



Memorandum

To: Mayor, Town Council
From: Rick Wixom
Date: November 7, 2014
November 12, 2014 Town Council Meeting
PEHP Health and Dental Plan Year Agreements

Overview

Attached for the Council's consideration are the 2014-2015 Plan Year Agreements for the Town's health and dental insurance benefits. The agreements are between the Town and the Public Employees Health Program. This agreement details the relationship between the Town and PEHP in terms of PEHP providing health and dental benefits to the employees of the Town.

Generally, the agreements are similar from year to year. However, this year the PEHP health agreement has undergone significant changes in the form and organization of the agreement from previous years. Greg's office has reviewed the agreements and a summary of his review will be sent separately.

Staff Recommendation

Staff recommends the Council approve the PEHP Health and Dental Plan Year Agreements and authorize the Mayor to sign the agreements.

Employer Health Insurance Agreement

Between SPRINGDALE TOWN

and

Utah Retirement Systems Public Employees' Health Program

JULY 1, 2014 through JUNE 30, 2015

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SECTION 1 – INTRODUCTION

1.1 Contract

1.1.1 This Employer Health Insurance Agreement (“Agreement”) is made and entered into, pursuant to Utah Code Annotated Title 49, Chapter 20, by and between SPRINGDALE TOWN (“Employer”), a body corporate and politic of the State of Utah, and the UTAH RETIREMENT SYSTEMS, by and through its Employer benefit and insurance division, the PUBLIC EMPLOYEES’ HEALTH PROGRAM (“PEHP”).

1.1.2 In exchange for Employer’s payment of Rates, PEHP provides defined healthcare Benefits to Members. Any payment of Rates will constitute Employer’s agreement to the terms of this Agreement, regardless of whether Employer has actually signed the Agreement.

1.1.3 NOW, THEREFORE, for and in consideration of the agreements and provisions hereinafter contained, the parties hereby agree and enter into this Agreement.

1.2 Scope of Agreement

1.2.1 PEHP will make available to Employer’s Eligible Employees, Eligible retirees under age 65, and Eligible dependents, the health and prescription drug plans listed in Appendix A. All terms, definitions, and conditions of the health and prescription drug plans are hereby incorporated into this Agreement.

1.2.2 Any and all other documents attached hereto are hereby made a part of this Agreement as fully as though detailed herein.

1.2.3 The parties acknowledge that for purposes of paying fees required by the Affordable Care Act, PEHP shall act as the plan sponsor of Employer’s benefit plans. All programs and plans offered by PEHP are subject to change in order to adapt to the changes and trends in the health care industry. Further, the Benefits in this Agreement are not necessarily the benefits of the Employer’s previous insurance carrier. This contract does not guarantee benefits payable under the previous carrier will be payable under PEHP.

1.2.4 No Member of PEHP has a vested right to any Benefits. Changes to the Agreement may be made without notification, consultation or the consent of Members. However, material mid-plan year changes to the Benefits must be made with approval of the Employer and with 60 days notice to the Members. The rights and interest of Members at any particular time depend on the Agreement terms in effect at that time.

1.2.5 PEHP may adopt reasonable policies, rules and procedures to help in the administration of the Agreement. Employer agrees to abide by all such reasonable policies, rules, and procedures that are not inconsistent with the Agreement.

1.2.6 PEHP has discretion to determine Eligibility for Benefits and to interpret the terms and conditions of the Benefit plan(s). PEHP's determinations under this Section do not prohibit or prevent a Member from seeking an appeal of claims or an administrative review by following the appeals procedure established by the Master Policy and Utah Code Ann. § 49-11-613.

SECTION 2 – ELIGIBILITY AND ENROLLMENT

2.1 Eligibility

2.1.1 PEHP shall provide coverage to those Eligible Employees and their Eligible Dependents in accordance with the terms of the PEHP Master Policy attached as Appendix A.

2.1.2 In consultation with PEHP and within PEHP's stated Eligibility parameters, if Employer has 100 Subscribers or more, Employer shall decide which categories of Employees and Dependents are Eligible to become Members and establish related Eligibility requirements. Employer agrees to implement standards that are nondiscriminatory and is solely liable if any standards are determined to be discriminatory.

2.1.3 Notwithstanding Section 2.1.2, if Employer is community rated or all Employers in Employer's risk pool are paying the same Rates, then Employer shall be subject to PEHP's Eligibility parameters and shall not have discretion to set its own standards.

2.1.4 Eligibility standards (including termination standards) determined by Employer must be reported to and approved by PEHP each plan year, at least ninety (90) days prior to the start of the plan year. **Employer shall inform PEHP of its eligibility standards on the PEHP Benefit Selection Form.** If Eligibility standards vary from plan year to plan year, PEHP may revise Rates correspondingly, in accordance with sound actuarial principles.

2.1.5 Employer may not change, extend, expand, or waive the Eligibility criteria without first obtaining the advance, written approval of an officer of PEHP. Eligibility standards may not be changed mid-plan year.

2.1.6 Employer's Eligibility parameters must meet PEHP's criteria which include the following:

- All retirement-eligible Employees are Eligible;
- Any elected officials are Eligible;
- Any appointed officials who are required to work the same hours as other Employees are Eligible;
- Otherwise Eligible Employees with other coverage may waive coverage with the Employer under the Plan;
- At least 80% of the above listed Eligible individuals, who have not demonstrated proof of other coverage, must participate in the Plan, or, if Employer employs fewer than five (5) individuals, 100% of individuals must participate in the Plan;
- Independent contractors are not Eligible;

- Retirees (other than Early Retirees, as defined by the Employer) are not Eligible;
- Terminated employees active coverage shall cease on or before either the end of the pay period following termination of employment, or the date the last paycheck is received by the Employee from Employer for which the Employee was eligible for Coverage.

Only individuals who continuously satisfy the Eligibility criteria of the Agreement may be enrolled and continue as Members. Employer, Subscribers, and their Dependents are responsible for obtaining and submitting to PEHP evidence of Eligibility.

2.1.7 Notwithstanding this Section 2, PEHP reserves the right to deny coverage to an otherwise Eligible Employee and/or their Eligible Dependent(s), in accordance with the PEHP Master Policy, if that individual commits fraud upon PEHP, forges prescriptions, commits criminal acts associated with coverage, misuses or abuses Benefits or breaches the conditions of the PEHP Master Policy. Notwithstanding any other provision of this Agreement, if such an individual retains Coverage with PEHP at the request of an Employer after a recommendation by PEHP to address either the fraud, criminal acts associated with coverage, or a breach of the PEHP Master Policy, Employer shall be solely and completely responsible for all claims incurred for this individual. In such a circumstance, the individual's claims shall be adjudicated separately from the Employer's experience, and no claims for this individual, either in specific or aggregate, shall be eligible for payment by PEHP reinsurance.

2.2 Enrollment Requirements

2.2.1 In order for an Eligible individual to receive Benefits, Employer must enroll the individual, PEHP must accept the individual as a Member, and Employer must pay the applicable Rates. Employer agrees to limit enrollment to Eligible Employees and their Dependents.

2.2.2 Any Employee who does not enroll in the Employer Plan during their first 30 days of employment with the Employer will not be Eligible to enroll until the next annual enrollment period.

2.2.3 Except as otherwise provided in this Agreement, enrollment and enrollment changes for existing Employees and their Dependents may only be made during an open enrollment period.

2.2.4 PEHP shall allow for a special enrollment period for specific circumstances listed in Section 2.2.5. The terms governing special enrollment for PEHP are also contained in the Master Policy attached hereto as part of Exhibit A.

2.2.5 Employer must notify PEHP within 31 days whenever there is a change in a Member's family and or employment status that may affect Eligibility or enrollment. Family or employment status includes the following events:

- a) Adoption of a child, birth of a child, or gaining legal guardianship of a child;
- b) Child loses Dependent status;
- c) Death;

- d) Divorce;
- e) Marriage
- f) Involuntary loss of other coverage;
- g) Member called to active military duty;
- h) Member receives a Qualified Medical Child Support Order (QMCSO);
- i) Reduction in employment hours;
- j) Member takes, returns from, or does not return from a leave of absence; and
- k) Termination of employment.

2.2.6 If Employer fails to notify PEHP within 31 days of a Member's termination from employment or other family and/or employment change that results in the loss of a Member's Eligibility, Employer agrees to promptly pay PEHP any amounts paid as Benefits for such Member after the Member became ineligible and before PEHP was notified.

2.2.7 PEHP agrees to supply certification of creditable coverage to all terminated Subscribers and their Eligible Dependents losing coverage in accordance with federal law. The terms governing certification and disclosure are contained in the Master Policy attached hereto as part of Exhibit A.

