

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. Top of the World Ranch Treatment Center, LLC (“TWRTC”) meets the definition of “covered entity” under 45 C.F.R. § 160.103 and therefore is required to comply with the HIPAA Rules. TWRTC provides substance abuse disorder treatment at one facility in Milan, Illinois.

C. HHS and TWRTC shall together be referred to herein as the “Parties.”

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

TWRTC filed a breach report on March 14, 2023, reporting to HHS the breach of protected health information (PHI) for 1,980 individuals resultant of an email phishing attack. HHS’s investigation indicated the following conduct occurred (“Covered Conduct”):

- a. TWRTC failed to conduct an accurate and thorough assessment of the potential risks and vulnerabilities to the confidentiality, integrity, and availability of the electronic PHI it holds, as required by the Security Rule. *See* 45 C.F.R. § 164.308(a)(1)(ii)(A).

3. **No Admission.** This Agreement is not an admission of liability by TWRTC.

4. **No Concession.** This Agreement is not a concession by HHS that TWRTC is not in violation of the HIPAA Rules and not liable for civil money penalties.

5. **Intention of Parties to Effect Resolution.** This Agreement is intended to resolve HHS Transaction Number: 23-520996 and any 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 TWRTC has agreed to pay HHS, the amount of **\$103,000** (“Resolution Amount”). TWRTC agrees to pay the Resolution Amount in one lump sum on or before 15 (fifteen) calendar days from the Effective Date of this Agreement as defined in Paragraph II.14 pursuant to written instructions to be provided by HHS.
7. **Corrective Action Plan.** TWRTC 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 TWRTC breaches the CAP and fails to cure the breach as set forth in the CAP, then TWRTC 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 TWRTC’s performance of its obligations under this Agreement, HHS releases TWRTC from any actions it may have against TWRTC under the HIPAA Rules arising out of or related to the Covered Conduct identified in Paragraph I.2 of this Agreement. HHS does not release TWRTC 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.** TWRTC 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. TWRTC 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 TWRTC 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 civil money penalty (“CMP”) must be imposed within six 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, TWRTC agrees that the time between the Effective Date of this Agreement and the date the Agreement may be terminated by reason of TWRTC’s breach, plus one-year thereafter, will not

be included in calculating the six (6) year statute of limitations applicable to the violations that are the subject of this Agreement. TWRTC 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. 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 TWRTC represents and warrants that they are authorized to execute this Agreement and bind TWRTC, as set forth in Paragraph I.1.B. The individual(s) signing this Agreement on behalf of HHS represents and warrants that they are signing this Agreement in their official capacity and that they are authorized to execute this Agreement.

For Top of the World Ranch Treatment Center

_____/s/_____
Mark Sadler, Founder and Executive Director
Top of the World Ranch Treatment Center

6/16/2025_____
Date

For the United States Department of Health and Human Services

_____/s/_____
Andrea Oliver
Regional Manager, Rocky Mountain Region
Office for Civil Rights

6/23/2025_____
Date

Appendix A

CORRECTIVE ACTION PLAN
BETWEEN THE
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES
AND
TOP OF THE WORLD RANCH TREATMENT CENTER, LLC

I. Preamble

Top of the World Ranch Treatment Center, LLC (“TWRTC”) 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, TWRTC is entering into the Agreement with HHS, and this CAP is incorporated by reference into the Agreement as Appendix A. TWRTC enters into this CAP as part of the consideration for the release set forth in Paragraph II.8 of the Agreement. Capitalized terms without definition in this CAP shall have the same meaning assigned to them under the Agreement.

II. Contact Persons and Submissions

A. Contact Persons

TWRTC 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 (“TWRTC Contact”) is:

Mark Sadler, Founder and Executive Director
Top of the World Ranch Treatment Center
3333 155th Avenue
Milan, Illinois 61264
REDACTED
Telephone: REDACTED

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

Andrea Oliver, Regional Manager
Office for Civil Rights, Rocky Mountain Region
U.S. Department of Health and Human Services
1961 Stout Street, Room 08.148
Denver, Colorado 80294
REDACTED
Telephone: REDACTED
Facsimile: (303) 844-2025

TWRTC and HHS agree to promptly notify each other of any changes in the contact person 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, electronic 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 TWRTC 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 TWRTC under section VIII hereof of its determination that TWRTC 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 TWRTC that it has determined that the breach has been cured. After the Compliance Term ends, TWRTC shall still be obligated to: (a) submit the final Annual Report as required by section VI.B; and (b) comply with the document retention requirement in section VII. Nothing in this CAP is intended to eliminate or modify TWRTC’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

TWRTC agrees to the following:

A. Conduct a Risk Analysis

1. TWRTC shall conduct and complete an accurate and thorough risk analysis of the potential security risks and vulnerabilities to the confidentiality, integrity, and availability of the electronic (“ePHI”) it holds. This risk analysis shall incorporate all electronic equipment, data systems, programs and applications controlled, administered, owned, or shared by TWRTC that contain, store, transmit, or receive ePHI. As part of this process, TWRTC shall include a complete inventory of all electronic equipment, data systems, off-site data storage facilities, and applications that contain or store ePHI that will then be incorporated in its risk analysis. The risk analysis will include vulnerability scans and penetration testing.

