

BUSINESS ASSOCIATE CONTRACT

This Business Associate Contract (“BAC”), effective _____, (“Effective Date”), is entered into by and between TeleMed, Inc (the “Business Associate”) and _____, with an address at _____ (the “Covered Entity”) (each a “Party” and collectively the “Parties”).

The Business Associate is a telephone answering service provider and the Covered Entity is a _____. The Parties have a prior oral or written agreement (the “agreement”) under which the Business Associate regularly may use and/or disclose Protected Health Information (“PHI”) in its performance of the Services described below. Both Parties are committed to complying with the requirements of the health Insurance Portability and Accountability Act of 1996 (“HIPAA”) as amended by the Health Information Technology for Economic and Clinical Health Act (“HITECH Act”) and all pertinent regulations issued by the Department of Health and Human Services (“HHS”). This Agreement sets forth the terms and conditions pursuant to which PHI that is provided to, or provided, created, received, maintained, or transmitted by the Business Associate from or on behalf of the Covered Entity, will be handled between the Business Associate from or on behalf of the Covered Entity, and with third parties during the term of their agreement and after its termination. The Parties agree as follows:

1 PERMITTED USES AND DISCLOSURE OF PROTECTED HEALTH INFORMATION

- 1.1 **Services.** Pursuant to the Agreement, Business Associate provides services (“Services”) for the Covered Entity that involve the use and disclosure of PHI. Except as otherwise specified herein, the Business Associate may make any and all uses of the PHI necessary to perform its obligations under the Agreement. All other uses not authorized by this Agreement are prohibited. Moreover, Business Associate may disclose PHI for the purposes authorized by this Agreement only, (i) to its employees, subcontractors and agents, in accordance with Section 2.1(e), (ii) as directed by the Covered Entity, or (iii) as otherwise permitted by the terms of this Agreement including, but not limited to, Section 1.2(b) below.
- 1.2 **Business Activities of the Business Associate.** Unless otherwise limited herein, the Business Associate may:
- a. use the PHI in its possession for its proper management and administration and to fulfill any present or future legal responsibilities of the Business Associate provided that such uses are permitted under state and federal confidentiality laws.
 - b. disclose the PHI in its possession to third parties for the purpose of its proper management and administration or to fulfill any present or future legal responsibilities of the Business Associate, provided that the Business Associate represents to the Covered Entity, in writing, that (i) the disclosures are required by law, as provided for in 45 C.F.R §. 164.502 and (ii) the Business Associate has received from the third party written assurances regarding its confidential handling of such PHI as required under 45 C.F.R § 164.504(e)(4) and (iii) and the third party agrees to the same restrictions and conditions that apply through this Agreement to business Associate with respect to PHI.

1.3 **Additional Activities of Business Associate.** In addition to using the PHI to perform the Services set forth in Section 1.1 of this Agreement, Business Associate may:

- a. aggregate the PHI in its possession with the PHI of other covered entities that the Business Associate has in its possession through its capacity as a business associate to said other covered entities provided that the purpose of such aggregation is to provide the Covered Entity with data analyses relating to the Health Care Operations of the Covered Entity. Under no circumstances may the Business Associate disclose PHI of one Covered Entity to another covered Entity absent the explicit authorization of the Covered Entity.
- b. de-identify any and all PHI provided that the de-identification conforms to the requirements of 45 C.F.R §. 164.514(b), and further provided that the Covered Entity maintains the documentation required by 45 C.F.R §. 164.514(b) which may be in the form of a written assurance from the Business Associate. Pursuant to 45 C.F.R §. 164.502(d)(2), de-identified information does not constitute PHI and is not subject to the terms of this Agreement.