2.2.8 Employer hereby agrees the Effective Date for new Employees is based upon receipt of enrollment forms by the PEHP enrollment department.

2.2.9 PEHP will enroll Dependents as a result of a valid court order. Any requirement for the Plan to comply with court orders, including Qualified Medical Child Support Orders (QMCSOs) and/or Divorce Decrees is Employer's responsibility. When Employer directs PEHP to enroll an individual on the basis of a court order, PEHP reserves the right to review and confirm that the order is qualified.

2.2.10 PEHP may decline to enroll Employees, former Employees, or Dependents who do not satisfy the Eligibility criteria of the Agreement. Also, PEHP may initially decline to issue coverage if Employer fails to meet the minimum enrollment or minimum contribution requirements.

2.3 Continuation of Coverage (COBRA / Mini-COBRA) and Conversion Coverage

2.3.1 Employer's Members who lose coverage under a Plan made available by PEHP may be permitted to continue such Coverage in accordance with the requirements of the Consolidated Omnibus Budget Reconciliation Act of 1986 (COBRA), or Utah mini-COBRA, Utah Code Ann. § 31A-22-722 (collectively, "Continuation Coverage").

2.3.2 Employer agrees to administer Continuation Coverage according to state and federal law. PEHP agrees to support and assist Employer in the administration of the Continuation Coverage. Employer agrees to provide sufficient documentation of a Member's Eligibility for Continuation Coverage. PEHP will determine if the documentation provided is sufficient.

2.3.3 Employer agrees to timely:

- a) notify PEHP of a Members' death;
- b) notify PEHP of a Member's termination of employment or reduction of hours, (Employer must notify PEHP if a termination is due to gross misconduct);
- c) notify PEHP of a Member's entitlement to the benefits under Title XVII of the Social Security Administration, which would cause the Member to lose coverage;
- d) notify PEHP of any other COBRA Qualifying Event that would affect a Member's Eligibility for coverage.

2.3.4 PEHP agrees that, at enrollment, termination of employment, or upon receipt of written notice of a COBRA Qualifying Event, in addition to Employer's function as COBRA plan administrator, to notify Members of their Continuation rights, if such rights exist, in accordance with state and federal law. PEHP will not be responsible to notify Members of their Continuation rights if PEHP does not receive notice from Employer of a Qualifying Event, as defined in the PEHP Master Policy, in a timely manner.

2.3.5 Adult Designees are eligible for Continuation Coverage with PEHP if they would have otherwise been eligible for COBRA coverage as a Dependent as defined by PEHP and Employer in Appendix A.

2.3.6 PEHP agrees to provide Employer's Members notice of their Conversion rights in accordance with state and federal law. Employer's Members who lose coverage under a COBRA or a Mini-COBRA plan made available by PEHP may be permitted to enroll in a Conversion plan, in accordance with Utah Code Ann. § 31A-22-723.

2.3.7 PEHP and Employer agree that if this Agreement is terminated, Continuation Coverage with PEHP will terminate. Employer will be responsible for obtaining alternate coverage for those Members who are receiving Continuation Coverage.

2.3.8 PEHP agrees to bill and collect Rates from Members for Continuation and Conversion Coverage.

2.3.9 PEHP agrees to provide COBRA, Mini-COBRA, and Conversion Coverage for the minimum time and only to the minimum extent required by applicable state and federal law. PEHP will not provide Continuation or Conversion Coverage if Employer or the Member fails to strictly comply with all applicable notice and other requirements and deadlines.

2.4 Early Retiree Eligibility

2.4.1 Employer, at Employer's sole discretion, may offer the Employer Plan(s) to the Employer's Early Retirees and their Eligible Dependents according to Eligibility standards adopted by the Employer and provided to PEHP under the terms of this Agreement and attached in Appendix A. Employer shall make available to their Eligible Early Retirees copies of any rules, regulations, and restrictions limiting their options for coverage.

2.4.2 Early Retirees and Eligible Spouses, as specified in Appendix A, upon reaching age 65, and no longer working, will be eligible to convert their Early Retiree coverage to the Public Employees' Medicare Supplement Plan if they elect to enroll in Medicare Plans A and B.

2.4.3 Early Retirees and Eligible Spouses, as specified in Appendix A, upon reaching age 65, and no longer working, will be eligible to convert their Early Retiree coverage to Medicare Part D at any time..

2.4.4 The Employer share of Rate payments for Early Retirees shall be at least as much as that of active Employees.

2.4.5 The rate for Early Retiree coverage may be higher than the rate charged for active Employees. Specific rates may be included in Appendix A.

2.4.6 Termination of Early Retiree coverage does not constitute a qualifying under COBRA. If an Employee elects Early Retiree coverage, the Employee is not eligible for COBRA coverage thereafter.

2.5 Long-Term Disability Continuation of Coverage

2.5.1 Eligible Employees who are approved for long-term disability benefits with PEHP's Long-Term Disability Program under Utah Code Annotated, Title 49, Chapter 21 ("Disabled Employee"), are Eligible to continue coverage with PEHP until the earlier of: 1) the Disabled Employee is no longer receiving long-term disability benefits, 2) the Disabled Employee fails to make the required payment to PEHP each month as set forth below, 3) Employer cancels medical coverage with PEHP, or 4) the Disabled Employee or his/her spouse attains the age of 65.

2.5.2 Upon turning age sixty-five (65), the Disabled Employee or his/her spouse will be Eligible to continue with a PEHP-sponsored Medicare Supplement plan, but will be required to pay the full monthly Rate. The Disabled Employee or spouse who is younger than 65, or any other Eligible Dependents covered on the plan younger than 65, will remain Eligible for PEHP coverage until they meet one of the other criteria listed above or no longer meet Dependent Eligibility criteria.

2.5.3 Each Disabled Employee who qualifies for PEHP coverage must pay a portion of the monthly PEHP payment to remain Eligible for PEHP Benefits as set by PEHP and outlined in the Master Policy attached in Appendix A.

SECTION 3 – RESPONSIBILITIES OF EMPLOYER

3.1 In General

3.1.1 In addition to the responsibilities addressed throughout this Agreement, Employer agrees to the following responsibilities and obligations.

3.2 Rate Payments

3.2.1 Employer is responsible to collect and remit Rates to PEHP. By remitting Rates to PEHP, Employer certifies to PEHP that the Employer/Employee Rate share complies with the affordability standards of PPACA. Other than as required by state or federal law, nothing contained in this Agreement shall obligate the Employer to contribute any specific percentage of the contribution, nor to provide any specified credits for sick leave conversion, etc. to any Employee.

3.2.2 To the extent Employer requires its Employees to contribute to Rates, Employer agrees to collect those contributions from its Employees and remit the same to PEHP together with a copy of a remittance report. Such contributions and report will be submitted to PEHP monthly following the appropriate payroll dates. By remitting Rates, Employer certifies that all Employees meet the Eligibility requirements agreed upon under this Agreement.

3.2.3 Employer's obligation to pay the full Rates to PEHP is not contingent upon Employer's ability to collect any percentage of the Rates that Employer requires to be paid by Subscribers.

3.2.4 Rates will be considered late if received more than thirty days after the date of the corresponding invoice from PEHP.

3.2.5 Notwithstanding any other provision of this Agreement, if Employer is late in any required payment to PEHP, PEHP shall assess Employer a 5% penalty on late payments.

3.2.5 Notwithstanding any other provision of this Agreement, if Employer fails to pay a required invoice to PEHP within sixty (60) days after the date of the corresponding invoice from PEHP, PEHP shall immediately suspend payment of claims until payment is made in full; in such case, the Employer shall be responsible for any payment to Providers, including any late fees, as applicable; or immediately terminate this Agreement in accordance with Section 7.2.

3.3 Employment Verification and Status

3.3.1 To the extent Employer is responsible to determine Eligibility standards under this Agreement, Employer agrees to provide those standards to PEHP at least ninety (90) days prior to the start of the Plan Year, as provided in Section 2.1.

3.3.2 Employer agrees to verify employment status and date of employment information contained in any new applications filed by Employees, and Employer agrees to inform PEHP of any change in Employee or Dependent status or of the termination of coverage of any Employee or Dependent, including any COBRA Qualifying Events, on a semi-monthly basis, in accordance with Section 2.4.

3.3.3 It is the responsibility of the Employer to obtain and maintain updated, accurate records specifying enrollment information, Member files, Eligibility information, Effective Dates, and Employee status information. Employer agrees, to the extent requested by PEHP, to provide PEHP

with current and updated copies of all completed enrollment forms and other documentation as deemed necessary by PEHP.

3.3.4 Payment of Rates shall constitute Employer's certification that Employer and all its Members meet the Eligibility standards as outlined in Utah Code Annotated Title 49, Chapter 20, and as established under this Agreement.

