

**BUSINESS ASSOCIATE/QUALIFIED SERVICE ORGANIZATION AGREEMENT  
BY AND BETWEEN  
AEGIS TREATMENT CENTERS, LLC  
AND  
COUNTY OF HUMBOLDT**

**WHEREAS**, the County of Humboldt, by and through its Department of Health and Human Services – Mental Health, hereinafter referred to as “BUSINESS ASSOCIATE,” and Aegis Treatment Centers, LLC referred to hereinafter as “COVERED ENTITY,” intend to share Protected Health Information in order to ensure that COVERED ENTITY is adequately compensated for Medication Assisted Treatment Services that were previously provided to BUSINESS ASSOCIATE’s clients.

**NOW THEREFORE**, the parties hereto mutually agree as follows:

**1. DEFINITIONS:**

Terms used in this Agreement that are specifically defined in HIPAA or 42 C.F.R. Part 2 shall have the same meaning as set forth in HIPAA or 42 C.F.R. Part 2. A change to HIPAA or 42 C.F.R. Part 2 which modifies any such defined term, or which alters the regulatory citation for the definition thereof, shall be deemed incorporated into this Agreement.

- 1.1 “**42 C.F.R. Part 2**” means the federal regulations governing the Confidentiality of Alcohol and Drug Abuse Patient Records set forth in 42 C.F.R. Part 2.
- 1.2 “**Breach**” means the unauthorized acquisition, access, use or disclosure of Protected Health Information which compromises the security or privacy of such information.
- 1.3 “**Designated Record Set**” has the meaning given to the term under the Privacy Rule, including, but not limited to, 45 C.F.R. §164.501.
- 1.4 “**Electronic Protected Health Information**” and/or “**EPHI**” has the same meaning as the term “electronic protected health information” in 45 C.F.R. §160.103, and includes, without limitation, any EPHI provided by COVERED ENTITY or created or received by BUSINESS ASSOCIATE on behalf of COVERED ENTITY.
- 1.5 “**HIPAA**” means the Health Insurance Portability and Accountability Act of 1996 and its implementing regulations (45 C.F.R. Parts 160 through 164).
- 1.6 “**HITECH**” means the Health Information Technology for Economic and Clinical Health Act, as contained in the American Recovery and Reinvestment Act, Public Law 111-5.
- 1.7 “**Individual**” has the meaning given to the term under the Privacy Rule, including, but not limited to, 45 C.F.R §160.103. It also includes a person who qualifies as a personal representative in accordance with 45 C.F.R. §164.502(g).
- 1.8 “**Privacy Rule**” means the Standards for Privacy of Individually Identifiable Health Information codified at 45 C.F.R. Parts 160 and 164, Subparts A and E, and any other applicable provision of HIPAA and any amendments to HIPAA, including HITECH.
- 1.9 “**Protected Health Information**” and/or “**PHI**” has the meaning given to the term under the Privacy Rule, including, but not limited to, 45 C.F.R. §164.103, and includes, without limitation, patient records, information identifying or otherwise relating to COVERED

ENTITY's patients, other treatment information protected by 42 C.F.R. Part 2 and any PHI provided by COVERED ENTITY or created or received by BUSINESS ASSOCIATE on behalf of COVERED ENTITY. Unless otherwise stated in this Agreement, any provision, restriction, or obligation in this Agreement related to the use of PHI shall apply equally to EPHI.

- 1.10 "Required By Law" has the meaning given to the term under the Privacy Rule, including, but not limited to, 45 C.F.R. §164.103.
- 1.11 "Secretary" means the Secretary of the United States Department of Health and Human Services or his designee.
- 1.12 "Security Incident" means the attempted or successful unauthorized access, use, disclosure, modification or destruction of information or interference with system operations in an information system as provided in 45 C.F.R. §164.304.
- 1.13 "Security Rule" means the Security Standards for the Protection of Electronic Protected Health Information codified at 45 C.F.R. Parts 160 and 164, Subparts A and C, and any other applicable provision of HIPAA and any amendments to HIPAA, including HITECH.

