



**TEXAS ASSOCIATION *of* COUNTIES
HEALTH AND EMPLOYEE BENEFITS POOL**

**ADMINISTRATIVE SERVICES AGREEMENT
(the Agreement)**

between

**TEXAS ASSOCIATION OF COUNTIES
HEALTH AND EMPLOYEE BENEFITS POOL
(HEBP)**

and

**COMAL COUNTY
(Plan Administrator)**

Group Number: 39898

Effective Date: October 1, 2016

ADMINISTRATIVE SERVICES AGREEMENT

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Exhibit Number One: Fee Schedule

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THIS ADMINISTRATIVE SERVICES AGREEMENT (the Agreement) is made and entered into as of the Effective Date indicated on the cover page of this Agreement and is by and between **Texas Association of Counties Health and Employee Benefits Pool** (referred to as HEBP) and **Comal County** (referred to as Plan Administrator or Member).

RECITALS

WHEREAS, Plan Administrator, a governmental entity, has voluntarily established a self-funded employee health and welfare benefit plan (“the Plan”) for the benefit of certain of its officials, employees, retirees and their dependents and the Plan Administrator shall be the final arbitrator and have the final authority regarding interpretation of the Plan;

WHEREAS, Plan Administrator desires to engage HEBP, also a governmental entity, to administer, supervise, and generally manage, certain health benefit coverages and to provide those services described below and in any attachments hereto to Plan Administrator to assist the Plan Administrator in performing its Plan Administration functions. HEBP shall not be deemed to have any discretionary authority or discretionary control regarding management of the Plan or any assets of the Plan; and

WHEREAS, HEBP and Member understand and agree that HEBP may use independent contractors to perform some or all of the services to be performed by HEBP pursuant to this agreement;

NOW THEREFORE, the parties agree as follows:

SECTION I. DEFINITIONS

- 1.01 **Administrative Charge** means the Monthly consideration that is required by HEBP for the administrative services performed under this Agreement in support of the Plan. These charges are indicated in Item Five of the Fee Schedule attached hereto and incorporated herein.
- 1.02 **Agreement** means this Administrative Services Agreement and any amendments, addenda, exhibits, appendices, and/or schedules attached hereto.
- 1.03 **Certificate of Creditable Coverage** means a document that is generated for Participants terminating coverage under Member’s Plan. The certificate is provided to Participants as evidence for credit of health coverage held under Member’s Plan while it is administered by HEBP.

- 1.04 **Claims Administrative Documents** may include any benefit booklets, exhibits (including Plan Service Area exhibit), and any other addenda, amendments, or changes thereto.
- 1.05 **Claims Administrator** means the Texas Association of Counties Health and Employee Benefits Pool (HEBP). It is understood by the parties to this Agreement that HEBP may, in its sole discretion, use independent contractors to perform some or all of its responsibilities under this Agreement.
- 1.06 **Effective Date** means the date shown on the cover page of this Agreement.
- 1.07 **Fee Schedule** means the attached specifications setting out certain particulars of this Agreement. The specifications or items of the Fee Schedule shall be applicable for the Fee Schedule Period, except that any item of the Fee Schedule may be changed in accordance with the provisions detailed in SECTION III – DUTIES AND RESPONSIBILITIES OF PLAN ADMINISTRATOR, Section 3.05b of this Agreement.
- 1.08 **Fee Schedule Period** means the period of time beginning and ending on the dates shown in Item One of the Fee Schedule.
- 1.09 **Member** means Comal County, a self-insured governmental entity and Member of HEBP.
- 1.10 **Month** means each succeeding calendar month period beginning on the Effective Date of this Agreement.
- 1.11 **Network** means identified physicians, other professional health care providers, hospitals, ancillary providers, and other health care facilities and pharmacies that are available to Participants in the Plan.
- 1.12 **Participant** means an individual official or dependent(s) of an official, employee or dependent(s) of an employee, a retired official, employee or dependent(s) of a retired employee, and certain continued persons and their dependents covered under a continuation provision, whose coverage has become effective in accordance with the terms of Member's Plan.
- 1.13 **Plan** means a program of health and welfare benefits established by Member for the benefit of certain of its officials, employees, retirees and their dependents.
- 1.14 **Plan Administrator** as used in this Agreement, is the Member.
- 1.15 **Plan Service Area** means a geographical area in which a Network of preferred providers is offered and available, and is used to determine eligibility for managed health care benefits under Member's Plan.

- 1.16 **Plan Year** means the twelve-month period beginning on the Effective Date indicated on the cover page of this Agreement and continuing for twelve consecutive calendar Months thereafter (unless an alternative period of time is specified).
- 1.17 **Records** means a Participant's medical, financial, or personal data (including patient-specific diagnoses) or data that enable one to derive such Participant's medical, financial, or personal data.
- 1.18 **Run-Off Claim** means a claim incurred preceding termination of this Agreement that is considered for payment during the Run-Off Period.
- 1.19 **Run-Off Period** means the twelve-Month period immediately following termination of this Agreement.
- 1.20 **Subscriber** means an individual official, employee, retired employee or continued person whose coverage has become effective under this Agreement.
- 1.21 **Subscriber Unit** means the specific coverage issued for an individual Subscriber and his or her covered dependent(s), if any, under the Plan whose coverage is identified by a unique Subscriber identification (ID) number.
- 1.22 **Supplemental Billing** means an invoice billing for costs due and payable to HEBP that is separate and apart from the Administrative Charge detailed in this Agreement. Any customized materials or additional services or supplies mutually agreed between the parties and not documented in the most current Fee Schedule may be subject to Supplemental Billing.
- 1.23 **Termination Administrative Charge** means the consideration that is required by HEBP for the services performed during the Run-Off Period.
- 1.24 **Timely** means within ten (10) calendar days following the occurrence of an event, the receipt of a billing statement, or the creation of any legal or contractual obligation, unless an alternative standard is specified and agreed to in writing by the Plan Administrator and HEBP. A charge, equal to the amount specified in SECTION VIII, MISCELLANEOUS PROVISIONS, **Daily Charge** subsection, may be assessed for late remittances.
- 1.25 **Valid Claim** means a claim incurred for supplies and/or services rendered to a Participant that is determined by the Claims Administrator or the Plan Administrator to be a covered benefit under the Plan during the term of this Agreement. For additional information regarding Valid Claim, which may also include Network access fees and Subscriber liability recalculations, refer to Addendum B attached to and made a part of this Agreement.

SECTION II. DUTIES AND RESPONSIBILITIES OF HEBP

2.01 **Participant Eligibility.** In connection with the processing of claims for benefits, HEBP will determine if a Participant is enrolled under the Plan based on eligibility and other information provided by the Plan Administrator. HEBP does not have discretionary authority to determine eligibility under Member's Plan. Plan Administrator shall make all final determinations regarding eligibility.

2.02 **Claims Services.**

- a. **Claims Administration.** HEBP shall administer claims as provided in this Agreement. HEBP is empowered by the Plan Administrator to do all things it deems necessary to carry out the terms and purposes of Member's Plan only as expressly stated in this Agreement or as mutually agreed to in writing between the parties hereto. HEBP has discretion, subject to Member's final authority, to determine whether claims are payable under the Member's Plan.
- b. **Claims Processing.** HEBP will receive claims, enter claims data into the claims processing system, determine whether benefits are payable in accordance with the Plan Administrator's specifications, provide utilization review, apply allowable amount determinations, and administer coordination of benefits with other plans, when appropriate. HEBP will use its best efforts to correctly process claims and pay benefits in accordance with information provided by the Plan Administrator.
- c. **Claims Payment.** If HEBP determines that a claim for benefits is a Valid Claim, or if Plan Administrator directs HEBP, in writing, to honor a claim for benefits, HEBP will arrange for the payment of the claim pursuant to the terms of this Agreement and Addendum A: Transfer Payment and Other Financial Responsibilities.
- d. **Claims Notification.** HEBP will prepare and mail explanation of benefit forms for medical and dental claims.
- e. **Claims Recovery.** The Plan Administrator acknowledges that, because of the great volume of claims processed by HEBP, unintentional administrative errors may occur. When HEBP becomes aware of a claims overpayment, HEBP will promptly take the appropriate action, in accordance with HEBP's standard procedures, to recover the excess payment at HEBP's sole expense. HEBP, however, will not be required to enter into litigation to obtain a recovery, nor will HEBP be required to reimburse the Plan, except for gross negligence or intentional acts by HEBP.

HEBP will provide reasonable assistance to Plan Administrator in pursuing rights of recovery arising from claim overpayments or such provisions as

coordination of benefits, subrogation, and fraud detection. Only subrogation recoveries are subject to those fees indicated in Item Three of the Fee Schedule.

- f. ***Claim Review and Interpretation of the Plan.*** HEBP will receive and review claims for benefits under the Plan. The operation and administration of the Plan require uniformity regarding the intent and the interpretation of the Plan's provisions. The Plan Administrator has full and complete authority and discretion to make decisions regarding Plan provisions and to determine questions of eligibility and benefits.

HEBP assumes only the authority and discretion as given by the Plan Administrator to interpret benefits based on medical necessity, allowable amount, or experimental/investigational guidelines that are in accordance with the provisions in Member's Plan. Any decision that is not arbitrary or capricious shall be final and conclusive, subject to any right to appeal a determination to the Plan Administrator.

On occasion, HEBP, in its role as Claims Administrator, may deny all or part of submitted claims. HEBP will provide a full and fair review of any determination of a claim, any determination of a request for precertification, and any other determination made as the Claims Administrator in accordance with the benefits and procedures detailed in Member's Plan. HEBP will use its best efforts, consistent with administrative practices and any procedures established in writing between HEBP and the Plan and consistent with industry standards, to accurately process all claims.