2 RESPONSIBILITIES OF THE PARTIES WITH RESPECT TO PROTECTED HEALTH INFORMATION

2.1 **Responsibilities of the Business Associate.** With regard to its use and/or disclosure of PHI, the Business Associate hereby agrees to do the following:

- a. use and/or disclose the PHI only as permitted or required by this Agreement or as otherwise required by law.
- b. report to the designated Privacy Officer and/or Security Officer of the Covered Entity, in writing, any use and/or disclosure of the PHI that is not permitted or required by this Agreement of which Business Associate becomes aware within 7 business days of the Business Associate's discovery of such unauthorized use and/or disclosure. To the extent possible, the Business Associate should provide the Covered Entity with the identification of each individual affected by the breach as well as any information required to be provided by the Covered Entity in its notification of affected individuals. Business Associates shall comply with all regulations issued by HHS and applicable state agencies regarding breach notification to Covered Entities. Business Associates agree to document such 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 of PHI in accordance with 45 C.F.R §. 164.528.
- c. establish procedures for a mutually satisfactory resolution, regarding any deleterious effects from any improper use and/or disclosure of PHI that the Business Associate reports to the Covered Entity.
- d. use commercially reasonable efforts to maintain the security of the PHI and to prevent unauthorized use and/or disclosure of such PHI.
- e. require all of its subcontractors and agents that receive or use, or have access to, PHI under this Agreement to agree, in writing, to adhere to the same restrictions and conditions on the use and/or disclosure of PHI that apply to the Business Associate pursuant to section 2 of this Agreement.
- f. make available all internal practices, records, books agreements, policies, procedures and PHI relating to the use and/or disclosure of PHI received from, or created or received by Business Associate, on behalf of covered Entity, available to Covered Entity or to the Secretary of HHS in a prompt and commercially reasonable manner for purposes of determining (i) the Business Associate's compliance with the terms of this Agreement and (ii) compliance by the Business Associate and the Covered Entity with all applicable statutory provisions and regulations of and under HIPAA and the HITECH Act, subject to attorney-client and other applicable legal privileges.
- g. within 5 business days of receiving a written request from the Covered Entity, to provide to the Covered Entity or Individual such information as is requested by the Covered Entity to permit the Covered Entity to respond to a request by an individual for an accounting of the disclosures of the individual's PHI in accordance with 45 C.F.R §. 164.528
- h. subject to Section 4.5 below, return to the Covered Entity or destroy, within 60 days of the termination of this Agreement, the PHI in its possession and retain no copies. This includes, but is not limited to; all media, media backups, and any other files (i.e. sound or .wav files) and/or paper which contains PHI.

- i. With respect to PHI and/or Electronic Protected Health Information (“EPHI”), as that term is used in 45 CFR, Part 164, Subpart C, implement administrative, physical, and technical safeguards that reasonably and appropriately protect the confidentiality, integrity, and availability of the EPHI that it creates, receives, maintains, or transmits on behalf of the Covered Entity and ensure that any agent, including a sub-contractor, to whom it provides EPHI agrees to implement reasonable and appropriate safeguards to protect EPHI.
- j. at the request of the Covered Entity, provide Covered Entity (or designate of Covered Entity) access to PHI in a Designated Record Set in a prompt and commercially reasonable manner in order to meet the requirements under 45 CFR 164.524
- k. make any amendment(s) to protected PHI in a Designated Record Set that the covered Entity directs or agrees pursuant to 45 CFR 164.526 at the request of the Covered Entity or an Individual in a prompt and commercially reasonable manner.

2.2 Responsibilities of the Covered Entity. With regard to the use and/or disclosure of PHI by the Business Associate, the Covered Entity hereby agrees:

- a. to inform the Business Associate of any changes in the form of notice of privacy practices (the “Notice”) that the Covered Entity provides to individuals pursuant to 45 C.F.R §. 164.520, and provide the Business Associate a copy of the Notice currently in use.
- b. to inform the Business Associate of any changes in, or withdrawal of, the consent or authorization provided to the Covered Entity by individuals pursuant to 45 C.F.R §. 164.506 or 164.508.
- c. to inform the Business Associate of any opt-outs exercised by any individual from marketing and/or fundraising activities of the Covered Entity by individuals pursuant to 45 C.F.R §. 164.514(e).
- d. to notify the Business Associate in writing and in a timely manner, of any arrangements permitted or required of the Covered Entity under 45 C.F.R §. part 160 and 164 that may impact in any manner the use and/or disclosure of PHI by the Business Associate under this Agreement, including, but not limited to, restrictions on the use and/or disclosure of PHI as provided for in 45 C.F.R §. 164.522 agreed to by the Covered Entity.
- e. that Business Associate may make any use and/or disclosure of PHI permitted under 45 C.F.R §. 164.512 except uses or disclosure for research are not permitted without prior approval by the Covered Entity.
- f. with respect to EPHI, Covered Entity acknowledges that it must provide appropriate security for EPHI, such as encryption and secure wireless communications, and absolves Business Associate of any liability for breaches of EPHI security caused by reception or transmission devices under the control of Covered Entity.

