

RESOLUTION AGREEMENT

I. Recitals

1. Parties. The Parties to this Resolution Agreement ("Agreement") are:

A. The United States Department of Health and Human Services, Office for Civil Rights ("HHS"), which enforces the Federal standards that govern the privacy of individually identifiable health information (45 C.F.R. Part 160 and Subparts A and E of Part 164, the "Privacy Rule"), the Federal standards that govern the security of electronic individually identifiable health information (45 C.F.R. Part 160 and Subparts A and C of Part 164, the "Security Rule"), and the Federal standards for notification in the case of breach of unsecured protected health information (45 C.F.R. Part 160 and Subparts A and D of 45 C.F.R. Part 164, the "Breach Notification Rule"). HHS has the authority to conduct compliance reviews and investigations of complaints alleging violations of the Privacy, Security, and Breach Notification Rules (the "HIPAA Rules") by covered entities and business associates, and covered entities and business associates must cooperate with HHS compliance reviews and investigations. *See* 45 C.F.R. §§ 160.306(c), 160.308, and 160.310(b).

B. Cadia Rehabilitation Broadmeadow; Cadia Rehabilitation Capital; Cadia Rehabilitation Silverside; Cadia Rehabilitation Renaissance; and Cadia Rehabilitation Pike Creek, hereinafter referred to as the Cadia Healthcare Facilities ("Cadia"). The Cadia Healthcare Facilities are each a covered entity, as defined at 45 C.F.R. § 160.103, and therefore are required to comply with the HIPAA Rules. The Cadia Healthcare Facilities are rehabilitation, skilled nursing, and long-term care services providers in Delaware. As medical providers which transmit health information in electronic form in connection with a transaction for which HHS has adopted standards, the Cadia Healthcare Facilities are each a covered entity that is required to comply with the Privacy Rules.

C. HHS and Cadia shall together be referred to herein as the "Parties."

2. Factual Background and Covered Conduct.

OCR initiated an investigation of Cadia pursuant to a complaint received on September 20, 2021, alleging that Cadia impermissibly disclosed protected health information (PHI) on its website. Specifically, the complaint alleged Cadia had impermissibly disclosed the Complainant's PHI when it posted Complainant's photo, name, and information pertaining to Complainant's medical conditions, treatment and recovery at Cadia's facility.

OCR's investigation substantiated the allegation and revealed that a Cadia employee posted a photograph of the complainant as part of a "success story" to Cadia's social media page without first obtaining a signed authorization from the complainant authorizing the Cadia employee to post the photo and share her success story. Upon receiving notice from OCR of the allegations, Cadia removed the complainant's success story from social media and notified the Complainant that the success story had been removed.

OCR's investigation determined that as of February 22, 2022, Cadia had impermissibly disclosed the PHI of 150 individuals on social media through its "success stories" program without first obtaining

valid patient authorizations. Cadia terminated the success story program in March 2022. However, Cadia failed to provide breach notification to all 150 individuals whose PHI had been impermissibly disclosed online.

The evidence gathered by OCR during the investigation indicates Cadia's noncompliance with the Privacy and Breach Notification Rules.

HHS' investigation indicated potential violations of the following provisions ("Covered Conduct"):

- A. 45 C.F.R. § 164.530(c);
 - B. 45 C.F.R. § 164.502(a); and
 - C. 45 C.F.R. § 164.404(a).
3. **No Admission.** This Agreement is not an admission of liability by Cadia.
4. **No Concession.** This Agreement is not a concession by HHS that Cadia is not in violation of the HIPAA Rules and not liable for civil money penalties ("CMPs").
5. **Intention of Parties to Effect Resolution.** This Agreement is intended to resolve OCR Transaction Number: 21-443630 and any potential violations of the HIPAA Rules related to the Covered Conduct specified in paragraph 1.2 of this Agreement. In consideration of the Parties' interest in avoiding the uncertainty, burden, and expense of further investigation and formal proceedings, the Parties agree to resolve this matter according to the Terms and Conditions below.

