

**RESOLUTION
OF THE CLAY COUNTY COMMISSION
CLAY COUNTY, MISSOURI**

2013-349

ATTEST A TRUE COPY
SHERI CHAPMAN, CLERK
CLAY COUNTY COMMISSION
BY Penelope Banhart
DEPUTY CLERK

**APPROVE GROUP HEALTH AGREEMENT
BLUE CROSS BLUE SHIELD OF KANSAS CITY
HUMAN RESOURCES**

BE IT HEREBY RESOLVED BY THE COUNTY COMMISSION OF CLAY COUNTY, MISSOURI THAT, this Commission approves the following Employee Benefits for the 2014 plan year: 1) Self-Funded BlueCross BlueShield of Kansas City administered Cost-Plus contract reflecting a 2.6% savings over 2014 fully insured rate quotes. 2) Delta Dental with no plan or rate changes. 3) EyeMed vision with no plan or rate changes. 4) Section 125 Flexible Spending Account administered by Wage Works with no plan changes.

BE IT FURTHER RESOLVED BY THE COUNTY COMMISSION OF CLAY COUNTY, MISSOURI THAT, this Commission hereby authorizes the inclusion of the Cost-Plus plan recommended funding levels into the 2014 budget and allocates the funding in accordance with the attached spreadsheet (2014 Insurance Rates). Included in this allocation is continuing to increase the Health Savings Account (HAS) premium to match the dollar amount allocated to the health care plans offered to employees. The Presiding Commissioner is authorized to sign the attached contract(s) (if applicable) and all documents to facilitate this order.

ADOPTED BY THE COUNTY COMMISSION OF CLAY COUNTY, MISSOURI, THIS 4 DAY OF July, 2013.

APPROVED AS TO FORM AND LEGALITY:
[Signature]
COUNTY COUNSELOR

[Signature]
PRESIDING COMMISSIONER

ATTEST:
[Signature]
COUNTY CLERK Penelope Banhart

[Signature]
WESTERN COMMISSIONER

[Signature]
EASTERN COMMISSIONER





REQUEST FOR COMMISSION ACTION

RES ORD # CONSENT REGULAR

Date: 10/17/2013 Department/Office: Human Resources

Immediate Action Required: No Yes If Yes, reason? Open Enrollment

Work Session Date Requested: 11/04/2013 Business Session Date Requested:

Past Commission Action: Resolution/Ordinance #: 2012-375 & 2012-376 Date: 10/15/2012

Budgeted/Funds available in:

Fund Name	# N/A	Dept Name	#	Acct Name	#	\$

Budgeted Amount Contract Amount

Capital Projects Encumbrance Request Form Yes No \$ _____ (attach)

Budget Transfer Needed: \$ _____ (attach)

Within a fund: (blue) Yes No

Between funds: (pink) Yes No

Reappropriation: (gold) Yes No

RFP Yes # _____

BID Yes # _____

Prevailing Wage: Yes No

Term & Supply: Yes No

Contract needed: Yes No Legal Review: Yes No

Contract Attached: Yes No Grant Review: Yes No

Public Hearing: Yes No Date: Risk Mgmt Review: Yes No

Issue: Clay County's 2013 group health insurance plan agreement will expire December 31, 2013. A new agreement is needed to continue coverage for county employees into 2014.

Background: Clay County's contracted insurance broker, Gary & Associates reviewed the county's 2013 health insurance plans and negotiated with BlueCross BlueShield for potential 2014 plan offerings. The renewal proposal from Garry & Associates offers the County two funding options. The attached exhibits provide details on the rates for each funding option.

- **Option One – Fully Insured:** This option is a continuation of the County's current Fully Insured arrangement. Under the Fully Insured funding option, the County pays a monthly premium and Blue KC accepts the risk and potential earnings for all health costs. The proposed rate adjustment for this option is 8.6% with an approximate impact based on current enrollment of \$380,234.00 (difference between Renewal Fully Insured of \$4,802,691 and Current Fully Insured of \$4,422,457).
- **Option Two – Cost Plus:** This second option offers the County a Cost Plus funding arrangement. Cost Plus is a self-funded agreement which allows the County to realize immediate savings if actual claims are lower than projected. This funding arrangement also mitigates fees related to the Affordable Care Act. The proposed rate adjustment for this option is 6% with an approximate impact based on current enrollment of \$265,536.00 (difference between New Cost Plus of \$4,687,993 and Current Fully Insured of \$4,422,457).

THIS FORM MUST BE COMPLETED AND SUBMITTED ELECTRONICALLY TO THE COUNTY COMMISSION EXECUTIVE ASSISTANT BY 1:30 PM MONDAY PRIOR TO THE NEXT COMMISSION WORK SESSION

Both of the above Options include the following updates/changes as part of this renewal:

- Adding a Pediatric Obesity Pilot Program at the January 2014 renewal. This program will allow children covered under the medical plan to receive benefits for obesity. Further information is attached.
- Adding \$1 OTC drug coverage for a 34 day supply of certain over the counter (OTC) medications. (Note: on Bluesaver, the member must meet their deductible first before the \$1 benefit can be applied.)
- Out of Pocket maximums updated/added on the traditional plans (Preferred Care Blue) to account for medical copays now applying toward OOP. (Note: OPP maximums increased due to changes in the ACA.)

No changes to the Section 125, Delta Dental and EyeMed vision plans or rates are proposed for 2014.

Action needed: Approval of insurance coverage and agreement with BCBSKC for 2014 group health insurance coverage. Approval to continue 2013 dental and vision coverage into 2014 and acceptance of attached 2014 Insurance Rates for Clay County employees.

Public/Board/Staff Concerns: None

Recommendation: Approval of Option Two – Cost Plus (self-funded program) as recommended by Josh Garry with Garry & Associates with a 6% increase. Approve 2013 dental and vision plans remaining in force for 2014. It is recommended by the Benefits Committee that the County Commission budget the 6.0% increase in the county funded portion of health benefits for 2014 and approve the attached 2014 Insurance Rates schedule.

Create, by Ordinance, a new Fund (315 Health Benefits) to budget for and record financial transactions associated with the Cost Plus (self-funded program).

Follow up: Contract signatures.

Last Year's Cost: Total approximate annual cost to Clay County for 2013 based on enrollment is \$4,422,457 (\$3,967,114.68 funded by Clay County remainder funded by employee contributions).

Distribute Attested Copies of Resolution to: Human Resources, County Clerk, Administration