- g. ***Referral of Certain Claims/Inquiries.*** As provided in this Agreement, HEBP will receive eligibility information, review and process claims, and respond to customer inquiries; however, HEBP does not have final authority to determine Participants' eligibility or to establish or construe the terms and conditions of Member's Plan. Therefore, in certain instances, HEBP may refer certain claims to the Plan Administrator for review and final decision, particularly when those claims for services do not appear to qualify for payment under Member's Plan, claims or inquiries where there is a question of eligibility, claims where there is a question as to the amount of payment due, and claims involving litigation or the threat of litigation. Such referral shall be at the sole discretion of HEBP.
- h. ***Claim Dispute Resolution.*** If the Plan provides an appeals process, HEBP will cooperate by providing Records and documents. HEBP does not have final authority to make determinations regarding eligibility or benefits.
- i. ***Pharmacy Benefit Management.*** HEBP will provide pharmacy benefit management services, including claims administration, formulary management, pharmacy network management and mail-order pharmacy.

- j. **Eligibility Management.** HEBP will provide an eligibility management program including access to an on-line eligibility database; weekly eligibility feeds to contractors, error resolution and periodic eligibility reports.
- 2.03 **Participant and Provider Education.** In accordance with its standard procedures, HEBP will assist the Plan Administrator, if requested, in initial enrollment activities, including education of Participants about benefits, the enrollment process, selection of health care providers, and how to file a claim for benefits. HEBP will also issue claim submission instructions on behalf of the Plan Administrator to health care providers who render services to Participants.
- 2.04 **Reports.** HEBP shall provide Monthly billing statements and periodic reports. In the event that Plan Administrator purchases stop-loss coverage from HEBP, all necessary reporting, tracking, notification, and other similar financial and/or administrative services for settlements of such stop-loss policy will be included.
- 2.05 **Claim Payment Information and Records.** HEBP shall maintain current Records on all Participants and shall safeguard the confidentiality of any medical information contained in such Records, pursuant to SECTION VII CONFIDENTIALITY of this Agreement. HEBP shall maintain adequate Records of claims made and benefits paid in such form and format as may be determined by HEBP. Plan Administrator shall have rights in and access to such Records, subject to the terms of SECTION VI ACCESS TO INFORMATION and SECTION VII CONFIDENTIALITY of this Agreement and the Business Associate Agreement previously executed by HEBP and Member.
- HEBP will provide copies of individual claim information for a specific Participant as provided in the Business Associate Agreement. Upon receipt of a written request from the Plan Administrator, HEBP will provide the specified information in accordance with the terms of the Business Associate Agreement.
- 2.06 **Reporting Services.** HEBP will prepare and file annual Internal Revenue Service (IRS) 1099 forms for the reporting of payments to health care providers who render services to Participants and who are reimbursed by the Plan for those services.
- 2.07 **Participant-Provider Relationship/Network Providers/Network Information.** The choice of a health care provider should be made solely by the Participant. The Claims Administrator does not furnish health care services or supplies but only makes payment for eligible health care expenses that are incurred by Participants. HEBP, as the Claims Administrator, is not liable for any act or omission by any health care provider. The Claims Administrator does not have any responsibility for a health care provider's failure or refusal to provide services or supplies. Care and treatment received are subject to the rules and regulations of the health care provider selected by the Participant and are available only for sickness or injury treatment acceptable to the health care provider.

When the Plan Administrator has managed health care coverage, HEBP shall make available via the internet to Plan Administrator's Participants Networks and Network information. Upon request, HEBP shall periodically furnish Network provider directories to Participants enrolled under managed health care coverage administered by HEBP. The directories will list names, locations, and other information specific to those physicians, hospitals, and other health care providers and facilities in the Participant's designated Plan Service Area.

- 2.08 **Certificates of Creditable Coverage.** HEBP shall generate Certificates of Creditable Coverage for all Participants terminating group health coverage provided by the Plan, including coverage held under the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA), as required by the Health Insurance Portability and Accountability Act of 1996 (HIPAA). The documents will provide the period of coverage beginning on the Participant's date of enrollment in the Plan (if provided by the Plan Administrator as specified under SECTION III – DUTIES AND RESPONSIBILITIES OF PLAN ADMINISTRATOR, 3.02 of this Agreement) and ending with the Participant's date of termination as verified by eligibility records provided by Plan Administrator and maintained by HEBP.

These Certificates of Creditable Coverage will be mailed to the Participant's last known address as provided to HEBP by the Plan Administrator. If such address is not made available to HEBP or is unavailable, the Certificate of Coverage will be sent to the Plan Administrator for appropriate delivery.

- 2.09 **Client Services and Materials.** As Claims Administrator, HEBP will provide those items selected from the listing below:

- a. ***Enrollment Materials.*** Implementation materials, if elected by the Plan Administrator, will be provided by HEBP during the enrollment process. Any custom designed materials may be subject to Supplemental Billing.
- b. ***Subscriber Identification Cards.*** HEBP will provide Subscriber identification cards for PPO Managed Health Care benefit coverage or Subscriber identification cards for Traditional (Out-of-Area) Indemnity benefit coverage. A Subscriber identification card will be prepared for each officer and employee and for each eligible family member. If the Plan Administrator requires customization of the Subscriber identification cards, a Supplemental Billing may be prepared by HEBP and submitted to the Plan Administrator for payment. HEBP will also provide Subscriber identification cards for prescription drug benefits.
- c. ***Claims Administrative Documents and other Attachments.*** Claims Administrative Documents will be provided. The Claims Administrative Documents and all attachments will be identified in the most current Fee Schedule attached to and made a part of this Agreement. Any customization of

these documents at the request of the Plan Administrator, which requires manuscript modifications, may be subject to Supplemental Billing.

- d. ***Managed Care Networks.*** As applied to managed health care coverage, preferred provider Networks will be available and accessible. All decisions relating to medical care and treatment remain exclusively with the health care provider and the patient.
- e. ***Provider Directories.*** Network provider directories and periodic updates will be furnished by the Claims Administrator for each Subscriber upon their enrollment under the managed health care coverage benefits administered by HEBP. This service will be identified in the most current Fee Schedule attached to and made a part of this Agreement.
- f. ***Customer Service.*** A toll-free customer service telephone number, as listed in the benefit booklets and on the identification cards, will be available to Participants and their health care providers during normal customer service hours.
- g. ***Medical Precertification Helpline.*** For those services determined by the Plan Administrator and provided in writing to HEBP that require precertification, HEBP will review, in advance, the medical necessity of those services covered under the Plan. A toll-free medical precertification helpline will be made available for Participants and their health care providers to call for assistance.
- h. ***Case Management.*** Case Management is a service provided by the Claims Administrator whereby alternative benefits may be offered which are not otherwise eligible expenses but would prove to be more effective for the Participant and a cost savings to the Plan Administrator.
- i. ***Utilization Review.*** Utilization review management services are provided by HEBP as the Claims Administrator. Concurrent reviews, discharge planning and retrospective reviews are designed to reduce the occurrence of unnecessary or inappropriate hospitalizations of patients.
- j. ***Disabled Dependent Eligibility Review.*** HEBP will provide medical review to determine continued Dependent eligibility based on receipt of a completed Dependent Child's Statement of Disability Form provided by the Subscriber. If medical records or supporting documentation are required, such requirements will be communicated to the Subscriber who will be responsible for obtaining that information (including payment of any fees that may be assessed by a third party to provide such records) and submitting the information to HEBP.

2.10 **Additional Services Not Specified.** HEBP may provide additional services not specified in this Agreement. Such services will be mutually agreed upon between

Plan Administrator and HEBP and will be identified in the most current Fee Schedule or through Supplemental Billing.

SECTION III. DUTIES AND RESPONSIBILITIES OF PLAN ADMINISTRATOR

- 3.01 **Plan Documents.** The Plan Administrator shall furnish to the HEBP all documents under which the Plan is established. The Plan Administrator may request, in writing, changes to the benefits or administration of the Plan within thirty (30) days in advance of such change. Plan Administrator understands that changes in benefits are subject to prior approval by HEBP and may result in adjustments to the Administrative Charge as explained in Subsection 3.05, Administrative Charges and Charges for Additional Services, below.
- 3.02 **Provision of Eligibility Information.** Plan Administrator will provide, on a Timely basis, from the date of receipt, eligibility information (including all changes in Participant eligibility whether by reason of termination, change in classification, additions, and any other reason, by entering such changes into the eligibility database in a format acceptable to HEBP. HEBP shall be entitled to rely on the accuracy of such information. Any loss related to the accuracy or availability of eligibility information, by either HEBP or the Plan Administrator, shall be subject to the terms of SECTION V LIMITATION OF LIABILITY AND INDEMNIFICATION of this Agreement. The Plan Administrator shall maintain any enrollment applications and change forms completed by Participants and allow HEBP reasonable access to this information as needed for administrative purposes.
- Eligibility information includes but is not limited to:
- a. Copies of Subscribers' application forms, if on paper;
 - b. Participants' home addresses (including any dependent's address, if different from that of the Subscriber);
 - c. Participants' prior health coverage information; and
 - d. Subscribers' employment dates and Participants' enrollment dates.
- 3.03 **Distribution of Information.** Plan Administrator shall maintain and distribute to all eligible Participants (and return to HEBP, if necessary) all appropriate materials and forms as may be required to comply with applicable law.
- 3.04 **Notification of Loss of Eligibility.** If a Participant ceases to be eligible for benefits, Plan Administrator will convey the termination to HEBP in a Timely manner upon knowledge of such information. Upon termination of the Participant, Plan

Administrator, and not HEBP, will be liable for any and all claims occurring between the date eligibility is lost and the date HEBP receives actual notice of the termination of the Participant.

