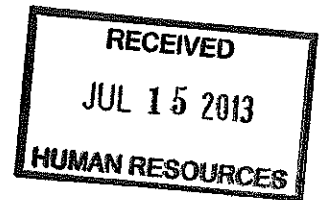




Washington State Health Care Authority
Public Employees Benefits Board

P.O. Box 42684 • Olympia, Washington 98504-2684
360-725-0440 • TTY 711 • FAX 360-725-0771 • www.pebb.hca.wa.gov



July 9, 2013

Island Hospital
Carolyn Tucker
1211 24th Street
Anacortes WA 98221-2590

Dear Ms. Tucker:

Re: INTERLOCAL AGREEMENT
AGENCY NUMBER: 900 C27
CONTRACT NUMBER: 3010-001445

I have enclosed signed copies of the Interlocal Agreement and the Memorandum of Understanding between the Washington State Health Care Authority and your agency. Please keep these copies for your records.

If you have questions, please call Steve Norsen, Outreach and Training Manager, at (360) 725-0831.

Sincerely,

Pamela Davis
Public Employees Benefits Board Program

Enclosures

UW-100
100-100
100-100

**HCA Contract #3010-001445
Amendment 1**

**INTERLOCAL AGREEMENT
BETWEEN
WASHINGTON STATE HEALTH CARE AUTHORITY (hereinafter referred to as HCA)
AND
ISLAND HOSPITAL (hereinafter referred to as Contractor)
Agency Number 900 C27**

WHEREAS, THE HCA administers the medical, dental, life, and disability insurance coverage for the employees of the state of Washington, as set forth in chapter 41.05 RCW; and

WHEREAS, THE GOVERNING BODY of Contractor certifies that it has authority to purchase benefits on behalf of its employees and that it meets the criteria for purchasing benefits on behalf of its employees as provided by RCW chapter 41.05, RCW 41.04.205, chapter 182-08 WAC, and chapter 182-12, and as determined by the Health Care Authority;

THIS AGREEMENT is made and entered into by and between the Washington State Health Care Authority and Contractor to provide insurance for Contractor's eligible employees and their dependants enrolled through the HCA in the Public Employees Benefits Board (PEBB) program. This Agreement is issued pursuant to the Interlocal Cooperation Act, chapter 39.34 RCW.

THEREFORE, IT IS MUTUALLY AGREED THAT:

1. OBLIGATIONS OF CONTRACTOR

1.1 Responsibility For Enrollment Data

- 1.1.1 Contractor shall determine an applicant's eligibility for PEBB coverage in accordance with Title 182 WAC.
- 1.1.2 Contractor shall furnish HCA with current enrollment information.
- 1.1.3 Contractor shall cooperate with any HCA requests to verify the accuracy of enrollment information.
- 1.1.4 Contractor shall supplement and update enrollment information promptly after any changes occur. Changes in enrollment status submitted to HCA after the 20th of each month may not be reflected in HCA's enrollment data and monthly invoice until the subsequent month.
- 1.1.5 Changes submitted more than one month late must be accompanied by a full explanation of the circumstances of the late notification.

1.2 Remittance

In consideration of providing insurance coverage to Contractor's employees and their dependents, Contractor shall remit the Monthly Fee invoiced by HCA no later than the 20th of the month of coverage. Partial payment will be considered nonpayment by

Contractor. Contractor is solely responsible for collecting any employee share of the premium. Contractor is solely responsible for refunding any employee share paid by the employee to Contractor and not remitted to the HCA.

1.3 Enrollment Discrepancies

If Contractor determines that an invoiced amount does not reconcile with Contractor's records, the remittance may be adjusted if the remittance is accompanied by a Payment Discrepancy Reporting Form (Exhibit A). Contractor must submit an Insurance Eligibility System Adjustment Form (Exhibit B) for employee insurance termination and salary changes. Contractor shall be solely responsible for the completeness and accuracy of all forms sent to HCA for reconciliation purposes.

1.4 Contract Manager

Contractor agrees to provide HCA the name, address, and telephone number of a contract manager authorized to communicate with HCA on behalf of Contractor regarding this contract and issues which may arise regarding performance of this contract. The named contract manager must have authority to act on behalf of Contractor for purposes of participation in the PEBB program and must have access to information regarding Contractor's PEBB enrollees. Contractor shall update this contact information within 30 days of any change in the assigned contract manager or contact information.