## 2. OBLIGATIONS OF BUSINESS ASSOCIATE:

- 2.1 BUSINESS ASSOCIATE acknowledges that in creating, receiving, maintaining, transmitting, transporting, storing, processing or otherwise dealing with PHI, it is fully bound by 42 C.F.R. Part 2, and is directly subject to HIPAA pursuant to HITECH.
- 2.2 BUSINESS ASSOCIATE agrees that it will only use and disclose PHI for the purpose of verifying the residency of individuals who have previously received Medication Assisted Treatment Services from COVERED ENTITY in order to ensure that COVERED ENTITY is adequately compensated for the provision of such services, provided such use or disclosure would not violate HIPAA or 42 C.F.R. Part 2 if done by COVERED ENTITY, or as Required By Law, provided such use or disclosure is permitted by 42 C.F.R. Part 2. BUSINESS ASSOCIATE must not use or disclose PHI other than as permitted or required by this Agreement.
- 2.3 If reasonably practicable, BUSINESS ASSOCIATE agrees to resist any efforts in judicial proceedings to obtain access to PHI, except as expressly provided for by 42 C.F.R. Part 2.
- 2.4 BUSINESS ASSOCIATE will develop, implement, maintain and use appropriate safeguards to prevent any use or disclosure of PHI other than as provided by this Agreement. BUSINESS ASSOCIATE will implement administrative, physical and technical safeguards that reasonably and appropriately protect the confidentiality, integrity and availability of EPHI. BUSINESS ASSOCIATE acknowledges that the Security Rule provisions regarding administrative safeguards, physical safeguards, technical safeguards and policies and procedures and documentation requirements found in 45 C.F.R. §§164.308, 164.310, 164.312 and 164.316 apply to BUSINESS ASSOCIATE in the same manner as to COVERED ENTITY.
- 2.5 BUSINESS ASSOCIATE will, to the extent feasible, adopt a technology or methodology specified by the Secretary pursuant to 42 U.S.C. §17932(h) that renders PHI unusable, unreadable or indecipherable to unauthorized persons.

- 2.6** BUSINESS ASSOCIATE will only request, use and disclose the minimum amount of PHI necessary for BUSINESS ASSOCIATE to perform its obligations under this Agreement. BUSINESS ASSOCIATE agrees to comply with the Secretary's guidance on what constitutes minimum necessary.
- 2.7** BUSINESS ASSOCIATE acknowledges that 42 C.F.R. Part 2 prohibits BUSINESS ASSOCIATE from re-disclosing any PHI, even to an agent or subcontractor, without the written consent of the Individual. Nevertheless, BUSINESS ASSOCIATE shall ensure that any agent, including a subcontractor, that creates, receives, maintains or transmits PHI on behalf of BUSINESS ASSOCIATE, enters into a written agreement with BUSINESS ASSOCIATE that complies with HIPAA and obligates the agent or subcontractor to abide by the same restrictions, conditions and requirements that apply to BUSINESS ASSOCIATE in relation to such PHI and implement the safeguards required above with respect to PHI and EPHI. BUSINESS ASSOCIATE shall reasonably implement and maintain sanctions against agents and subcontractors that violate such restrictions, conditions and requirements and shall mitigate the effects of any such violation. If BUSINESS ASSOCIATE has knowledge of a pattern of activity or practice by an agent or subcontractor that constitutes a material breach of this Agreement or violation of BUSINESS ASSOCIATE's obligations under this Agreement, BUSINESS ASSOCIATE must take reasonable steps to end the relevant activity or practice of the agent or subcontractor. If feasible, BUSINESS ASSOCIATE must terminate its agreement with the agent or subcontractor if such agent or subcontractor does not cure the relevant activity or practice within a period of thirty (30) days.
- 2.8** BUSINESS ASSOCIATE will report in writing, to COVERED ENTITY:
- 2.8.1** Any use or disclosure of PHI that is not authorized by this Agreement. The written notice shall be provided to COVERED ENTITY within five (5) business days of becoming aware of the non-authorized use or disclosure.
- 2.8.2** Any Security Incident of which it becomes aware that it, or its employees, agents or subcontractors, experience involving or potentially involving COVERED ENTITY's EPHI. The written notice shall be provided to COVERED ENTITY within five (5) business days of becoming aware of the Security Incident.
- 2.8.3** Any Breach of which it becomes aware that it, or its employees, agents or subcontractors, experience involving or potentially involving COVERED ENTITY's PHI. The written notice shall be provided to COVERED ENTITY within five (5) business days of discovering the Breach, and shall include the names of those Individuals whose PHI has been, or is reasonably believed to have been, the subject of the Breach, and a detailed description of what occurred, including the date of the Breach, and date of discovery of the Breach.
- 2.9** BUSINESS ASSOCIATE agrees to mitigate any harmful effect that is known to BUSINESS ASSOCIATE of a use or disclosure of PHI by BUSINESS ASSOCIATE in violation of the requirements of this Agreement.
- 2.10** BUSINESS ASSOCIATE will make PHI in Designated Record Sets that are maintained by BUSINESS ASSOCIATE or its agents or subcontractors, if any, available to COVERED ENTITY for inspection and copying within ten (10) days of a written request by COVERED ENTITY to enable COVERED ENTITY to fulfill its obligations under the Privacy Rule, including, but not limited to, 45 C.F.R. §164.524.

