MCWANE, INC.
HUMAN RESOURCES POLICIES

THE HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT OF 1996: PORTABILITY, PRIVACY AND SECURITY

Purpose

To comply fully with the requirements of the Health Insurance Portability and Accountability Act of 1996 ("HIPAA").

Scope

This Policy applies to all team members of McWane, Inc. and its divisions and subsidiaries ("McWane" or "Company").

Policy Statement

Through December 31, 2014, HIPAA requires that certain group health plans provide certificates of creditable coverage to individuals who lose coverage under that health plan (or otherwise become entitled to COBRA continuation coverage), who have COBRA continuation coverage that ends, and who request it. A HIPAA-covered group health plan must reduce any preexisting condition exclusion period by the number of days during which an individual previously had health insurance coverage without a break in coverage of 63 days or more. The certificate of creditable coverage provides an individual's subsequent health plan with evidence of the length of time of the prior health insurance coverage, which is then used to reduce the number of days in a preexisting exclusion period. However, because the Affordable Care Act prohibits health insurance issuers from imposing preexisting condition exclusions, certificates of creditable coverage will no longer be required beginning on January 1, 2015. Thus, McWane will not provide certificates of creditable coverage beginning on January 1, 2015.

Generally, the HIPAA privacy and security regulations require certain group health plans to implement administrative, physical and technical safeguards to protect confidential health information. A health plan, as well as the individuals who administer it, may not use or disclose protected health information except in accordance with HIPAA. Furthermore, a health plan must install appropriate security measures to protect the confidentiality of *electronic* protected health information. The Company has adopted privacy and security policies and procedures, which the Company complies with to safeguard protected health information. Any protected health information of team members that comes into the Company's possession will be maintained in a secure, confidential location and separate from the team member's personnel file.

Because the HIPAA rules and regulations are complex, at a minimum, all team members who administer the Company's HIPAA-covered group health plans on behalf of the Company or who have access to protected health information are trained on HIPAA privacy and security requirements. Team members who violate HIPAA and/or the health plans' policies and procedures may be subject to disciplinary action, which may include termination of employment. Violations of HIPAA may also result in civil monetary penalties and criminal penalties for the team member involved in such a violation.

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These requirements to safeguard the confidentiality of protected health information are the minimum protections required under HIPAA and the laws of the state where the facility is located may provide greater protections.

Questions

Questions regarding this Policy should be directed to your local Human Resources representative.

McWane reserves the right to modify, amend, supplement or replace this Policy at any time with or without prior notice.