3.05 Administrative and Other Charges.

- a. Plan Administrator will pay to HEBP the Administrative Charges specified in this Agreement within ten (10) days of the first day of each Month. Administrative Charges will be paid based upon enrollment information HEBP receives regarding current enrollment as of the first day of each Month. Appropriate adjustments will be made for enrollment variances. HEBP shall provide notification regarding any discrepancies.
- b. Pharmacy Benefit Management Fees are assessed and collected per prescription filled.
- c. HEBP reserves the right to change the Administrative Charge if a substantial change occurs in the number or composition of employees covered, which results from:
 - 1). A change in the benefit specifications provided under the contract; or
 - 2). A change in the Member's contribution level or other consideration paid by the Member if it results in a decrease in participation; or
 - 3). A substantial change in the number of Subscribers covered under this contract. A substantial change would be deemed to have occurred when the number of employees covered changes by:
 - i) 10% or more over a 30 day period; or
 - ii) 25% or more over a 90 day period.In such event, HEBP reserves the right to adjust the rates on any due date occurring between the date such substantial change is identified and the next Fee Schedule period. A rate increase under this provision may not exceed 10%.
- d. Additional charges may be imposed if:
 - 1). Either HEBP or Member files for bankruptcy or reorganization under state or federal law.
 - 2). The Administrative Charge becomes subject to premium tax. Any Administrative Charges shall automatically be increased by the amount of any taxes imposed, increased, or adjudged due by any lawful authority on or after the contract date, which HEBP is required to pay or remit, whether

relating to fees, services, benefits, payments, or any other aspect of this contract.

3). Future changes mandated by legislation or other law result in an increase in cost to HEBP in performing under this Agreement.

e. In addition to the Administrative Charge, Plan Administrator shall reimburse HEBP for the direct cost of special or customized supplies, reports, forms, or other services provided by HEBP for Plan Administrator and indicated in the Fee Schedule. Reimbursement of charges for additional services will be limited to those mutually agreed upon by Plan Administrator and HEBP before HEBP incurs the cost of such services.

f. In addition to the amounts due and payable each Month, HEBP may charge Plan Administrator for:

1). Reasonable fees for the reproduction or return of Records requested by Plan Administrator, a governmental agency, or pursuant to a court order; and

2). Any other fees that may be assessed by third parties for services rendered to the Plan Administrator and/or any other fees for services mutually agreed upon by the parties, as shown in Item Three of the Fee Schedule.

g. Performance of all duties and obligations of HEBP under this Agreement are contingent upon the payment of Administrative Charges in accordance with Section 3.05a of this Agreement.

3.06 **Bank Account.** Plan Administrator will establish an account with a state or nationally chartered bank (to be agreed upon by HEBP and the Plan Administrator). Plan Administrator shall maintain such account in conformance with Addendum A: Transfer Payment and Other Financial Responsibilities.

3.07 **COBRA Administration Compliance.** The Member is responsible for complying with COBRA and the Public Health Services Act concerning continuation of health coverage.

3.08 **Final Determination of Claims/Inquiries.** Member, as the Plan Administrator, retains the final authority and responsibility to establish and construe the terms and conditions of Member's Plan and to determine Participant eligibility. Certain claims and/or inquiries will be referred to the Plan Administrator for final review and determination in the following instances:

a. Pursuant to SECTION II – DUTIES AND RESPONSIBILITIES OF HEBP, 2.02, g, when claims for services do not appear to qualify for payment under Member's Plan, claims or inquiries where there is a question of eligibility,

claims where there is a question as to the amount of payment due, and claims involving litigation or the threat of litigation; and

- b. Pursuant to SECTION II – DUTIES AND RESPONSIBILITIES OF HEBP, 2.02, h, when a Participant chooses to appeal adverse determinations with the Plan Administrator after exhaustion of all remedies offered by HEBP.

3.09 **Compliance with Applicable Law.** Plan Administrator will comply with all legal requirements applicable to the Plan and satisfy any and all reporting, notice, disclosure, filing, and modification requirements imposed by applicable laws and regulations (state and/or federal).

3.10 **Plan Administrator Liaison.** Plan Administrator shall designate a Contracting Authority, who will:

- a. Obtain and follow-up on additional service information;
- b. Verify eligibility of Participants;
- c. Assist in resolving claim disputes and recurring problems with the administration procedures specific to Member's Plan;
- d. Report suspected fraud or other abuse of Member's Plan;
- e. Evaluate other specific situations that warrant attention; and
- f. Coordinate with and assist HEBP on any matters necessary to facilitate the proper administration of this Agreement.

3.11 **Acceptance of Networks and Plan Service Areas.** Plan Administrator shall be provided notice of the Plan Service Areas that are available for the Plan Administrator's managed health care benefit coverage and prescription drug coverage. The Plan Administrator agrees to accept Network providers and facilities located in such Plan Service Areas as in-network providers and facilities beginning on the Effective Date shown on the cover page of this Agreement. HEBP reserves the right to manage the Networks, as needed, in these Plan Service Areas.

SECTION IV. TERM AND TERMINATION

4.01 This Agreement will be for a term of one (1) year. This Agreement may be extended provided all terms and conditions, except for the contract period being extended, remain unchanged and in full force and effect. Any extension of the Agreement requires the mutual agreement in writing signed by both parties. Refusal by either

party to exercise this Option to Extend shall require this contract to expire on the original or mutually agreed date. This extension period shall be in one year increments.

4.02 This Agreement may be terminated as follows:

- a. By either party at the end of any Plan Year following written notice to the other party given at least thirty (30) days prior to the end of the Plan Year;
- b. Except as provided in Section 4.03, below, by HEBP for cause, upon ten (10) days prior written notice (pursuant to the requirements in SECTION VIII - MISCELLANEOUS PROVISIONS, Notices and Satisfaction subsection), if Plan Administrator fails to meet any of its duties or obligations as provided in SECTION III - DUTIES AND RESPONSIBILITIES OF PLAN ADMINISTRATOR within thirty (30) days after notice of such deficiency is given to Plan Administrator by HEBP in writing;
- c. By Plan Administrator for cause, upon ten (10) days prior written notice (pursuant to SECTION VIII MISCELLANEOUS PROVISIONS, Notices and Satisfaction subsection) to HEBP, if HEBP fails to correct any deficiency in the performance of its duties or obligations as provided in SECTION II DUTIES AND RESPONSIBILITIES OF HEBP within thirty (30) days after notice of such deficiency is given to HEBP by Plan Administrator in writing;
- d. By both parties on any date mutually agreed to in writing; or
- e. By either party, in the event of fraud or misrepresentation of a material fact by MEMBER or HEBP.

4.03 HEBP shall have the right to terminate this Agreement:

- a. Upon failure of the Plan Administrator to pay Administrative Charges in accordance with the provisions of SECTION III- DUTIES AND RESPONSIBILITIES OF PLAN ADMINISTRATOR, 3.05 a, provided the Agreement may be terminated only if the Plan Administrator fails to pay all amounts due within 30 days of the original due date; or
- b. Immediately upon failure of the Plan Administrator to fund amounts due for payment of claims in accordance with Addendum A: Transfer Payment and Other Financial Responsibilities; or
- c. Immediately, if HEBP is no longer the sole provider of Administrative Services to the Plan.

SECTION V. LIMITATION OF LIABILITY AND INDEMNIFICATION

- 5.01 Regarding disputes between Member and HEBP that do not involve or implicate liability of Member to a third party, liability for any errors or omissions by HEBP (or its officers, directors, employees, agents, or independent contractors) in the administration of this Agreement, or in the performance of any duty or responsibility contemplated by this Agreement, shall be limited to the maximum benefits which should have been paid under this Agreement had the errors or omissions not occurred (including HEBP's share of any arbitration expenses incurred) unless any such errors or omissions are adjudged to be the result of intentional misconduct, gross negligence, or intentional breach of a duty under this Agreement by HEBP.
- 5.02 Except as provided otherwise under Section 5.03, below, if a claim of a third party arises from HEBP's performance under this Agreement, HEBP agrees to indemnify, to the extent allowed by law, and hold harmless Plan Administrator, its officers, employees, agents, and affiliates against any and all liability, risks, expenses, costs, damages, losses or judgments incurred by Plan Administrator, or any of its officers, or employees, agents and affiliates to the extent such liability, obligations, risks, expenses, costs, damages, losses or judgments arise out of or result from, or are attributed to a breach of this Agreement by HEBP or the negligence, gross negligence or intentional, willful, or reckless acts or omissions of HEBP in the performance of services or duties pursuant to this Agreement.
- 5.03 As Plan Administrator has final authority to determine eligibility and benefits under its Plan and HEBP defers final benefit and eligibility determinations to the Plan Administrator, HEBP shall have no liability for its determinations of eligibility or benefits except for a determination concerning eligibility or benefits that is reversed by Plan Administrator, in which case HEBP's potential liability shall be limited to damages arising in whole or in part during the period of time between HEBP's original denial and the reversal of that decision by Plan Administrator. HEBP will not be liable in situations where the Plan Administrator provides coverage that is outside the scope of its coverage document.
- 5.04 The Plan Administrator agrees to indemnify, to the extent allowed by law and without creating a sinking fund, and hold harmless HEBP, its officers, directors, employees, affiliates and agents against any and all liability, obligations, risks, expenses, costs, damages, losses, or judgments incurred by HEBP or any of its officers, directors, employees, agents and affiliates to the extent such liability, obligations, risks, expenses, costs, damages, losses or judgments arise out of, result from, or are attributed to a breach by the Plan Administrator or its agents, directors, employees or affiliates of this Agreement, or by negligence, gross negligence or intentional, willful, or reckless acts or omissions of the Plan Administrator or its agents, officers or employees, in the performance of their obligations under this Agreement.