3 REPRESENTATIONS AND WARRANTIES

3.1 Mutual Representations and Warranties of the Parties

Each Party represents and warrants to the other Party:

- a. that it is duly organized, validly existing, and in good standing under the laws of the jurisdiction in which it is organized or licensed, it has the full power to enter into this Agreement and to perform its obligations hereunder, and that the performance by it of its obligations under this Agreement have been duly authorized by all necessary corporate or other actions and will not violate any provision of any license, corporate charter, or bylaws.
- b. that neither the execution of this Agreement, nor its performance hereunder, will directly or indirectly violate or interfere with the terms of another agreement to which it is a party, or give any governmental entity the right to suspend, terminate, or modify any of its governmental authorizations or assets required for its performance hereunder. Each Party represents and warrants to other Party that it will not enter into any agreement the execution and/or performance of which would violate or interfere with this Agreement.
- c. that it is not currently the subject of a voluntary or involuntary petition in bankruptcy, does not currently contemplate filing any such voluntary petition, and is not aware of any claim for the filing of an involuntary petition.
- d. that all of its employees, agents, representatives, and members of its workforce, whose services may be used to fulfill obligations under this Agreement are or shall be appropriately informed of the terms of this Agreement and are under legal obligation to each Party, respectively, by contract or otherwise, sufficient to enable each Party to fully comply with all provisions of this Agreement including, without limitation, the requirement that modifications or limitations that the Covered entity has agreed to adhere to with regard to the use and disclosure of PHI of any individual that materially affects and/or limits the uses and disclosures that are otherwise permitted under the Standard will be communicated to the Business Associate, in writing, and in a timely fashion.
- e. that it will reasonably cooperate with the other Party in the performance of the mutual obligations under this Agreement.
- f. that neither the Party, nor its shareholders, members, directors, officers, agents, employees or members of its workforce have been excluded or served a notice of exclusion or have been served with a notice of proposed exclusion, or have committed any acts which are cause for exclusion, from participation in, or had any sanctions, or civil or criminal penalties imposed under, any federal or state program. Each Party further agrees to notify the other Party immediately after the Party becomes aware that any of the foregoing representation and warranties may be inaccurate or may become incorrect.

4 TERMS AND TERMINATION

- 4.1 **Term.** This Agreement shall become effective on the Effective Date and shall continue in effect until all obligations of the Parties have been met, unless terminated as provided in this Section 4. In addition, certain provisions and requirements of this Agreement shall survive its expiration or other termination in accordance with Section 7.3 herein.
- 4.2 **Termination by the Covered Entity.** As provided for under 45 C.F.R § 164.504(e)(2)(iii), the Covered Entity may terminate this Agreement and any related agreements if the Covered Entity makes the determination that the Business Associate has breached a material term of this Agreement. The Covered Entity must: (i) provide the Business Associate with 30 day's written notice of the existence of an alleged material breach; and (ii) afford the Business Associate an opportunity to cure said alleged material breach upon mutually agreeable terms. Nonetheless, in the event that mutually agreeable terms can not be achieved within 30 days, Business Associate must cure said breach to the satisfaction of the Covered Entity within 10 days. Failure to cure in the manner set forth in this paragraph is grounds for the immediate termination of this Agreement.
- 4.3 **Termination by Business Associate.** If the Business Associate makes the determination that a material condition of performance has changed under this Agreement, or that the Covered Entity has breached a material term of this Agreement, Business Associate may provide 30 days notice of its intention to terminate this Agreement. Business Associate agrees, however, to cooperate with Covered Entity to find a mutually satisfactory resolution to the matter prior to terminating, and further agrees, that notwithstanding this provision, it shall not terminate this Agreement so long as the agreement is in effect.
- 4.4 **Automatic Termination.** This Agreement will automatically terminate without any further action of the Parties upon the termination or expiration of a previous oral or written agreement between the Parties.
- 4.5 **Effect of Termination.** Upon the event of termination pursuant to this Section 4, Business Associate agrees to return or destroy all PHI pursuant to 45 C.F.R § 164.504(e)(2)(I), if it is feasible to do so. Prior to doing so, the Business Associate further agrees to recover any PHI in the possession of its subcontractors or agents. If it is not feasible for the Business Associate to return or destroy said PHI, the Business Associate will notify the Covered Entity in writing. Said notification shall include: (i) a statement that the Business Associate has determined that it is infeasible to return or destroy the PHI in its possession, and (ii) the specific reasons for such determination, which reasons the Parties agree may include, but are not limited to, backup media. Business Associate further agrees to extend any and all protections, limitations and restrictions contained in this Agreement to the Business Associate's use and/or disclosure of any PHI retained after the termination of this Agreement, and to limit any further uses and/or disclosures to the purposes that make the return or destruction of the PHI infeasible.