Distribute Original Contracts to: Laurie Bonk, Director – Human Resources

Laurene L. Bonk
Requestor

Stephen C. Wright
Assistant County Administrator

Dean Brookshier
County Administrator

2014 INSURANCE RATES

	FULL TIME RATES				PART TIME RATES					
	Total Rates		Monthly Rates		Per Pay Period Rates		Monthly Rates		Per Pay Period Rates	
	EE + County	EE Contribution	County Contribution	Employee Contribution	County Contribution	Employee Contribution	County Contribution	Employee Contribution	County Contribution	
Preferred-Care/HSA										
E	\$ 404.48	\$ (130.08)	\$ 534.56	\$ (65.04)	\$ 267.28	\$ 23.42	\$ 381.06	\$ 11.71	\$ 190.53	
E+S	\$ 849.48	\$ (164.80)	\$ 1,014.28	\$ (82.40)	\$ 507.14	\$ 103.40	\$ 746.08	\$ 51.70	\$ 373.04	
E+C	\$ 770.80	\$ (161.12)	\$ 931.92	\$ (80.56)	\$ 465.96	\$ 88.02	\$ 682.78	\$ 44.01	\$ 341.39	
Family	\$ 1,173.06	\$ (179.98)	\$ 1,353.04	\$ (89.99)	\$ 676.52	\$ 166.58	\$ 1,006.48	\$ 83.29	\$ 503.24	
Blue-Care HMO										
E	\$ 617.66	\$ 83.10	\$ 534.56	\$ 41.55	\$ 267.28	\$ 224.48	\$ 393.18	\$ 112.24	\$ 196.59	
E+S	\$ 1,297.10	\$ 282.82	\$ 1,014.28	\$ 141.41	\$ 507.14	\$ 525.56	\$ 771.54	\$ 262.78	\$ 385.77	
E+C	\$ 1,177.00	\$ 245.08	\$ 931.92	\$ 122.54	\$ 465.96	\$ 471.12	\$ 705.88	\$ 235.56	\$ 352.94	
Family	\$ 1,791.18	\$ 438.14	\$ 1,353.04	\$ 219.07	\$ 676.52	\$ 749.54	\$ 1,041.64	\$ 374.77	\$ 520.82	
Preferred-Care Blue PPO										
E	\$ 617.64	\$ 83.08	\$ 534.56	\$ 41.54	\$ 267.28	\$ 224.46	\$ 393.18	\$ 112.23	\$ 196.59	
E+S	\$ 1,297.04	\$ 282.80	\$ 1,014.24	\$ 141.40	\$ 507.12	\$ 525.52	\$ 771.52	\$ 262.76	\$ 385.76	
E+C	\$ 1,176.96	\$ 245.06	\$ 931.90	\$ 122.53	\$ 465.95	\$ 471.10	\$ 705.86	\$ 235.55	\$ 352.93	
Family	\$ 1,791.16	\$ 438.12	\$ 1,353.04	\$ 219.06	\$ 676.52	\$ 749.50	\$ 1,041.66	\$ 374.75	\$ 520.83	
DENTAL										
E	\$ 31.08	\$ 3.76	\$ 27.32	\$ 1.88	\$ 13.66	\$ 16.32	\$ 14.76	\$ 8.16	\$ 7.38	
E+S	\$ 61.64	\$ 16.62	\$ 45.02	\$ 8.31	\$ 22.51	\$ 36.96	\$ 24.68	\$ 18.48	\$ 12.34	
E+C	\$ 70.08	\$ 20.54	\$ 49.54	\$ 10.27	\$ 24.77	\$ 42.84	\$ 27.24	\$ 21.42	\$ 13.62	
Family	\$ 98.58	\$ 33.78	\$ 64.80	\$ 16.89	\$ 32.40	\$ 62.70	\$ 35.88	\$ 31.35	\$ 17.94	
VISION										
E	\$ 5.56	\$ 5.56	\$ -	\$ 2.78	\$ -	\$ -	\$ -	\$ -	\$ -	
E+S	\$ 10.52	\$ 10.52	\$ -	\$ 5.26	\$ -	\$ -	\$ -	\$ -	\$ -	
E+C	\$ 11.08	\$ 11.08	\$ -	\$ 5.54	\$ -	\$ -	\$ -	\$ -	\$ -	
Family	\$ 16.28	\$ 16.28	\$ -	\$ 8.14	\$ -	\$ -	\$ -	\$ -	\$ -	

INSURANCE REIMBURSEMENT	
Per Pay Period	
MEDICAL	\$ 120.00
DENTAL	\$ 10.00
VISION	\$ -

Clay County
Blue-Care HMO Plan
Benefit & Rate Confirmation
(Effective January 1, 2014)



**Benefit and Rate Confirmation
Clay County – Blue-Care HMO Plan**

Blue-Care
Copays and Limits

Physician	
Primary Care Office Visit	\$35 Copay
Specialty Care Office Visit	\$70 Copay
Pediatric Obesity Office Visit <i>(up to 4 per year for overweight and obese only)</i>	No Copay
Pediatric Obesity Nutritional Counseling <i>(up to 4 per year for overweight and obese only)</i>	No Copay
Expanded (ACA Compliant) Women's Preventive** and Related Office Visit	No Copay
Routine Vision	\$10 Copay
Allergy Testing	\$100 Copay
Urgent Care	\$70 Copay
Pre-natal Program	Yes

Hospital	
Emergency Room	\$200 Copay <i>Copay waived if admitted to a hospital</i>
MRI, MRA, CT, and PET scans performed in a Physicians office, imaging center or other outpatient setting (including a hospital)	\$200 Copay
Inpatient Hospital Services or Outpatient Surgery in Hospital or other Outpatient Facility	\$500 Copay Per Day <i>Copays limited to five copays per member per calendar year</i>

Out-of-Pocket Maximum	
Out-of-Pocket Maximum <i>(applies to all Medical cost-sharing)</i>	
Individual	\$3,400
Family	\$8,500

Mental Illness/Substance Abuse	
Inpatient Mental Illness/Substance Abuse	\$500 Copay Per Day <i>Copays limited to five copays per member per calendar year</i>
Outpatient Mental Illness/Substance Abuse Office Visit/Therapy:	\$35 Copay
Outpatient Mental Illness/Substance Abuse Other Services (including partial hospitalization):	No Copay

**Routine Women's Preventive services required under the Affordable Care Act of 2010 ("ACA")
BRC-MOHMO - 11/05/13

**Benefit and Rate Confirmation
 Clay County – Blue-Care HMO Plan**

<i>Ancillary/Miscellaneous</i>	
Air Ambulance	No Copay
Ground Ambulance	No Copay <i>\$500 Limit Per Trip</i>
Home Health Services	No Copay <i>60 visit Calendar Year Maximum</i>
Skilled Nursing Facility	No Copay <i>30 day Calendar Year Maximum</i>
Inpatient Hospice	\$250 Copay <i>Applies to Annual Inpatient/Outpatient Hospital Maximum 14 Day Lifetime Maximum</i>
Outpatient Therapy (Speech, Hearing, Physical and Occupational)	No Copay <i>Combined 40 visit Calendar Year Maximum for Physical & Occupational Therapy Combined 20 visit Calendar Year Maximum for Speech & Hearing Therapy</i>
Chiropractic Services	No Copay
Infertility/Impotency Treatment	Not Covered
Infertility/Impotency Drugs	Not Covered

**Benefit and Rate Confirmation
Clay County – Blue-Care HMO Plan**

Outpatient Prescription Drugs	
Network	BCBSKC Rx
Rx Deductible	None
Long-Term Supply – All sources (retail – 3x short-term)	All covered drugs
Short-Term Retail Copays: Tier 1/Tier 2/Tier 3	\$15/45/70
Long-Term Mail Order Copays: Tier 1/Tier 2/Tier 3	\$30/90/140
Contraceptives:	Generic contraceptive drugs covered at 100% Injectable, implants, and devices covered at 100%
Over the Counter Drugs <i>(Prevacid OTC, Prilosec OTC, Loratadine/Loratadine-D tablets including rapidly dissolving tablets, and syrup (generic for Claritin and Alavert products) & Zyrtec</i>	\$1 Copay

Other	
Pre-existing Condition Exclusion Period	None
Lifetime Maximum	Unlimited
Dependent Limiting Age	26
Maternity	Covered
Dependent Daughters	Covered for maternity
Elective Pregnancy Termination	Not covered
Eligibility/Termination	First day of month/last day of month
Domestic Partner Amendment – Coverage for same sex and opposite sex coverage	Not covered
Wellness Fund (Group Total)	\$25,000 <i>*Amount applies to group as a whole and amount is not available for each unique product the group offers.</i>
Nurse Line	Yes

**Benefit and Rate Confirmation
Clay County – Blue-Care HMO Plan**

<i>Underwriting</i>	
Minimum percent of Eligible employees covered	75%
Percentage threshold of total employee enrollment at renewal based on prior year's enrollment	90%
Classification of Eligible Employees	All regular full-time and regular part-time employees actively working 20 hours per week; Retirees and their Dependents who are eligible in accordance with the Employer's Employee Benefits Program
Waiting Period	Elected Officials – None – coverage is Immediate All Others – 60 days
Minimum Employer Contribution	75% cost of Eligible Employees/50% total account premium
Section 125 Enrollment Provisions	Yes
Insurance Coverage Creditable (Medicare Part D)	Yes
Start Date of Annual Enrollment Period	30 days prior to group anniversary date
End Date of Annual Enrollment Period	15 days after group anniversary date
Contract Term	12 months
Subsequent Renewal Terms	12 months
Renewal Notification	120 Days
Next Renewal	1/1/15
Reinstatement Fee	\$500
Subject to ERISA	No

Benefit and Rate Confirmation Clay County – Blue-Care HMO Plan

Mandated Offerings	
Speech and Hearing Disorders	<input type="checkbox"/> Accept <input checked="" type="checkbox"/> Reject
Child Health Supervision Services	<input type="checkbox"/> Accept <input checked="" type="checkbox"/> Reject
Pregnancy Termination	<input type="checkbox"/> Accept <input checked="" type="checkbox"/> Reject

Rates	
Employee Employee & Spouse Employee & Child(ren) Family	See Cost Plus Agreement

A Healthier You™	
<i>Select only one:</i>	
<input checked="" type="checkbox"/> AHY 100+ <input type="checkbox"/> AHY Platinum (1000+) <input type="checkbox"/> Decline AHY(approval needed)	
AHY for Subscriber and Spouse with Medical Coverage	Included in premium

