtain a copy of PHI that is contained in records that the Health Plans maintain for enrollment, payment, claims determination, or case or medical management activities, or that we use to make enrollment, coverage, or payment decisions about you.

However, we will not give you access to PHI records that have been created in anticipation of a civil, criminal, or administrative action or proceeding. We will also deny your request to inspect and obtain a copy of PHI if a licensed health care professional hired by the Health Plans has determined that giving you the requested access is reasonably likely to endanger the life or physical safety of you or another individual or to cause substantial harm to you or another individual, or that the record makes references to another person (other than a health care provider), and that the requested access would likely cause substantial harm to the other person.

In the unlikely event that your request to inspect or obtain a copy of PHI is denied, you may have that decision reviewed. A different licensed health care professional chosen by the Health Plans will review the request and denial, and we will comply with the health care professional's decision.

You may make a request to inspect or obtain a copy of PHI by completing the appropriate form available on the Costco Intranet or from the Benefits Department. We may charge you a fee to cover the costs of copying, mailing or other supplies directly associated with your request. You will be notified of any costs before you incur any expenses.

Right to amend PHI: You have the right to request an amendment of PHI if you believe the information the Health Plans have about you is incorrect or incomplete. You have this right as long as PHI is maintained by the Health Plans. We will correct any mistakes if we created the PHI or if the person or entity that originally created the PHI is no longer available to make the amendment. However, we cannot amend PHI that we believe to be accurate and complete.

You may request amendments of PHI by completing the appropriate form available on the Costco Intranet or from the Benefits Department.

Right to receive an accounting of disclosures of PHI: You have the right to request a list of certain disclosures of PHI by the Health Plans. The accounting will not include (1) disclosures necessary to determine proper payment of benefits or to operate the Health Plans, (2) disclosures we make to you, (3) disclosures permitted by your authorization, (4) disclosures to friends or family members made in your presence or because of an emergency, or (5) disclosures for national security purposes. Your first request for an accounting within a 12-month period will be free. We may charge you for costs associated with providing you additional accountings. We will notify you in advance of any costs, and you may choose to withdraw or modify your request before you incur any expenses.

You may make a request for an accounting by contacting the Benefits Department or by submitting the appropriate request form. Request forms are available on the Costco Intranet or from the Benefits Department.

Right to file a complaint: If you believe your rights have been violated, you should let us know immediately. We will take steps to remedy any violations of the Health Plans' privacy policy or of this Notice.

You may file a formal complaint with our Privacy Officer and/or with the United States Department of Health and Human Services at the addresses below. You should attach any documents or evidence that supports your belief that your privacy rights have been violated. We take your complaints very seriously. **Costco prohibits retaliation against any person for filing such a complaint.**

Complaints should be sent to:

Costco Wholesale Corporation
Benefits Department
999 Lake Drive
Issaquah, Washington 98027

Phone: (425) 313-8544
Fax: (425) 427-3069
E-mail: benefits@costco.com

U.S. Department of Health and Human Services
Office for Civil Rights
200 Independence Avenue, S.W.
Washington, D.C. 20201

www.hhs.gov/ocr/hipaa/

Additional Information About This Notice

Changes to this Notice: We reserve the right to change the Health Plans' privacy practices as described in this Notice. Any change may affect the use and disclosure of PHI already maintained by the Costco Health Plans, as well as any of PHI that the Health Plans may receive or create in the future. If there is a material change to the terms of this Notice, you will receive a revised Notice.

How to obtain a copy of this Notice: You can obtain a copy of the current Notice on the Costco Intranet or by contacting the Benefits Department at the address listed on the front of this Notice.

No guarantee of employment: This Notice does not create any right to employment for any individual, nor does it change Costco's right to discipline or discharge any of its employees in accordance with its applicable policies and procedures.

No change to Health Plan benefits: This Notice explains your privacy rights as a current or former participant in Costco Health Plans. The Health Plans are bound by the terms of this Notice as they relate to the privacy of your protected health information. However, this Notice does not change any other rights or obligations you may have under the Health Plans. You should refer to the Health Plan documents for additional information regarding your Health Plan benefits.