1.5 Benefits Limitations

Contractor agrees to comply with and be limited by the benefits contracts procured by the PEBB program. Contractor will not attempt to buy increased or additional benefits from PEBB-contracted benefits providers under PEBB contracts. Contractor is not precluded from purchasing additional benefits for its employees separate from PEBB contract. Contractor will not pay its employees' additional premiums for optional LTD or Life benefits purchased from PEBB-contracted Life and LTD benefits providers under PEBB contracts.

1.6 Certification of Eligibility

Contractor hereby certifies that all employees and their dependants who are or will be enrolled in PEBB coverage pursuant to this agreement meet PEBB eligibility requirements.

1.7 Employer Group Scope

The group of employees to be provided benefits coverage pursuant to this agreement is defined as all employees of Island Hospital. Contractor may not extend eligibility to any person outside of the defined group of employees without mutual consent of the parties made in writing pursuant to Section 7 of this agreement. All eligible employees of Contractor's group(s) must transfer to PEBB insurance coverage as a unit.

1.8 Appeal Rights

If Contractor denies any employee coverage in whole or in part, it shall provide a process for that employee to appeal that determination and shall provide the employee timely notice of the opportunity to appeal. Employee appeals arising from alleged errors in Long-Term Disability (LTD) or Life benefits shall be referred to the PEBB Program.

2. OBLIGATIONS OF HCA

2.1 Provision of Benefits

In consideration of Contractor's payment of Monthly Fees to be made to HCA and Contractor's agreement to the terms and conditions of PEBB participation set forth in this Agreement, HCA agrees to provide PEBB insurance coverage to Contractor's PEBB enrollees. Specifically, HCA will provide Health Benefits, Life, LTD, and Dental.

2.2 Invoicing

At least twenty (20) days before the premium due date, the HCA will invoice Contractor. The invoice of premium due will be based upon the enrollment information provided by Contractor.

3. PERIOD OF PERFORMANCE

The terms of this agreement shall begin the date of the last signature and shall remain in effect until modifications are deemed necessary by either Party, and mutually acceptable changes are negotiated. Modification shall not be binding unless they are in writing and signed by authorized personnel of the respective Parties. Renewal of the agreement shall occur automatically unless, upon review, modifications are deemed necessary by one of the Parties. Contractor agrees to maintain its PEBB insurance coverage participation for a minimum of one full year.

4. RECORDS MAINTENANCE

The parties to this Agreement shall each maintain books, records, documents, and other evidence which sufficiently and properly reflect all direct and indirect costs expended by either party in the performance of the service(s) described herein. These records shall be subject to inspection, review, or audit by personnel of both parties, and other personnel duly authorized by law. All books, records, documents, and other material relevant to this Agreement will be retained for six (6) years after expiration and the Office of the State Auditor, federal auditors, and any persons duly authorized by the parties shall have full access and the right to examine any of these materials during this period.

Records and other documents, in any medium, furnished by one party to this Agreement to the other party will remain the property of the furnishing party, unless otherwise agreed. The receiving party will not disclose or make available this material to any third parties without first giving notice to the furnishing party and giving it reasonable opportunity to respond. Each party will utilize reasonable security procedures and protections to assure that records and documents provided by the other party are not erroneously disclosed to third parties.

5. KEYING IN DATA

Contractor agrees that, if its enrollment in PEBB benefits exceeds 50 enrolled participants, Contractor will assume responsibility for "keying in" enrollee data upon the request of HCA. "Keying in" is the process by which employers enter enrollee data directly into the HCA/PEBB computer system. HCA agrees to provide training to Contractor's designated employees on "keying in" enrollee data. Further, HCA agrees to provide ongoing training and support to Contractor in its "keying in" functions. Contractor may not assign its "keying in" tasks to a third-party contractor without the written consent of HCA.

6. INDEPENDENT CAPACITY

The employees or agents of each party who are engaged in the performance of this agreement, shall continue to be employees or agents of that party and shall not be considered for any purpose to be employees or agents of the other party.

7. AGREEMENT ALTERATIONS AND AMENDMENTS

This Agreement may be amended by mutual agreement of the parties. Such amendments shall not be binding unless they are in writing and signed by personnel authorized to bind each of the parties.