Funding	
	<input type="checkbox"/> ASO
	<input checked="" type="checkbox"/> Cost Plus
	<input type="checkbox"/> Insured
	<input type="checkbox"/> Other

Confirmed by Clay County:

Janita Mason
Signature

Presiding Commissioner
Title

11-4-13
Date

Accepted by Blue Cross and Blue Shield of Kansas City:

Carolyn Wolf
Signature

Dr Underwriter
Title

11/18/13
Date

Clay County

Preferred-Care Blue PPO Plan

Benefit & Rate Confirmation

(Effective January 1, 2014)



**Benefit and Rate Confirmation
Clay County – Preferred-Care Blue PPO Plan**

Preferred-Care Blue Copayment, Deductible, Coinsurance and Limits
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Hospital and Physician		
	<u>In Network</u>	<u>Out of Network</u>
Calendar Year Deductible		
Individual	\$1,000	\$2,000
Family	\$2,000	\$4,000
Coinsurance Member Pays		
Preferred		20%
Non-Preferred		40%
Out-of-Pocket Maximum	<u>Individual</u>	<u>Family</u>
Preferred	\$4,700	\$9,400
Non-Preferred	\$9,400	\$18,000
Physician Office Visit		
Preferred		\$40 Copay*
Non-Preferred		Deductible & Coinsurance
*Copay applies to the Office Visit Charge Only. Other procedures performed in a Physician's office are subject to the applicable deductible and coinsurance level unless otherwise specified in the benefit schedule.		
Pediatric Obesity Office Visit (up to 4 per year for overweight and obese only)		
Preferred		No Copay
Non-Preferred		No Benefit
Pediatric Obesity Nutritional Counseling (up to 4 per year for overweight and obese only)		
Preferred		No Copay
Non-Preferred		No Benefit
Lab Services		
Preferred		No Copay*
Physician's Office / Independent Lab		Deductible & Coinsurance
Outpatient Facility/Hospital		Deductible & Coinsurance
Non-Preferred		
X-ray and other Radiology Procedures		
Preferred		Deductible & Coinsurance
Non-Preferred		Deductible & Coinsurance

**Benefit and Rate Confirmation
 Clay County – Preferred-Care Blue PPO Plan**

<i>Hospital and Physician (cont'd.)</i>	
Routine Preventive Care Preferred	Expanded (ACA Compliant) Women's Preventive*** Routine Services: 100% Related OV: 100% Deductible & Coinsurance
Non-Preferred	
Routine Vision Care	No Benefit
Prenatal Program	Yes
Emergency Room	\$75 Copay then Deductible & Preferred Coinsurance <i>Copay waived if admitted to a Hospital</i>
Urgent Care Benefit Preferred	\$40 Copay* Deductible & Coinsurance
Non-Preferred	
E-Visit Preferred (Providers in our Service Area)	\$10 Copay
Non-Preferred	No Benefit

<i>Mental Illness/Substance Abuse</i>	
Inpatient Mental Illness/Substance Abuse	Deductible & Coinsurance
Outpatient Mental Illness/Substance Abuse Office Visit	\$40 Copay*
Outpatient Mental Illness/Substance Abuse Therapy	Deductible & Coinsurance

***Routine Women's Preventive required under the Affordable Care Act of 2010 ("ACA")

**Benefit and Rate Confirmation
 Clay County – Preferred-Care Blue PPO Plan**

<i>Ancillary/Miscellaneous</i>	
Air Ambulance	Deductible & Preferred Coinsurance
Ground Ambulance	Deductible & Preferred Coinsurance <i>\$500 limit per trip</i>
Home Health Services	Deductible & Coinsurance <i>60 visit Calendar Year Maximum</i>
Skilled Nursing Facility	Deductible & Coinsurance <i>30 day Calendar Year Maximum</i>
Inpatient Hospice	Deductible & Coinsurance <i>14 Day Lifetime Max</i>
Outpatient Therapy (Speech, Hearing, Physical and Occupational)	Deductible & Coinsurance <i>Combined 40 visit Calendar Year Maximum for Physical & Occupational Therapy</i> <i>Combined 20 visit Calendar Year Maximum for Speech & Hearing Therapy</i>
Chiropractic Services <small>*Copay applies to the Office Visit Charge Only. Other procedures performed in a Chiropractor's office are subject to the applicable deductible and coinsurance level unless otherwise specified in the benefit schedule.</small>	Network: \$40 Copay* Non-Network: Deductible & Coinsurance
Infertility/Impotency	Not Covered

**Benefit and Rate Confirmation
 Clay County – Preferred-Care Blue PPO Plan**

Outpatient Prescription Drugs	
Network	BCBSKC Rx
Rx Deductible	None
Long-Term Supply – Mail order only	All covered drugs
Retail Copays: Tier 1/Tier 2/Tier 3	\$15/45/70
Mail Order Copays: Tier 1/Tier 2/Tier 3	\$30/90/140
Contraceptives:	Generic contraceptive drugs covered at 100% Injectables, implants, and devices covered at 100%
Over the Counter Drugs <i>(Prevacid OTC, Prilosec OTC, Loratadine/Loratadine-D tablets including rapidly dissolving tablets, and syrup (generic for Claritin and Alavert products) & Zyrtec</i>	\$1 Copay
Out-of-Network:	50% after Copay

Other	
Look Back Period	None
Pre-existing Condition Exclusion Period	None
Lifetime Maximum	Unlimited
Dependent Limiting Age	26
Maternity	Covered
Dependent Daughters Eligibility/Termination	Covered for maternity First day of month/last day of month
Domestic Partner Amendment – Coverage for same sex and opposite sex coverage	Not covered
Wellness Fund (Group Total)	\$25,000
Nurse Line	Yes

**Benefit and Rate Confirmation
Clay County – Preferred-Care Blue PPO Plan**

<i>Underwriting</i>	
Minimum percent of Eligible employees covered	75%
Percentage threshold of total employee enrollment at renewal based on prior year's enrollment	90%
Classification of Eligible Employees	All regular full-time and regular part-time employees actively working 20 hours per week; Retirees and their Dependents who are eligible in accordance with the Employer's Employee Benefits Program
Waiting Period	Elected Officials – None – coverage is Immediate All Others – 60 days
Minimum Employer Contribution	75% cost of Eligible Employees/50% total account premium
Section 125 Enrollment Provisions	Yes
Insurance Coverage Creditable (Medicare Part D)	Yes
Start Date of Annual Enrollment Period	30 days prior to group anniversary date
End Date of Annual Enrollment Period	15 days after group anniversary date
Contract Term	12 months
Subsequent Renewal Terms	12 months
Renewal Notification	120 Days
Next Renewal	1/1/15
Reinstatement Fee	\$500
Subject to ERISA	No

**Benefit and Rate Confirmation
Clay County – Preferred-Care Blue PPO Plan**

Mandated Offerings	
Speech and Hearing Disorders	<input type="checkbox"/> Accept <input checked="" type="checkbox"/> Reject
Child Health Supervision Services	<input type="checkbox"/> Accept <input checked="" type="checkbox"/> Reject
Pregnancy Termination	<input type="checkbox"/> Accept <input checked="" type="checkbox"/> Reject

Rates	
Employee Employee & Spouse Employee & Child(ren) Family	See Cost Plus Agreement

A Healthier You™	
<i>Select only one:</i>	
<input checked="" type="checkbox"/> AHY 100+ <input type="checkbox"/> AHY Platinum (1000+) <input type="checkbox"/> Decline AHY (approval needed)	
AHY for Subscriber and Spouse with Medical Coverage	Included in premium

Funding	<input type="checkbox"/> ASO <input checked="" type="checkbox"/> Cost Plus <input type="checkbox"/> Insured <input type="checkbox"/> Other _____

Confirmed by Clay County:

Paula Mann
Signature

Presiding Commissioner
Title

11-4-2013
Date

Accepted by Blue Cross and Blue Shield of Kansas City:

Carolyn Wolf
Signature

sr Underwriter
Title

11/18/13
Date

Clay County
Preferred-Care Blue BlueSaver
PPO Plan
Benefit & Rate Confirmation
(Effective January 1, 2014)