- 2.11** Within ten (10) days of receipt of a written request from COVERED ENTITY for an amendment of PHI or a record about an Individual contained in a Designated Record Set, BUSINESS ASSOCIATE or its agents or subcontractors, if any, shall make such PHI available to COVERED ENTITY for amendment and shall incorporate any such amendment to enable COVERED ENTITY to fulfill its obligations under the Privacy Rule, including, but not limited to, 45 C.F.R. §164.526. If an Individual requests an amendment of PHI directly from BUSINESS ASSOCIATE or its agents or subcontractors, if any, BUSINESS ASSOCIATE must, if permitted by law, notify COVERED ENTITY in writing within five (5) days of the request. Any denial of amendment of PHI maintained by BUSINESS ASSOCIATE or its agents or subcontractors, if any, shall be the responsibility of COVERED ENTITY. Upon the approval of COVERED ENTITY, BUSINESS ASSOCIATE shall appropriately amend the PHI maintained by BUSINESS ASSOCIATE or its agents or subcontractors.
- 2.12** BUSINESS ASSOCIATE acknowledges that 42 C.F.R. Part 2 prohibits BUSINESS ASSOCIATE from re-disclosing any PHI, even to an agent or subcontractor, without the written consent of the Individual. Nevertheless, BUSINESS ASSOCIATE agrees to document disclosures of PHI, and information related to such disclosures, as would be required for COVERED ENTITY to respond to a request by an Individual for an accounting of disclosures in accordance with 45 C.F.R. §164.528. Should an Individual make a request to COVERED ENTITY for an accounting of disclosures of his or her PHI pursuant to 45 C.F.R. §164.528, BUSINESS ASSOCIATE agrees to provide COVERED ENTITY with the requested information in a format and manner sufficient to respond to the Individual's request within fifteen (15) days.
- 2.13** Upon reasonable prior written notice, during normal business hours and no more than one (1) time for each consecutive twelve (12) month period, BUSINESS ASSOCIATE agrees to make available its internal practices, books and records, including policies and procedures, relating directly to the use and disclosure of PHI received from COVERED ENTITY, or created or received by BUSINESS ASSOCIATE on behalf of COVERED ENTITY, to COVERED ENTITY or to the Secretary for purposes of determining COVERED ENTITY's compliance with HIPAA.
- 2.14** To the extent that BUSINESS ASSOCIATE is required to carry out one (1) or more of COVERED ENTITY's obligations under Subpart E of 45 C.F.R. Part 164, BUSINESS ASSOCIATE must comply with the requirements of Subpart E of 45 C.F.R. Part 164 that apply to COVERED ENTITY in the performance of such obligations.
- 2.15** BUSINESS ASSOCIATE agrees that BUSINESS ASSOCIATE does not and will not have any ownership rights in any of the PHI exchanged pursuant to the terms and conditions of this Agreement.