8. TERMINATION

8.1 Voluntary Termination

Contractor agrees to maintain its PEBB insurance coverage participation for a minimum of one full year. Contractor may end its participation only at the end of a plan year. The legislative body or board of directors which governs Contractor must give the HCA written notice of its intent to terminate PEBB plan participation no later than 60 days prior to the effective date of termination. If this Agreement is so terminated, the parties shall be liable only for performance rendered or costs incurred in accordance with the terms of this Agreement prior to the effective date of termination.

8.2 Involuntary Termination for Cause

Nonpayment of the full premium when due will subject Contractor to disenrollment from PEBB coverage and termination from PEBB coverage of each employee of the group. Prior to termination for nonpayment of premium, HCA shall send written notice of the overdue premium to Contractor. The notice will provide a one-month grace period for payment of all overdue premiums. If Contractor does not remit the entirety of its overdue premium no later than the last day of the grace period, Contractor and each member of Contractor's group may be disenrolled effective the last day of the last month for which premium was paid in full. Upon disenrollment, HCA will send notification to both Contractor and each affected employee. Any partial payment made by Contractor for the month of termination shall be refunded by HCA to Contractor. Claims incurred by employees of the group after disenrollment of the group will not be covered.

HCA reserves the right to recover from Contractor any expenses incurred by HCA as a result of Contractor's nonpayment of Monthly Fees.

HCA may take remedial action or terminate this agreement for cause upon, but not limited to, any of the following actions by Contractor:

Provision of false information in the application process;

Failure to timely update eligibility information;

Failure to determine employee and dependant eligibility pursuant to law and rule or HCA direction;

Failure to implement an HCA eligibility determination following appeal;

Untimely reconciliation of enrollment discrepancies.

8.3 Termination for Convenience

Except as otherwise provided in this Agreement, the HCA may, by 10 days written notice, beginning on the second day after the mailing, terminate this contract, in whole or in part. If this contract is so terminated, the HCA shall be liable only for services rendered prior to the effective date of termination.

Upon Termination for any reason, Contractor assumes all responsibilities for maintaining coverage for its employees and retirees as may be required by legal or contractual obligations Contractor may have to those employees. Such obligations may include, but shall not be limited to, COBRA and/or Collective Bargaining Agreements, et al.

9. DISPUTES

In the event that a dispute arises under this Agreement, a Dispute Board shall determine it in the following manner:

Each Party to this agreement shall appoint one member to the Dispute Board. The members so appointed shall jointly appoint an additional member to the Dispute Board. The Dispute Board shall review the facts, contract terms, and applicable statutes and rules, and make a determination of the dispute. The determination of the Dispute Board shall be final and binding on the Parties. As an alternative to this process, either of the Parties may request intervention by the Governor, as provided by RCW 43.17.330, in which event the Governor's process will control.

10. GOVERNANCE

This Agreement is entered into pursuant to and under the authority granted by the laws of the state of Washington and any applicable federal laws. The provisions of this Agreement shall be construed to conform to those laws.

In the event of an inconsistency in the terms of this Agreement, or between its terms and any applicable statute or rule, the inconsistency shall be resolved by giving precedence in the following order:

- a. Applicable federal law;
- b. Applicable Washington State law;
- c. Obligations of Contractor (Section 1) and Obligations of the HCA (Section 2); and
- d. Any other provisions of the Agreement, including materials incorporated by reference.

11. ASSIGNMENT

The work to be provided under this Agreement, and any claim arising hereunder, is not assignable or delegable by either party in whole or in part, without the express prior written consent of the other party, which consent shall not be unreasonably withheld.

12. WAIVER

A failure by either party to exercise its rights under this Agreement shall not preclude that party from subsequent exercise of such rights, and shall not constitute a waiver of any other rights under this Agreement unless stated to be such in writing, signed by an authorized representative of the party, and attached to the original Agreement.

13. SEVERABILITY

If any provision of this Agreement or any provision of any document incorporated by reference shall be held invalid, such invalidity shall not affect the other provisions of this Agreement which can be given effect without the invalid provision, if such remainder conforms to the requirements of applicable law and the fundamental purpose of this Agreement, and to this end the provisions of this Agreement are declared to be severable.

14. ALL WRITINGS CONTAINED HEREIN

This Agreement contains all the terms and conditions agreed to by the parties. No other understanding, oral or otherwise, regarding the subject matter of this Agreement shall be deemed to exist or to bind the parties hereto.