3.4 Compliance

3.4.1 Employer is responsible for its own compliance with applicable laws, rules, and regulations, including requirements to provide information to Members about their coverage. This includes all applicable requirements under PHSA, HIPAA, PPACA, COBRA, and any other state and federal requirements that apply to the Plan.

3.4.2 Employer agrees to notify PEHP when Employer receives Medicare secondary payer information.

3.4.3 Employer shall distribute to Employees all forms, documents, and notices as required by law (i.e. Summary of Benefits and Coverage, Benefit Summaries). In accordance with Section 4.4, PEHP may assist Employer in the production of such forms, documents and notices. Employer maintains sole responsibility to ensure compliance with federal law.

3.5 Miscellaneous

3.5.1 Employer certifies it is a political subdivision of the State of Utah and that both Employer and its Eligible Employees qualify to participate with PEHP, and Employer agrees to notify PEHP prior to its losing Eligibility to participate with PEHP.

3.5.2 It is Employer's responsibility to provide Subscribers a 30-day written notice of the Agreement's termination.

3.5.3 Except as modified in this Agreement, Employer shall be responsible for all tax consequences or penalties resulting from participation in the PEHP plans or programs.

SECTION 4 – RESPONSIBILITIES OF PEHP

4.1 Plan Services

4.1.1 Employer hereby agrees that it is the sole responsibility and right of PEHP to contract with, negotiate policies, procedures, and plan provisions, in reference to physicians, hospitals, facilities, corporations, or other service Providers. PEHP agrees to establish and maintain its usual hospital and physician relations activities, Subscriber service activities, investigative and claim review procedures, legal review and defense services, and shall take all reasonable measures to prevent the allowance and payment of improper claims for Employer.

4.1.2 PEHP shall provide Employer with all administrative services provided by PEHP to its other policy holders. A monthly fee for administrative services shall be included in the Rate amount, on a Per Member Per Month (“PMPM”) basis, at the Rate specified in Appendix A.

4.1.3 PEHP shall provide Reinsurance coverage as provided for in Section 5. PEHP will charge a monthly reinsurance fee, on a PMPM basis, at the Rate specified in Appendix A. The reinsurance fee is included in the Employer Rate.

4.1.4 At Employer’s request, PEHP may facilitate an on site medical clinic for Employer’s employees in accordance with the terms in Appendix B.

4.1.5 PEHP shall make available to Members an electronic enrollment process via the www.pehp.org website. PEHP shall also furnish to the Employer appropriate enrollment forms for distribution to new Eligible Employees. Upon receipt and processing of enrollment information, PEHP will distribute identification/prescription cards and Benefit brochures to Subscribers.

4.2 Reporting

4.2.1 These reporting provisions are subject to the confidentiality provisions of Section 6.

4.2.2 PEHP shall provide Employer with regular reports of the total amount paid to Providers in Employer’s risk pool.

4.2.3 If Employer employs over 100 Subscribers, PEHP shall provide Employer with Employer-specific quarterly utilization reports. These Employers may request additional ad hoc reports as needed. However, to the extent that any specific requested reports may be unique and costly to produce, Employer agrees to pay PEHP the reasonable cost of assembling and preparing such additional information and reports, so long as the cost of any such report has been made available to Employer in advance and Employer has agreed in writing to pay such costs. PEHP may decline to produce reports if PEHP determines that doing so would violate state or federal law.

4.2.4 If Employer employs over 100 Subscribers, Employer and/or its designated Business Associates, as defined by HIPAA, shall be entitled, upon written request from Employer, to receive a copy of individual data pertaining to Employer in accordance with Utah Code Ann. § 49-11-618 and applicable Board resolutions for the sole purpose of reviewing claims and utilization experience for individuals covered by the program. PEHP shall not provide diagnosis information unless specifically requested by Employer, and Employer has demonstrated to the satisfaction of PEHP that the individual diagnosis is essential to the review process, in which case, PEHP may require a separate release statement. Employer hereby agrees to never share or otherwise divulge this individual data to any other person or unit of government, unless subpoenaed by a court or governmental entity having proper jurisdictional authority. When requesting this data, Employer will designate an officer or employee responsible for receipt and custody of the data and hereby agrees to indemnify and hold PEHP harmless against any

claims, loss, damage, injury or other liability resulting from the disclosure of confidential medical data by any officer or employee of Employer.

4.2.5 Subject to the foregoing provisions, PEHP may provide specialized or additional reports to Employer, at Employer's request. PEHP may charge a fee to Employer for such special reporting requests as negotiated between the parties.

4.3 Record Retention and Review

4.3.1 PEHP shall maintain, or cause to be maintained, records covering claims submitted to PEHP hereunder as well as payment disbursed by it. The records shall be maintained for the same period of time that PEHP retains like records in connection with its claims administration.

4.4 Claims Payment, Customer Service and Appeals

4.4.1 PEHP shall adjudicate claims within forty-five (45) days upon receipt of all information necessary to accurately make a claim determination pursuant to PEHP's policies and procedures. Necessary information to adjudicate claims shall include, but is not limited to, information regarding coordination of benefits ("COB") from the primary insurance carrier, if applicable.

4.4.2 PEHP shall notify Members of paid or rejected claims and the reason for the rejection through an explanation of benefits, which shall be sent within one (1) week of PEHP's adjudication of the claim.

4.4.3 PEHP shall advise and aid claimants in meeting requirements for additional information and proper completion of claim forms.

4.4.4 PEHP shall maintain customer service staff and telephone numbers to provide information and response to inquiries of Members regarding program coverage and Benefits as well as specific information concerning claims, such as: status of claim, date paid/denied, amount, and Provider.

4.4.5 PEHP shall provide a website with general Plan information, specific claims information, and cost tools for evaluating and finding Providers.

4.4.6 PEHP shall discuss claims, where applicable, with physicians and other Providers of services.

4.4.7 PEHP shall obtain and furnish information, as necessary, regarding non-duplication of payment or COB.

4.4.8 PEHP will correct payment of claim errors for up to 12 months following the adjudication of a claim. For claims involving COB, PEHP will have up to 15 months following the adjudication of such claims to make adjustments. These time frames will not apply in instances where PEHP determines that the claims were paid due to fraud.

4.4.9 PEHP shall provide a claims adjudication and appeals process to resolve any disputes regarding Benefits under this Agreement. Members and Providers are required to cooperate with this process in any dispute with PEHP as outlined in the Master Policy attached in Appendix A.

4.4.10 PEHP shall provide additional Member Services, including Case Management, Disease Management, and Wellness Programs.

4.4.11 If Employer requests for correctly-paid claims to be reprocessed, Employer agrees to pay the administrative costs of reprocessing in accordance with PEHP's policies and procedures.

4.5 Information for Members

4.5.1 Employer, with cooperation from PEHP, shall produce any required forms or documents required by law to be distributed to Employees. Employer shall bear the responsibility to distribute such documents, in accordance with Section 3.4. PEHP may assist Employer with creation and production of documents, as specified in this Section.

4.5.2 PEHP shall assist Employer in its distribution by making available Plan-specific Benefits Summaries, Master Policies, Rates, forms and documents online at www.pehp.org, which will include the ability for Members to check status of claims and other information.

SECTION 5 – FUNDING

5.1 Self-Funded Status

5.1.1 Employer acknowledges and agrees that through this Agreement Employer participates in a self-insured plan, and that plan is part of a self-insured risk pool. Employer maintains the financial risk associated with that plan and the risk pool. Such risk includes, but is not limited to claims expenses for covered Benefits and any interest required to be paid.

5.1.2 Risk pool reserves held by PEHP are owned by, returned to, and credited for interest earnings to Employer in accordance with Section 5.3 and Appendix A.

5.2 Establishment of Rates

5.2.1 PEHP shall have sole discretion to determine Rates, which are set forth in Appendix A. The Rates will remain the same until the end of the plan year. However, upon notice to Employer, PEHP may reasonably modify the Rates mid-year if federal or state laws or regulations mandate an adjustment of Benefits under the Agreement, or if contingency reserves fall below the level required by the PEHP actuary.

5.2.2 It is understood and agreed that Appendix A outlines the Rates to be paid by Employer for the Plan(s) in which Employer participates during the current term. Rates include administrative fees and

reinsurance fees as determined necessary by PEHP, and as listed in Appendix A. Rates do not include broker/consultant fees, if any. Rates include, but are not limited to the health experience of Employees and their Dependents, Early Retirees, LTD Participants, and Members covered under COBRA and/or Conversion Coverage.

5.2.3 It is further understood and agreed that PEHP will provide notice to Employer of estimated regular Rate changes ninety (90) days prior to the end of the contract term, with the Rate change to be effective on the date of renewal of the plan year.