Examples of the conduct covered by this section include, but are not limited to:

- a. An interpretation of the Plan by the Plan Administrator or authorized agents upon which HEBP relies;
- b. Erroneous or incomplete information, including eligibility information, furnished to HEBP by the Plan Administrator, its employees or its agents;
- c. A breach of this Agreement by the Plan Administrator or authorized agent of the Plan Administrator; and
- d. Any action or proceeding resulting from an alleged failure to pay benefits under the Claims Administrative Document, except to the extent of HEBP's negligence.

5.05 The provisions of this section survive the termination of this Agreement.

5.06 Plan Administrator and HEBP agree to immediately notify each other of any cause or action for which either party could ultimately be required to accept liability for performance of its duties and responsibilities under this Agreement.

Plan Administrator and HEBP also agree not to compromise or settle any such cause or action without the express written consent of the other party. Each party may, at its discretion, choose to defend any such cause or action.

SECTION VI. ACCESS TO INFORMATION

6.01 **Access to Information.** HEBP and Plan Administrator will allow each other reasonable access to administrative information. Plan Administrator will allow HEBP prompt access to claims reporting systems. However, access to information that is a Record shall be under the terms of SECTION VIII CONFIDENTIALITY of this Agreement.

6.02 **Audits.** HEBP will, with thirty (30) days prior written notice from Plan Administrator, allow Plan Administrator or an authorized agent of the Plan Administrator (mutually agreed to by both parties to this Agreement) to inspect or audit all information and files maintained by HEBP concerning this Agreement. Plan Administrator will be responsible for all costs associated with the inspection or audit. A Plan Administrator or its agent that has access to the information and files maintained by HEBP will agree not to disclose any proprietary or confidential information and to hold harmless and indemnify HEBP in writing of any liability from disclosure of such information pursuant to SECTION VII CONFIDENTIALITY of this Agreement.

- 6.03 **Duration.** These rights of access and examination continue for three (3) years following the termination of this Agreement. HEBP will disclose information in accordance with the Business Associate Agreement executed by the parties.
- 6.04 **Disclosure of Information.** During the time Records are in its custody or control, HEBP will take all reasonable precautions to prevent disclosure or use for a purpose unrelated to claims administration. HEBP will disclose information only as necessary for HEBP or Member to provide services pertaining to Member's Plan, or as required by law. Any disclosures of Protected Health Information will be consistent with the Business Associate Agreement.
- 6.05 **Compliance with Laws and Regulations.** HEBP and Plan Administrator will comply with applicable state and federal laws and regulations regarding confidentiality or privacy of Records and other information, and cooperate to ensure such compliance.
- 6.06 **Special Requests.** If the Plan Administrator requests a report in a customized format that requires system enhancements, or re-programming by HEBP, or customized requests for claim Record information, such requests will be evaluated as to the complexity and the associated costs involved to provide this information. Plan Administrator will be responsible for any additional costs that may be incurred and understands that any new program designs will delay the transfer of information and Records for the successor administrator.

All such information and Records described herein shall be subject to the terms of SECTION VII – CONFIDENTIALITY.

SECTION VII. CONFIDENTIALITY

- 7.01 HEBP and Plan Administrator agree that Records are valuable and confidential information.
- 7.02 HEBP agrees to protect as confidential and not disclose Records and the information they contain to any person or entity other than the Plan Administrator except as permitted by the Business Associate Agreement, and to use Records to perform services for Plan Administrator pursuant to this Agreement.
- 7.03 Should Plan Administrator request Records or the information contained in Records from HEBP, Plan Administrator agrees to indemnify, to the extent authorized by law without creating a sinking fund, and hold harmless HEBP and its directors, officers, and employees against any and all loss, liability, damage, penalty, and expense resulting from or arising out of any allegation or claim based upon the disclosure by

HEBP of any Record, or any information contained within a Record to Plan Administrator.

Nothing contained herein shall be construed to require HEBP to provide Plan Administrator with copies of individual claim information for a specific Participant unless the Plan Administrator secures a valid written release from the Participant specifically related to the claim information.

7.04 HEBP and Plan Administrator agree that HEBP's obligations in 6.02, above, do not apply to information that:

- a. Is, or becomes, in the public domain;
- b. Is independently developed by Plan Administrator;
- c. Is previously known by Plan Administrator;
- d. Is rightfully legally acquired from a third party not under an obligation of confidentiality;
- e. Is disclosed pursuant to subpoena or similar process of a court or governmental agency; or
- f. Is disclosed pursuant to a written release executed by a Participant.

SECTION VIII. MISCELLANEOUS PROVISIONS

8.01 **Mediation.** In the event the parties fail to agree with respect to any matter covered herein, wherein the amount in contest does not exceed two hundred fifty thousand dollars (\$250,000.00), the question in dispute may be submitted for non-binding mediation upon agreement by both parties.

Mediation expenses will be shared equally by the parties. All other expenses (legal, incidental, etc.) shall be borne by the losing party or, if both parties prevail, be apportioned to each party. Mediation proceedings will be governed by the Rules of the American Arbitration Association then in effect.

This mediation provision does not preclude mediation for a matter in controversy that exceeds two hundred fifty thousand dollars (\$250,000.00). If either HEBP or Plan Administrator is named as a defendant in litigation filed by a third party concerning this Agreement, this section does not apply to such litigation, and the parties agree that Section VI may be applicable to such litigation.

Nothing contained herein shall be construed to prohibit the parties from a written mutual agreement to submit a dispute in excess of two hundred fifty thousand dollars (\$250,000.00) to mediation.

- 8.02 **Assignment.** Except as provided in Section 1.05, no part of this Agreement, or any rights, duties, or obligations described herein, shall be assigned or delegated without the prior express written consent of both parties. Any such attempted assignment shall be null and void. HEBP's standing contractual arrangements for the acquisition and use of facilities, services, supplies, equipment, and personnel shall not constitute an assignment under this Agreement.
- 8.03 **Captions.** Captions appearing in this Agreement and its attachments are provided for convenience only and in no way define, limit, construe, or describe the scope of sections or paragraphs to which they are inserted.
- 8.04 **Daily Charge.** Upon the sole discretion of HEBP, a daily charge shall be assessed for the late remittance of any amount(s) due and payable to HEBP by Plan Administrator. This charge shall be calculated by multiplying the amount due times the lesser of:
- a. The rate of .0219% per day (which equates to an amount of 8.0% per annum); or
 - b. The maximum rate permitted by state law.
- 8.05 **Enforcement.** Any delay or inconsistency in the enforcement of any part of this Agreement shall not constitute a waiver of any rights with respect to the enforcement of this Agreement at any future date nor shall it limit any remedies which may be sought in any action to enforce any provision of this Agreement.
- 8.06 **Entirety.** This Agreement and any attachments (including the Business Associate Agreement), shall constitute the entire Agreement between the parties for the purposes of this Agreement and shall supersede any and all prior or contemporaneous Agreements or understandings, either oral or in writing, between the parties respecting the subject matter herein.
- 8.07 **Forces Majeure and Majesture.** Neither party shall be liable for any failure to Timely perform its obligations under this Agreement if prevented from doing so by a cause or causes beyond its commercially reasonable control including, but not limited to, acts of God or nature, fires, floods, storms, earthquakes, riots, strikes, wars, or restraints of government.
- 8.08 **Gender and Mode.** The use herein of a personal pronoun in the masculine or feminine gender or in the singular or plural mode, shall be deemed to include the opposite gender or mode unless the context clearly indicates the contrary.

Governing Law and Venue. This Agreement shall be governed by, and shall be construed in accordance with, the laws of the State of Texas. HEBP, as a governmental entity, hereby consents to be sued for breach of this Agreement, but only in Travis County, Texas. Member, as a governmental entity, hereby consents to be sued in breach of this Agreement, but only in Comal County, Texas.

8.09 **Legal Construction.** Should any provision(s) contained in this Agreement be held to be invalid, illegal, or otherwise unenforceable, the remaining provisions of the Agreement shall be construed in their entirety as if separate and apart from the invalid, illegal, or unenforceable provision(s) unless such construction were to materially change the terms and conditions of this Agreement.

8.10 **Modifications.** Except for the Fee Schedule, which may be changed at any time in accordance with the provisions described in SECTION III – DUTIES AND RESPONSIBILITIES OF PLAN ADMINISTRATOR, 3.05b, of this Agreement by notifying the Plan Administrator in writing of such change, no modification, amendment, change, or waiver of any provision of this Agreement shall be valid unless agreed to in writing by an officer of HEBP and an authorized representative of the Plan Administrator.

8.11 **Notices.** All notices given under this Agreement must be in writing and shall be deemed to have been given for all purposes when personally delivered and received or when deposited in the United States mail, first-class postage prepaid and addressed to the parties at their respective addresses or when transmitted by facsimile.

For the Plan Administrator, the name, address and facsimile number of the Contracting Authority shall be provided to HEBP, and notices shall be sent to the Contracting Authority or the County Judge.

The Plan Administrator will provide HEBP with the name and address of a person with authority to address financial issues related to this Agreement.

For HEBP, the address and facsimile for the financial contact division is as shown below:

Quincy Quinlan
Director of Health and Benefits Services
Texas Association of Counties Health and Employee Benefits Pool

P.O. Box 2131
Austin, Texas 78768-2131
FAX: (512) 481-8481

SECTION IX. ATTACHMENTS TO THIS AGREEMENT

The following Exhibits are attached to and are made a part of this Agreement:

- Exhibit One: Fee Schedule**
- Addendum A: Transfer Payment and Other Financial Responsibilities**

IN WITNESS WHEREOF, the parties have executed this Agreement to take effect on the Effective Date.