15. CONTRACT MANAGEMENT

The contract manager for each of the Parties shall be responsible for and shall be the contact person for all communications regarding the performance of this agreement.

The Contract Manager for HCA is:

Name: Steve Norsen
Title: Outreach and Training Manager
Address: 676 Woodland Square Loop SE
PO Box 42684
Olympia WA 98504-2684
Phone: (360) 412-4201

The Contract Manager for ISLAND HOSPITAL is:

Name: Carolyn Tucker
Title:
Address: 1211 24th ST
Anacortes WA 98221-2590
Phone: (360) 299-4286

Each Party shall inform the other of any changes of contract manager or changes in the contract manager's contact information within 30 days after such change occurs.

16. SYSTEM REPLACEMENT

The parties to this Agreement recognize that HCA is in the process of replacing its benefits administration and insurance accounting system. This is a technology system designed to administer PEBB benefits among other tasks. HCA anticipates that system replacement will simplify the process of "keying in" and updating PEBB enrollee data, allowing employers and participants to update their information directly into its system rather than through HCA employees. Contractor agrees to participate in training offered by HCA regarding implementation of any new system. HCA agrees to provide training, including training on the process of directly "keying in" enrollee data. Further, HCA agrees to provide ongoing training and support to Contractor in implementing and using its new system. Contractor agrees to assume responsibility for "keying in" data regarding its own employees following implementation of the new system.

17. CONFIDENTIALITY/SAFEGUARDING OF INFORMATION

The use or disclosure by either party, either verbally or in writing, of any Confidential Information shall be subject to Chapter 42.56 RCW and Chapter 70.02 RCW, as well as other applicable federal and state laws and administrative rules governing confidentiality. Specifically, Contractor agrees to limit access to Confidential Information to the minimum amount of information necessary, the fewest number of people, for the least amount of time required to do the work. The obligation set forth in this clause shall survive completion, cancellation, expiration, or termination of this Agreement.

The parties to this Agreement shall maintain a HIPAA "business associate" agreement to govern any use of Personal Health Information which may be exchanged between the parties in furtherance of this Agreement.

18. CHANGE IN STATUS

In the event of substantive change in the legal status or organizational structure of Contractor, Contractor agrees to notify HCA of the change. Contractor shall provide notice as soon as practicable, but no later than thirty days after such a change takes effect.

19. INDEMNIFICATION

To the fullest extent permitted by law, Contractor shall indemnify, defend, and hold harmless the state of Washington, HCA, and all officials, agents, and employees of the State, from and against all claims for injuries and death arising out of or resulting from the performance of the contract. Contractor's obligation to indemnify, defend, and hold harmless includes any claim by Contractor's agents, employees, representatives, or any subcontractor or its employees.

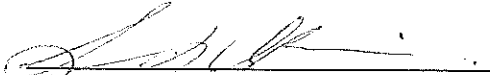
Contractor expressly agrees to indemnify, defend, and hold harmless the State for any claim arising out of or incident to Contractor's or any subcontractor's performance or failure to perform the contract. Contractor's obligation to indemnify, defend, and hold harmless

the State shall not be eliminated or reduced by any actual or alleged concurrent negligence of the State or its agents, agencies, employees, and officials.

Contractor waives its immunity under Title 51 RCW to the extent it is required to indemnify, defend, and hold harmless the State and its agencies, officials, agents, or employees.

IN WITNESS WHEREOF, the parties have executed this Agreement.

STATE OF WASHINGTON
HEALTH CARE AUTHORITY


Signature

Susan DeBlasio

HCA Contracts Administrator

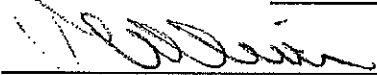
Title

Date

6/13/13

ISLAND HOSPITAL

Federal Tax ID No. 910129255


Signature

Title

Date

CEO

6/5/13

Approved as to Form
By Attorney General

PAYMENT DISCREPANCY REPORTING FORM

[illegible]

Please keep a copy for your records

Attachment B

[illegible]

Please keep a copy for your files

**MEMORANDUM OF UNDERSTANDING
BETWEEN
WASHINGTON STATE HEALTH CARE AUTHORITY (hereinafter referred to as HCA)
AND
ISLAND HOSPITAL (hereinafter referred to as EMPLOYER GROUP)
Employer Group Number 900 C27**

This Memorandum of Understanding ("MOU") is entered into by the Washington State Health Care Authority, hereinafter referred to as the "HCA", and Island Hospital, hereinafter referred to as the "EMPLOYER GROUP". Collectively, these are the Parties to this MOU.