5.2.4 Notice of Rate increases relating to Medicare Supplement programs offered by PEHP will be provided by PEHP unless Medicare benefits change information has not yet been made available to PEHP by the Medicare authorities. All changes will become effective on July 1 of each year.

5.3 Reserves

5.3.1 Pursuant to Utah Code Annotated § 49-20-301, PEHP plans “shall be maintained on a financially and actuarially sound basis by payments from covered employers and covered individuals.” Utah Code Annotated § 49-20-402(1) provides, “The reserves in a risk pool in a given fiscal year shall be maintained at the level recommended by the program’s consulting actuary and approved or ratified by the Board. If the reserves drop below that level, covered employers in the risk pool are required to cure any deficiency in the reserve.”

5.3.2 PEHP shall provide Employer with reserve recommendations from its consulting actuary upon request from Employer. PEHP shall provide Employer with financial statements regarding the level of reserves in Employer’s risk pool.

5.3.3 If the reserves in Employer’s risk pool drop below the recommendation of the consulting actuary, Employer shall be responsible to pay the difference (or the pro-rata difference if Employer is in a multi-Employer risk pool) to PEHP within fifteen (15) days following the request. In the case of a deficit in reserves, Employer agrees to pay PEHP interest of 1% per month for each month after the end of the month in which Employer maintains a deficit.

5.3.4 PEHP, upon recommendation of its consulting actuary, shall determine when “substantial excess reserves” have been accrued in accordance with Utah Code Annotated § 49-20-402. In such a case, and upon Board approval, PEHP shall refund reserves to Employer (on a pro-rata basis if Employer is in a multi-Employer risk pool) in a manner approved by the Board.

5.4 Claims Reinsurance

5.4.1 All Employers participating in the PEHP health plans shall participate in a self-funded Reinsurance Plan governed by the Utah State Retirement Board (the "Board"), as described in Appendix A. 5.4.2 As outlined elsewhere in this Agreement, the Employer self-funded Rate includes both a specific stop loss and aggregate reinsurance cost. The Reinsurance cost is set forth in Appendix

A. Reinsurance fees are not self-insured, and Employer shall have no recourse to recover any of these amounts paid.

5.5 Administrative Costs

5.5.1 Employer is responsible to pay its share of administrative costs on a PMPM basis. The administrative fee is included in the Employer Rate, according to the schedule in Appendix A. Administrative fees are not self-insured, and Employer shall have no recourse to recover any of these amounts paid.

SECTION 6 – CONFIDENTIALITY

6.1 HIPAA. The parties agree that the acts, duties and obligations required by this Agreement shall be performed in compliance with the Privacy and Security Rules as promulgated under HIPAA.

6.2 Utah Law. Employer understands that under Utah Code Annotated § 49-11-618, “All data in the possession of [PEHP] is confidential, and may not be divulged by [PEHP] except as permitted by board action.” Employer acknowledges and agrees that this Agreement is subject to this rule of confidentiality.

6.3 Definition of Data. For the purpose of this Agreement, "data" means any information pertaining to Employer’s participation with PEHP, Plan Rates, this Agreement, PEHP or its business practices, or the personal health information (as defined by federal law) of any individual participating in the Plan administered by PEHP.

SECTION 7 – TERM AND TERMINATION

7.1 Term of Agreement

7.1.1 Unless sooner terminated as herein provided, this Agreement shall be effective for a one year term and pertain to claims incurred during the period July 1, 2014 through June 30, 2015.

7.1.2 This Agreement shall be renewed automatically for one year terms unless Employer notifies PEHP of its intent to terminate as provided herein.

7.2 Termination

7.2.1 This Agreement, and coverage for all Members under this Agreement, can terminate for the reasons listed below.

7.2.2 This Agreement may be terminated by Employer by providing PEHP with written notice at least ninety (90) days prior to the end of the current one year term. PEHP will not accept retroactive termination dates.

7.2.3 PEHP may immediately terminate Employer's coverage upon written notice if PEHP determines that Employer is in breach of this Agreement. The following circumstances constitute a breach:

- a. Employer fails to pay the required Rates in accordance with this Agreement;
- b. Partial payment will be treated as nonpayment unless PEHP, at its sole discretion, indicates otherwise in writing;
- c. Employer performs an act or practice that constitutes fraud or makes an intentional misrepresentation of material fact under the terms of the coverage;
- d. Employer's status changes to an entity that is not a political subdivision of the State of Utah;
- e. Employer's membership in an entity through which this Agreement was made available ceases; or
- f. Employer fails to satisfy PEHP's minimum contribution requirement, which is 100% of single coverage or 50% of family coverage.
- g. Employer fails to satisfy the minimum Employer participation requirements in Section 2.1.6 of this Agreement.

7.2.4 Employer agrees that if proper written notice of termination is not given within the designated time parameters, a penalty of up to one percent (1%) of total annual Rate may be assessed on Employer at the sole discretion of PEHP.

7.2.5 It is Employer's responsibility to provide Subscribers a 30-day written notice of the Agreement's termination. PEHP will provide a sample notice upon request.

7.2.6 Upon termination or expiration of this Agreement, PEHP shall continue to process and pay claims for services obtained or charges incurred by Employer's Members prior to the date of termination or expiration of this Agreement for a period of 12 months after the date of termination ("Run-Out Period"). PEHP shall not pay for Services obtained or charges incurred after the date of termination, regardless of when a condition arose and despite care or treatment anticipated or already in progress.

7.2.7 If Employer breaches this Agreement in accordance with Section 7.2.3 of this Agreement, which results in termination of this Agreement, PEHP shall pay no further claims, regardless of the date incurred. Employer shall be responsible for any such claims. Employer shall be responsible to pay PEHP for all reinsurance and administrative costs due prior to the date of termination, regardless of any other provision in this Agreement.

7.2.8 Upon termination of this Agreement, Employer shall be responsible for any deficits in the risk pool as determined by PEHP.

SECTION 8 – GENERAL TERMS

8.1 Interpretation. The attached Appendices are complementary to this Agreement and what is called for by any one of them shall be binding as if called for by all. In the event of any inconsistency between the provisions of the Agreement and the documents accompanying this Agreement, the inconsistency shall be resolved by giving precedence first to the Appendices and then to this Agreement. This

Agreement will be interpreted and enforced according to the laws and regulations of the State of Utah and any applicable federal laws or regulations. If an inconsistency exists between the Agreement and any applicable law, this Agreement will be construed to include the minimum requirements of the applicable law.

8.2 Indemnification. PEHP agrees to indemnify Employer from and against any claims or other liability, including attorney fees, based upon PEHP's failure to comply with its obligations under the Agreement. Employer agrees to indemnify PEHP from and against any claims or other liability, including attorney fees, based upon Employer's failure to comply with its obligations under the Agreement.

8.3 Amendment and Assignment. This Agreement may be modified or amended only by a written instrument executed by duly authorized officers of the parties hereto. This Agreement may not be assigned by either party without the written consent of the other party.

8.4 Default. If either party defaults in the performance of this Agreement or any of its obligations hereunder, the defaulting party shall pay all costs and expenses, including reasonable attorney's fees, which may arise or accrue from enforcing the Agreement or from pursuing any remedy provided hereunder.

8.5 Force Majeure. Neither party will be responsible for a delay in performing its obligations under the Agreement due to circumstances reasonably beyond its control, such as natural disaster, epidemic, riot, war, terrorism, or nuclear release.

8.6 Dispute Resolution. This Agreement is entered into in the State of Utah and shall be governed by the laws of said state, notwithstanding any conflicts of laws principles. Any dispute arising out of this Agreement will be subject to the exclusive jurisdiction of the administrative hearing process found in Utah Code Annotated § 49-11-613.

8.6 Conflict of Interest. PEHP represents that it has not knowingly influenced, and hereby promises that it will not knowingly influence, an Employer officer or employee, or former Employer officer or employee, to breach any ethical standards applicable to Employer. Employer represents that it has not knowingly influenced, and hereby promises that it will not knowingly influence any PEHP officer or employee or former PEHP officer or employee to breach any ethical standard applicable to PEHP.

8.7 Severance. In the event any portion of this Agreement is determined to be unconstitutional, unlawful or otherwise unenforceable in the State of Utah, only the unconstitutional portion of the Agreement will be severed and the remaining portion of the Agreement will continue in effect and be binding on the Parties, provided that such holding of invalidity or unenforceability does not materially affect the essence of the Agreement.

8.8 Notice.

8.8.1 Any notice required herein of PEHP shall be addressed to Employer at the address listed in Appendix A, and when required of Employer, shall be addressed to PEHP, Marketing Department, Public Employees' Health Program, 560 East 200 South, Salt Lake City, Utah 84102-2004, or kurt.murray@pehp.org (or current Marketing Manager).