2. Within 90 calendar days of the Effective Date, TWRTC shall submit to HHS the scope and methodology by which it proposes to conduct the risk analysis. HHS shall notify TWRTC whether the proposed scope and methodology is or is not consistent with 45 C.F.R. § 164.308 (a)(1)(ii)(A).

3. TWRTC shall provide the risk analysis, consistent with Paragraph V.A.1, to HHS within 90 days of HHS approval of the scope and methodology described in Paragraph V.A.2 for HHS's review.

4. Upon submission by TWRTC, HHS shall review and recommend changes to the aforementioned risk analysis. Upon receiving HHS's recommended changes, TWRTC shall have 30 calendar days to submit a revised risk analysis. This process will continue until HHS provides final approval of the risk analysis.

B. Develop and Implement Risk Management Plan

1. TWRTC shall develop an enterprise-wide risk management plan to address and mitigate any security risks and vulnerabilities identified in the risk analysis specified in section V.A.1 above, including any risks and vulnerabilities pertaining to the accessibility of ePHI. The risk management plan shall include a process and timeline for TWRTC implementation, evaluation, and revision of its risk remediation activities.

2. Within 90 calendar days of HHS's final approval of the risk analysis described in section V.C.1 above, TWRTC shall submit a risk management plan to HHS for review and approval. HHS shall approve, or, if necessary, require revisions to TWRTC's risk management plan.

3. Upon receiving notice of required revisions, if any, TWRTC shall have 60 calendar days to revise the risk management plan accordingly and forward for review and approval. This process shall continue until HHS approves the risk management plan.

4. Within 30 calendar days of approval of the risk management plan, TWRTC shall finalize and officially adopt the risk management plan in accordance with its applicable administrative procedures.

C. Annual Risk Analysis and Risk Management Requirement

TWRTC shall annually conduct an accurate and thorough assessment of the potential risks and vulnerabilities to the confidentiality, integrity, and availability of ePHI held by TWRTC and document the security measures TWRTC implemented or is implementing to sufficiently reduce the identified risks and vulnerabilities to a reasonable and appropriate level. Subsequent risk analyses and corresponding risk management plans shall be submitted for review by HHS in the same manner as described in this section until the conclusion of this CAP.

D. Policies and Procedures

1. Within thirty (30) days of the Effective Date, TWRTC shall review and, as necessary, develop or revise its written policies, procedures, and other written communications related to (1) Risk Analysis, (2) Risk Management, (3) Information System Activity Review, and (4) Breach Notification, to reflect satisfactory compliance with 45 C.F.R. §§ 164.308(a)(1)(ii)(A), 164.308(a)(1)(ii)(B), 164.308(a)(1)(ii)(D), 164.404, 164.406, and 164.408. TWRTC's policies and procedures shall address, but not be limited to, the Covered Conduct specified in Paragraph I.2 of the Agreement.

2. TWRTC shall provide such policies and procedures, consistent with section V.D.1. above, to HHS within 60 days of the Effective Date for review and approval. Upon receiving any recommended changes to such policies and procedures from HHS, TWRTC shall have 30 days to revise such 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. TWRTC shall implement such policies and procedures within 30 days of receipt of HHS's approval.

E. Distribution and Updating Policies and Procedures

1. TWRTC shall distribute the policies and procedures identified in section V.D. to all workforce members within thirty (30) days of HHS approval of such policies and to new workforce members within thirty (30) days of their beginning of service.

2. TWRTC 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.

3. TWRTC shall assess, update, and revise, as necessary, the policies and procedures at least annually or as needed. TWRTC shall provide such revised policies and procedures to HHS for review and approval. Within thirty (30) days of the effective date of any approved substantive revisions, TWRTC shall distribute such revised policies and procedures to all workforce members and shall require new compliance certifications.

F. Minimum Content of Policies and Procedures

1. The policies and procedures subject to this CAP shall include policies and procedures that address the following Privacy, Security, and Breach Notification Rule provisions:

- a. 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 TWRTC and to conduct the accurate and thorough assessment on an annual basis.
- b. 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 § 164.306(a).
- c. Information System Activity Review – 45 C.F.R. § 164.308(a)(1)(ii)(D), including provisions to implement procedures to regularly review records of information system activity, such as audit logs, access reports, and security incident tracking reports.
- d. Breach Notification – 45 C.F.R. §§ 164.404, 164.406, 164.408, including provisions to timely notify (1) each individual whose unsecured PHI has been, or is reasonably believed by the covered entity to have been, accessed, acquired, used, or disclosed as a result of such breach, (2) the media, and (3) the Secretary.
- e. Training - 45 C.F.R. § 164.530(b) and § 164.308(a)(5), including (1) provisions to train all members of TWRTC's workforce on its policies and procedures with respect to PHI as necessary and appropriate for the members of the workforce to carry out their functions within the covered entity, and (2) implementation of a security awareness and training program for all members of TWRTC's workforce (including management), to include periodic security updates, procedures for guarding against, detecting, and reporting malicious software, and procedures for creating, changing, and safeguarding passwords.