### **3. TERMINATION/REMEDIES:**

- 3.1** COVERED ENTITY may terminate this Agreement if BUSINESS ASSOCIATE has violated any material term of this Agreement and has failed to cure such material violation within thirty (30) days of written notification by COVERED ENTITY. Notwithstanding the foregoing, if COVERED ENTITY has knowledge of a pattern of activity or practice by BUSINESS ASSOCIATE that constitutes a material breach of this Agreement or violation of BUSINESS ASSOCIATE's obligations under this Agreement, COVERED ENTITY must take reasonable steps to end the relevant activity or practice of BUSINESS ASSOCIATE. If feasible, COVERED ENTITY must terminate this Agreement if BUSINESS ASSOCIATE

does not cure the relevant activity or practice within a period of thirty (30) days from the date of written notification by COVERED ENTITY.

- 3.2 Upon termination of this Agreement for any reason, BUSINESS ASSOCIATE shall return or destroy all PHI (in any form) received from COVERED ENTITY, or created or received by BUSINESS ASSOCIATE on behalf of COVERED ENTITY. This provision shall apply to PHI that is in the possession of BUSINESS ASSOCIATE's subcontractors or agents. BUSINESS ASSOCIATE shall retain no copies of the PHI. In the event that BUSINESS ASSOCIATE determines that returning or destroying the PHI is infeasible, BUSINESS ASSOCIATE shall notify COVERED ENTITY of the conditions that make return or destruction infeasible. Upon notification that the return or destruction of the PHI is infeasible, BUSINESS ASSOCIATE shall extend the protections of this Agreement to such PHI and limit further uses and disclosures of the information to those purposes that make the return or destruction infeasible, as long as BUSINESS ASSOCIATE maintains such PHI.
- 3.3 If this Agreement is terminated for any reason, COVERED ENTITY also may terminate contract negotiations between the parties regarding the provision of Medication Assisted Treatment Services to BUSINESS ASSOCIATE's clients in the future.
- 3.4 BUSINESS ASSOCIATE and any of its subcontractors and agents shall indemnify, hold harmless and defend COVERED ENTITY and its employees, officers, directors, agents and contractors from and against any and all claims, losses, liabilities, costs, reasonable attorneys' fees and other expenses incurred as a result of, or arising directly or indirectly out of, or in connection with, BUSINESS ASSOCIATE's or its subcontractors' or agents' negligent breach of this Agreement, violation of HIPAA, HITECH or other applicable law, or otherwise related to the negligent acts or omissions of BUSINESS ASSOCIATE or its subcontractors or agents. Notwithstanding anything contained herein to the contrary, BUSINESS ASSOCIATE shall only be liable for failure to exercise reasonable care, and any such liability shall not, in any event, exceed a total aggregate sum of Two Hundred Fifty Thousand Dollars (\$250,000.00).
- 3.5 BUSINESS ASSOCIATE hereby recognizes that irreparable harm will result to COVERED ENTITY, and to the business of COVERED ENTITY, in the event of breach by BUSINESS ASSOCIATE of any of the covenants and assurances contained in this Agreement. Subject to BUSINESS ASSOCIATE's limitation of liability set forth in Section 3.4 of this Agreement, COVERED ENTITY is entitled to seek immediate injunctive relief, in addition to reimbursement and indemnification from BUSINESS ASSOCIATE for COVERED ENTITY's attorneys' fees and expenses and costs that were reasonably incurred as a proximate result of BUSINESS ASSOCIATE's negligent breach. The remedies contained in this provision shall be in addition to, and shall not supersede, any action for damages and/or any other remedy COVERED ENTITY may have for breach of any part of this Agreement.

#### 4. MISCELLANEOUS:

- 4.1 A party may not subcontract any services or assign any rights, nor may it delegate its duties, under this Agreement without the express written consent of the other party.
- 4.2 This Agreement may only be modified through a writing signed by the parties and, thus, no oral modification hereof shall be permitted. The parties agree to take such action as is necessary to amend this Agreement from time to time as is necessary for COVERED ENTITY to comply with the requirements of HIPAA and 42 C.F.R. Part 2.