II. Terms and Conditions

6. **Payment.** HHS has agreed to accept, and Cadia has agreed to pay HHS, the amount of \$182,000.00 ("Resolution Amount"). Cadia agrees to pay the Resolution Amount within thirty (30) days of the Effective Date of this Agreement as defined in paragraph 11.14 by automated clearing house transaction pursuant to written instructions to be provided by HHS.
7. **Corrective Action Plan.** Cadia has entered into and agrees to comply with the Corrective Action Plan ("CAP"), attached as Appendix A, which is incorporated into this Agreement by reference. If Cadia breaches the CAP and fails to cure the breach as set forth in the CAP, then Cadia will be in breach of this Agreement and HHS will not be subject to the Release set forth in paragraph II.8 of this Agreement.
8. **Release by HHS.** In consideration of and conditioned upon Cadia's performance of its obligations under this Agreement, HHS releases Cadia from any actions it may have against Cadia under the HIPAA Rules arising out of or related to the Covered Conduct identified in paragraph 1.2 of this Agreement. HHS does not release Cadia from, nor waive any rights, obligations, or causes of action other than those arising out of or related to the Covered Conduct and referred to in this paragraph. This release does not extend to actions that may be brought under section 1177 of the Social Security Act, 42 U.S.C. § 1320d-6.
9. **Agreement by Released Parties.** Cadia shall not contest the validity of its obligation to pay, nor

the amount of, the Resolution Amount or any other obligations agreed to under this Agreement. Cadia waives all procedural rights granted under Section 1128A of the Social Security Act (42 U.S.C. § 1320a-7a) and 45 C.F.R. Part 160 Subpart E, and HHS claims collection regulations at 45 C.F.R. Part 30, including, but not limited to, notice, hearing, and appeal with respect to the Resolution Amount.

10. Binding on Successors. This Agreement is binding on Cadia and its successors, heirs, transferees, and assigns.

11. Costs. Each Party to this Agreement shall bear its own legal and other costs incurred in connection with this matter, including the preparation and performance of this Agreement.

12. No Additional Releases. This Agreement is intended to be for the benefit of the Parties only, and by this instrument the Parties do not release any claims against or by any other person or entity.

13. Effect of Agreement. This Agreement constitutes the complete agreement between the Parties. All material representations, understandings, and promises of the Parties are contained in this Agreement. Any modifications to this Agreement shall be set forth in writing and signed by all Parties.

14. Execution of Agreement and Effective Date. The Agreement shall become effective (*i.e.*, final and binding) upon the date of signing of this Agreement and the CAP by the last signatory ("Effective Date").

15. Tolling of Statute of Limitations. Pursuant to 42 U.S.C. § 1320a-7a(c)(1), a CMP must be imposed within six (6) years from the date of the occurrence of the violation. To ensure that this six-year period does not expire during the term of this Agreement, Cadia agrees that the time between the Effective Date of this Agreement (as set forth in paragraph 11.14) and the date the Agreement may be terminated by reason of Cadia's breach, plus one-year thereafter, will not be included in calculating the six (6) year statute of limitations applicable to the violations which are the subject of this Agreement. Cadia waives and will not plead any statute of limitations, laches, or similar defenses to any administrative action relating to the Covered Conduct identified in paragraph 1.2 that is filed by HHS within the time period set forth above, except to the extent that such defenses would have been available had an administrative action been filed on the Effective Date of this Agreement.

16. Disclosure. HHS places no restriction on the publication of the Agreement. In addition, HHS may be required to disclose material related to this Agreement to any person upon request consistent with the applicable provisions of the Freedom of Information Act, 5 U.S.C. § 552, and its implementing regulations, 45 C.F.R. Part 5.

17. Execution in Counterparts. This Agreement may be executed in counterparts, each of which constitutes an original, and all of which shall constitute one and the same agreement.