**Texas Association of Counties
Health and Employee Benefits Pool**

Comal County, Texas

By: _____
Gene Terry
TAC Executive Director

By: _____
Sherman Krause
Comal County Judge

Date: _____

Date: _____

DRAFT



**TEXAS ASSOCIATION *of* COUNTIES
HEALTH AND EMPLOYEE BENEFITS POOL**

FEE SCHEDULE – 15

Specifications for the

**ADMINISTRATIVE SERVICES AGREEMENT
(the Agreement)**

between

**TEXAS ASSOCIATION OF COUNTIES
HEALTH AND EMPLOYEE BENEFITS POOL
(HEBP)**

and

**COMAL COUNTY
(Member)**

Group Number: 39898

Effective Date: October 1, 2016

These specifications are to apply for the period of time indicated herein and shall continue in force and effect until the end of the Fee Schedule Period, the Agreement is terminated, or this Fee Schedule is superseded in whole or in part by a later executed Fee Schedule.

**Item One
Fee Schedule Period**

These specifications are for the **Fee Schedule Period** commencing on October 1, 2016 and ending on September 30, 2017.

**Item Two
Reports**

Monthly billing statement..... No additional charge
Stop-loss reporting, tracking, and notification..... No additional charge
Standard reports* as specified by the most current reporting policy..... No additional charge

* Any additional reports required by the Plan Administrator must be mutually agreed upon between the Plan Administrator and HEBP. Such reports may be subject to additional charges, which will be addressed through Supplemental Billing.

★ HEBP provides administrative claims payment services only and does not assume any financial risk or obligation with respect to claims.

**Item Three
Charges for Additional Services**

The following **Additional Services** shall be furnished:

Subrogation..... 25.0% of any recovered amounts
BlueCard® Program/Network access fees..... The lesser of 10.0% of the discount
or \$2,000 per claim
BlueCard® Worldwide Program International Group.....BCWW Fee Schedule
(10 or more member living outside of the USA)
Domestic Group..... No additional charge
(under 10 members living outside of the USA)
Optional Services for International or Domestic Group.....BCWW Fee Schedule
Condition Management and 24-hour nurse line.....\$3.60 per contract per month

Agent Commissions are included in the Administrative Fee.

**Item Four
Plan Design Materials**

**Claims Administrative Document
Schedule of Specifications
Exhibit A - Plan Service Area**

Benefit Booklets:

Accept/Decline

- | | | | |
|-------------------------------------|-------------------------------------|-----------------------------------|--|
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Benefit Booklets | <input checked="" type="checkbox"/> No additional charge
<input type="checkbox"/> \$Supplemental Billing* |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | Customized Benefit Booklets | <input type="checkbox"/> No additional charge
<input type="checkbox"/> \$Supplemental Billing* |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | Customized Covers | <input type="checkbox"/> No additional charge
<input type="checkbox"/> \$Supplemental Billing* |

Subscriber Identification (ID) Cards:

Accept/Decline

- | | | | |
|-------------------------------------|-------------------------------------|---------------------------|--|
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Subscriber ID Cards | <input checked="" type="checkbox"/> No additional charge
<input type="checkbox"/> \$Supplemental Billing* |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | Customized ID Cards | <input type="checkbox"/> No additional charge
<input type="checkbox"/> \$Supplemental Billing* |

Network Provider Directories:

Per employee enrolled in Managed Care coverage, only

- | |
|--|
| <input checked="" type="checkbox"/> No additional charge
<input type="checkbox"/> \$Supplemental Billing* |
|--|

Subscriber Claim Forms, Application Forms,

Enrollment Materials:

- | |
|--|
| <input checked="" type="checkbox"/> No additional charge
<input type="checkbox"/> \$Supplemental Billing* |
|--|

Special Mailings: Cost has been included in Administrative Charge: Yes No

- | | | |
|---|---|--|
| Identification Cards mailed to home addresses | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| Provider Directories mailed to home addresses | Yes <input type="checkbox"/> | No <input checked="" type="checkbox"/> |

*Any customized materials or additional services or supplies not documented in this Fee Schedule may be subject to Supplemental Billing upon mutual agreement of the parties.

**Item Five
Administrative Charges and Credits**

A. The **Administrative Charge**, calculated Monthly, shall be equal to the sum of the amounts obtained by multiplying the total number of covered Subscriber Units by category by the appropriate factors shown below.

Fee schedule

Medical	Dental	
\$47.43	n/a	For each Composite Subscriber Unit

B. The **Termination Administrative Charge** shall be equal to the amount obtained by multiplying the sum of all covered Subscriber Units during the three months immediately preceding the date of termination by the factors shown below:

Medical	Dental	
\$0.00	n/a	For each Composite Subscriber Unit

C. In further consideration of the administrative services rendered pursuant to this Agreement, HEBP will retain 70% of any manufacturers rebates earned by HEBP as a result of sale of prescription drugs to Participants in the Plan. The remaining 30% will be allocated to the Member.

D. Pharmacy Benefits Management Fees per prescription filled are invoiced periodically as follows:

\$0.00 per electronic claim
\$1.50 per manual claim
\$0.00 per mail order claim.

**Item Six
Plan Coverage**

Health Benefit Plan coverage inclusive of one or more of the following:

- PPO Managed Health Care coverage
- Dental Care coverage (optional per group)

By: _____
Gene Terry
TAC Executive Director

Signature: _____

Printed Name: _____

Title: _____

Date: _____

Date: _____

**ADDENDUM A
TRANSFER PAYMENT AND
OTHER FINANCIAL RESPONSIBILITIES**

for the

**ADMINISTRATIVE
SERVICES AGREEMENT
(the Agreement)**

between

**TEXAS ASSOCIATIONS OF COUNTIES HEALTH & EMPLOYEE BENEFITS POOL
(HEBP)**

HEBP provides administrative claims payment services only and
does not assume any financial risk or obligation with respect to claims.

and

COMAL COUNTY

Group Number: 39898
Effective Date: October 1, 2016

ADDENDUM A
TRANSFER PAYMENT AND
OTHER FINANCIAL RESPONSIBILITIES

The Transfer Payment and Other Financial Responsibilities (Transfer Payment Agreement) described herein shall apply to the Administrative Services Agreement (“the Agreement”) between the Texas Association of Counties Health and Employee Benefits Pool (HEBP) and Comal County to which this Addendum A will be attached beginning May 1, 2005 and shall remain in full force and effect according to the terms of the Agreement unless amended or replaced by the parties to this Agreement in writing.

All provisions of the Agreement, its addenda, schedules, and amendments shall apply to this Addendum A, including any definitions. This Transfer Payment Agreement replaces and supersedes the Banking Arrangement and other Financial Responsibilities attached to the Agreement as Addendum A.

SECTION I. DEFINITIONS AS USED IN THIS ADDENDUM A:

- 1.01 **HEBP’s Bank** means a banking entity organized and existing under the laws of the United States, whose address and account number are provided on each request for Transfer Payment and each claim settlement.
- 1.02 **Net Claims Paid** means the net benefit payment calculated by HEBP, upon submission of a Valid Claim, in accordance with the benefits specified in Comal County’s health benefit Plan, plus any supplemental charges as authorized in the Agreement.
- 1.03 **Transfer Payment** means a payment (in the amount outlined in Section 2, below), via electronic draft initiated by HEBP, from Comal County to HEBP’s Bank.
- 1.04 **Transfer Payment Period** means a seven day period, beginning Saturday and ending the following Friday.

SECTION II. NET CLAIMS TRANSFER PAYMENT

- 2.01 In consideration of the HEBP’s responsibilities as set forth in this Agreement and at the end of each Transfer Payment Period, Comal County shall transfer to the HEBP’s Bank an amount equal to the Transfer Payment Period’s Net Claims Paid less any refunds or reimbursements due to Comal County including but not limited to stoploss claims, subrogation payments or provider refunds.

- 2.02 The Transfer Payment Period shall be weekly. The HEBP shall advise Comal County by e-mail or facsimile, at an e-mail address or facsimile number to be furnished by Comal County prior to the effective date of this Transfer Payment Agreement, of the amount of Net Claims Paid pursuant to this Agreement for which reimbursement has not been previously made by Comal County to the HEBP.
- 2.03 If any day on which a Transfer Payment is due is a holiday, such payment will be made on the next business day.
- 2.04 Transfer Payment must be made within 48 hours of notification. Late payments are subject to the penalties outlined in section 10.04 of the Agreement. If Transfer Payment is not made within 48 hours, claims processing may be suspended and a minimum deposit may be required in order to resume processing of claims.

SECTION III. OUT-OF-STATE CLAIMS

3.01 Out-of-State Claims

- (a) In the event that Valid Claims, as defined in the Agreement, are incurred by Comal County Participants in states other than Texas, then those other participating Blue Cross and/or Blue Shield plans will pay most claims directly to their providers. HEBP is required under these arrangements to reimburse such other participating Blue Cross and/or Blue Shield plans.
- (b) On a weekly basis, HEBP shall notify Comal County of, and Comal County shall include in the Transfer Payment, the amounts HEBP reimbursed such other participating Blue Cross and/or Blue Shield plans.



**TEXAS ASSOCIATION *of* COUNTIES
HEALTH AND EMPLOYEE BENEFITS POOL**

**STOP-LOSS AGREEMENT
(the Agreement)**

between

**TEXAS ASSOCIATION OF COUNTIES
HEALTH AND EMPLOYEE BENEFITS POOL
(HEBP)**

and

**COMAL COUNTY
(Member)**

Group Number: 39898

Effective Date: October 1, 2016

STOP-LOSS AGREEMENT

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Exhibit Number One

THIS STOP-LOSS AGREEMENT (the Agreement) is made and entered into as of the Effective Date indicated on the cover page of this Agreement and is by and between **The Texas Association of Counties Health and Employee Benefits Pool** (referred to as HEBP) and Comal County (referred to as Member).