The purpose of this MOU is to delineate the Parties' respective responsibilities, identify areas in which they will assist each other, and minimize duplication of efforts while complying with the requirements of HIPAA and its Privacy Rules, (Health Insurance Portability and Accountability Act of 1996, 42 U.S.C. 1320d-d8 and 45 CFR 160 et. seq.)

45 CFR 164.504(e)(1) requires a written agreement between a "covered entity" and a "business associate" limiting the use and disclosure of Protected Health Information (PHI). The Parties acknowledge that the HCA is a "hybrid covered entity." To the extent the EMPLOYER GROUP is HCA's business associate, this agreement, in part, is satisfactory assurance that EMPLOYER GROUP will appropriately safeguard PHI in conformance with 45 CFR 164.502(e), 45 CFR 164.532(d) and (e).

This MOU satisfies HIPAA's requirement for a "business associate agreement" between a covered entity and business associate.

This MOU applies to PHI provided to or received from the EMPLOYER GROUP in electronic, handwritten, typed or digital formats, stored in either magnetic or optical media when the EMPLOYER GROUP assists HCA in administering health coverage for the EMPLOYER GROUP'S employees.

THEREFORE, IT IS MUTUALLY AGREED THAT:

Section 1: DEFINITIONS

1.1 Terms used, but not otherwise defined, in this MOU shall have the same meaning as those terms in the Standards for Privacy of Individually Identifiable Health Information at 45 CFR Part 160 and Part 164, Subparts A and E [HIPAA Privacy Rule].

1.2 "Privacy Rule" shall mean the Standards for Privacy of Individually Identifiable Health Information at 45 CFR Part 160 and Part 164, subparts A and E.

1.3 "Individually Identifiable Health Information" includes demographic information collected from an individual, and is information created or received by a health care provider, health plan, employer or health care clearinghouse related to the past, present or future physical or mental health or condition of an individual that identifies the individual or regarding which information there is a reasonable basis to believe that the information can be used to identify the individual.

1.4 "Protected Health Information (PHI)" is defined at 45 CFR 160.103 and is individually identifiable health information that is transmitted by electronic media, maintained in any medium constituting electronic media, or transmitted or maintained in any other form or medium.

1.5 "Security Rule" shall mean the Security Standards and Implementation Specifications at 45 CFR Part 160 and Part 164, subpart C.

Section 2: OBLIGATIONS OF THE EMPLOYER GROUP

2.1 The EMPLOYER GROUP'S Benefits Office will continue to perform its usual and customary assistance to HCA in administering employee benefits, including health coverage, for the EMPLOYER GROUP'S employees. In accordance with the HIPAA Privacy Rules, the Parties agree to the following EMPLOYER GROUP and HCA obligations and activities.

2.2 The EMPLOYER GROUP agrees to:

2.2.1 Use or disclose Protected Health Information only as permitted or required by the MOU or as required by law.

2.2.2 Use appropriate safeguards to prevent use or disclosure of Protected Health Information other than as provided for by this Agreement. EMPLOYER GROUP will implement administrative, physical and technical safeguards (including written policies and procedures) that reasonably and appropriately protect the confidentiality, integrity and availability of electronic PHI that it creates, receives, maintains or transmits on behalf of HCA as required by the Security Rule.

2.2.3 Apply the "minimum necessary" standard articulated in HIPAA to disclosures of PHI.

2.2.4 Mitigate, to the extent practicable, any harmful effect that is known to the EMPLOYER GROUP of a use or disclosure of Protected Health Information by the EMPLOYER GROUP in violation of the requirements of this agreement.

2.2.5 Report to HCA any use or disclosure of the Protected Health information not provided for by the agreement of which it becomes aware and/or any Security Incident of which it becomes aware.