18. Authorizations. The individual(s) signing this Agreement on behalf of Cadia represent and warrant that they are authorized by Cadia to execute this Agreement on behalf of each of the Cadia Healthcare Facilities. The individual(s) signing this Agreement on behalf of HHS represent and warrant that they are signing this Agreement in their official capacities and that they are authorized to execute this Agreement.

For the Cadia Healthcare Facilities

/s/ Elizabeth Price

Elizabeth Price
HIPAA Privacy Officer for Cadia

4/21/2025

Date

For United States Department of Health and Human Services

/s/ Jamie Rahn Ballay

Jamie Rahn Ballay, Associate Deputy
Director for Enforcement
Office for Civil Rights

April 22, 2025

Date

Appendix A

**CORRECTIVE ACTION PLAN BETWEEN THE U.S. DEPARTMENT OF HEALTH AND
HUMAN SERVICES AND CADIA**

I. Preamble

Cadia Rehabilitation Broadmeadow; Cadia Rehabilitation Capital; Cadia Rehabilitation Silverside; Cadia Rehabilitation Renaissance; and Cadia Rehabilitation Pike Creek, hereinafter referred to as the Cadia Healthcare Facilities ("Cadia") hereby enter into this Corrective Action Plan ("CAP") with the United States Department of Health and Human Services, Office for Civil Rights ("HHS"). Contemporaneously with this CAP, Cadia is entering into a Resolution Agreement ("Agreement") with HHS, and this CAP is incorporated by reference into the Resolution Agreement as Appendix A. Cadia enters into this CAP as part of consideration for the release set forth in paragraph II.8 of the Agreement.

II. Contact Persons and Submissions

A. Contact Persons

Cadia has identified the following individual as its authorized representative and contact person regarding the implementation of this CAP and for receipt and submission of notifications and reports:

Kimberly Gordy, Outside Counsel, BakerHostetler
811 Main Street
Suite 1100
Houston, TX 77002
REDACTED

HHS has identified the following individual as its authorized representative and contact person with whom Cadia is to report information regarding the implementation of this CAP:

Linda Colon, Regional Manager
Office for Civil Rights
U.S. Department of Health and
Human Services
REDACTED

Cadia and HHS agree to promptly notify each other of any changes in the contact persons or the other information provided above.

B. Proof of Submissions. Unless otherwise specified, all notifications and reports required by this CAP may be made by any means, including certified mail, overnight mail, or hand delivery, provided that there is proof that such notification was received. For purposes of this requirement, internal facsimile confirmation sheets do not constitute proof of receipt.

III. Effective Date and Term of CAP

The Effective Date for this CAP shall be calculated in accordance with paragraph II.14 of the Agreement ("Effective Date"). The period for compliance ("Compliance Term") with the obligations assumed by Cadia under this CAP shall begin on the Effective Date of this CAP and end two (2) years from the Effective Date, unless HHS has notified Cadia under Section VIII hereof of its determination that Cadia breached this CAP. In the event HHS notifies Cadia of a breach under section VIII hereof, the Compliance Term shall not end until HHS notifies Cadia that HHS has determined Cadia failed to meet the requirements of section VIII.C of this CAP and issues a written notice of intent to proceed with an imposition of a civil money penalty against Cadia pursuant to 45 C.F.R. Part 160. After the Compliance Term ends, Cadia shall still be obligated to: (a) submit the final Annual Report as required by section VI; and (b) comply with the document retention requirement in section VII. Nothing in this CAP is intended to eliminate or modify Cadia's obligation to comply with the document retention requirements in 45 C.F.R. § 164.316(b) and § 164.530(j).

IV. Time

In computing any period of time prescribed or allowed by this CAP, all days referred to shall be calendar days. The day of the act, event, or default from which the designated period of time begins to run shall not be included. The last day of the period so computed shall be included, unless it is a Saturday, a Sunday, or a legal holiday, in which event the period runs until the end of the next day which is not one of the aforementioned days.