**Benefit and Rate Confirmation
Clay County – Preferred-Care Blue BlueSaver PPO Plan**

Preferred-Care Blue
Copayment, Deductible, Coinsurance and Limits

<i>Hospital and Physician</i>							
Calendar Year Deductible							
Individual	\$2,500						
Family	\$5,000						
Coinsurance Member Pays							
Preferred	10%						
Non-Preferred	30%						
Out-of-Pocket Maximum <i>Includes Deductible</i>							
Preferred	<table style="width: 100%; border: none;"> <tr> <td style="text-align: center; border-bottom: 1px solid black;"><u>Individual</u></td> <td style="text-align: center; border-bottom: 1px solid black;"><u>Family</u></td> </tr> <tr> <td style="text-align: center;">\$4,000</td> <td style="text-align: center;">\$8,000</td> </tr> <tr> <td style="text-align: center;">\$8,000</td> <td style="text-align: center;">\$16,000</td> </tr> </table>	<u>Individual</u>	<u>Family</u>	\$4,000	\$8,000	\$8,000	\$16,000
<u>Individual</u>	<u>Family</u>						
\$4,000	\$8,000						
\$8,000	\$16,000						
Non-Preferred							
Physician Office Visit	Deductible & Coinsurance						
Pediatric Obesity Office Visit (up to 4 per year for overweight and obese only)							
Preferred	No Copay						
Non-Preferred	No Benefit						
Pediatric Obesity Nutritional Counseling (up to 4 per year for overweight and obese only)							
Preferred	No Copay						
Non-Preferred	No Benefit						
Lab Services Performed in a Physician's Office / Independent Lab	Deductible & Coinsurance						
X-ray and other Radiology Procedures	Deductible & Coinsurance						
Routine Preventive Care							
Preferred	Expanded (ACA Compliant) Women's Preventive***						
	Routine Services: 100%						
	Related OV: 100%						
Non-Preferred	Deductible & Coinsurance						

**Benefit and Rate Confirmation
 Clay County – Preferred-Care Blue BlueSaver PPO Plan**

<i>Hospital and Physician (cont'd.)</i>	
Routine Vision Care	No Benefit
Prenatal Program	Yes
Emergency Room	Deductible & Preferred Coinsurance
Urgent Care Benefit	Deductible & Coinsurance

<i>Mental Illness/Substance Abuse</i>	
Inpatient Mental Illness/Substance Abuse	Deductible & Coinsurance
Outpatient Mental Illness/Substance Abuse	Deductible & Coinsurance

<i>Ancillary/Miscellaneous</i>	
Air Ambulance	Deductible & Preferred Coinsurance
Ground Ambulance	Deductible & Preferred Coinsurance <i>\$500 limit per trip</i>
Home Health Services	Deductible & Coinsurance <i>60 visit Calendar Year Maximum</i>
Skilled Nursing Facility	Deductible & Coinsurance <i>30 day Calendar Year Maximum</i>
Inpatient Hospice	Deductible & Coinsurance <i>14 Day Lifetime Max</i>
Outpatient Therapy (Speech, Hearing, Physical and Occupational)	Deductible & Coinsurance <i>Combined 40 visit Calendar Year Maximum for Physical & Occupational Therapy</i> <i>Combined 20 visit Calendar Year Maximum for Speech & Hearing Therapy</i>
Chiropractic Services	Deductible & Coinsurance
Infertility/Impotency	Not Covered

*****Routine Women's Preventive services required under the Affordable Care Act of 2010 ("ACA")**

**Benefit and Rate Confirmation
 Clay County – Preferred-Care Blue BlueSaver PPO Plan**

Outpatient Prescription Drugs	
Network	BCBSKC Rx
Long-Term Supply – Mail order only	All covered drugs
Retail Copays: Tier 1/Tier 2/Tier 3	In Network: Deductible then \$15/45/70 Out of Network: Deductible then 50% after \$15/45/70
Mail Order Copays: Tier 1/Tier 2/Tier 3	In Network: Deductible then \$30/90/140 Out of Network: Deductible then 50% after \$30/90/140
Contraceptives:	Generic contraceptive drugs covered at 100% Injectables, implants, and devices covered at 100%
Over the Counter Drugs <i>(Prevacid OTC, Prilosec OTC, Loratadine/Loratadine-D tablets including rapidly dissolving tablets, and syrup (generic for Claritin and Alavert products) & Zyrtec</i>	Deductible then \$1 Copay

Other	
Look Back Period	None
Pre-existing Condition Exclusion Period	None
Lifetime Maximum	Unlimited
Dependent Limiting Age	26
Maternity	Covered
Dependent Daughters	Covered for maternity
Eligibility/Termination	First day of month/last day of month
Domestic Partner Amendment – Coverage for same sex and opposite sex coverage	Not covered
Wellness Fund (Group Total)	\$25,000 <i>*Amount applies to group as a whole and amount is not available for each unique product the group offers.</i>
Bank Selection	Wells Fargo
Nurse Line	Yes

**Benefit and Rate Confirmation
Clay County – Preferred-Care Blue BlueSaver PPO Plan**

<i>Underwriting</i>	
Minimum percent of Eligible employees covered	75%
Percentage threshold of total employee enrollment at renewal based on prior year's enrollment	90%
Classification of Eligible Employees	All regular full-time and regular part-time employees actively working 20 hours per week; Retirees and their Dependents who are eligible in accordance with the Employer's Employee Benefits Program
Waiting Period	Elected Officials – None – coverage is Immediate All Others – 60 days
Minimum Employer Contribution	75% cost of Eligible Employees/50% total account premium
Section 125 Enrollment Provisions	Yes
Insurance Coverage Creditable (Medicare Part D)	Yes
Start Date of Annual Enrollment Period	30 days prior to group anniversary date
End Date of Annual Enrollment Period	15 days after group anniversary date
Contract Term	12 months
Subsequent Renewal Terms	12 months
Renewal Notification	120 Days
Next Renewal	1/1/15
Reinstatement Fee	\$500
Subject to ERISA	No

Benefit and Rate Confirmation
Clay County – Preferred-Care Blue BlueSaver PPO Plan

Mandated Offerings	
Speech and Hearing Disorders	<input type="checkbox"/> Accept <input checked="" type="checkbox"/> Reject
Child Health Supervision Services	<input type="checkbox"/> Accept <input checked="" type="checkbox"/> Reject
Pregnancy Termination	<input type="checkbox"/> Accept <input checked="" type="checkbox"/> Reject

Rates	
Employee Employee & Spouse Employee & Child(ren) Family	See Cost Plus Agreement

A Healthier You™	
<i>Select only one:</i>	
<input checked="" type="checkbox"/> AHY 100+ <input type="checkbox"/> AHY Platinum (1000+) <input type="checkbox"/> Decline AHY(approval needed)	
AHY for Subscriber and Spouse with Medical Coverage	Included in premium

Funding	<input type="checkbox"/> ASO <input checked="" type="checkbox"/> Cost Plus <input type="checkbox"/> Insured <input type="checkbox"/> Other

Confirmed by Clay County:

Janet Adams
 Signature

Presiding Commissioner
 Title

11-4-13
 Date

Accepted by Blue Cross and Blue Shield of Kansas City:

Carolyn Wolf
 Signature

sr Underwriter
 Title

11/18/13
 Date

Investing in Healthier Generations

Blue KC Launches Pilot Program with the Alliance for a Healthier Generation



Alliance for a Healthier Generation

The William J. Clinton Foundation and the American Heart Association joined forces in May 2005 to create a new generation of healthy Americans by addressing one of the nation's leading public health threats – childhood obesity. The goal of the Alliance for a Healthier Generation is to stop the nationwide increase in childhood obesity and to empower kids nationwide to make healthy lifestyle choices. For more information, please visit: HealthierGeneration.org.

The Alliance for a Healthier Generation launched the Healthier Generation Benefit in 2009, bringing together leading insurers, employers and national medical associations to offer comprehensive health benefits to address the childhood obesity epidemic. Over this three-year program, insurers and employers commit to offering the Healthier Generation Benefit as part of their medical benefits.

The Healthier Generation Benefit is aligned with the 2010 recommendations from both the U.S. Preventive Services Task Force, and the Surgeon General, as well as the 2007 Expert Committee Recommendations for the Prevention, Assessment and Treatment of Obesity.

Blue KC Healthier Generation Benefits

At Blue Cross and Blue Shield of Kansas City (Blue KC), the Healthier Generation Benefit applies to children ages 3-18 with a diagnosis of overweight or obese and includes:

- Four annual visits to a primary care provider for behavior counseling.
- Four annual visits for nutritional counseling with an in-network provider.*

**Benefit will pay at 100% when received through an in-network provider.*

Childhood Obesity

Developing Problem

In 1997, the World Health Organization declared obesity a global health epidemic.

