

# **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 Code of Federal Regulations (“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. Lehigh Valley Health Network (“LVHN”) meets the definition of an “affiliated covered entity” under 45 C.F.R. § 160.103 and therefore is required to comply with the HIPAA Rules. LVHN is a non-profit integrated healthcare network system with five non-profit licensed acute care hospitals, a large physician group, emergency ambulance services, a retail pharmacy, and hospice and home care services located in eastern and northeastern Pennsylvania.<sup>1</sup>
- C. HHS and LVHN shall together be referred to herein as the “Parties.”

### **2. Factual Background and Covered Conduct.**

On May 15, 2023, LVHN filed a breach notification report, required by 45 C.F.R. § 164.408, reporting that in February 2023, LVHN’s malware detection tools identified suspicious activity in the IT system of Lehigh Valley Physician Group – Delta Medix, an entity acquired by LVHN in 2021. Further investigation revealed the presence of ransomware and protected health information (PHI) that was exfiltrated and posted on the dark web. LVHN began notifying individuals in March 2023.

HHS’s investigation indicated that the following conduct occurred (“Covered Conduct”):

- A. LVHN failed to conduct an accurate and thorough risk analysis of the potential risks and vulnerabilities to the confidentiality, integrity and availability of all of its electronic protected health information (ePHI). See 45 C.F.R. § 164.308(a)(1)(ii)(A).
- B. LVHN failed to implement procedures to regularly review records of information system activity, such as audit logs, access reports, and security incident tracking reports. See 45 C.F.R. § 164.308(a)(1)(ii)(D).
- C. LVHN impermissibly disclosed the PHI of 248,359 individuals as a result of a ransomware

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<sup>1</sup> LVHN is a subsidiary of Jefferson Health following a merger in August 2024.

attack. See 45 C.F.R. § 164.502(a).

D. LVHN failed to timely notify affected individuals of a breach of unsecured PHI following a ransomware attack. See 45 C.F.R. § 164.404(b).

E. LVHN failed to timely notify the Secretary of a breach of unsecured PHI following a ransomware attack. See 45 C.F.R. § 164.408(b).

3. No Admission. This Agreement is not an admission of liability by LVHN.
4. No Concession. This Agreement is not a concession by HHS that LVHN 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 23-529270 and any potential violations of the HIPAA Rules related to the Covered Conduct specified in paragraph I.2 of this Agreement. In consideration of the Parties’ interest in avoiding the uncertainty, burden, and expense of 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 LVHN agreed to pay HHS, the amount of 800,000 (“Resolution Amount”). LVHN agrees to pay the Resolution Amount on the Effective Date of this Agreement as defined in paragraph II.14 by automated clearing house transaction pursuant to written instructions to be provided by HHS.
7. Corrective Action Plan. LVHN has entered into and agrees to comply with the Corrective Action Plan (“CAP”), attached as Appendix B, which is incorporated into this Agreement by reference. If LVHN breaches the CAP, and fails to cure the breach as set forth in the CAP, then LVHN 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 on LVHN’s performance of its obligations under this Agreement, HHS releases LVHN from any actions it may have against LVHN under the HIPAA Rules arising out of or related to the Covered Conduct identified in paragraphs 2A – 2E of this Agreement. HHS does not release LVHN 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 United States Code (“U.S.C.”) § 1320d-6.
9. Agreement by Released Parties. LVHN 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. LVHN 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 LVHN 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, LVHN agrees that the time between the Effective Date of this Agreement (as set forth in paragraph II.14) and the date the Agreement may be terminated by reason of LVHN’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. LVHN 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 I.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. This Agreement and information related to this Agreement may be made public by either Party.
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 LVHN represent and warrant that they are authorized by LVHN to execute this Agreement. 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 Lehigh Valley Health Network**

\_\_\_\_\_/s/\_\_\_\_\_  
Thomas Marchozzi

Executive Vice President and CFO  
Lehigh Valley Health Network

\_\_\_\_10/8/26\_\_\_\_

Date

**For the U.S. Department of Health and Human Services**

\_\_\_\_\_/s/\_\_\_\_\_  
Jamie Rahn Ballay

Regional Manager  
Office for Civil Rights

\_\_\_\_10/9/26\_\_\_\_

Date

## Appendix A

Lehigh Valley Health Network includes, without limitation, the operations of the following components owned or operated directly by LVHN:

### **AFFILIATED COVERED ENTITY MEMBERS**

1. Lehigh Valley Hospital
2. Lehigh Valley Hospital-Hazleton
3. Lehigh Valley Hospital-Schuylkill
4. Lehigh Valley Hospital-Pocono
5. Lehigh Valley Hospital-Dickson City
6. Lehigh Valley Hospital-Macungie
7. Lehigh Valley Health Network Emergency Medical Services
8. Pocono Ambulatory Surgery Center, LTD
9. Lehigh Valley Physician Group
10. Lehigh Valley Pharmacy Services
11. Lehigh Valley Home Care
12. Lehigh Valley Hospice
13. Lehigh Valley Home Care-Schuylkill
14. Lehigh Valley Home Care-Hazleton,
15. Transitional Skilled Unit

## **Appendix B**

### **CORRECTIVE ACTION PLAN BETWEEN THE U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES AND LEHIGH VALLEY HEALTH NETWORK**

#### **I. Preamble**

Lehigh Valley Health Network (“LVHN”) hereby enters 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, LVHN is entering into a Resolution Agreement (“Agreement”) with HHS, and this CAP is incorporated by reference into the Resolution Agreement as Appendix B. LVHN enters into this CAP as part of consideration for the release set forth in paragraph II.8 of the Agreement. The CAP is limited to LVHN’s legacy system and entities as defined in Appendix A.

#### **II. Contact Persons and Submissions**

##### **A. Contact Persons**

LVHN 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:

Thomas Marchozzi

Executive Vice President and CFO

Lehigh Valley Health Network

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

Jamie Rahn Ballay

Regional Manager

Office for Civil Rights

LVHN 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 email, 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 LVHN under this CAP shall begin on the Effective Date of this CAP and end three (3) years from the Effective Date, unless HHS has notified LVHN under Section VIII hereof of its determination that LVHN breached this CAP. In the event of such a notification by HHS under Section VIII hereof, the Compliance Term shall not end until HHS notifies LVHN that it has determined that the breach has been cured. After the Compliance Term ends, LVHN shall still be obligated to submit the final Annual Report as required by Section VI and comply with the document retention requirement in Section VII.

### **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**

LVHN agrees to the following:

#### **A. Risk Analysis and Risk Management**

1. LVHN shall conduct and complete a Risk Analysis: an accurate and thorough assessment of the potential security risks and vulnerabilities to the confidentiality, integrity, and availability of LVHN’s electronic protected health information (“ePHI”) as required by 45 C.F.R. § 164.308(a)(1)(ii)(A). The Risk Analysis shall incorporate all of LVHN’s locations and must include an assessment of the risks and vulnerabilities to the security of ePHI in electronic equipment, data systems, and programs and applications controlled, administered, owned, or shared by LVHN, that create, receive, maintain, or transmit ePHI. Prior to conducting the Risk Analysis, LVHN shall develop a complete inventory of all electronic systems including networks, electronic equipment, data systems, programs, applications, and other information technology assets that create, receive, maintain, or transmit ePHI, which will then be incorporated into its Risk Analysis.
2. Within thirty (30) days of the Effective Date, LVHN shall submit to HHS the scope and methodology by which it proposes to conduct the Risk Analysis. HHS shall notify LVHN whether the proposed scope and methodology is consistent with 45 C.F.R. § 164.308(a)(1)(ii)(A). Upon receiving HHS’s recommended changes, LVHN shall have thirty (30) days to submit a revised scope and methodology. This process will continue until HHS provides final approval of the scope and methodology.
3. Within one hundred and twenty (120) days of HHS’s approval of the scope and methodology described in section V.A.2, LVHN shall submit to HHS its Risk Analysis consistent with section V.A.1 for review and approval. Upon receiving notice from HHS specifying any

required changes, LVHN shall make the required changes and provide the revised risk analysis to HHS within sixty (60) days. This process shall continue until HHS approves of the Risk Analysis.