RECITALS

WHEREAS, the Member is a governmental entity that has established a self-funded employee health and welfare benefit plan (the “Plan”) for certain of its officials, employees, retirees and their dependents; and

WHEREAS, the Member has previously executed an Interlocal Agreement, whereby it joined HEBP for the purpose of obtaining stop-loss coverage and administrative services in support of its self-insured Plan;

WHEREAS, the Member desires to obtain stop-loss coverage from HEBP in support of the Plan, as described below,

NOW THEREFORE, the parties agree as follows:

SECTION I. DEFINITIONS

- 1.01 **Claim Liability** means the total amount of Paid Claims that the Member is responsible for paying each Coverage Period. Claim Liability will be calculated for each Coverage Period in accordance with the formula indicated in Item Three-A of Exhibit Number One to this Agreement.
- 1.02 **Coverage Period** means the period of time beginning and ending on the dates shown in Item One of Exhibit Number One.
- 1.03 **Effective Date** means the date shown on the cover page of this Agreement.
- 1.04 **Exhibit Number One** means the attached specifications setting out certain particulars of this Agreement or any other subsequent set of specifications supplied by HEBP as a replacement Exhibit Number One. The specifications or items of the Exhibit Number One shall be applicable for the Coverage Period indicated in Exhibit Number One, except that any item of Exhibit Number One may be changed in accordance with the provisions described in SECTION I – DEFINITIONS, Section 1.17 of this Agreement.
- 1.05 **Final Coverage Period** means the period of time beginning on the date shown in Item One of Exhibit Number One and ending on the date the Agreement is terminated.
- 1.06 **Member**, as used in this Agreement, is Comal County, a self-insured governmental entity and Member of the Texas Association of Counties Health and Employee Benefits Pool.

- 1.07 **Month** means each succeeding calendar month period beginning on the Effective Date of this Agreement.
- 1.08 **Paid Claims** means the total of all benefits payable under the benefit provisions indicated in Items Four-A.1 and Four-B.1 of the most current Exhibit Number One to this Agreement which were paid under the terms of this Agreement during the Coverage Period involved.

Paid Claims may also include payments made under Valid Claims, as the term is defined in the Administrative Services Agreement between Member and HEBP.

Paid Claims shall not include:

- a. Claims incurred prior to the incurral period reflected in Exhibit Number One; or
- b. Claims paid prior to the Effective Date of this Agreement; or
- c. Claims incurred after the termination date of this Agreement; or
- d. Extra contractual damages of any nature, compensatory damages, or any similar damages however assessed, or any payments made as an exception to the Plan or as settlement of a lawsuit; or
- e. Any payments made at the specific written request of the Member when not provided for as benefits under the Plan or which are limited or excluded under such document; or
- f. Any payments of benefits which are interpreted by the Member as coming within the terms of the Plan if HEBP notifies the Member that it does not agree with that interpretation.

1.09 **Participant** means an individual official or employee, dependent(s) of an official or employee, a retired official or employee, dependent(s) of a retired official or employee, and certain continued persons and their dependents covered under a continuation of coverage provision, whose coverage has become effective in accordance with the terms of the Member's Plan.

1.10 **Plan** means a program of health and welfare benefits established by Member for its Participants.

1.11 **Point of Attachment** means the dollar amount above which stop-loss coverage will apply as indicated in Item Four-A.2, Item Four-A.3, and/or Item Four-B.2 of Exhibit Number One to this Agreement.

1.12 **Records** means a Participant's medical, financial, or personal data (including patient-specific diagnoses) or data that enables one to derive such Participant's medical, financial, or personal data.

1.13 **Run-Off Paid Claims** means those claims incurred on or after the Effective Date of this Agreement but prior to termination, which are processed/paid during the Run-Off Period.

- 1.14 **Run-Off Claims Liability** means the amount to fund anticipated Run-Off Paid Claims. Settlements for Run-Off Paid Claims will be in accordance with SECTION II-SETTLEMENTS, Run-Off Period Settlement subsection of this Agreement.
- 1.15 **Run-Off Period** means the twelve-Month period immediately following the termination of this Agreement.
- 1.16 **Stop-Loss Claims** means the amount of Paid Claims for which HEBP assumes responsibility and has the duty to reimburse.
- a. If during any calendar Month occurring within a Coverage Period or during the period set forth in the first paragraph of the Special Provisions section of Exhibit Number One, Paid Claims for any Participant exceed the amount indicated in Item Four-A.2 and/or Item Four-A.3 of the most current Exhibit Number One to this Agreement, such excess, up to the maximum amounts indicated, if any, shall be referred to in this Agreement as Individual (Specific) Stop-Loss Claims.
 - b. Individual (Specific) Stop-Loss Coverage does not extend beyond the termination date of this Agreement except as may be provided by Special Provisions Section of Exhibit Number One.
 - c. If during any Coverage Period or any period set forth in the first paragraph of the Special Provisions section of Exhibit Number One, Paid Claims, less Individual (Specific) Stop-loss, if any, exceed the Point of Attachment indicated in Item Four-B.2 of Exhibit Number One to this Agreement, such excess, if any, shall be referred to in this Agreement as Aggregate Stop-Loss Claims.
 - d. If the Plan, the Administrative Services Agreement, or this Agreement is terminated on a date other than the end of a Coverage Period, no Aggregate Stop-Loss benefit will exist for the Final Coverage Period, unless the termination is for cause.
- 1.17 **Stop-Loss Contribution** means the Monthly consideration, calculated in accordance with the formulas indicated in Item Two-A and Item Two-B of Exhibit Number One to this Agreement, that is required by HEBP for the risk assumed for the Stop-Loss Coverage indicated in Item Four-A and Item Four-B of Exhibit Number One to this Agreement. The Member shall pay to HEBP the Stop-Loss Contribution within ten (10) days of the first of the Month.

The Stop-Loss Contribution amount shall be subject to change by HEBP as follows:

a. if a substantial change occurs in the number or composition of employees covered, which results from:

- 1). The addition of an alternative health benefit plan such as medical or dental health maintenance organization or medical preferred organization plan other than HEBP;
- 2). A change in the benefit specifications provided under the Member's Plan;
- 3). A change in the contribution level or other consideration paid by the Member if it results in a decrease in participation; or
- 4). A substantial change in the number of Participants covered under the Plan.

For the purposes of this provision, a substantial change would be deemed to have occurred when the number of employees covered changes by:

- i) 10% or more over a 30 day period; or
- ii) 25% or more over a 90 day period.

In such event, HEBP reserves the right to adjust the contribution amount on any due date occurring between the date such substantial change is identified and the next fee schedule period contract anniversary date. No increase to the contribution amount under this provision shall exceed 10%.

- b. If the Stop-Loss Contribution becomes subject to a tax or fee imposed by state or federal law, any rates shall automatically be increased by the amount of any taxes or fees imposed, increased, or adjudged due by any lawful authority on or after the contract date, which HEBP is required to pay or remit, whether relating to fees, services, benefits, payments, or any other aspect of this contract.
- c. Rates may be adjusted for any future mandated legislative changes if such mandates result in additional cost to HEBP.

1.18 **Subscriber** means an individual official or employee, retired official or employee, or, continued person, whose coverage has become effective under this Agreement.

1.19 **Subscriber Unit** means the specific coverage issued for a Subscriber and his or her covered dependent(s), if any, under the Plan whose coverage is identified by a unique Subscriber identification (ID) number.

1.20 **Timely** means within ten (10) calendar days following the occurrence of an event, the receipt billing statement or the creation of any legal or contractual obligation, unless an alternative standard is specified and agreed to in writing by the Member and HEBP. A charge, equal to the amount specified in SECTION IX –GENERAL PROVISIONS, **Daily Charge** subsection, may be assessed for late remittances.

SECTION II. SETTLEMENTS

- 2.01 **Remittance.** HEBP shall bill the Member in advance for the Stop-Loss Contribution amount due each Month and the Member shall remit payment within ten (10) days the first of each Month. A charge, equal to the amount specified in SECTION VIII, GENERAL PROVISIONS, **Daily Charge** subsection, may be assessed for late remittances. A remittance will be considered received when actually delivered into the possession or control of HEBP.
- 2.02 **Individual (Specific) Stop-Loss Settlement.** HEBP will furnish Member an Individual (Specific) Stop-Loss Claim report after the end of each full Month occurring within a Coverage Period in which Individual Stop-Loss Claims were paid. Within 30 days after issuance of said report, HEBP will settle with the Member for any Individual (Specific) Stop-Loss Claims involved; provided, however, if the Plan, the Administrative Services Agreement between the Member and HEBP, or this Agreement are terminated on a date other than the end of a Coverage Period, reports will be furnished and settlements will be made, as described herein, for only those full Months occurring within that portion of any Coverage Period immediately preceding termination. Individual (Specific) Stop-Loss benefits shall not extend beyond the termination date of this Agreement except as provided in the Special Provisions listed in Exhibit Number One
- 2.03 **Aggregate Stop-Loss Settlement or Accounting:**
- a. HEBP will furnish the Member an Aggregate Stop-Loss settlement report or accounting of claims within 60 days following the end of each Coverage Period during which this Agreement was in effect.