Sweeping Epidemic

Obesity rates for American adults have more than doubled, and overweight and obesity rates for American children quadrupled over the past 30 years.¹

Astonishing Numbers

Today nearly 1 in 3 children and youth (ages 2-19) in the United States are already overweight and obese.²

Lifestyle Dilemma

Seventy percent of overweight adolescents will become overweight adults.³

Society Transformation

Healthcare expenses are three times higher for an obese child versus the average insured child. Healthcare expenses for an obese child are \$3,743 per year under private insurance and \$6,730 per year under Medicaid.⁴



Kansas City

Investing in Healthier Generations

Frequently Asked Questions

Why Has Blue KC chosen to participate in the Healthier Generation Benefit pilot program?

Blue KC is the leading health insurance provider in the Kansas City area, offering health empowerment and trusted support to more than one million members. Additionally, Blue KC has invested significant dollars in community programs aimed at improving children's health in our community. With 30% of Kansas City area youth considered obese or overweight¹, we share the goals outlined by the Alliance for a Healthier Generation and hope that our participation will help further the understanding of how collectively we can stop the nationwide increase in childhood obesity.

Who will have access to the Healthier Generation Benefits?

Blue KC is partnering with a select number of large employers to pilot these benefits. We anticipate making this benefit available to approximately 13,000 children over a three to four year period.

Will the Healthier Generation Benefits affect your health plan rates?

No. Blue KC will exclude all claims for these benefits from the employer's annual claims experience during the three-year program.

Will Blue KC be notifying area providers about the availability of these benefits to pilot members?

Yes. Blue KC is developing a comprehensive provider outreach plan to create awareness within the provider community, garner support for this unique initiative, and assist in filing claims appropriately.

Will Blue KC be providing members with information to help them understand how the Healthier Generation Benefit works?

Yes. Blue KC is developing member materials to create member awareness and understanding about the program's benefits, in addition to encouraging utilization of these services.

How is a child determined to be overweight or obese?

According to the American Academy of Pediatrics, children and adolescents older than two years of age with a BMI over the 85% but less than 95th percentile are considered overweight, and those with a BMI greater than the 95th percentile are considered obese. Your physician can help determine if your child is at risk.

¹ The Journal of the American Medical Association, 2010
² The Journal of the American Medical Association, 2012
³ *Pediatrics*[®] Journal of the American Academy of Pediatrics, 1998
⁴ Thomson Medstat Research Brief, 2013



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Kansas City

Clay County

January 1, 2014 Renewal Summary

	<u>Current Fully Insured</u>	<u>Renewal Fully Insured</u>	<u>Maximum Cost Plus</u>
Total Claims			\$3,973,458
Total Fees (including ACA Excise Tax)			<u>\$657,140</u>
Total	\$4,422,457	\$4,639,157	\$4,630,598
ACA Fees - Fully Insured to be collected and remitted by Blue KC Cost Plus to be Collected and Remitted by Clay County			
Excise Tax		\$106,139	Included in Fees
Comparative Effectiveness Fee		\$1,766	\$1,766
Reinsurer Fee		<u>\$55,629</u>	<u>\$55,629</u>
Total		\$163,534	\$57,395
Clay County Total Including ACA Taxes/Fees	\$4,422,457	\$4,802,691	\$4,687,993

**Clay County
January 1, 2014 Renewal**

Fully Insured Rates

	<u>Blue-Care</u>	<u>Pref-Care Blue</u>	<u>PCB HSA</u>
Current Rates			
Employee	\$582.66	\$582.64	\$381.60
Employee & Spouse	\$1,223.58	\$1,223.54	\$801.42
Employee & Child(ren)	\$1,110.30	\$1,110.26	\$727.20
Family	\$1,689.66	\$1,689.64	\$1,106.70

Renewal Rates (A)

Employee	\$632.76	\$632.74	\$414.42
Employee & Spouse	\$1,328.78	\$1,328.74	\$870.32
Employee & Child(ren)	\$1,205.76	\$1,205.72	\$789.72
Family	\$1,834.94	\$1,834.92	\$1,201.86
 Blue KC Proposed Renewal Rate Change	 4.90%	 4.90%	 4.90%

ACA Taxes/Fees (B)

Health Insurance Excise Tax	2.40%	2.40%	2.40%
Comparative Effectiveness Fee	0.04%	0.04%	0.04%
Reinsurer Fee	<u>1.26%</u>	<u>1.26%</u>	<u>1.26%</u>
Total ACA Taxes/Fees	3.7%	3.7%	3.7%
 Proposed Rate Increase	 8.60%	 8.60%	 8.60%

Option:

Elect To Maintain Current OOP Levels	1.57%	1.57%	n/a
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Rates (A)

Rates and benefits quoted are subject to change based on ACA guidance and regulation. Rates and benefits reflect the adjustment for regulation applying to the out-of-pocket maximum limits and corresponding accumulation rules referenced in the ACA. Non-grandfathered plans must comply with new out-of-pocket maximum rules under the ACA. In very broad terms, the rules would require that all member medical cost sharing, including deductibles, coinsurance, and copays would apply to corresponding in-network and out-of-network out-of-pocket maximums.

ACA Taxes/Fees (B)

Health Insurance Excise Tax - (2.4% x Number of Contract Months in 2014/12), estimated at \$106,139

Comparative Effectiveness Fee - (\$2.00 per member per year / Current Annual Premium), estimated at \$1,766

Reinsurer Fee - (\$5.25 per member per month for Contract Months in 2014 / Current Annual Premium), estimated at \$55,629

**Clay County
January 1, 2014 Renewal**

**Cost Plus Funding
Specific Level of \$150,000 and Aggregate Margin of 110%**

Cost Plus - 12/12 Contract with Terminal Liability

Enrollment	BC	PCB	PCB HSA	Total
Contracts				
Employee	104	30	61	195
Employee & Spouse	27	15	22	64
Employee & Child(ren)	34	18	30	82
Family	33	11	40	84
Total	198	74	153	425
Members	382	150	351	883

	Admin	Stop Loss	BCBSKC Fixed	Excise Tax	BCBS of KC Contract Rates	ACA *	ACA *	Estimated Fees for Funding
						Comparative Effect. Fee (1)	Reinsurer Fee	
Employee	\$28.50	\$31.27	\$59.77	\$0.75	\$60.52	\$0.20	\$6.36	\$67.08
Employee & Spouse	\$59.86	\$65.67	\$125.52	\$1.58	\$127.10	\$0.42	\$13.35	\$140.87
Employee & Child(ren)	\$54.31	\$59.59	\$113.90	\$1.43	\$115.33	\$0.38	\$12.11	\$127.83
Family	\$82.66	\$90.68	\$173.34	\$2.18	\$175.51	\$0.59	\$18.43	\$194.53
Annual Premium	\$249,431	\$273,642	\$523,073	\$6,567	\$529,640	\$1,766	\$55,629	\$587,035

ACA Taxes (A)

Health Insurance Excise Tax - (2.4% x # of Contract Months in 2014/12 x Current Annual Stop Loss Premium)/Current Annual Stop Loss Premium.
Estimated at \$6,567.

Comparative Effectiveness Fee - \$2.00 per member per year to the IRS. Estimated at \$1,766. Collected and Remitted by the Employer

Reinsurer Fee - \$5.25 per member per month. Estimated at \$55,629. Collected and Remitted by the Employer.

Access Fee	10% of savings, not to exceed \$2,000 per claim \$25.00 PEPM annual cumulative cap
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Maximum Claim Liability Rates	BC	PCB	PCB HSA
Employee	\$469.01	\$468.99	\$282.48
Employee & Spouse	\$984.93	\$984.88	\$593.26
Employee & Child(ren)	\$893.73	\$893.69	\$538.31
Family	\$1,360.10	\$1,360.08	\$819.24

TERMINAL LIABILITY			
Terminal Admin Fee	10% of paid claims		
Terminal Access Fee	10% of savings, not to exceed \$2,000 per claim		
Terminal Claim Liability Rates			
	BC	PCB	PCB HSA
Employee	\$804.02	\$803.99	\$484.24
Employee & Spouse	\$1,688.44	\$1,688.36	\$1,017.02
Employee & Child(ren)	\$1,532.11	\$1,532.05	\$922.82
Family	\$2,331.59	\$2,331.56	\$1,404.42

Additional Impact To Maximum/Terminal Claim Liability Rates to Maintain Current OOP Levels	1.57%	1.57%	n/a
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Rates and benefits quoted are subject to change based on ACA guidance and regulation. Rates and benefits reflect the adjustment for regulation applying to the out-of-pocket maximum limits and corresponding accumulation rules referenced in the ACA. Non-grandfathered plans must comply with new out-of-pocket maximum rules under the ACA. In very broad terms, the rules would require that all member medical cost sharing, including deductibles, coinsurance, and copays would apply to corresponding in-network and out-of-network out-of-pocket maximums.