4. Within sixty (60) days of HHS's approval of the Risk Analysis in Section V.A.3, LVHN shall develop and submit to HHS for review and approval an enterprise-wide Risk Management Plan to address and mitigate any security risks and vulnerabilities identified in the Risk Analysis, including the implementation of security measures sufficient to reduced identified risks and vulnerabilities to a reasonable and appropriate level to comply with 45 C.F.R. § 164.30(a). The Risk Management Plan shall include a process and timeline for LVHN implementation, evaluation, and revision and identify individuals responsible for implementation.
5. Upon receiving notice from HHS specifying any required changes, LVHN shall make the required changes and provide a revised Risk Management Plan to HHS within sixty (60) days. This process shall continue until HHS provides final approval of the Risk Management Plan. Upon HHS approval, LVHN shall begin implementation of the Risk Management Plan, including distribution to workforce members<sup>2</sup> involved with implementation.
6. LVHN shall conduct a Risk Analysis and develop or revise a corresponding Risk Management Plan at least annually, and whenever necessary and appropriate in response to any changes in LVHN's environment, changes in Federal law or HHS guidance, and/or any issues discovered during audits or reviews, and any other relevant developments.

#### B. Policies and Procedures

1. LVHN shall review and, to the extent necessary, revise, its current HIPAA Privacy, Security and Breach Notification Rule Policies and Procedures (HIPAA Rules) based on the findings of the Risk Analysis and the implementation of the Risk Management Plan, as required by Section V.A above. LVHN's Policies and Procedures must comply with the HIPAA Rules. LVHN's Policies and Procedures shall include, but not be limited to, the minimum content set forth in Section V.C.
2. Within thirty (30) days of HHS's approval of the Risk Management Plan in Section V.A, LVHN shall distribute, via relevant document management software in use by LVHN, the Policies and Procedures to all workforce members and to new workforce members within thirty (30) days of their beginning of service as necessary and appropriate for the performance of their job duties.
3. LVHN shall require, at the time of distribution of such Policies and Procedures, a signed written or electronic initial compliance certification from workforce members stating that the workforce members have read, understand, and shall abide by such Policies and Procedures.
4. LVHN shall assess, update, and revise, as necessary, the Policies and Procedures at least annually or as needed.

#### C. Minimum Content of the Policies and Procedures

The Policies and Procedures subject to this CAP shall include Policies and Procedures that address the following HIPAA Rules provisions:

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<sup>2</sup> "Workforce members" means employees, volunteers, and other persons who conduct the performance of work for LVHN; are under the direct control of LVHN; and are given access to PHI through LVHN's legacy system.

1. Risk Analysis – 45 C.F.R. § 164.308(a)(1)(ii)(A), including provisions to conduct an accurate and thorough assessment of the potential risks and vulnerabilities to the confidentiality, integrity, and availability of ePHI held by LVHN.
2. Risk Management – 45 C.F.R. § 164.308(a)(1)(ii)(B), including provisions to implement security measures sufficient to reduce risks and vulnerabilities to a reasonable and appropriate level to comply with 45 C.F.R. § 164.306(a).
3. Information System Activity Review – 45 C.F.R. § 164.308(a)(1)(ii)(D), including provisions to regularly review activity on LVHN’s information systems that create, receive, maintain, and transmit ePHI.
4. Information Access Management --45 C.F.R. § 164.308(a)(4), including policies and procedure for authorizing access to ePHI
5. Security Incident Procedures--45 C.F.R. § 164.308(a)(6), including policies and procedures to address security incidents.
6. Evaluation—45 C.F.R. § 164.308(a)(8), including provisions to perform a periodic technical and nontechnical evaluation, based initially upon the standards implemented under this rule and subsequently, in response to environmental or operational changes affecting the security of ePHI, which establishes the extent to which an entity's security policies and procedures meet the requirement of this subpart.
7. Password Management—45 C.F.R. § 164.308(a)(5)(ii)(D), including procedures for creating, changing, and safeguarding passwords.
8. Breach Notification Rule—45 C.F.R. § 164.404, including policies for breach notification to individuals
9. Breach Notification Rule—45 C.F.R. § 164.406, including policies for breach notification to media
10. Breach Notification Rule –45 C.F.R. § 164.408, including policies for breach notification the Secretary

#### D. Training

1. LVHN shall review and, as necessary, develop or revise its training materials on the HIPAA Rules for all workforce members as necessary and appropriate for the performance of their job duties.
2. Within sixty (60) days of HHS’s approval of the Risk Management Plan required by Section V.A, LVHN shall provide HIPAA training to each workforce member and at least every twelve (12) months thereafter. LVHN shall also provide such training to each new workforce member within thirty (30) days of their beginning of service.
3. Each workforce member who is required to attend training shall certify, in electronic or written form, that he or she has received and understands the training. The training certification shall specify the date training was received. All course materials shall be retained in compliance with

Section VII below.

