

RESOLUTION NO. 2006-14

HIPAA SECURITY ADDENDUM

This Addendum ("Addendum") amends and is made part of the Business Associate Agreement ("BAA"), which formed part of the WageWorks Service Agreement ("Service Agreement") previously executed by and between WageWorks, Inc., ("Business Associate") and City of Cedarburg as plan sponsor and as plan administrator ("Plan Administrator") of its flexible spending account program ("Covered Entity").

WHEREAS, the Department of Health and Human Services published a final rule relating to the Security Standards under the Health Insurance Portability and Accountability Act of 1996 ("HIPAA") and the HIPAA regulations 45 C.F.R. Parts 160-164 ("Security Rule"); and

WHEREAS, Business Associate has executed a BAA with the Covered Entity covering the protection and permitted use of Protected Health Information (PHI, as the term is defined by HIPAA); and

WHEREAS, the Security Rule requires the Covered Entity to ensure that its business associates agree to certain safeguards and terms related to Electronic PHI (E PHI);

NOW, THEREFORE, BE IT AGREED THAT:

1. The provisions set forth in this Addendum are added to the BAA. In the event that terms of this Addendum conflict with the BAA, the terms of this Addendum shall control.
2. Capitalized terms used, but not defined herein, shall have the meaning as those terms in the Security Rule. For example, Electronic Media and E PHI have the meaning in 45 CFR Section 160.103, and Security Incident has the meaning in 45 CFR Section 164.304.
3. No later than April 20, 2006, Business Associate Agrees to:
 - a) Implement administrative, physical and technical safeguards that reasonably and appropriately protect the confidentiality, integrity, and availability of the E PHI that it creates, receives, maintains or transmits on behalf of the Covered Entity in connection with this Agreement;
 - b) Ensure that any agent, including a subcontractor, to whom it provides such E PHI agrees to implement reasonable and appropriate safeguards to protect it; and
 - c) Report promptly in writing to the Covered Entity any Security Incident of which it becomes aware, in the following manner:

- i) Any actual successful Security Incident will be reported to Covered Entity in writing within five (5) business days of the date on which Business Associate becomes aware of such Security Incident, and
- ii) Any attempted but unsuccessful Security Incident will be reported to Covered Entity in writing on a reasonable basis at the written request of the Covered Entity, but in no event more often than quarterly. If the Security Rule is amended to remove the requirement to report unsuccessful Security Incidents, this subsection (ii) shall no longer apply as of the effective date of the amendment of the Security Rule.

This addendum shall be effective on the date last signed below and will terminate concurrently with the BAA.

Passed and adopted this 24th day of April 2006.

Gregory P. Myers, Mayor

Attest:

Sandra M. Ingram, City Clerk

Approved as to form:

Kaye K. Vance, City Attorney

For: WageWorks, Inc.

By: _____

Name: Dickson Leung

Its: Chief Compliance Officer

Date: March 29, 2006

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For: City of Cedarburg

By: _____
(Signature)

Gregory P. Myers

Its: Mayor

Date: April 24, 2006