**Clay County
January 1, 2014 Renewal
Recommended Cost Plus Funding
Specific Level of \$150,000 and Aggregate Margin of 110%**

Total Maximum Funding	Blue-Care	Pref-Care Blue	PCB HSA	Annual \$'s
Employee	\$617.66	\$617.64	\$404.48	
Employee & Spouse	\$1,297.10	\$1,297.04	\$849.48	
Employee & Child(ren)	\$1,177.00	\$1,176.96	\$770.80	
Family	\$1,791.18	\$1,791.16	\$1,173.06	
Total Maximum Funding	\$2,380,619	\$946,474	\$1,360,900	\$4,687,993



An Independent Licensee of the Blue Cross and Blue Shield Association

Kansas City

One Pershing Square
2301 Main
P.O. Box 419169
Kansas City, MO 64141-6169
Telephone: 816-395-2222
www.BlueKC.com

October 28, 2013

Mr. Josh Garry
Garry and Associates Insurance Agency
135 E 20th Avenue
North Kansas City, MO 64116

Dear Josh:

Thank you for your call regarding your meeting with Clay County to review their Blue Cross Blue Shield of Kansas City contractual documents for 2014. We appreciate the time you took to outline the County's questions on the documents. The following provides responses to the points you raised during our call.

A revised Cost Plus Agreement is enclosed. It includes the following revisions:

- The Late Payment Penalty has been removed.
- The brackets which were mistakenly shown Article 2.1 have been removed.
- The bracketed language in Article 5.1 and Article 5.2 has been updated to indicate the correct wording for Clay County. The selected language included in the updated agreement offers Clay County the most favorable options from the bracketed language.
- Article 8.4 has been updated to include the annual cumulative cap for the Access Fee.

As we discussed, the language shown in Article 6.4 is required by the Blue Cross Blue Shield Association. Please allow this to confirm that if the referenced Blue Card fees are incurred, they are paid by Blue Cross Blue Shield of Kansas City. There are no additional costs to the County for the Blue Card fees.

Our renewal for Clay County included ACA-required changes to their 2014 Out of Pocket Maximum benefits. Under the new ACA requirement, all medical copays (i.e. Office Visit Copays, ER Copays, MRI Copays) will count toward a member's Out of Pocket Maximum in 2014. In order to assist the County in controlling costs associated with this new requirement, our recommended renewal benefit plans offered higher Out of Pocket Maximums. The recommended Out of Pocket Maximums were set to reflect the additional copays which will be applied in 2014. Under this approach, there was no rate impact to the County due to the new requirement. In addition, we also provided information on the rate impact to the County if they continue to offer the same Out of Pocket Maximums they offered in 2013. Although this rating option was included, it is not recommended because it could potentially result in the plan being underfunded.

The overview you requested of the Cost Plus billing process is described below. The County will now receive two separate billing statements from BCBSKC: one for Fixed Costs and a separate one for claims.

Fixed Costs

The billing for Fixed Costs will follow the same process as the monthly eBilling the County has received in the past for their fully insured program. The due date for payment will be the same as the County now has for their insured program. The County will continue to work with their assigned BCBSKC auditor on any questions on their Fixed Cost bill. They will continue to make their eligibility updates through Blues Enroll.

Claims Payment

The County will receive a separate billing for their claims expense. This billing will be issued through our Finance area. It will include information on the amount the County owes for their claims expense and for their network access fee.

The following provides a description of the claims billing process. BCBSKC will pay claims for the month. About two weeks following the end of the month, our Finance area will provide the County with a detailed listing of the claims and a statement showing how much the County owes. The statement will also include a calculation showing the network access fee which is owed. The payment for claims billing is due within 31 days after the bill is delivered to the County. The County will have a dedicated contact in our Finance area for any questions regarding the monthly claims billing. We will be happy to schedule a time to meet with the County to go over the claims billing process and answer any questions they may have.

Again, thank you for your assistance as the County completes their review of the contractual documents. Please be sure to let me know if I can be of further assistance with any questions.

Sincerely,

Zee Hayley
Senior Sales Consultant

cc: Tamy Woods, Garry and Associates
Annette Barker, Account Manager

Blue Cross and Blue Shield of Kansas City
COST PLUS AGREEMENT – PAID BASIS

WITNESSETH:

This Agreement amends and is incorporated into and made a part of the Group Contract(s) entered into by and between Blue Cross and Blue Shield of Kansas City (hereinafter, "BCBSKC") on behalf of itself and its subsidiary, Good Health HMO, Inc., d/b/a Blue-Care ("HMO"), if applicable and Clay County ("Employer"). This Agreement shall be effective January 1, 2014.

WHEREAS, Employer has established a benefit plan to provide benefits for certain eligible classes of Covered Persons under the Group Contract(s) issued to Employer, and

WHEREAS, the Employer desires that BCBSKC provide claims administrative services and stop-loss coverage for Employer, and

WHEREAS, BCBSKC has contracted with various parties to obtain discounts for Covered Services, including prescription drugs, for its clients; and

WHEREAS, BCBSKC is also able to arrange for discounts for Covered Services outside its Service Area through other Blue Cross and Blue Shield plans ("Licensees").

NOW THEREFORE, in consideration of the mutual covenants herein contained, acknowledged to be good and sufficient consideration, the parties do hereby agree as follows:

Article 1
Employer's Rights and Obligations

- 1.1 **Premium for Group Contracts.** Employer agrees that premiums for coverage under the Group Contracts shall be determined as set forth in this Agreement and shall be payable in an amount equal to the total of the Employer's claims obligations, Fixed Cost Fees, and Access Fees pursuant to the terms herein.
- 1.2 **Employer's Claims Obligations.** In order to insure the Employer's claim obligations, the Employer shall make payments to BCBSKC for Claims Payments in amounts equal to the amount of Paid Claims up to the Specific Stop-Loss Limit per Covered Person and up to the cumulative monthly Aggregate Stop-Loss Limit, in accordance with Article 3.1. In no event shall Employee contributions be used to pay for Stop-Loss coverage. The Aggregate Stop-Loss Limit shall be the sum of the amounts determined by multiplying the number of covered employees/retirees, the number of covered employees/retirees with dependents and the number of covered Medicare complementary individuals covered under the Group Contract(s) on the first day of each month during the Contract Year by the appropriate monthly Aggregate Stop-Loss Limit factors as indicated in Article 8.6.1. However, the minimum Aggregate Stop-Loss Limit shall not be less than the minimum Aggregate Stop-Loss Limit indicated in Article 8.6.2.

- 1.3 Cumulative Monthly Aggregate Employer Liability. The number of covered employees/retirees, the number of covered employees/retirees with dependents and the number of covered Medicare complementary individuals covered under the Group Contract(s) on the first day of each month during the Contract Year shall be multiplied by the appropriate monthly Aggregate Stop-Loss Limit factors as indicated in Article 8.6.1. This amount represents the Employer's monthly aggregate amount ("Monthly Aggregate Amount"). BCBSKC shall calculate the Employer's total monthly claims liability as set forth below.
- (a) The Claims Payment will be subtracted from the cumulative Monthly Aggregate Amount.
 - (b) In the event the cumulative Monthly Aggregate Amount exceeds the cumulative Claims Payment: (i) the Employer will be required to pay to BCBSKC the cumulative Claims Payment amount; and (ii) the difference between the cumulative Monthly Aggregate Amount and the cumulative Claims Payment shall be added to the next subsequent Monthly Aggregate Amount.
 - (c) In the event the cumulative Claims Payment exceeds the cumulative Monthly Aggregate Amount: (i) the Employer will be required to pay to BCBSKC the cumulative Monthly Aggregate Amount; and (ii) the difference between cumulative Claims Payment amount and the cumulative Monthly Aggregate Amount shall be added to the next subsequent Claims Payment amount.
- 1.4 Advance Deposit. The Employer shall pay BCBSKC an advance deposit if indicated in Article 8.7 on or before the date this Agreement is to commence. BCBSKC will use these funds to pay the Employer's claim obligations for Paid Claims as specified in Article 1.2. Employer agrees to pay BCBSKC within 31 calendar days of receipt of the notification ("due date") of the amount necessary to restore to its full amount the advance deposit as stated herein. Failure of the Employer to restore the advance deposit in such time will cause automatic termination of this Agreement and of the underlying Group Contract(s) to which this Cost Plus Agreement is applicable. Such terminations shall be effective on the due date of the restoration of the advance deposit.
- 1.5 Fixed Cost Fees. Employer shall pay BCBSKC, on a monthly basis, the Fixed Cost Fees as set forth in Article 8.2 and in accordance with Article 3.2.
- 1.6 Access Fees. Employer shall pay BCBSKC the Access Fee, on a monthly basis, as set forth in Article 8.4 and in accordance with Article 3.3.
- 1.7 Miscellaneous taxes or assessments: If at any time, during or after the term of this Agreement, BCBSKC is required to pay any taxes or assessments (collectively "Taxes") based upon or measured by: (a) fees paid or payable to BCBSKC, (b) claims paid pursuant to this Agreement, (c) or due to coverage of Covered Person, Employer will pay BCBSKC an additional amount equal to the Taxes based upon the payment by BCBSKC of these additional amounts. Examples of such assessments include New York Healthcare Reform surcharges and assessments, Maine Dirigo Access Payment, et al. BCBSKC shall bill the Employer these additional Taxes on the Claims Payment report and the Employer shall pay such Taxes in accordance with Article 3.1.