2.2.6 Ensure that any agent, including a contractor, to whom it provides Protected Health Information received from, or created or received by the EMPLOYER GROUP on behalf of HCA agrees to the same restrictions and conditions that apply through this Agreement to the EMPLOYER GROUP with respect to such information. Moreover, EMPLOYER GROUP shall ensure that any such agent or

- contractor agrees to implement reasonable and appropriate safeguards to protect PHI.
- 2.2.7 Provide HCA with access, within a reasonable time, to PHI when requested.
 - 2.2.8 Make any amendment(s) to Protected Health Information in a Designated Record Set that the HCA directs or agrees to pursuant to 45 CFR 164.526 at the request of HCA or an Individual within a reasonable time.
 - 2.2.9 Make internal practices, books and records, including policies and procedures and Protected Health Information relating to the use and disclosure of Protected Health Information received from, or created or received by EMPLOYER GROUP, on behalf of HCA available to the HCA or to the Secretary of the Department of Health and Human Services, within a reasonable time or as designated by the Secretary, for purposes of determining EMPLOYER GROUP'S compliance with the Privacy Rule.
 - 2.2.10 In the event that EMPLOYER GROUP transmits or receives any Covered Electronic Transaction on behalf of the HCA, it shall comply with all applicable provisions of the Standards for Electronic Transactions rules to the extent required by law, and shall ensure that any agents that assist EMPLOYER GROUP in conducting Covered Electronic Transactions on behalf of the HCA agree in writing to comply with the Standards for Electronic Transactions Rule to the extent required by law.
 - 2.2.11 Provide HCA with information collected in accordance with this Agreement, to permit HCA to respond to an individual's request for an "accounting of disclosures" of PHI in accordance with 45 CFR 164.528.
 - 2.2.12 EMPLOYER GROUP will comply with each provision of the American Recovery and Reinvestment Act of 2009 that extends a Privacy Rule or Security Rule requirement to business associates of covered entities.
 - 2.2.13 If EMPLOYER GROUP or any contractor of EMPLOYER GROUP allegedly makes or causes, or fails to prevent, a use or disclosure, and notification of that use or disclosure must (in the judgment of HCA) be made under subsection 2.2.12, or under RCW 42.56.590 or RCW 19.255.010 or other applicable law, then
 - (a) HCA may choose to make the notifications or direct EMPLOYER GROUP to make them, and
 - (b) EMPLOYER GROUP will pay the costs of the notification.

Section 3: PERMITTED USES AND DISCLOSURES BY THE EMPLOYER GROUP

- 3.1 The EMPLOYER GROUP may use PHI for the EMPLOYER GROUP'S management and administration and to carry out the EMPLOYER GROUP'S legal responsibilities if law requires such disclosures, or the EMPLOYER GROUP obtains reasonable assurances that:
 - 3.1.1 PHI will remain confidential; and
 - 3.1.2 PHI will be used or further disclosed only as required by law; and
 - 3.1.3 PHI will be used for the purpose for which it was disclosed; and
 - 3.1.4 HCA is notified of any instances in which the confidentiality of information has been breached.

3.2 The EMPLOYER GROUP may use Protected Health Information to report violations of law to appropriate federal and state authorities, consistent with 45 CFR 164.502(j)(1).

Section 4: OBLIGATIONS OF HCA

HCA shall notify the EMPLOYER GROUP of:

- 4.1 Any limitation(s) in HCA's notice of privacy practices in accordance with 45 CFR 164.510, to the extent that such limitation may affect the EMPLOYER GROUP'S use or disclosure of PHI.
- 4.2 Any changes in, or revocation of, permission by individuals to use or disclose PHI, to the extent that such changes may affect the EMPLOYER GROUP'S use or disclosure of PHI.
- 4.3 Any restriction to the use or disclosure of PHI that HCA has agreed to in accordance with 45 CFR 164.522, to the extent that such restriction may affect the EMPLOYER GROUP'S use or disclosure of PHI.
- 4.4 Receipt of an individual's request to access or amend his or her PHI contained in a "designated record set." The EMPLOYER GROUP and HCA shall coordinate the return of PHI in either Party's possession so that the amendment can occur. Amended PHI will then be returned. Such return and amendment shall occur in a timely manner.
- 4.5 HCA shall not request the EMPLOYER GROUP to use or disclose PHI in any manner that would not be permissible under the HIPAA Privacy Rule if done by HCA.

Section 5: PERIOD OF PERFORMANCE

- 5.1 The term of this agreement shall begin on the date of execution and shall remain in effect until modifications are deemed necessary and mutually acceptable changes are negotiated.
- 5.2 Modification shall not be binding unless they are in writing and signed by authorized personnel of the respective Parties.