If a settlement is required to be made under subsection 2.02, above, Aggregate Stop-Loss Claims under this subsection 2.03 shall not include any such Individual (Specific) Stop-Loss Claims. Aggregate Stop-Loss benefits shall not exceed the maximum indicated in Item Four-B.2 of Exhibit Number One to this Agreement in any Coverage Period or any Final Coverage Period.
 - b. If the Plan, the Administrative Services Agreement, or this Agreement are terminated on a date other than the end of a Coverage Period, no Aggregate Stop-Loss benefits will exist for the Final Coverage Period or the **Run-Off Period**. No settlement report or accounting will be provided and any Aggregate Stop-Loss Contribution already paid will not be refunded. The Member will be required to fund all claims during the Final Coverage Period and the **Run-Off Period**. The provisions indicated in Section 2.04 will not apply.

- c. If the settlement report reflects that Paid Claims for the Coverage Period involved exceed the Point of Attachment, then Aggregate Stop-Loss benefits shall be payable to the Member to the extent funded by the Member. If the Point of Attachment exceeds the Paid Claims, then no Aggregate Stop-Loss benefit shall be payable to the Member.

2.04 **Run-Off Period Settlement.** In the event of termination of this Agreement at the end of a Coverage Period, the Run-Off Period immediately following termination will be combined with the Final Coverage Period and this shall be termed a **Final Settlement Period**. Within sixty (60) days following the end of the Run-Off Period, a final settlement report will reflect the following:

a. **Final Settlement Paid Claims:**

- 1). The sum of the Paid Claims during the Final Coverage Period and the Run-Off Paid Claims, minus
- 2). Any Individual (Specific) Stop-Loss Claims during the Final Coverage Period.

b. **Final Settlement Point of Attachment:**

- 1). The sum of the Claims Liability for the Final Coverage Period, plus
- 2). The Run-Off Claim Liability.

c. If the Final Settlement Paid Claims exceed the Final Settlement Point of Attachment, then Aggregate Stop-loss benefits shall be payable to the Member to the extent funded by the Member. Remittance to the Member will be made within ten (10) days following issuance of the Final Settlement Report.

d. If the Final Settlement Point of Attachment exceeds the Final Settlement Paid Claims, then no Aggregate Stop-Loss benefits shall be payable to the Member.

SECTION III. BANKING ARRANGEMENT

The banking arrangement and other financial responsibilities to apply under this Agreement are described in Addendum A of the Administrative Services Agreement to which this Agreement is attached and which is hereby incorporated and made a part hereto.

SECTION IV. ACCESS TO INFORMATION

- 4.01 **Access to Information.** HEBP and Member will allow each other reasonable access to administrative information concerning this Agreement. However, access to information that is a Record shall be under the terms of SECTION V CONFIDENTIALITY of this Agreement. Plan administrator will allow HEBP prompt access to claims reporting systems.
- 4.02 **Compliance with Laws and Regulations.** HEBP and Member will comply with applicable state and federal laws and regulations regarding confidentiality or privacy of Records and other information, and will cooperate to ensure such compliance. The Parties have executed a business associate agreement to govern compliance with confidentiality and privacy regulations pursuant to Health Insurance Portability and Accountability Act (HIPAA).
- 4.03 **Duration.** These rights of access and examination continue for three (3) years following the termination of this Agreement. HEBP will disclose information only in accordance with the business associate agreement or as required by other law.

SECTION V. CONFIDENTIALITY

Subject to the terms of the business associate agreement entered into by the Parties:

- 5.01 HEBP and Member agree that Records are valuable and confidential information.
- 5.02 HEBP agrees to protect as confidential and not disclose Records and the information they contain to any person or entity and to use these Records solely to perform services for the Member under this Agreement.
- 5.03 Should the Member request Records or the information contained in Records from HEBP, the Member agrees to indemnify to the extent allowed by law without the creation of a sinking fund and hold harmless HEBP and its directors, officers, and employees against any and all loss, liability, damage, penalty, and expense resulting from or arising out of any allegation or claim based upon the disclosure by HEBP of any Record, or any information contained within a Record to Member.

Nothing contained herein shall be construed to require HEBP to provide copies of

individual claim information to a specific Participant unless HEBP secures a valid written authorization from the Participant specifically related to the claim information.

5.04 HEBP and Member agree that HEBP's obligations in 5.02, above, do not apply to information that:

- a. Is, or becomes, in the public domain;
- b. Is independently developed by Member;
- c. Is previously known by Member;
- d. Is legally acquired from a third party not under an obligation of confidentiality;
- e. Is disclosed pursuant to subpoena or similar process of a court or governmental agency; or
- f. Is disclosed pursuant to a written release executed by a Participant.

SECTION VI. TERM AND TERMINATION

6.01 This Agreement will be for a term of (1) year. This Agreement may be extended provided all terms and conditions, except for the contract period being extended, remain unchanged and in full force and effect. Any extension of the Agreement requires the mutual agreement in writing signed by both parties. Refusal by either party to exercise this Option to Extend shall require this contract to expire on the original or mutually agreed date. The extension period shall be in one year increments.

6.02 This Agreement may be terminated as follows:

- a. By either party at the end of any Coverage Period following written notice to the other party at least sixty (60) days prior to the end of the Coverage Period;
- b. By Member for cause, upon ten (10) days prior written notice (pursuant to SECTION VIII GENERAL PROVISIONS, Notices and Satisfaction subsection in the Agreement) to HEBP, if HEBP fails to correct any deficiency in the performance of its duties or obligations within thirty (30) days after notice of such deficiency is given to HEBP by Member in writing; or

c. By both parties on any date mutually agreed to in writing.

6.03 HEBP will have the right to terminate immediately:

- a. Upon failure of the Member to pay Stop-Loss Contributions in accordance with the provisions of SECTION I- DEFINITIONS 1.17 of this Agreement;
- b. When Member's Plan terminates; or
- c. When the Administrative Services Agreement terminates.

SECTION VII. INDEMNIFICATION AND HOLD HARMLESS

7.01 To the extent permitted by applicable law without the creation of a sinking fund, the Member shall indemnify, hold harmless and defend HEBP, its officers, directors, employees, and agents, against any and all liability, obligations, risks, expenses, costs, damages, losses, or judgments (including reasonable attorney's fees) and against any and all claims or actions based upon, arising out of, or in any way connected with the duties and responsibilities of HEBP under this Agreement unless due solely to HEBP's willful misconduct or gross negligence in the performance of such duties and responsibilities.

7.02 To the extent permitted by applicable law, HEBP, its officers, employees, and agents shall not be liable for any indirect, special, consequential, or incidental damages in connection with or arising out of the duties and responsibilities of HEBP under this Agreement. Except as otherwise provided in **Limitation of Liability**, Section 8.11 of this Agreement, HEBP shall not be liable to the Member, or anyone else claiming a right by way of any relationship with the Member, for any acts or omissions in the performance of the duties and responsibilities of HEBP, except when such acts or omissions are due to HEBP's willful misconduct or gross negligence.

7.03 The Member agrees to immediately notify HEBP of any cause or action brought against the Member or the Plan for which HEBP could ultimately be required to accept liability (subject to **SECTION VIII GENERAL PROVISIONS, Limitation of Liability** subsection 8.11 in the Agreement) for performance of its duties and responsibilities under this Agreement. The Member also agrees not to compromise or settle any such cause or action without the express written consent of HEBP, and that HEBP may, at its discretion, choose to defend any such cause or action, at HEBP's sole expense.

SECTION VIII. GENERAL PROVISIONS

8.01 **Mediation.** In the event the parties fail to agree with respect to any matter covered herein, wherein the amount in contest does not exceed two hundred fifty thousand dollars (\$250,000.00), the question in dispute may be submitted for non-binding mediation upon agreement by both parties.

Mediation expenses will be shared equally by the parties. All other expenses (legal, incidental, etc.) shall be borne by the losing party or, if both parties prevail, be apportioned to each party. Mediation proceedings will be governed by the Rules of the American Arbitration Association then in effect.

This mediation provision does not preclude mediation for a matter in controversy that exceeds two hundred fifty thousand dollars (\$250,000.00). If either HEBP or Member is named as a defendant in litigation filed by a third party concerning this Agreement, this section does not apply to such litigation, and the parties agree that Section VII may be applicable to such litigation.

Nothing contained herein shall be construed to prohibit the parties from a written mutual agreement to submit a dispute in excess of two hundred fifty thousand dollars (\$250,000.00) to mediation.

8.02 **Assignment.** Member may not assign any of its rights, duties, or obligations under this Agreement without the prior express written consent of HEBP. Any such attempted assignment shall be null and void.

8.03 **Captions.** Captions appearing in this Agreement and its attachments are provided for convenience only and in no way define, limit, construe, or describe the scope of sections or paragraphs to which they are inserted.

8.04 **Daily Charge.** A daily charge shall be assessed for the late remittance of any amount(s) due and payable to HEBP by the Member. This charge shall be the amount resulting from multiplying the amount due times the lesser of:

- a. The rate of .0219 % per day (which equates to an amount of 8.0% per annum); or
- b. The maximum rate permitted by state law.