8.8.2 All required notices shall be sent by at least first class mail or electronic mail.

8.8.3 Any notice PEHP is required to send will be sufficient if:

- a. For notice to Employer, notice is sent to the address listed in Appendix A;
- b. For notice to a Subscriber, notice is sent to the address PEHP has on record; and
- c. For notice to a Dependent, notice is sent to the Subscriber.

8.8.4 Any notice Employer is required to send will be sufficient if sent to the address listed above.

8.9 Waiver. Failure by either party to insist upon strict compliance with any part of this Agreement or with any procedure or requirement will not result in a waiver of its right to insist upon strict compliance in any other situation.

8.10 Workers' Compensation Insurance. The Agreement does not provide or replace workers' compensation coverage for Employer's Employees. Employment-related injuries are not covered under the Agreement.

8.11 Relationship of the Parties. This Agreement is a contract for services and does not create an agency relationship. Employer does not have the authority to act as PEHP's agent. PEHP is not Employer's agent for any purpose.

SECTION 9 – DEFINITIONS

9.0 In General. This Agreement contains certain defined terms that are capitalized in the text and described in this Section. Words that are not defined have their usual meaning in everyday language.

9.1 Adult Designee. If Employer accepts Adult Designees as Dependents, the qualifications agreed upon by Employer and PEHP will be included in Appendix A.

9.2 Agreement. This Employer Health Insurance Agreement, including the Employer Application and all other documents expressly referred to and incorporated by reference.

9.3 Benefit(s). The payments and privileges to which Members are entitled by this Agreement.

9.4 Continuation or COBRA Coverage. Coverage required by the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA) and/or coverage allowed under Utah Code Annotated § 31A-22-722 (Mini-COBRA).

9.5 Conversion Coverage. Coverage provided under Utah Code Annotated § 31A-22-723.

9.6 Dependent(s). An Employee's lawful spouse (or Adult Designee if allowed by Employer) and any child who meets the Eligibility criteria under this Agreement.

9.7 Early Retiree. A former Employee of Employer who is under age 65 and who meets Employer's Eligibility criteria as defined by Employer in Appendix A.

9.8 Effective Date. The date on which coverage for a Member begins.

9.9 Employee. An individual employed by Employer.

9.10 Employer Plan (or "Plan(s)"). The group health and/or other Benefit plan(s) elected and sponsored by Employer under this Agreement and attached in Appendix A.

9.11 Eligible, Eligibility. The criteria or standards, established by Employer and/or PEHP under this Agreement and Appendix A, in order to participate in a PEHP health plan.

9.12 HIPAA. The Health Insurance Portability and Accountability Act found at 45 C.F.R. §§ 160 and 164, as amended.

9.13 Master Policy. The document(s), considered part of this Agreement, which describe(s) the terms and conditions of the health insurance Benefits with PEHP, including the Benefit Summary, and which is available online at the address listed in Appendix A, or by request.

9.14 Member. As defined in the Master Policy attached in Appendix A, a Subscriber, including an Employee, Early Retiree, LTD Participant, COBRA Participant, Conversion Coverage Participant, and any Dependent, when properly enrolled in the Plan and accepted by PEHP.

9.15 PHSA. The Public Health Service Act of 1944, codified in United States Code, Title 42, as amended.

9.15 PPACA. The Patient Protection and Affordable Care Act, Pub. L. No. 111-148, as amended, including the Health Care Education Reconciliation Act of 2010, Pub. L. No. 111-152, as amended.

9.16 Provider. A vendor of healthcare Services as defined in the Master Policy.

9.17 Rate(s). The amount paid periodically by Employer and/or Subscribers to PEHP as consideration for providing Benefits under the Plan. The Contribution rate is specified in Appendix A.

9.18 Service(s). Services provided by a Provider, including medical practices or care, treatment, tests, supplies, equipment, devices, or drugs.

9.19 Subscriber. An Employee that enrolls with PEHP, as defined in the Master Policy.

SECTION 10 – SIGNATURE PAGE

EXECUTED this 26th day of August, 2014.

UTAH RETIREMENT SYSTEMS
PUBLIC EMPLOYEES HEALTH PROGRAM



By _____
Chet Loftis
Director, Public Employees Health Program

EXECUTED this _____ day of _____, 20__.

SPRINGDALE TOWN

By _____
[Name]
[Title]

APPENDIX A

Plan Year: July 1, 2014 – June 30, 2015

A-1 Benefits

A Employer Plans/Programs

Master Policy & Benefit Grid – members can access at www.pehp.org or on Employer's website.

Summary of Benefits & Coverage (SBC) – members can access at www.pehp.org or on Employer's website.

Provider Directory - Provider directories for the Employer plans are found online at www.pehp.org. Provider directories are subject to change without notice. PEHP shall make reasonable efforts, as determined by PEHP, to inform Employer and Members if a material disruption shall occur to provider networks during the term of this Agreement.

Wellness Programs

PEHP offers the Healthy Utah wellness program for Employer. If Employer elects to offer additional wellness programs to employees, Employer shall be solely responsible for any federal law compliance related to such additional program, included taxability of rebates and tracking applicable wellness limits for employees.

Early Retiree

Employer may elect to provide Early Retiree benefits to its Early Retirees. PEHP shall only enroll Employer's retirees if the following conditions are met:

1. Employer takes official action (i.e. City Council resolution; board action; etc) to adopt an early retiree benefit policy and provides such policy to PEHP. Such policy shall define the eligibility standards for early retirees, including the time frames associated with early retiree coverage.
2. PEHP shall accept early retirees prospectively from the date of the official action forward. Employer acknowledges that early retirees are not eligible for continuing benefits (COBRA or mini-COBRA) after their early retiree period.
 - a. Early retiree rates shall be 102% of the active employee monthly rate prior to 18 months.
 - b. 130% of the active employee monthly rate after 18 months.
3. Employer shall pay all rates associated with early retirees. Any amounts owed by early retirees for coverage, shall be collected by Employer.

B Vesting Standards for LGRP

Employer hereby acknowledges that it participates in the Local Governments Risk Pool (“LGRP”) sponsored by PEHP, which is a multi-employer self-funded risk pool. Participation in the LGRP requires meeting PEHP’s vesting requirement, which include:

- a. An Employer is vested with PEHP when either:
 - i. the Employer provides two years of specific plan benefits and claims costs to PEHP to appropriately determine rates; or
 - ii. the Employer continuously participates with PEHP in the LGRP for three years.
- b. If an Employer is vested with PEHP, the Employer may terminate this agreement with no further obligation to LGRP. At the time of termination, the Employer shall not receive any LGRP reserve funds, and shall not pay any deficits incurred or paid by Employer to LGRP.
- c. If Employer is not vested with PEHP and terminates this Agreement before becoming vested, Employer will immediately pay PEHP for any deficits incurred during its participation with LGRP. Deficits mean the difference between claims paid by PEHP, including administrative costs, and the rates paid by Employer, including all Employer allocated investment earnings or deficits. Deficits shall be solely determined by PEHP. Any calculations regarding deficits will include Employer's claims presented and paid by PEHP over the 12 months following Employer's termination of this Agreement.
- d. Any surpluses attributable to the Employer (when rates exceed premiums), whether vested or non-vested, will remain with PEHP for the benefit of the Employers participating in the LGRP.

2. Employer IS deemed vested by PEHP.

C Reinsurance

1. Each Employer shall participate in the PEHP Reinsurance Risk Pool and pay the applicable rates for such services. Reinsurance rates are included in rates found in Appendix Section A-2. The Reinsurance Plan covers:
 - A. Specific stop loss coverage (large medical claims exceeding \$100,000 annually) calculated on an incurred in 12 months and paid in 15 months basis; and
 - B. 120% to 135% of aggregate stop loss coverage of expected claims.
2. The PEHP Reinsurance Risk Pool specifically excludes coverage for any claims incurred:
 - A. Outside of the eligibility standards of this agreement or the Master Policy; or

B. For benefits not specifically covered by the Master Policy.

If Employer approves claims or benefits not covered by this Agreement or the Master Policy, Employer shall be responsible for all claims expenses associated with such charges.

Notwithstanding any other provision of this Agreement, PEHP shall have no liability to pay any claims, benefits or make other payments that are not specifically stated in this Agreement or the Master Policy.

A-2 Rates

A Admin Costs

B Reinsurance Fees

C PPACA Fees

D Total Rates

A-3 Additional Terms

A Following termination of this Agreement, PEHP shall pay claims incurred prior to termination of this Agreement for 12 months.

B Conflict of Interest – Employer acknowledges that PEHP is a public employer, and that no employee or officer is related to any employee or officer of PEHP within two degrees of consanguinity except as has been previously disclosed to PEHP.