4. LVHN 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 audits or reviews, and any other relevant developments.
5. LVHN shall not provide access to ePHI to any workforce member if that workforce member has not signed or provided the written or electronic certification within a reasonable period of time after completion of such training.

E. Reportable Events

1. During the Compliance Term, LVHN shall, upon learning that a workforce member likely failed to comply with its Policies and Procedures, promptly investigate this matter. If LVHN, after review and investigation, determines that a workforce member has failed to comply with its Policies and Procedures, LVHN shall notify HHS in writing within sixty (60) days. Such violations shall be known as “Reportable Events.” The report shall include the following:
  - a. A complete description of the event, including the relevant facts, the job titles of the persons involved, and the applicable provision(s) of the implicated Policies and Procedures;
  - b. A description of the actions taken and any further steps LVHN 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 HIPAA Rules Policies and Procedures; and
  - c. An attestation signed by an owner or officer of LVHN attesting to the accuracy of the information in the report.
2. If no Reportable Events occur during the Compliance term, LVHN shall so inform HHS in the Annual Reports as specified in Section VI below.

VI. Annual Reports

A. Annual Reports

The one-year period beginning on the Effective Date and each subsequent one-year period during the course of the period of compliance obligations shall be referred to as “the Reporting Periods.” Within sixty (60) days after the close of each corresponding Reporting Period, LVHN shall submit a report to HHS regarding LVHN’s compliance with this CAP for each corresponding Reporting Period (“Annual Report”). The Annual Report shall include:

1. An attestation signed by an officer or director of LVHN attesting whether the Policies and Procedures were reviewed, revised, and distributed as required by Section V.B;
2. An attestation signed by an owner or officer of LVHN attesting whether all workforce members have completed the training required by Section V.D during the Reporting Period;
3. A summary of Reportable Events (defined in Section V.E), if any, the status of any corrective and preventative action(s) relating to all such Reportable Events, or an attestation signed by an

owner or officer of LVHN stating that no Reportable Events occurred during the Compliance Term; and

4. An attestation signed by an owner or officer of LVHN 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**

LVHN 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**

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

### **A. Timely Written Requests for Extensions**

LVHN 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 (5) days prior to the date such an act is required or due to be performed. This requirement may be waived by HHS 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 LVHN constitutes a breach of the Agreement. Upon a determination by HHS that LVHN has breached this CAP, HHS may notify LVHN of: (1) LVHN’s breach; and (2) HHS’s intent to impose a CMP pursuant to 45 C.F.R. Part 160, or other remedies for the Covered Conduct set forth in paragraph I.2 of the Agreement and any other conduct that constitutes a violation of the HIPAA Rules (“Notice of Breach and Intent to Impose CMP”).

### **C. LVHN’s Response.**

LVHN shall have thirty (30) days from the date of receipt of the Notice of Breach and Intent to Impose CMP to demonstrate to HHS’s satisfaction that:

1. LVHN 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 (30) day period, but that LVHN: (a) has begun to take action to cure the breach; (b) is pursuing such action with due diligence; and (c) has provided to HHS a reasonable timetable for curing the breach.

### **D. Imposition of CMP.**

If at the conclusion of the thirty (30) day period, LVHN fails to meet the requirements of Section VIII.C of this CAP to HHS’s satisfaction, HHS may proceed with the imposition of a CMP against LVHN pursuant to 45 C.F.R. Part 160 for any violations of the Covered Conduct set forth in

paragraph I.2 of the Agreement and for any other act or failure to act that constitutes a violation of the HIPAA Rules. HHS shall notify LVHN in writing of its determination to proceed with the imposition of a CMP pursuant to 45 C.F.R. Part 160.

**For Lehigh Valley Health Network**

\_\_\_\_\_/s/\_\_\_\_\_  
Thomas Marchozzi  
Executive Vice President and CFO  
Lehigh Valley Health Network

\_\_\_\_10/8/2026\_\_\_\_\_  
Date

**For the U.S. Department of Health and Human Services**

\_\_\_\_\_/s/\_\_\_\_\_  
Jamie Rahn Ballay  
Regional Manager  
Office for Civil Rights

\_\_\_\_10/9/2026\_\_\_\_\_  
Date