- 4.3 Should there be any conflict between the language of this Agreement and any other contract entered into between the parties, either previous or subsequent to the date of this Agreement, the language and provisions of this Agreement shall control and prevail unless the parties specifically refer in a subsequent written agreement to this Agreement by its title and date and specifically state that the provisions of the later written agreement shall control over this Agreement.
- 4.4 Any ambiguity in this Agreement shall be resolved to permit COVERED ENTITY to comply with HIPAA and 42 C.F.R. Part 2.
- 4.5 Any provision related to the use, disclosure, access or protection of EPHI or PHI or that by its terms should survive termination of this Agreement shall survive termination.
- 4.6 If any provision of this Agreement is determined by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions hereof shall continue in full force and effect.
- 4.7 A reference in this Agreement to a section in HIPAA or 42 C.F.R. Part 2 means the section as in effect or as amended.
- 4.8 Any notice required to be given to COVERED ENTITY under this Agreement shall be made in writing to:

**COVERED ENTITY:** Aegis Treatment Centers, LLC  
Attention: Director of Quality Assurance and Quality Control  
7246 Remmet Avenue  
Canoga Park, California 91303  
Phone: (818) 206-0360

- 4.9 This Agreement does not create any rights or obligations between the parties other than those expressly set forth herein, and nothing herein shall be construed as conferring any rights upon any party other than BUSINESS ASSOCIATE and COVERED ENTITY.

**5. OBLIGATIONS OF COVERED ENTITY:**

- 5.1 COVERED ENTITY shall notify BUSINESS ASSOCIATE of any limitations in its Notice of Privacy Practices of COVERED ENTITY in accordance with 45 C.F.R. §164.520, to the extent that such limitation may affect BUSINESS ASSOCIATE's use or disclosure of PHI.
- 5.2 COVERED ENTITY shall notify BUSINESS ASSOCIATE of any changes in, or revocation of, permission by an Individual to use or disclose PHI, to the extent that such changes may affect BUSINESS ASSOCIATE's use or disclosure of PHI.
- 5.3 COVERED ENTITY shall notify BUSINESS ASSOCIATE of any restriction of the use or disclosure of PHI that COVERED ENTITY has agreed to in accordance with 45 C.F.R. §164.522, to the extent that such restriction may affect BUSINESS ASSOCIATE's use or disclosure of PHI.
- 5.4 COVERED ENTITY will only request, use and disclose the minimum amount of PHI necessary for COVERED ENTITY to perform its obligations under this Agreement. COVERED ENTITY agrees to comply with the Secretary's guidance on what constitutes minimum necessary.

**6. COUNTERPART EXECUTION:**

This Agreement may be executed in one (1) or more counterparts, each of which shall be deemed to be an original and all of which, when taken together, shall be deemed to be one (1) and the same agreement. A signed copy of this Agreement transmitted by email or by other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original executed copy of this Agreement for all purposes.

**7. AUTHORITY TO EXECUTE:**

Each person executing this Agreement represents and warrants that he or she is duly authorized and has legal authority to execute and deliver this Agreement. Each party represents and warrants to the other that the execution and delivery of this Agreement and the performance of such party's obligations hereunder have been duly authorized.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their respective duly authorized representatives as of the dates set forth below.


TWO SIGNATURES ARE REQUIRED FOR LIMITED LIABILITY COMPANIES PURSUANT TO THE CALIFORNIA CORPORATIONS CODE:

- (1) CHAIRPERSON OF THE BOARD, PRESIDENT, OR VICE PRESIDENT; AND
- (2) SECRETARY, ASSISTANT SECRETARY OR CHIEF FINANCIAL OFFICER; OR
- (3) ANY OTHER PROPERLY AUTHORIZED OFFICIAL OR EMPLOYEE.

**AEGIS TREATMENT CENTERS, LLC:**


By:   
Thaiphong Vo  
In-House Counsel

Date: 8/16/2018

By:   
Alex Dodd  
President & C.E.O.

Date: 8/16/2018

**COUNTY OF HUMBOLDT:**

By:   
Ryan Sundberg  
Chair, Humboldt County Board of Supervisors

Date: 10/2/18

**INSURANCE AND INDEMNIFICATION REQUIREMENTS APPROVED:**

By:   
Risk Management

Date: 9/5/18