V. Corrective Action Obligations

Cadia agrees to the following:

A. Policies and Procedures

1. Cadia shall review and, to the extent necessary, develop, maintain, and revise its written policies and procedures ("Policies and Procedures") to comply with the Federal standards that govern the privacy of individually identifiable health information (45 C.F.R. Part 160 and Subparts A and E of Part 164, the Privacy Rule). Cadia's Policies and Procedures shall include, but not be limited to, the minimum content set forth in section V.B. below.
2. Within ninety (90) days following the Effective Date of the Agreement, Cadia shall provide such Policies and Procedures, consistent with Section V.A.1 above, to HHS for review and approval. Upon receiving any required changes to such Policies and Procedures from HHS, Cadia shall have thirty (30) days to revise the Policies and Procedures accordingly and provide the revised Policies and Procedures to HHS for review and approval. This process shall continue until HHS approves such Policies and Procedures.
3. Cadia shall implement the Policies and Procedures and distribute them to all workforce members within thirty (30) days after receiving HHS's final approval of any revisions to the Policies and Procedures described in Section V.A.1 and V.B.

4. Cadia shall assess the Policies and Procedures at least annually. If upon review Cadia finds it necessary to update or otherwise substantively revise its Policies and Procedures, Cadia shall provide the revised Policies and Procedures to HHS for review and approval before implementation. Within thirty (30) days of HHS's approval of substantive revisions, Cadia shall distribute such revised Policies and Procedures to all members of the workforce and shall require new compliance certifications.

B. Minimum Content of the Policies and Procedures

At a minimum, the Policies and Procedures shall include measures to address the following Privacy Rule and Breach Notification Rule provisions:

1. A specific prohibition on the use or disclosure of protected health information (PHI) by Cadia workforce members, agents, and business associates for any marketing related purposes, including website testimonial or social media campaigns, without the written authorization of the patient who is the subject of the PHI sought to be disclosed, or the personal representative of that patient pursuant to 45 C.F.R. § 164.502 and 45 C.F.R. § 164.508.
2. Policies and Procedures that specifically address permissible and impermissible uses and disclosures of PHI and appropriate administrative, technical, and physical safeguards to protect the privacy of PHI. (Uses and disclosures of protected health information 45 C.F.R. § 164.502 and Safeguards 45 C.F.R. § 164.530(c)).
3. Policies and Procedures for uses and disclosures that require an individual's authorization, including all required elements of a valid authorization. Additionally, Cadia should revise its authorization form(s) to comply with the requirements of the Privacy Rule, including inclusion of an expiration date or event and statement that information disclosed pursuant to the authorization may be subject to redisclosure and no longer be protected by the Privacy Rules. (Authorizations 45 C.F.R. § 164.508). A process to evaluate and approve authorizations in place prior to the use or disclosure of PHI.
4. Policies and Procedures to ensure Cadia maintains documentation of signed authorizations as required by the Privacy Rule (Documentation 45 C.F.R. § 164.5300)).
5. Application and documentation of appropriate sanctions (which may include retraining or other instructive corrective action, depending on the circumstances) against members of Cadia's workforce who fail to comply with the Privacy, Security or Breach Notification Rules or Cadia's privacy and security policies and procedures. This content shall include a description of the sanctions; a timeframe in which Cadia will apply and document sanctions for violations of the HIPAA Rules or of Cadia's privacy, security or breach policies or procedures; the manner in which Cadia will document the sanctions; and where Cadia will store or retain such documentation (e.g., personnel file). (Sanctions 45 C.F.R. § 164.530(e)).
6. Policies and procedures to comply with the Breach Notification Rule, including Cadia's internal reporting procedures which will require all workforce members to report to the designated person or office at the earliest possible time any potential violations of the

Privacy, Security or Breach Notification Rules or of Cadia's privacy and security policies and procedures. Such reporting procedures shall require Cadia to promptly investigate and address all received reports in a timely manner. (45 C.F.R. § 164.400, et. seq.).