8.05 **Enforcement.** Any delay or inconsistency in the enforcement of any part of this Agreement shall not constitute a waiver of any rights with respect to the enforcement of this Agreement at any future date nor shall it limit any remedies which may be sought in any action to enforce any provision of this Agreement

- 8.06 **Entirety.** This Agreement and any attachments shall constitute the entire Agreement between the parties for the purposes of this Agreement and shall supersede any and all prior or contemporaneous agreements or understandings, either oral or in writing, between the parties respecting the subject matter herein.
- 8.07 **Forces Majeure and Majesture.** Neither party shall be liable for failure to Timely perform its obligations under this Agreement if prevented from doing so by a cause or causes beyond its commercially reasonable control including, but not limited to, acts of God or nature, fires, floods, storms, earthquakes, riots, strikes, wars, or restraints of government.
- 8.08 **Gender and Mode.** The use herein of a personal pronoun in the masculine or feminine gender or in the singular or plural mode, shall be deemed to include the opposite gender or mode unless the context clearly indicates the contrary.
- 8.09 **Governing Law and Venue.** This Agreement shall be governed by, and shall be construed in accordance with, the laws of the State of Texas. HEBP, as a governmental entity, hereby consents to be sued for breach of this Agreement, but only in Travis County, Texas. Member, as a governmental entity, hereby consents to be sued for breach of this Agreement, but only in Comal County, Texas.
- 8.10 **Legal Construction.** Should any provision(s) contained in this Agreement be held to be invalid, illegal, or otherwise unenforceable, the remaining provisions of the Agreement shall be construed in their entirety as if separate and apart from the invalid, illegal, or unenforceable provision(s) unless such construction were to materially change the terms and conditions of the Agreement.
- 8.11 **Limitation of Liability.** Liability for any errors or omissions by HEBP (or its officers, directors, employees, agents, or independent contractors) in the administration of this Agreement, or in the performance of any duty of responsibility contemplated by this Agreement, shall be limited to the maximum benefits which should have been paid under the Agreement had the errors or omissions not occurred (including HEBP's share of any arbitration expenses incurred under the Agreement), unless any such errors or omissions are adjudged to be the result of intentional misconduct, gross negligence, or intentional breach of a duty under this Agreement by HEBP.
- 8.12 **Modification.** Except for Exhibit Number One to this Agreement, which may be changed at any time in accordance with the provisions described in SECTION I – DEFINITIONS, 1.14 of this Agreement by notifying the Member in writing of such change, no modification, amendment, change, or waiver of any provision of this Agreement shall be valid unless agreed to by an officer of HEBP and an authorized representative of the Member.
- 8.13 **Notices.** All notices given under this Agreement must be in writing and shall be deemed to have been given for all purposes when personally delivered and received

or when deposited in the United States mail, first-class postage prepaid and addressed to the parties at their respective addresses shown below, or when transmitted by facsimile.

Notices to the Member shall be sent to the Contracting Authority or County Judge in accordance with procedures established by HEBP.

Notice to HEBP shall be sent to:

Quincy Quinlan
Director of Health and Benefits Services
Texas Association of Counties Health and Employee Benefits Pool

P.O. Box 2131
Austin, Texas 78768-2131
FAX: (512) 481-8481

- 8.14 **Notice and Satisfaction.** The Member agrees to give HEBP specific notice (pursuant to SECTION VIII GENERAL PROVISIONS, Notices subsection) of any complaint or concern the Member may have about the performance of this Agreement and to allow HEBP thirty (30) days in which to make necessary adjustments or corrections to satisfy any such complaint or concern prior to the Member taking any further action with regard to the complaint or concern.
- 8.15 **Taxes.** Any Contribution amounts due under this Agreement will automatically be increased by the amount of any taxes imposed, increased, or adjudged due by any lawful authority on or after the Effective Date of this Agreement, which directly pertain to this Agreement and which HEBP is required to pay or remit, whether relating to fees, services, benefits, payments, or any other aspect of this Agreement or the Plan.

SECTION IX. ATTACHMENTS TO THIS AGREEMENT

- 9.01 The following Exhibit(s) are attached to and are made a part of this Agreement:

Exhibit One -- Schedule of Specifications to the Stop-Loss Agreement

- 9.02 The following Addenda to the Administrative Services Agreement are attached to and are made of this Agreement:

Addendum A: Transfer Payment and Other Financial Responsibilities

**Texas Association of Counties
Health and Employee Benefits Pool**

Comal County, Texas

By: _____
Gene Terry
TAC Executive Director

Signature: _____
Sherman Krause
Comal County Judge

Date: _____

Date: _____

Attest: _____
Joy Streater
Comal County Clerk

Date: _____

DRAFT



**TEXAS ASSOCIATION *of* COUNTIES
HEALTH AND EMPLOYEE BENEFITS POOL**

Exhibit Number One – 15

Schedule of Specifications for the

**STOP-LOSS AGREEMENT
(the Agreement)**

between

**TEXAS ASSOCIATION OF COUNTIES
HEALTH AND EMPLOYEE BENEFITS POOL
(HEBP)**

and

**COMAL COUNTY
(Member)**

Group Number: 39898

Effective Date: October 1, 2016

These specifications shall apply for the period of time indicated herein and shall continue in force and effect until the end of the Coverage Period, the Agreement is terminated, or this Exhibit is superseded in whole or in part by a later executed Exhibit.

**Item One
Policy Period**

These specifications are for the **Coverage Period** commencing on October 1, 2016 and ending on September 30, 2017.

**Item Two
Stop-Loss Contribution**

The Stop-Loss Contribution is the sum of the Individual Stop-Loss Contribution and Aggregate Stop-Loss Contribution amounts calculated as follows:

- A. Individual Stop-Loss Contribution shall be calculated Monthly and shall be equal to the sum of the amounts obtained by multiplying the number of Subscriber Units covered for a particular Month by:

Medical

\$113.95 For each Composite Subscriber Unit

- B. Aggregate Stop-Loss Contribution shall be calculated Monthly and shall be equal to the sum of the amounts obtained by multiplying the number of Subscriber Units covered for a particular Month by:

Medical & Rx

\$6.09 For each Composite Subscriber Unit

**Item Three
Claim Liability & Run-Off Claim Liability**

- A. Claim Liability for each Coverage Period shall be the sum of the Monthly amounts obtained by multiplying the number of Subscriber Units covered for each Month by the following factors:

Medical & Rx

\$940.51 For each Composite Subscriber Unit

- B. Run-Off Claim Liability shall be calculated by multiplying the sum of the total of all covered Subscriber Units during each of the three calendar Months immediately preceding

termination by the factors shown below. Settlement for the Final Accounting Period will be as described in Section II—SETTLEMENTS, **Run-Off Period Settlement** subsection of the Policy.

Medical & Rx

\$677.57

For each Composite Subscriber Unit

**Item Four
Stop-Loss Coverage**

A. Individual (Specific) Stop-Loss Coverage

1. The portion(s) of the Member's health benefit Plan (the Plan) that describes the benefits applicable to Individual (Specific) Stop-Loss Coverage:
 - PPO Managed Health Care coverage
 - Traditional (Out-of-Area) Indemnity Benefit coverage
2. For N/A who is identified by the Subscriber identification number N/A, the amount of Paid Claims during the current Policy Period in excess of the Point of Attachment of \$N/A but not to exceed a maximum Point of Attachment of \$N/A. Such amounts shall apply for the Policy Period.
3. For each Participant, the amount of Paid Claims during the current Policy Period in excess of \$100,000 per Participant. Such amounts shall apply for the Policy Period.

B. Aggregate Stop-Loss Insurance

1. The portion(s) of the Member's Plan that describes the benefits applicable to Aggregate Stop-Loss Coverage ;
 - PPO Managed Health Care coverage
 - Traditional (Out-of-Area) Indemnity Benefit coverage
 - Prescription Drug Program
2. The Point of Attachment shall equal the sum of the Claim Liability amounts calculated Monthly as described in Item Three-A above for the indicated Coverage Period. In the event of termination at the end of a Coverage Period, the Final Settlement Point of Attachment shall equal the sum of the Claim Liability amount for the Final Coverage Period and the Run-Off Claim Liability calculated as described in Item Three-B, but in no event shall the Point of Attachment be less than \$6,282,983 Aggregate Stop-Loss benefit payments shall not exceed a maximum of unlimited for the indicated Coverage Period.

**Item Five
Special Provisions**

For purposes of this Coverage Period, Individual (Specific) Stop-Loss Claims and Aggregate Stop-Loss Claims shall include those claims incurred on or after October 1, 2015 but on or before September 30, 2017, and paid between October 1, 2016 and September 30, 2017 paid under the terms of Member's Plan. For Aggregate Stop-Loss settlement purposes, the maximum medical claims for each participant that will apply to the Aggregate Stop-Loss is \$100,000.

A. HEBP will be the only entity providing Stop-Loss protection.

B. The Stop-Loss Contribution shall be subject to change by HEBP as follows:

1. If a substantial change occurs in the number or composition of employees covered which results from:
 - a). The addition of alternative health benefit plan such as medical or dental health maintenance organization or medical preferred provider organization plan other than HEBP; or
 - b). A change in the benefit specification provided under the contract; or
 - c). A change in Member's contribution level or other consideration paid by the Member if it results in a decrease in participation; or
 - d). A substantial change in the number of employees covered under this contract. A substantial change would be deemed to have occurred when the number of employees covered changes by:
 - i). 10% or more over a 30-day period; or
 - ii). 35% or more over a 90-day period.

In such event, HEBP reserves the right to adjust the rates on any due date occurring between the date such substantial change is identified and the next Fee Schedule period or contract anniversary date. A rate increase under this section may not exceed 10%.

2. If either HEBP or Member files for bankruptcy or reorganization under state or federal law.
3. If the Stop-Loss Contribution becomes subject to premium tax any rates shall automatically be increased by the amount of any taxes imposed, increase, or adjudged due by any lawful authority on or after the contract date, which HEBP is required to pay

or remit, whether relating to fees, services, benefits, payments or any other aspect of this contract. If rates are increased under this section, HEBP will promptly notify Member of the increase and the reason therefore.

- 4. Rates are based on the health program's requirement to be a total replacement product.
- 5. Rate may be adjusted for any future mandated legislative changes

**Texas Association of Counties
Health and Employee Benefits Pool**

Member

By: _____
Gene Terry
TAC Executive Director

Signature: _____

Printed Name: _____

Title: _____

Date: _____

Date: _____