5 **CONFIDENTIALITY**

- 5.1 **Confidentiality Obligations.** In the course of performing under this Agreement, each Party may receive, be exposed to or acquire the Confidential Information including but not limited to, all information, data, reports, records, summaries, tables and studies, whether written or oral, fixed in hard copy or contained in any computer data base or computer readable form, as well as any information identified as confidential (“Confidential Information”) of the other Party. For purposes of this Agreement, “Confidential Information” shall include PHI, the security of which is the subject of this Agreement and is provided for elsewhere. The Parties including their employees, agents, or representatives shall (i) not disclose to any third party the Confidential Information of the other Party except as otherwise permitted by this Agreement, (ii) only permit use of such Confidential Information by employees, agents and representatives having a need to know in connection with performance under this Agreement, and (iii) advise each of their employees, agents, and representatives of their obligations to keep such Confidential Information confidential. Notwithstanding anything to the contrary herein, each Party shall be free to use, for its own business purposes, any ideas, suggestions, concepts, know-how or techniques contained in information received from each other that directly relates to the performance under this Agreement. This provision shall not apply to Confidential Information (a) after it becomes publicly available through no fault of either Party; (b) which is later publicly released by either Party in writing; (c) which is lawfully obtained from third parties without restriction; or (d) which can be shown to be previously known or developed by either Party independently of the other Party.

6 **INDEMNIFICATION**

- 6.1 **Indemnification.** The Parties agree to indemnify, defend and hold harmless each other and each other’s respective employees, directors, officers, subcontractors, agents, or other members of its workforce, each of the foregoing hereinafter referred to as “indemnified party,” against all actual and direct losses suffered by the indemnified party and all liability to third parties arising from or in connection with any breach of this Agreement or of any warranty hereunder or from any negligence or wrongful acts or omissions, including failure to perform its obligations under Privacy Regulation, by the indemnifying party or its employees, directors, officers, subcontractors, agents, or other members of its workforce. The Parties’ obligation to indemnify any indemnified party shall survive the expiration or termination of this Agreement for any reason.

7 **MISCELLANEOUS**

- 7.1 **Covered Entity.** For purposes of this Agreement, Covered Entity shall include all entities covered by the joint notice of information practices (or privacy notice), which includes hospitals, laboratories, imaging centers, nursing facilities, and medical offices.
- 7.2 **Business Associate.** For purposes of this Agreement, Business Associate shall include the named Business Associate herein. However, in the event that the business Associate is otherwise a covered entity under the Privacy and/or Security Regulation, that entity may appropriately designate a health care component of the entity, pursuant to 45 C.F.R §. 164.504(a), as the Business Associate for purposes of this Agreement.
- 7.3 **Survival.** The respective rights and obligations of Business Associate and Covered Entity under the provisions of Sections 4.5, 6.1, 7.5, and Section 2.1 solely with respect to PHI Business Associate retains in accordance with Section 4.5, because it is not feasible to return or destroy such PHI, shall survive termination of this Agreement indefinitely.

