

NOTICE OF PRIVACY PRACTICES

(Effective April 14, 2003)

This notice describes how medical information about you may be used and disclosed and how you can get access to this information. Please review it carefully.

If you have any questions about this notice, please contact the Human Resources Department at 218 284-9500.

Otter Tail's Group Health Plans are required by law to maintain the privacy of your Health Information and to provide you with this notice of their legal duties and privacy practices with respect to your Health Information. This notice is being issued to comply with the requirements of the Privacy Rules under the Health Insurance Portability and Accountability Act ("HIPAA Privacy Rules").

WHO SHOULD READ THIS NOTICE?

This notice is for participants enrolled in any group health plan sponsored by Otter Tail Corporation and its affiliates (collectively "Otter Tail").

WHAT IS HEALTH INFORMATION?

For purposes of this notice, your "health (or medical) information" is information that identifies you and relates to your past, present or future physical or mental health or condition; the provision of health care to you; or the past, present, or future payment for health care furnished to you.

WHAT GROUP HEALTH PLANS ARE COVERED BY THIS NOTICE?

The following health plans are covered by this notice (collectively the "Plans"):

- Otter Tail Corporation Medical Plan;
- Otter Tail Corporation Dental Plan;
- Otter Tail Corporation Vision Plan
- Health Care Reimbursement Plan of the Otter Tail Corporation Flexible Benefit Plan

The terms "we" or "our" in this notice refer to the Plans listed above and may include third party administrators and selected Otter Tail employees, who conduct plan administration functions.

Because insurers of health plans are obligated to send notice of privacy practices under the HIPAA Privacy Rules, you may also receive a privacy notice from an insurer. The Insurer's notice will apply only to the plan it insures. This notice will apply to the remainder of the health plans sponsored by Otter Tail Corporation.

All of the health plans sponsored by Otter Tail Corporation are part of an organized health care arrangement. This means that these health plans may share your Health Information with each other as needed for the purposes of

payment and health care operations, as described in this notice.

HOW ARE THE PLANS ADMINISTERED?

The Plans do not have employees. Instead, employees of Otter Tail or third party administrators, hired by Otter Tail, administer the Plans. For example, Blue Cross and Blue Shield of Minnesota currently is the third party administrator for some of the Plans and administer the Plans in a way similar to the way a health insurance company administers an insured health plan. The third party administrator has contractually agreed to keep your Health Information confidential, in compliance with HIPAA Privacy Rules. In addition, certain Otter Tail employees perform administrative services for the Plans. When these employees perform plan administration functions on behalf of the Plans, they keep your Health Information separate and do not share it with other employees within Otter Tail unless permitted by the HIPAA Privacy Rules.

HOW MAY YOUR HEALTH INFORMATION BE USED OR DISCLOSED?

The following categories describe the different ways your Health Information may be used or disclosed. Each permitted use or disclosure falls within one of these categories. However, not every specific use or disclosure permitted in each category is described.

Payment. Your Health Information will be used for payment purposes. Payment includes, among other things:

- paying claims from providers for any covered treatment and services provided to you;
- determining disputed claims, eligibility for benefits, coordination of benefits, and cost sharing arrangements;
- asserting our right to subrogation and reimbursement;
- examining medical necessity;

- obtaining payment under stop loss insurance; and
- conducting utilization review.

Example

When you obtain a covered health service, your provider may submit Health Information to us, and we may create or access Health Information to arrange payment of the claim.

Health Care Operations. Your Health Information may be used to operate and administer the Plans. These operations include, among other things, engaging in care coordination, case management, disease management, risk assessment, premium determination, audit functions, detection of fraud and abuse and quality assessments and improvement activities.

Example

If you are diagnosed with a chronic disease, your Health Information may be used for purposes of disease management. This means you may be contacted by our disease management specialists about possible treatment alternatives.

Plan Sponsor. Your Health Information may be disclosed to or used by Otter Tail, as Plan Sponsor, for the purpose of conducting plan administration functions, as permitted by the HIPAA Privacy Rules. Otter Tail will not, however, use or disclose your Health Information created by or received from the Plans for any employment-related functions.

Business Associates. Third party administrators, auditors, attorneys, consultants and the like (“business associates”) will be hired to assist in operating and administering the Plans. Our business associates may use or disclose your Health Information to perform the services for which they have been hired. To protect your Health Information, each business associate must sign a contract limiting its ability to use and disclose Health Information and requiring it to implement appropriate safeguards.

Communication with You and Your Family. Generally, the Otter Tail Human Resources Department will not discuss your Health Information with you or your family members without a specific signed authorization, unless it relates to basic eligibility or enrollment questions. Rather, inquiries from you or your family members will be directed to the appropriate third party administrator (e.g., Blue Cross).

Unless you object, the third party administrator may disclose your Health Information to a family member, other relative, person authorized by law, or any other person you identify as involved in your care or the payment related to

your care. Only Health Information relevant to that person’s involvement in your care or the payment related to your care will be disclosed. You can restrict this disclosure at any time, subject to certain limitations. If you are incapacitated or in the event of an emergency, the third party administrator will exercise professional judgment to determine whether a disclosure of this type is in your best interest.

Example

The third party administrators for the Plans will communicate with a covered employee about the claims payment information relating to the covered spouse or dependent of such employee, unless the covered spouse or dependent has requested (and the Plan has agreed) that the use or disclosure of such information is restricted.