C Additional Reporting Requests - PEHP shall provide regular reports to Employer as described in the Agreement. PEHP may provide additional reports to Employer as negotiated between Employer and PEHP. If such additional reports are agreed upon and authorized by PEHP, Employer agrees to pay PEHP the reasonable costs of producing such reports at the rate of \$20/hour and \$.10/page for printed reports.

**AGREEMENT
UTAH RETIREMENT SYSTEMS
PUBLIC EMPLOYEES HEALTH PROGRAM AND
<< SPRINGDALE TOWN >>**

THIS AGREEMENT is made and entered into by and between << SPRINDGALE TOWN >> a body corporate and political subdivision of the State of Utah, for purposes of this agreement, hereinafter referred to as the "GROUP", and UTAH RETIREMENT SYSTEMS by and through the "PUBLIC EMPLOYEES HEALTH PROGRAM" or "PEHP".

WITNESSETH:

WHEREAS, PEHP is obligated pursuant to Title 49, Chapter 20, Utah Code Annotated (1953, as amended), to make benefit programs available to employees of the State, its educational institutions, and political subdivisions; and

WHEREAS, PEHP's benefit programs have been created and made available; and

WHEREAS, the GROUP certifies it is a political subdivision, or educational institution of the State of Utah and also certifies that both the GROUP and its eligible members qualify to participate in such programs; and

WHEREAS, GROUP is desirous of participating in the programs made available by PEHP; and

WHEREAS, GROUP is desirous of having PEHP, for the purpose of this Agreement, act as the service organization for GROUP; and

WHEREAS, PEHP has agreed to make available to GROUP's employees the benefit programs set forth in Exhibit A.

NOW, THEREFORE, for and in consideration of the agreements and provisions hereinafter contained, it is hereby agreed as follows:

SECTION 1. SCOPE OF AGREEMENT

1.1 PEHP will make available to the GROUP's Eligible Employees, Early Retirees, Eligible Dependents, and COBRA Eligible Individuals (collectively known as the "Covered Individuals") the benefit programs as set forth in Exhibit A. Exhibit A contains the plan documents which govern the benefit programs listed. The documents comprising Exhibit A attached hereto are incorporated herein by this reference.

1.2 Except as otherwise allowed in this Agreement all benefit programs offered by PEHP are subject to change on July 1 of each year and upon ninety (90) days written notice to GROUP. Further, the benefits in this Agreement are not necessarily the benefits of GROUP's previous carrier. This Agreement does not guarantee benefits payable under the previous carrier will be payable by PEHP.

1.3 GROUP shall participate in PEHP's Local Governments Risk Pool (the "Risk Pool"). GROUP shall have an annual renewal date as set forth in Exhibit A.

SECTION 2. INTERPRETATION

2.1 The documents accompanying this Agreement are complementary and what is called for by any one of them shall be as binding as if called for by all. In the event of any inconsistency between the provisions of the documents accompanying this

Agreement, the inconsistency shall be resolved by giving precedence first to the benefit documents and then to this Agreement. In the event of a dispute over the terms of this Agreement, this Agreement shall be interpreted according to Utah law.

SECTION 3. TERM OF AGREEMENT

3.1 Unless sooner terminated as herein provided, this Agreement shall be effective for and pertain to claims incurred during the period July 1, 2014 to June 30, 2015, and shall be renewed annually, unless one party notifies the other, in writing by certified mail, of its intent to terminate the Agreement sixty (60) days prior to the end of GROUP's plan year. GROUP agrees that if it fails to give proper written notice of cancellation within the designated time parameters, a penalty of up to one percent (1%) of total annual rate may be assessed to GROUP by PEHP.

3.2 Upon termination or expiration of this Agreement, PEHP shall continue to process and pay claims for services incurred by GROUP's Covered Individuals prior to the date of termination or expiration of this Agreement. Termination of the GROUP's participation in the Risk Pool shall be without any further financial liability between GROUP and PEHP unless GROUP's participation with PEHP has been less than three (3) years.

3.2.1 If GROUP terminates this agreement before completing three (3) years of continuous participation in the Risk Pool, GROUP will immediately pay PEHP for any deficits incurred (excess of claims paid and administrative costs, as determined by PEHP, over rates paid by GROUP and allocated investment earnings or deficits). The deficit will include GROUP's claims presented and paid by PEHP over the twelve (12) months following GROUP's withdrawal from the Risk Pool. However, surpluses

attributable to the GROUP will remain with PEHP for the benefit of the remaining participants in the Risk Pool.

3.2.2 If GROUP terminates this Agreement after completing three (3) years of participation, GROUP shall neither receive any excess or reserve funds nor pay any deficits incurred paid by the GROUP to the risk pool, except as allowed under section 3.5 of this agreement.

3.3 If, during the term of Agreement, GROUP becomes eligible to participate in a different risk pool administered by PEHP, GROUP may terminate this Agreement but shall be subject to the provisions of 3.2.

3.4 If, PEHP in its sole discretion, elects to discontinue the Risk Pool, this Agreement shall be terminated in accordance with this section hereof. PEHP shall pay claims incurred prior to the termination date for a period of twelve (12) months after the date of termination, at which time PEHP shall have no further liability under this Agreement except as outlined in Section 3.5.

3.5 If all of the employer groups participating in the Risk Pool simultaneously terminate this Agreement and there are excess funds remaining in the Risk Pool after a twelve (12) month run out period in which PEHP will pay claims incurred during the period coverage is in place, the employer groups participating on the date of termination shall receive a pro-rata portion of any excess funds. Based on historical loss ratio these excess funds shall be determined solely by PEHP according to sound actuarial principles and the number of enrolled subscribers at the time of termination. GROUP shall continue to pay PEHP administrative costs for six months during the run-out period.

SECTION 4. RATE SCHEDULE

4.1 Except as otherwise allowed in this Agreement it is understood and agreed that PEHP will provide notice to GROUP of rate changes ninety (90) days prior to the effective date of the rate change. The rate sheet provided to GROUP ninety (90) days prior to the effective date of the changes will become effective on the GROUP's renewal date.

4.2 Notwithstanding section 4.1, PEHP may increase or decrease rates upon ninety (90) days written notice according to sound actuarial principles.

4.3 It is understood and agreed that the PEHP benefit programs made available to the GROUP under this Agreement are to be the GROUP's full financial responsibility as self-funded programs.

4.4 GROUP acknowledges that PEHP and GROUP are subject to Utah Code Annotated §49-20-402(1) which states: "The reserves in a risk pool in a given fiscal year shall be maintained at the level recommended by the program's consulting actuary and approved or ratified by the board. If the reserves drop below that level, covered employers in the risk pool are required to cure any deficiency in the reserve." GROUP agrees to comply with this section of Utah law and cure any deficiency in the reserves in GROUP's risk pool immediately at PEHP's sole discretion and request.

SECTION 5. RATE PAYMENTS

5.1 PEHP required rates may come in whole or in part from the Covered Individual or from GROUP. GROUP agrees to collect from its Covered Individuals their share of rates if any.

5.2 GROUP agrees to remit 100% of the required rates regardless of their source to PEHP together with a remittance report. The remittance report shall be completed according to guidelines and procedures specified by PEHP. Rates and remittance reports shall be submitted by the due date specified on the billing statement. If GROUP's rate payments are more than fifteen (15) days in arrears from the due date specified on the billing statement, PEHP may, at its sole discretion, take any or all of the following actions: 1) immediately suspend payment of claims until payment is made in full; in such case, CITY shall be responsible for any payment to providers, including any late fees, as applicable; 2) immediately terminate this Agreement; 3) assess CITY a 1% penalty on late payments; or 4) charge 1% per month interest on all late amounts due. If GROUP's Agreement is terminated under this section, GROUP cannot enter into a new Agreement for dental coverage with PEHP until the amount in arrears is paid in full, and not until the next annual renewal date.

5.3 It is understood and agreed that it is GROUP's obligation under this section to collect and remit the required rates to PEHP.

5.4 Pursuant to Utah Code Ann. §49-20-301, PEHP plans "shall be maintained on a financially and actuarially sound basis by payments from covered employers and covered individuals." Utah Code Ann. §49-20-402(1) states that, "The reserves in a risk pool in a given fiscal year shall be maintained at the level recommended by the program's consulting actuary and approved or ratified by the Board. If the reserves drop below that level, covered employers in the risk pool are required to cure any deficiency in the reserve." If the reserves in the GROUP's risk pool drop below the recommendation of the consulting actuary, GROUPS participating in the risk pool shall

be responsible to pay the difference to PEHP within fifteen (15) days following the request on a per capita basis. In the case of a deficit in reserves, GROUPs in the risk pool agree to pay PEHP interest of 1% per month for each month after the end of the month in which the risk pool maintains a deficit.