Article 2
BCBSKC Rights and Obligation

- 2.1 Administration of Group Contracts. BCBSKC shall provide claims administrative services for claims submitted under the Group Contract(s). For the purpose of this Agreement, BCBSKC shall have the right to determine the amount of Benefits, if any, payable for any Covered Person and the Employer agrees to accept and follow such determination. Such determination shall be on the same basis as would be applicable under the Group Contract(s) in the absence of this Agreement. In the event of legal action against BCBSKC, by or on behalf of a Covered Person for Benefits under the Group Contract(s) with respect to a denied claim, BCBSKC, at its own expense, shall undertake the defense of such action and shall pay any judgment rendered therein. Upon prior written approval, which shall not be unreasonably withheld, BCBSKC shall have the right to settle any such action, when it deems it expedient to do so. Should Employer not provide written approval, BCBSKC and Employer shall each be responsible for 50% of the expense of the defense of such action. The Employer shall reimburse BCBSKC for the portion of any such judgment or settlement which is for a Paid Claim under the Group Contract(s) provided such Paid Claim does not exceed the Specific Stop-Loss Limit or Aggregate Stop-Loss Limit.
- 2.2 Stop-Loss Coverage. BCBSKC shall provide aggregate and specific stop-loss coverage for Employer in accordance with Article 1.2, Article 8.5 and Article 8.6.

Article 3
Payment Due Dates, Grace Periods and Payment Changes

- 3.1 Claims Payment and Grace Period. Monthly payments for Claims Payments are due and payable by the Employer within 31 calendar days following delivery to Employer by BCBSKC of the Claims Payment report. The Employer shall have no grace period for such monthly Claims Payment. The Employer's obligation for Claims Payments is subject to the Aggregate Stop-Loss Limit and Specific Stop-Loss Limit described herein.
- 3.2 Fixed Cost Fees and Grace Period. Fixed Cost Fees are due and payable by the Employer the first day of each month. The Employer shall have a grace period of 31 calendar days for such monthly Fixed Cost Fees.
- 3.3 Access Fees. Access Fees are due and payable by the Employer as indicated in Article 8.4.
- 3.4 Changes in Fixed Cost Fees and Access Fees. BCBSKC reserves the right to change Fixed Cost Fees and Access Fees upon a 60 calendar day written notice prior to the end of a Contract Year, to be effective for the following Contract Year.
- 3.5 Late Payment Charge. BCBSKC reserves the right to charge a late payment fee of \$0 in each instance in which Employer fails to timely pay the Claims Payment, Fixed Cost Fees or Access Fees in accordance with this Article 3. In the event Employer is delinquent in payment for two consecutive months, BCBSKC shall have the option to require Employer to provide BCBSKC a deposit in an amount equal to the average monthly invoice amount for the previous six (6) months or if there is less than six (6) months billing history, then such deposit shall be based on the average monthly invoice of the actual billing history. BCBSKC shall retain the deposit until the termination of this Agreement.

Article 4
Amendments

- 4.1 **General.** Except as provided in Article 3.4, either party may amend any other term or condition of this Agreement upon 60 calendar days written notice to conform with statutes of the state in which this Agreement is issued for delivery.
- 4.2 **Notice.** Notice of an amendment may be in the form of a new agreement, a rider, or an amendment to this Agreement or otherwise as BCBSKC may elect.

Article 5
Termination

- 5.1 This Agreement may be terminated by BCBSKC or the Employer provided such party gives the other party written notice of its election to terminate the Agreement at least 30 calendar days prior to the termination date. This Agreement and the underlying Group Contract(s) shall automatically terminate on the date of termination of the Group Contract(s).
- 5.2 Except as provided in 5.3 below, either party may terminate this Agreement for cause upon written notice if the other party materially defaults in the performance of a provision of this Agreement and such default continues for a period of 60 calendar days after written notice to the defaulting party from the aggrieved party stating the specific default.
- 5.3 If Employer fails to pay BCBSKC in accordance with Article 3, this Agreement and the underlying Group Contract(s) may be terminated by BCBSKC, effective retroactively to the last day of the month in which the Fixed Cost Fees, Access Fees and/or Claims Payment were paid by the Employer if the Employer fails to pay the Fixed Cost Fees, Access Fees and/or Claims Payment as required in accordance with Article 3.
- 5.4 Upon termination of this Agreement the Employer shall have the total obligation for all payments of claims for Covered Services incurred prior to such termination but not paid by BCBSKC as of the termination date and for any claims incurred after such termination.

Article 6
General Provisions

- 6.1 **Term.** The initial term of this Agreement shall begin on the effective date of this Agreement and continue for a term of one (1) year, and the Agreement shall thereafter renew automatically for successive one (1) year terms unless it shall have been terminated earlier as provided in Article 5.
- 6.2 **Modification of Group Contracts.** The provisions of the Group Contract(s) are amended to the extent necessary to be consistent with the provisions set forth in this Agreement and to that extent the provisions of this Agreement shall govern notwithstanding anything in the Group Contract(s) to the contrary.

- 6.3 Waiver. Neither the failure nor any delay by either party to exercise any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, power or privilege preclude any other or further exercise thereof, or the exercise of any other right, power or privilege. In the event that a party does waive any breach of any provision of this Agreement, such waiver shall not be deemed or construed as a continuing waiver of any breach of the same or different provision.
- 6.4 BlueCard Fees. Employer understands and agrees: (1) to pay certain fees and compensation to BCBSKC which BCBSKC is obligated under BlueCard to pay to Licensees, to the Blue Cross and Blue Shield Association, or to the BlueCard vendors; and (2) that fees and compensation under BlueCard may be revised from time to time without Employer's prior approval in accordance with the standard procedures for revising fees and compensation under BlueCard. Some of these fees and compensation are charged each time a claim is processed through BlueCard and include, but are not limited to, access fees, administrative expense allowance fees, Central Financial Agency Fees, and ITS Transaction Fees. Other fees include, but are not limited to, an 800 number fee and a fee for provider directories. Employer may contact BCBSKC if Employer would like an updated listing of these types of fees. These fees are included in the Fixed Costs Fees and are guaranteed for the term of this Agreement.
- 6.5 BlueCard Recoveries. Under BlueCard, recoveries from a Licensee or from participating providers of a Licensee can arise in several ways, including, but not limited to, anti-fraud and abuse audits, provider/hospital audits, credit balance audits, utilization review refunds, and unsolicited refunds. In some cases, the Licensee will engage third parties to assist in discovery or collection of recovery amounts. The fees of such a third party are netted against the recovery. Recovery amounts, net of fees, if any, will be applied in accordance with applicable BlueCard policies, which generally require correction on a claim-by-claim or prospective basis. Unless otherwise agreed to by the Licensee, BCBSKC may request adjustments from the Licensee for full provider refunds due to the retroactive cancellation of membership only for one year after the Inter-Licensee financial settlement process date of the original claim. In some cases, recovery of claim payments associated with a retroactive cancellation may not be possible if the recovery conflicts with the Licensee's state law, provider contracts or jeopardizes its relationship with its providers.
- 6.6 BCBSKC Recoveries. BCBSKC will pursue recoveries in accordance with BCBSKC's established rules and procedures, or engage third parties to provide such services on behalf of BCBSKC. The fees of such a third party are netted against the recovery. Any recovery amounts, net of such fees, if any, will be credited to the Employer. BCBSKC has no obligation to pursue recovery (including class action settlement recoveries) from health care providers or manufacturers of health care products or services on behalf of Employer for any cause of action including, but not limited to, causes of action arising out of violations of antitrust law, fraud, claims relating to fraud (including claims under the *Racketeering Influenced and Corrupt Organizations Act*).
- 6.7 BCBSKC Prescription Drug Program. BCBSKC contracts with a pharmacy benefit manager ("PBM") for certain prescription drug rebate administration services and pharmacy network contracting services. Under the agreement, PBM obtains rebates from drug manufacturers based on the utilization of certain branded prescription products by Covered Persons. As partial consideration for these services, pharmaceutical manufacturers