- 7.4 **Amendments; Waiver.** This Agreement may not be modified, nor shall any provision hereof be waived or amended, except in a writing duly signed by authorized representatives of the Parties. A waiver with respect to one event shall not be construed as continuing, or as a bar to or waiver of any right or remedy as to subsequent events.
- 7.5 **No Third Party Beneficiaries.** Nothing express or implied in this Agreement is intended to confer, nor shall anything herein confer, upon any person other than the Parties and the respective successors or assigns of the Parties, any rights, remedies, obligations, or liabilities whatsoever.
- 7.6 **Notices.** Any notices to be given hereunder to a Party shall be made via U.S. Mail or express courier to such Party's address given below, and/or (other than for the delivery of fees) via facsimile to the facsimile telephone numbers listed below.

If to Business Associate, to:

TeleMed, Inc
PO Box 20015
Atlanta, GA 30325-0015
Attention: Betty Neisler
Fax: 888-283-5363

with a copy (which shall not constitute Notice) to:

Attention: _____
Fax: _____

If to Covered Entity, to:

Attention: Privacy Officer
Fax: _____

with a copy (which shall not constitute Notice) to:

Attention: _____
Fax: _____

Each Party named above may change its address and that of its representative for notice by the giving of notice thereof in the manner hereinabove provided.

- 7.7 **Counterparts; Facsimiles.** This Agreement may be executed in any number of counterparts, each of which shall be deemed an original. Facsimile copies hereof shall be deemed to be originals.
- 7.8 **Disputes.** If any controversy, dispute, or claim arises between the Parties with respect to this Agreement, the Parties shall be required to meet and seek a negotiated resolution within 30 days after written notice is given by the complaining Party. If no resolution is reached within said 30 day period, the Parties hereby agree to participate in non-binding mediation before a mediator to be jointly selected, equally paid by the Parties. Such mediation shall take place within 60 days after the expiration of the 30 day initial negotiation period, unless the Parties agree to an extension. If the mediation does not result in a resolution, then the Parties further agree to enter upon binding arbitration, pursuant to the rules of the American Arbitration Association.
- 7.9 **LIMITATION OF LIABILITY.** NEITHER PARTY SHALL BE LIABLE TO THE OTHER PARTY FOR ANY INCIDENTAL, CONSEQUENTIAL, SPECIAL, OR PUNITIVE DAMAGES OF ANY KIND OR NATURE, WHETHER SUCH LIABILITY IS ASSERTED ON THE BASIS OF CONTRACT, TORN (INCLUDING NEGLIGENCE OR STRICT LIABILITY), OR OTHERWISE, EVEN IF THE OTHER PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH LOSS OR DAMAGES.

8 **DEFINITIONS**

- 8.1 **Designated Record Set.** Designated Record Set shall have the meaning set out in its definition at 45 C.F.R §. 164.501, as such provision is currently drafted and as it is subsequently updated, amended, or revised.
- 8.2 **Health Care Operations.** Health Care Operations shall have the meaning set out in its definition at 45 C.F.R §. 164.501, as such provision is currently drafted and as it is subsequently updated, amended or revised.

- 8.3 **Privacy Officer.** Privacy Officer shall have the meaning as set out in its definition at 45 C.F.R §. 164.530 (a)(1) as such provision is currently drafted and as it is subsequently updated, amended, or revised.
- 8.4 **Security officer/ Law Enforcement Official.** Security Officer/Law Enforcement Official shall have the meaning as set out in its definition at 45 C.F.R §. 164.103 as such provision is currently drafted and as it is subsequently updated, amended, or revised.
- 8.5 **Protected Health Information.** PHI shall have the meaning as set out in its definition at 45 C.F.R §. 160.103, as such provision is currently drafted and as it is subsequently updated, amended, or revised.

IN WITNESS WHEREOF, each of the undersigned has caused this Agreement to be duly executed in its name and on its behalf effective as of _____ <month/day/year>

COVERED ENTITY

By: _____

Print Name:

Print Title:

Date: _____

BUSINESS ASSOCIATE

By: *Betty Neisler*

Print Name: Betty Neisler

Print Title: CEO

Date: 4/15/2010