5.5 PEHP, upon recommendation of its consulting actuary, shall determine when “substantial excess reserves” have been accrued in accordance with Utah Code Ann.§ 49-20-402. In such a case, and upon Board approval, PEHP shall refund reserves to GROUPS participating in the risk pool in accordance with Utah Code Ann.§ 49-20-402.

SECTION 6. PLAN SERVICES AND REPORTING

6.1 GROUP hereby agrees that it is the sole responsibility and right of PEHP to contract with, negotiate policies, procedures, and plan provisions, in reference to physicians, hospitals, facilities, corporations, or other service providers. PEHP agrees to establish and maintain its usual hospital and physician relations activities, subscriber service activities, investigative and claim review procedures, legal review, and defense services, and shall take all reasonable measures to prevent the allowance and payment of improper claims for GROUP. PEHP shall be responsible for collecting any improperly paid claims.

6.2 PEHP agrees to the following under the terms of this Agreement:

6.2.1 Payment of claims shall be made within thirty (30) days upon receipt of all information necessary to make payment, including essential coordination of benefits data from the primary carrier;

6.2.2 If a claim is denied, an explanation of benefits will be available within one (1) week with the reason for rejection of a claim;

- 6.2.3 For all paid claims, an explanation of benefits will be available within (1) week following payment;
- 6.2.4 PEHP shall assist claimants in meeting requirements for additional information and proper completion of claim forms;
- 6.2.5 PEHP shall provide customer service staff, telephone numbers and access to www.myPEHP.org to Covered Individuals regarding plan coverage and benefits as well as specific data concerning claims such as, but not limited to, status of claim, date paid, amount and provider;
- 6.2.6 PEHP shall obtain and furnish information, as necessary, regarding non-duplication of payment or coordination of benefits;
- 6.2.7 PEHP shall recover overpayments and subrogation amounts for third party liability;
- 6.2.8 PEHP shall investigate claims as necessary;
- 6.2.9 PEHP shall provide access to online enrollment for GROUP's employees at www.myPEHP.org.

6.3 GROUP hereby acknowledges and agrees that it is the responsibility of GROUP to obtain and maintain updated, accurate enrollment data, member files, eligibility information, effective dates, and employee status information in the form specified by PEHP. GROUP agrees to provide PEHP with current and updated copies of all completed enrollment forms and other documentation as deemed necessary by PEHP.

SECTION 7. APPLICATION FORMS, IDENTIFICATION CARDS

7.1 PEHP shall furnish to GROUP appropriate enrollment forms for distribution to new Eligible Employees and will distribute Identification Cards to such employees upon receipt and processing of such enrollment forms.

7.2 GROUP agrees to verify employment status and date of employment information contained in any new applications filed by employees. On a bi-weekly basis GROUP agrees to inform PEHP of any change in employee or dependent status or of the terminating of coverage of any employee or family members in accordance with the GROUP's remittance schedule.

SECTION 8. PARTICIPATION STANDARDS

8.1 GROUP acknowledges and agrees that it shall only offer PEHP dental plans to its Eligible Employees. If GROUP offers to its employees any dental plan other than PEHP, this Agreement shall automatically terminate and GROUP shall be responsible for all claims incurred but not reported at the date of termination.

8.1.1 For purposes of this Agreement, the term Eligible Employee shall mean GROUP's employees who are otherwise eligible for dental coverage through GROUP but do not have other dental coverage in place. Eligible Employee is further defined as an employee whose term of employment for GROUP normally requires an average of twenty (20) hours or more per week. Eligible Employees also include elected and appointed officials elected or appointed prior to 1/1/11. Elected and appointed officials that are elected or appointed after 1/1/11 are Eligible Employees if they meet Utah Retirement System's guidelines as elected or appointed officials under Utah Code Annotated §49-12-102 or Utah Code Annotated §49-13-102.

8.1.2 For purposes of this Agreement, an "Early Retiree" is a former employee of GROUP who is qualified to receive a retirement benefit at the time of termination from the GROUP and has not returned to active employment with GROUP, is not 65 years of age, and is not eligible for Medicare coverage.

8.1.3 Eligible Dependents are defined as an Eligible Employee's or an Early Retiree's spouse or an Eligible Employee's children up to age 26, including step-children, legally adopted children, and children for whom the Eligible Employee or Early Retiree is a legal guardian. Eligible Dependents also include children who are incapable of self support because of an ascertainable mental or physical impairment, who are claimed as a Dependent on the Eligible Employee's Tax return, and upon attaining age 26, may continue Eligible Dependent coverage, while remaining Totally Disabled, subject to the Eligible Employee's coverage continuing in effect.

8.2 If GROUP has five (5) or more employees, at least 80% of GROUP's Eligible Employees must participate in the benefit program(s) offered to GROUP under this Agreement. If less than 80% of GROUP's Eligible Employees participate in the PEHP dental plans offered to GROUP under this Agreement, GROUP may not participate with PEHP dental plans. If GROUP drops below this participation requirement during the term of this Agreement, this Agreement may, at PEHP's sole discretion, either 1) be immediately terminated and no renewal will be allowed until the participation standard is verified and met, or 2) PEHP may immediately increase the required rates in accordance with actuarial principles.

8.3 If GROUP has four (4) or less employees, 100% of GROUP's Eligible Employees must participate in the PEHP dental plans offered to GROUP under this Agreement. If less than 100% of GROUP's Eligible Employees participate in the PEHP dental plans offered to GROUP under this Agreement, GROUP may not participate with PEHP dental plans. If GROUP drops below the participation requirement during the term of this Agreement, this Agreement may, at PEHP's sole discretion, either 1) be immediately terminated and no renewal will be allowed until the participation standard

is verified and met, or 2) PEHP may immediately increase the required rates in accordance with actuarial principles.

8.4 GROUP acknowledges and agrees that it will cover all Eligible Employees for dental benefit plans in a non-discriminatory manner.

SECTION 9. RATES

9.1 PEHP, in its sole discretion, shall determine the rates for individual GROUPs participating in the Risk Pool.

9.2 Individual GROUPs participating in the Risk Pool will be underwritten in accordance with the Risk Pool's average experience with adjustments for actuarial credibility based on group size, group risk and group loss ratio.

SECTION 10. AVAILABILITY OF DATA

10.1 In accordance with Utah Code Annotated §49-11-618(2) (1953, as amended), the applicable board resolutions, and 45 CFR part 164, PEHP shall provide to GROUP upon written request, aggregate health data, or a copy of the same, for the sole purpose of reviewing GROUP's claims and utilization experience, provided the GROUP reimburses PEHP for the actual cost of reproducing said data. The data shall be delivered to the GROUP without PEHP's proprietary or confidential data. The GROUP hereby indemnifies PEHP from any loss, claim or liability arising out of GROUP's use of the data. GROUPs with less than 100 employees participating in the health plan will not be given data beyond the small group reporting package.

10.2 GROUP acknowledges and agrees that any data received by GROUP from PEHP shall not be used for the purpose of making employment decisions.

10.3 The parties agree that the acts, duties and obligations required by this Agreement shall be performed in compliance with rules adopted by the Board regarding the Privacy and Security Rules as promulgated under the Health Insurance Portability and Accountability Act of 1996.

SECTION 11. RECORD RETENTION AND REVIEW

11.1 PEHP shall maintain, or cause to be maintained, records covering claims submitted to PEHP hereunder as well as payment disbursed by it for the same period of time that PEHP retains like records in connection with its claims administration provided to other policyholders. Agents and representatives of the GROUP shall, at all reasonable times, have the right to inspect and audit the books and records of PEHP, insofar as they relate to claim payments made hereunder. PEHP may, at its option, provide appropriate data to the GROUP for audit and review in lieu of the GROUP inspecting actual plan records where disclosure of the original records would jeopardize other confidential or proprietary information of PEHP. GROUP shall be required to sign an indemnification agreement prior to having access to PEHP records.

SECTION 12. ENROLLMENT

12.1 In accordance with the Master Policy and upon notice from GROUP, PEHP agrees to enroll all Eligible Employees in a timely manner.

12.2 PEHP agrees to supply to terminated employees losing coverage,

certification of their creditable coverage. The terms governing certification and disclosure are contained in the Master Policy attached hereto as part of Exhibit A.

SECTION 13. EARLY RETIREE BENEFIT

13.1 GROUP, at GROUP's sole discretion, may offer the PEHP dental benefit program to the GROUP's Early Retirees and their Eligible Dependents according to eligibility standards adopted by the GROUP. GROUP shall make available to their Eligible Early Retirees, copies of any rules, regulations, and restrictions limiting their coverage or their options for coverage. Refer to Section 8.1.2 for a definition of an "Early Retiree."