C. Reportable Events

1. During the Compliance Term, Cadia shall, upon learning that a workforce member may have failed to comply with its Policies and Procedures described in Section V.A.1, promptly investigate the matter. If Cadia, after review and investigation, determines that a member of its workforce has failed to comply with its Policies and Procedures, and such failure was material, Cadia shall report the event to HHS as provided in section VI.B.3. Such violations shall be known as Reportable Events. The report to HHS shall include the following:
 - a. A complete description of the event, including the relevant facts, the persons involved, and the applicable provision(s) of Cadia's Privacy, Security, and Breach Notification Policies and Procedures; and
 - b. A description of the actions taken and any further steps Cadia plans to take to address the matter to mitigate any harm, and to prevent it from recurring, including application of any appropriate sanctions against workforce members who failed to comply with its Privacy, Security, and Breach Notification Policies and Procedures.
2. If no Reportable Events occur during the Compliance term, Cadia shall so inform HHS in the Annual Report as specified in Section VI below.

D. Training

1. Cadia shall provide HHS with training material for all members of the workforce that have access to PHI to include specific training related to its Policies and Procedures described in Sections V.A. and V.B. above, within sixty (60) days after HHS approves Cadia's Policies and Procedures per Section V.A.2 above.
2. All members of Cadia's workforce, including marketing personnel, shall receive training on Cadia's Policies and Procedures to comply with the Privacy Rule, including the specific items referenced in V.B. within sixty (60) days of the implementation of the Policies and Procedures, or within thirty (30) days of when they become a member of Cadia's workforce.
3. Each workforce member shall certify, in writing or in electronic form, that the workforce member has received and understands the required training. The training certification shall specify the date on which training was received. All course materials shall be retained in compliance with section VII below.
4. Cadia shall review the training at least annually, and, where appropriate, update the training to reflect changes in Federal law or HHS guidance, any issues discovered during internal or external audits or reviews, and any other relevant developments.

5. Cadia shall not provide access to PHI to any member of its workforce if that workforce member has not signed or provided the written or electronic certification required by Section V.D.3.

E. Issuance of Breach Notifications

1. Within sixty (60) days of the Effective Date of this Agreement, Cadia shall notify any and all individuals, or an individual's personal representative, whose PHI was disclosed by Cadia on any Cadia website, a social media website, or through other marketing or promotional materials without a valid authorization, that their PHI has been breached, pursuant to 45 C.F.R. § 164.404.
2. Within sixty (60) calendar days of the Effective Date of this Agreement, Cadia shall submit to HHS, through HHS' breach portal, breach reports regarding the individuals identified in response to V.F.1, pursuant to 45 C.F.R. § 164.408.

VI. Implementation Report and Annual Reports

A. Implementation Report. Within one hundred twenty (120) days after HHS approves Cadia's HIPAA Policies and Procedures pursuant to Section V.A above, Cadia shall submit a written report with the documentation described below to HHS for review and approval ("Implementation Report"). The Implementation Report shall include:

1. An attestation signed by an officer of Cadia attesting that the Policies and Procedures are being implemented and have been distributed to all appropriate members of the workforce;
2. A copy of all training materials used for the training required by this CAP, a description of the training, including a summary of the topics covered, the length of the session(s) and a schedule of when the training session(s) were held;
3. An attestation signed by an officer of Cadia attesting that all members of the workforce have completed the initial training required by this CAP and have executed the training certifications required by Section V.D.3;
4. An attestation signed by an officer of Cadia stating that a review was conducted of (1) all its websites, affiliated web domains, and social media websites, and (2) all written marketing and promotional materials, whether in paper, electronic or digital format, including any photographs and videos, and confirmed that no PHI has been disclosed impermissibly as prohibited by the HIPAA Privacy Rule;
5. An attestation signed by an officer of Cadia listing all Cadia locations (including mailing addresses), the corresponding name under which each location is doing business, the corresponding phone numbers, and attesting that each such location has complied with the obligations of this CAP; and
6. An attestation signed by an officer of Cadia stating that he or she has reviewed the Implementation Report, has made a reasonable inquiry regarding its content and believes that, upon such inquiry, the information is accurate and truthful.