Section 6: TERMINATION AND SAVINGS CLAUSE

- 6.1 If federal or state laws are amended so that fulfillment of the MOU is not feasible, the HCA and the EMPLOYER GROUP shall be discharged from further obligation created by this MOU.
- 6.2 If this Agreement is superseded, then this Agreement is terminated in regard to superseded terms and conditions. The remainder of the provisions of this Agreement shall survive such termination if not superseded.

Section 7: PERIODIC REVIEW AND AMENDMENT

- 7.1 This Agreement shall be periodically reviewed and evaluated as to the need for modifications or amendments by mutual determination of the Parties. Such review shall not occur more frequently than annually, or when HIPAA is amended, whichever is earlier.
- 7.2 The Parties agree to take such action as is necessary to amend this Agreement from time to time as is necessary for HCA to comply with the requirements of HIPAA and the Privacy Rules. Such amendments shall not be binding unless they are in writing and signed by personnel authorized to bind each of the Parties.

Section 8: INDEPENDENT CAPACITY

The employees or agents of each Party who are engaged in the performance of this Agreement shall continue to be employees or agents of that Party and shall not be considered for any purpose to be employees of the other Party.

Section 9: DISPUTES

In the event that a dispute arises under this Agreement, a Dispute Board shall determine it in the following manner:

- 9.1 Each Party to this agreement shall appoint one member to the Dispute Board.
- 9.2 The members so appointed shall jointly appoint an additional member to the Dispute Board.
- 9.3 The Dispute Board shall review the facts, contract terms and applicable statutes and rules and make a determination of the dispute.
- 9.4 The determination of the Dispute Board shall be final and binding on the Parties.
- 9.5 As an alternative to this process, either of the Parties may request intervention by the Governor, as provided by RCW 43.17.330, in which event the Governor's process will control.

Section 10: GOVERNANCE

- 10.1 This Agreement is entered into pursuant to the Interlocal Cooperation Act RCW 39.34 et. seq. Activities under the Agreement shall be performed in accordance with Washington State law and regulations, and with HIPAA and its attendant regulations as promulgated by the U.S. Department of Health and Human Services (HHS), the Center for Medicare and Medicaid Services (CMS), and the Office of Civil Rights (OCR).

10.2 A reference in this agreement to a section in the Privacy Rule means the section as in effect or as amended. Any ambiguity in this agreement shall be resolved to permit HCA to comply with the Privacy Rule.

Section 11: SEVERABILITY

If any provision of this agreement shall be held invalid, such invalidity shall not affect the other provisions of this agreement which can be given effect without the invalid provisions. If such remainder conforms to the requirements of applicable law and the fundamental purpose of this Agreement, the provisions of this agreement are declared severable.

Section 12: CONTRACT MANAGEMENT

The contract manager for each of the Parties shall be responsible for and shall be the contact person for all communications regarding the performance of this agreement.

The Contract Manager for HCA is:

Name: Steve Norsen
Title: Outreach & Training Manager
Address: PO Box 42684
Olympia WA 98504-2684
Phone: (360) 412-4201

The Contract Manager for ISLAND HOSPITAL is:

Name: Carolyn Tucker
Title:
Address: 1211 24th ST
Anacortes WA 98221-2590
Phone: (360) 299-4286

Section 13: RECORDS RETENTION AND MANAGEMENT

All records and reports relating to this agreement shall be retained by the EMPLOYER GROUP for a minimum of six years after termination of this Agreement, unless returned to HCA. In the event an audit, litigation, or other action involving records is initiated prior to the end of such six-year period, records shall be maintained for a minimum of six years following resolution of such action.

Section 14: AGENTS AND SUBCONTRACTORS

EMPLOYER GROUP shall ensure that its obligations under this agreement are passed through to all its agents and subcontractors when an agent or subcontractor is providing services that the EMPLOYER GROUP has agreed to perform for HCA.
IN WITNESS WHEREOF, the parties have executed this Agreement.

STATE OF WASHINGTON
HEALTH CARE AUTHORITY

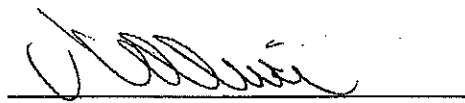

Signature Susan DeBlasio
HCA Contracts Administrator

Title

Date

4/13/13

ISLAND HOSPITAL


Signature

Title

Date

CEO

6/3/13

Approved as to Form
By Attorney General

2/16/11