G. Training

1. TWRTC shall provide HHS with a copy of the training materials it intends to use to train all members of its workforce that have access to PHI, per section V.F.1.e. above, within sixty (60) days of the approval of its policies and procedures per section V.D.2. Upon receiving notice from HHS specifying any required changes, TWRTC shall make the required changes and provide a copy of the revised training materials to HHS within thirty (30) days. This process shall continue until HHS approves TWRTC's training materials.

2. Upon receiving approval from HHS, TWRTC shall provide training for each workforce member within sixty (60) days of HHS approval and at least every twelve (12) months thereafter. TWRTC 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 the training. The training certification shall specify the date training was received. All course materials shall be retained in compliance with section VII.

4. TWRTC 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.

H. Reportable Events

During the Compliance Term, TWRTC shall, upon receiving information that a workforce member may have failed to comply with its policies and procedures, promptly investigate this matter. If TWRTC determines, after review and investigation, that a workforce member has failed to comply with these policies and procedures, TWRTC shall notify HHS in writing within thirty (30) days. Such violations shall be known as Reportable Events. The report to HHS shall include the following information:

1. A complete description of the event, including the relevant facts, the persons involved, and the provision(s) of the policies and procedures implicated; and

2. A description of the actions taken and any further steps TWRTC plans to take to address the matter to mitigate any harm, and to prevent it from recurring, including application of appropriate sanctions against workforce members who failed to comply with its HIPAA Rules policies and procedures.

VI. Implementation Report and Annual Reports

A. Implementation Report

Within 120 days after HHS approves the policies and procedures, as specified in section V.D above, TWRTC shall submit a written report to HHS summarizing the status of its implementation of the requirements of this CAP. This report, known as the “Implementation Report,” shall include:

1. An attestation signed by an owner or officer of TWRTC attesting that the risk management plan and policies and procedures approved by HHS are being implemented;
2. An attestation signed by an owner or officer of TWRTC attesting that all workforce members have completed the initial training required by section V.G.; and
3. An attestation signed by an owner or officer of TWRTC 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 after the Effective Date and each subsequent one (1) year period during the Compliance Term shall be known as a “Reporting Period.” Within sixty (60) days after the close of each corresponding Reporting Period, TWRTC shall submit a report to HHS regarding TWRTC’s compliance with this CAP for each corresponding Reporting Period (“Annual Report”). The Annual Report shall include:

1. An attestation signed by an owner or officer of TWRTC attesting that all workforce members have completed the training required by section V.G. during the Reporting Period;
2. An attestation signed by an owner or officer of TWRTC attesting that any revision(s) to the policies and procedures required by section V.D. were finalized and adopted within thirty (30) days of HHS’s approval of the revision(s), which shall include a statement affirming that TWRTC distributed the revised policies and procedures to all appropriate workforce members within sixty (60) days of HHS’s approval of the revision(s);
3. A summary of Reportable Events (defined in section V.H.), 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 TWRTC stating that no Reportable Events occurred during the Compliance Term; and
4. An attestation signed by an owner or officer of TWRTC 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

TWRTC 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

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

A. Timely Written Requests for Extensions

TWRTC 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 CMP

The Parties agree that a breach of this CAP by TWRTC constitutes a breach of the Agreement. Upon a determination by HHS that TWRTC has breached this CAP, HHS may notify TWRTC’s Contact of: (1) TWRTC’s breach; and (2) HHS’s intent to impose a CMP pursuant to 45 C.F.R. Part 160, for the Covered Conduct set forth in Paragraph I.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. TWRTC’s Response

If TWRTC is named in a Notice of Breach and Intent to Impose CMP, TWRTC 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. TWRTC is in compliance with the obligations of this 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 TWRTC: (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, TWRTC 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 TWRTC pursuant to the rights and obligations set forth in 45 C.F.R. Part 160 for any violations of the HIPAA Rules applicable to 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 TWRTC in writing of its determination to proceed with the imposition of a CMP pursuant to 45 C.F.R. §§ 160.312(a)(3)(i) and (ii).

For Top of the World Ranch Treatment Center

_____/s/_____
Mark Sadler
Founder and Executive Director
Top of the World Ranch Treatment Center

____6/16/2025_____
Date

For United States Department of Health and Human Services

_____/s/_____
Andrea Oliver
Regional Manager, Rocky Mountain Region
Office for Civil Rights

____6/23/2025_____
Date