13.2 GROUP, if it determines to provide early retirement coverage, agrees to pay PEHP 100% of the rate for its Early Retirees and their Eligible Dependents who have PEHP coverage.

13.3 Failure of GROUP to pay the required rate shall result in termination of the coverage of the Early Retiree and their Eligible Dependents.

13.4 If this Agreement is terminated during the period of Early Retiree coverage, the Early Retiree and any Eligible Dependents coverage under this Agreement shall cease and GROUP, if obligated, shall be responsible for securing other coverage for the Early Retiree and Eligible Dependents.

13.5 The experience of GROUP's Early Retirees will be used in setting GROUP's future rates for active employees and Early Retirees and their Eligible Dependents.

13.6 GROUP shall inform PEHP of each employee that elects Early Retiree coverage within thirty (30) days of such election and benefit selection.

13.7 GROUP shall inform PEHP within thirty (30) days of an Early Retiree's ineligibility or termination of Early Retiree coverage.

13.8 PEHP shall have the right to perform periodic audits on GROUP's compliance with this section.

SECTION 14. CONTINUATION COVERAGE FOR DENTAL COVERAGE

14.1 In accordance with state and federal law and this section, GROUP shall certify to PEHP on or before June 30, 2015, the number of employees employed on a typical day in the previous year in order to determine whether GROUP's employees are entitled to COBRA benefits under section 14.2, or mini-COBRA benefits under section 14.4.

14.2 Covered Individuals of groups with twenty (20) or more employees, participating in the Risk Pool, will be eligible for continuation of health coverage pursuant to 42 U.S.C. §300bb-1 through 8 (COBRA coverage) in accordance with applicable laws, regulations, and procedures. Covered Individuals are responsible for the payment of applicable rates.

14.3 The claims experience of individuals receiving COBRA coverage shall remain with GROUP during the period of COBRA coverage.

14.4 Covered Individuals of groups with less than twenty (20) employees participating in the Risk Pool will be eligible for continuation of health coverage pursuant to Utah Code Annotated §31A-22-722 in accordance with applicable laws, regulations, and procedures. Covered Individuals are responsible for the payment of applicable rates.

14.5 If this Agreement is terminated during the period of continuation coverage

referenced in this subsection, the Covered Individuals coverage under this Agreement shall cease and GROUP shall be responsible for securing coverage for the Covered Individuals.

14.6 Upon a GROUP's enrollment with PEHP, or upon timely receipt of written notice of a COBRA or mini-COBRA Qualifying Event, PEHP shall notify all Covered Individuals of their COBRA rights, if such rights exist.

14.7 GROUP shall notify PEHP of a Covered Individual's death, termination of employment, reduction of hours, or a Covered Employees entitlement to benefits under Title XVII of the Social Security Administration, that would cause the Covered Individual to lose coverage.

14.8 PEHP is not responsible to notify Covered Individuals of COBRA rights if notice of a COBRA qualifying event is not received from GROUP in a timely manner.

14.9 Covered Individuals eligible for conversion coverage pursuant to Utah Code Annotated §31A-22-723 may elect such coverage in accordance with applicable laws, regulations, and procedures. Covered Individuals shall be responsible to pay applicable rates.

SECTION 15. ELIGIBILITY

15.1 PEHP shall provide coverage to those Eligible Employees and their Eligible Dependents who are identified by GROUP as having elected coverage and for whom a rate is paid.

15.2 Notwithstanding Section 15.1, PEHP reserves the right to deny coverage to an otherwise Eligible Employee and/or their Eligible Dependent, in accordance with the PEHP Master Policy, if that individual commits fraud upon PEHP, forges prescriptions,

commits criminal acts associated with coverage, misuses or abuses benefits or breaches the conditions of the PEHP Master Policy.

15.3 GROUP and/or Covered Individuals shall be responsible for all tax consequences of participating in PEHP plans or programs.

SECTION 16. CONFLICT OF INTEREST

16.1 GROUP represents that, except as has been disclosed in writing to PEHP: 1) no employee of GROUP is related to any employee, officer or director of PEHP who has supervisory or discretionary responsibilities; and 2) no employee, officer, director or owner of GROUP is also an employee of PEHP. Failure to comply with this provision shall give PEHP the right, at its sole discretion, to terminate this Agreement.

SECTION 17. WAIVER OF RATE FOR LONG TERM DISABILITY BENEFICIARIES

17.1 Eligible Employees who are approved for long-term disability benefits with PEHP's Long-Term Disability Program under Utah Code Annotated Title 49, Chapter 21, or from another employer-sponsored long-term disability program substantially similar to PEHP's Long-Term Disability Program (as solely determined by PEHP), are eligible to continue coverage with PEHP until the earlier of: 1) the Eligible Employee is no longer receiving long-term disability benefits, 2) the Eligible Employee's failure to make the required payment to PEHP each month as set forth below, 3) the GROUP's cancellation of dental coverage with PEHP, or 4) the Eligible Employee or Eligible Employee's spouse reaching the first of the month in which the Eligible Employee or Eligible Employee's spouse attains the age of 65. The Eligible Employee or Eligible

Employee's spouse turning 65 will be eligible to continue with a PEHP-sponsored Medicare Supplement plan, but will be required to pay the full required monthly rate. The Eligible Employee or Eligible Employee's spouse who is younger than 65, or any other Eligible Dependents covered on the plan younger than 65, will remain eligible for PEHP coverage until they meet one of the other criteria listed above or no longer meet dependent eligibility criteria.

17.2 Each disabled Eligible Employee who qualifies for PEHP coverage must pay a portion of the monthly PEHP rate to remain eligible for PEHP benefits as set forth below. The remainder of the monthly rate shall be waived by PEHP. The disabled Eligible Employee shall pay 10% of the monthly PEHP rate for the first year of disability, 20% for the second year of disability, and 30% thereafter. The monthly PEHP rate shall be set by PEHP.

SECTION 18. GENERAL PROVISIONS

18.1 This Agreement may be modified or amended only by a written instrument executed by duly authorized officers of the parties hereto. Addendums to the Agreement may be provided yearly, quarterly, or as needed to keep Agreement provisions current.

18.2 If any party defaults in the performance of this Agreement or fails to perform any of its obligations hereunder, the defaulting party shall pay all costs and expenses, including reasonable attorney's fees, which may arise or accrue from enforcing the Agreement or from pursuing any remedy provided hereunder.

18.3 In the event a party to this Agreement fails to perform its obligations hereunder, the performing party shall provide written notice to the non-performing party of such failure to perform. The non-performing party shall then have sixty (60)

days to cure such non-performance. If the non-performing party does not cure such failures, the performing party may terminate the Agreement without waiving any rights that party may have either in law or equity.

18.4 This Agreement is entered into in the State of Utah and shall be governed by the laws of said state.

18.5 Each person signing this Agreement represents and warrants that they are authorized to sign this Agreement and have the authority to bind the entity on whose behalf they are signing.

18.6 Prior to commencing an administrative appeal or other formal claim, the parties agree to mandatory mediation in an attempt to resolve any dispute arising out of this Agreement. If the parties cannot reach an agreement through mediation, parties agree to resolve any dispute through the administrative hearing process outlined in Utah Code Annotated §49-11-613.

18.7 This Agreement is for the benefit of the parties and does not create any rights, causes of action or obligations to or on behalf of any third party.

18.8 This Agreement includes the entire understanding of the parties, supersedes all other previous agreements between the parties, and no other agreement exists among parties at time of this agreement.

EXECUTED this 26TH day of August, 2014 for the 2014-2015 plan year.

UTAH RETIREMENT SYSTEMS
PUBLIC EMPLOYEES HEALTH PROGRAM



R. Chet Loftis

Title: Group Insurance Director
Public Employees Health Program

Agency: << SPRINGDALE TOWN >>

By: _____

Title: _____

EXHIBIT A
<< SPRINGDALE TOWN >>

- **List of Benefit Programs**
 - *PS1
 - *PS2
 - *PS3
 - *PS4

- **Rate for Each Program**

Please see your ninety (90) day renewal packet for actual rate sheet.

- **Early Retiree Rates July 1, 2014– June 30, 2015:**

102% of the active employee monthly rate prior to 18 months.

120% of the active employee monthly rate after 18 months.

- **Documents for Dental Plans Selected**
Plan specific Benefits Summaries, Master Policies and provider lists are available online at www.pehp.org.
- **Coverage date for new employees**
Employees are eligible on the date of hire or the month after the hire date or as determined by the GROUP policy and procedures for employees.
- **Termination date for departing employees**
Employees terminate on the date of termination or terminate at the end of the month on the date of termination or as determined by GROUP policy and procedures for employees.
- **Plan Year:**
July 1, 2014 – June 30, 2015

NOTE: Changes from the 2012-2013 Agreement – all dates have been updated for the new plan year.