Health Education. Your Health Information may be used to inform you about treatment alternatives or other health-related benefits and services that may be of interest to you.

Judicial or Administrative Proceedings. Your Health Information may be disclosed in response to a court or administrative order, subpoena, discovery request or other lawful process if certain conditions are met and the required assurances are received.

As Required by Law. Your Health Information may be disclosed if such disclosure is required by law (e.g., to federal governmental agencies, such as the Department of Health and Human Services for the purpose of determining compliance with HIPAA Privacy Rules).

Public Health Activities. Your Health Information may be disclosed to public health or other appropriate authorities to lessen a serious and imminent threat to the health or safety of you or the public, including abuse of a vulnerable adult or child, subject to certain limitations and conditions.

Health Oversight Activities. Your Health Information may be disclosed to assist the government when it conducts certain health oversight activities, such as Medicare, Medicaid or other government benefit programs.

Parents of Minors. Health Information of a minor child, in most cases, will be disclosed to a parent or guardian of that minor, subject to certain limitations imposed by State law.

Workers’ Compensation. Your Health Information may be used to the extent authorized by and to the extent necessary to comply with laws relating to workers’ compensation or other similar programs.

Your Authorization. To use or disclose your Health Information for reasons other than the categories listed above, we must obtain a signed written authorization from you. You may authorize, in writing, the use or disclosure of your Health Information to any person and for any purpose specified in the authorization. You may revoke such authorization in writing at any time, but your revocation will not impact any uses or disclosures that occurred while your authorization was in effect.

WHAT ARE YOUR RIGHTS REGARDING YOUR HEALTH INFORMATION?

This section describes your rights regarding your Health Information. All requests relating to any of the rights described in this section must be made in writing and must be submitted as follows:

For Medical or Retiree Medical Plans, submit requests to:

Blue Cross and Blue Shield of Minnesota
P.O. Box 64338
St. Paul, MN 55164

For Dental or Vision Plans, submit requests to:

The Dental Service Corporation of North Dakota
Vision Services Inc.
4510 13th Ave. SW
Fargo, ND 58121-0001

For Healthcare Reimbursement submit requests to:

Discovery Benefits
203 10th Street North
Fargo, ND 58107-0829

Requests may also be submitted to:

Otter Tail Corporation
Human Resources Department
4334 18th Ave. SW
Fargo, ND 58106-9156

Right to Access. You may request to inspect and copy your Health Information. If you request a copy, we may charge a fee for the costs of copying, mailing or other associated supplies. You will receive written notification if your request is denied.

Otter Tail Privacy Official
Otter Tail Corporation
4334 18th Ave. SW
Fargo, ND 58106-9156
(701) 232-6414

Or

Department of Health and Human Services
Office of Civil Rights
Hubert H. Humphrey Building
200 Independence Ave. S.W.
Room 509F HHH Building
Washington, D.C. 20201

Right to Amend. If your Health Information is incorrect or incomplete, you may request that it be amended. Your request must include a reason supporting the amendment. You will receive written notification if your request is denied. If your request is denied, you have the right to submit a written statement disagreeing with the denial, which will be appended to the Health Information in question.

Right to an Accounting of Disclosures. You may request a list of the disclosures of your Health Information, if any, that have been made other than disclosures made to you or authorized by you or for payment or health care operations. Your request must state a time period (not to exceed six years and not including any dates before April 14, 2003). If you request a list more than once in a 12-month period, you may be charged a reasonable cost-based fee. You will be notified of the cost involved and you may choose to withdraw or modify your request before any costs are incurred.

Right to Request Restrictions. You may request a restriction of the Health Information that is disclosed about you to your family members, or for purposes of payment or health care operations. We are not required to agree to your request; but if we do, we will comply with your request (except in an emergency).

Right to Request Confidential Communications. If disclosure of your Health Information could endanger you, you may request that communication with you about health matters occur by alternative means or at an alternative location. For example, you may request that you only be contacted at work or by mail. Your request must include a statement that use or disclosure may endanger you and specify how or where you wish to be contacted.

Right to a Paper Copy of This Notice. This notice is available on Otter Tail Corporation's extranet site <https://secure.ottertail.net> and our intranet website, www.mwcsi.com. You may also request a paper copy of this notice at any time by contacting the Otter Tail Human Resources Department.

Complaints. If your privacy rights have been violated, you may file a complaint with the Otter Tail Privacy Official or with the Secretary of the Department of Health and Human Services. You will not be penalized for filing a complaint. Complaints must be made in writing and submitted to either to:

Otter Tail Privacy Official
Otter Tail Corporation
4334 18th Ave. SW
Fargo, ND 58106-9156
(701) 232-6414

or

Department of Health and Human Services
Office of Civil Rights
Hubert H. Humphrey Building
200 Independence Ave. S.W.
Room 509F HHH Building
Washington, D.C. 20201

WHEN IS THIS NOTICE EFFECTIVE?

This notice becomes effective April 14, 2003 and will remain in effect until we replace it. We reserve the right to change this notice at any time and for any reason. We reserve the right to make the revised or changed notice effective for Health Information we currently maintain as well as any information received in the future. A copy of our most current notice will be posted in the offices of each Otter Tail Human Resources Department and on the Otter Tail intranet site, secure.ottertail.net.