B. Annual Reports. The one (1) year period beginning on the Effective Date of the Compliance Term, and each subsequent one (1) year period during the course of the Compliance Term shall be referred to as a "Reporting Period." Within sixty (60) calendar days after the close of each corresponding Reporting Period, Cadia shall submit a report to HHS regarding Cadia's compliance with this CAP ("Annual Report"). The Annual Report shall include:

- I. A schedule, topic outline, and copies of the training materials for the training programs attended in accordance with this CAP during the Reporting Period that is the subject of the report;
2. An attestation signed by an officer of Cadia attesting that it is obtaining and maintaining written training certifications from all persons that require training that they received training pursuant to the requirements set forth in this CAP;
3. A summary of Reportable Events (defined in Section V.C) identified during the Reporting Period and the status of any corrective and preventative action relating to all such Reportable Events;
4. An attestation signed by an officer of Cadia attesting that he or she has reviewed the Annual Report, has made a reasonable inquiry regarding its content and believes that, upon such inquiry, the information is accurate and truthful.

VII. Document Retention

Cadia shall maintain for inspection and copying, and shall provide to HHS upon request, all documents and records relating to compliance with this CAP for six (6) years from the Effective Date.

VIII. Breach Provisions

Cadia is expected to fully and timely comply with all provisions contained in this CAP.

- A. Timely Written Requests for Extensions. Cadia may, in advance of any due date set forth in this CAP, submit a timely written request for an extension of time to perform any act required by this CAP. A "timely written request" is defined as a request in writing received by HHS at least five days prior to the date such an act is required or due to be performed. This requirement may be waived by OCR only.
- B. Notice of Breach of this CAP and Intent to Impose Civil Monetary Penalty. The parties agree that a breach of this CAP by Cadia constitutes a breach of the Agreement. Upon a determination by HHS that Cadia has breached this CAP, HHS may notify Cadia of: (1) Cadia's breach; and (2) HHS' intent to impose a CMP pursuant to 45 C.F.R. Part 160, or other remedies for the Covered Conduct set forth in paragraph 1.2 of the Agreement and any other conduct that constitutes a violation of the HIPAA Privacy, Security, or Breach Notification Rules ("Notice of Breach and Intent to Impose CMP").
- C. Cadia's Response. Cadia shall have thirty (30) days from the date of receipt of the Notice of Breach and Intent to Impose CMP to demonstrate to HHS' satisfaction that:

1. Cadia is in compliance with the obligations of the CAP that HHS cited as the basis for the breach;
2. The alleged breach has been cured; or
3. The alleged breach cannot be cured within the thirty-day period, but that: (a) Cadia has begun to take action to cure the breach; (b) Cadia is pursuing such action with due diligence; and (c) Cadia has provided to HHS a reasonable timetable for curing the breach.

D. Imposition of CMP. If at the conclusion of the thirty-day period, Cadia fails to meet the requirements of Section VIII.C. of this CAP to HHS' satisfaction, HHS may proceed with the imposition of a CMP against Cadia pursuant to 45 C.F.R. Part 160 for any violations of the Covered Conduct set forth in paragraph 1.2 of the Agreement and for any other act or failure to act that constitutes a violation of the HIPAA Rules. HHS shall notify Cadia in writing of its determination to proceed with the imposition of a CMP pursuant to 45 C.F.R. Part 160.

For the Cadia Healthcare Facilities

/s/ Elizabeth Price

Elizabeth Price
HIPAA Privacy Officer for Cadia

4/21/2025

Date

For United States Department of Health and Human Services

/s/ Jamie Rahn Ballay

Jamie Rahn Ballay, Associate Deputy
Director for Enforcement
Office for Civil Rights

April 22, 2025

Date