pay administrative fees to PBM and PBM retains the benefit of the funds prior to disbursement. Administrative fees retained by PBM in connection with its rebate program do not exceed the greater of (i) 4.58% of the Average Wholesale Price, or (ii) 5.5% of the wholesale acquisition cost of the products. PBM may also receive other service fees from manufacturers as compensation for various services unrelated to rebates or rebate-associated administrative fees. Employer acknowledges and agrees for itself and its Covered Persons that BCBSKC receives rebates from the PBM and may receive financial credits, administrative fees and/or other amounts (collectively "Financial Credits") from network pharmacies, drug manufacturers or the PBM. Employer acknowledges and agrees for itself and its Covered Persons that BCBSKC shall retain sole and exclusive right to all Financial Credits and may use such Financial Credits in its sole and absolute discretion, including without limitation to help stabilize BCBSKC's overall rates and to offset expenses and BCBSKC does not share financial credits with the Employer. Without limitation to the foregoing, Employer acknowledges and agrees for itself and its Covered Persons that: (1) Employer and/or Covered Persons shall have no right to receive, claim or possess any beneficial interest in any Financial Credits; (2) Applicable drug benefit copayments, coinsurance, outpatient prescription drug deductible, deductible and/or maximum allowable benefits (including without limitation Calendar Year Maximum and Lifetime Maximum benefits) shall in no way be adjusted or otherwise affected as a result of any Financial Credits; (3) Any deductible and/or coinsurance required for prescription drugs shall be based upon the allowable charge at the pharmacy, and shall not change as a result of any Financial Credits; and (4) Amounts paid to pharmacies or any prices charged at pharmacies shall in no way be adjusted or otherwise affected as a result of any Financial Credits.

BCBSKC and PBM also contract with pharmacies to provide prescription products at discounted rates for BCBSKC members. The discounted rates paid by PBM and BCBSKC to these pharmacies differ among pharmacies within a network. For pharmacies that contract with the PBM, BCBSKC pays a uniform discount rate under the BCBSKC contract with the PBM regardless of the various discount rates it pays to the pharmacies. Thus, where the BCBSKC rate exceeds the rate the PBM negotiated with a particular pharmacy, the PBM will realize a positive margin on the applicable prescription. The reverse may also be true, resulting in negative margin for the PBM. The PBM and directly contracted network pharmacies have guaranteed BCBSKC a minimum level of discount which could result in a Financial Credit. In the event the discount results in a Financial Credit, the Financial Credit Rules apply. In addition, when the PBM receives payment from BCBSKC before payment to a pharmacy is due, the PBM retains the benefit of the use of the funds between these payments.

- 6.8 Audit of BCBSKC. During the term of this Agreement, Employer has the right to audit any and all functions performed by BCBSKC in administering its Plan. Employer may not have access to provider reimbursement or other proprietary information under the control of BCBSKC, unless Employer has a compelling reason, to be determined at the discretion of BCBSKC, and needs such information to perform its duties in administering the Plan. If Employer uses the services of a third party to perform all or any part of an audit, that third party must execute BCBSKC's current Confidentiality and Nondisclosure Agreement. A copy of BCBSKC's most current Confidentiality and Nondisclosure Agreement may be obtained by requesting it from BCBSKC; however this Agreement is subject to change at any time by BCBSKC. Employer may perform a simple audit of BCBSKC once during the calendar year while this Agreement is in force without any charge by BCBSKC. A "simple

audit" is one that requires less than fifty (50) person hours of work by BCBSKC employees to assist in the audit. The Employer must negotiate the cost and scope with BCBSKC for an audit that does not fit this definition. The parties agree that Employer shall not hire a third party to conduct a contingent fee audit, where the third party's compensation is based on a percentage of errors (or savings, or "uncovered recoveries", etc, which may be found by the third party in its audit). Should Employer err and so contract with a third party to perform such contingent fee audit, BCBSKC has no obligation under the terms of this Agreement to cooperate with said third party in the conduct of such contingent fee audit. Employer's right to audit BCBSKC without any additional charge terminates with the termination of this Agreement.

- 6.9 Entire Agreement. This Agreement and the Group Contract(s) constitute the entire Agreement between the parties concerning this subject matter and supersedes all other agreements, representations or communications, oral or written, between the parties or their predecessors relating to the transactions contemplated by or which are the subject matter of this Agreement, and both parties understand and agree that prior agreements, practices or statements inconsistent with the language, terms and conditions of this Agreement are of no further force or effect.

Article 7 Definitions

"Access Fee" means the amount of money to be paid by the Employer to BCBSKC for savings realized on Paid Claims to providers.

"Aggregate Stop-Loss Limit" means the amount of Paid Claims at which BCBSKC assumes one hundred percent (100%) of the Employer's claims obligation for all Covered Persons' Covered Services for any Contract Year.

"Claims Payment" means the monthly Paid Claims as reported for a given month by BCBSKC.

"Contract Year" means the twelve (12) month period commencing on the effective date of this Agreement and from year to year thereafter, unless terminated as provided in this Agreement.

"Covered Person(s)" means those individuals as defined in the Group Contract(s).

"Covered Services" means those services, supplies, equipment and care as defined in the Group Contract(s).

"Fixed Cost Fees" means the amount of money to be paid by the Employer to BCBSKC for any premium tax, the Comparative Effectiveness Fee under the Affordable Care Act, contract administration, processing and claims investigation, utilization management, claims management, production and distribution of identification cards, brokerage fees, Blue Card fees and other general services, and Stop-Loss Charges as indicated in Article 8.2.

"Group Contract(s)" means those Group Contract(s) identified in Article 8.1.

"Paid Claims" means all payments for Covered Services during the Contract Year for claims that were incurred while this Agreement was in effect or for claims that were incurred under

the Cost-Plus Agreement between the parties for the previous Contract Year, if applicable; and, capitation charges when applicable. Paid Claims are those amounts paid to a provider, which the provider has agreed to accept as payment in full at the time of claim payment for Covered Services provided to Covered Persons. Paid Claims are not reduced by any administration fees, network management fees, provider and pharmaceutical rebates, incentive arrangements, or any other reductions or credits a provider may periodically give BCBSKC, or any other amounts that a provider may pay BCBSKC for services such as administration, marketing, managed care or quality improvement programs performed by BCBSKC for the provider. BCBSKC retains these amounts and they do not reduce the amount of Paid Claims. All services are deemed to be incurred on the date the service was actually rendered. A claim shall be deemed to be paid when a valid draft for payment of such benefit has been issued to the person or persons authorized for such purpose by agreement of the Employer and BCBSKC.

“**Specific Stop-Loss Limit**” means the amount at which BCBSKC assumes 100% of the Employer’s liability for a Covered Persons’ Covered Services for any Contract Year.

“**Stop-Loss Charges**” are those monies due BCBSKC for assuming risk above the Aggregate Stop-Loss Limit and the Specific Stop-Loss Limit.

“**Other Defined Terms**” means any other capitalized term used in this Agreement and not specifically defined herein, shall have the meaning ascribed to it in the Group Contracts.

Article 8
Schedule

8.1 This Agreement shall be applicable to:

 X Employer’s Group Health Contract: Group Number(s) 31517000
 Employer’s Group Dental Contract: Group Number(s)

8.2 The Fixed Cost Fees are as follows:

Employee	\$60.52
Employee & Spouse	\$127.10
Employee & Child(ren)	\$115.33
Family	\$175.51

8.3 Stop-Loss Charges shall include:

 X Specific Stop-Loss Limit for health coverage
 X Aggregate Stop-Loss Limit for health coverage
 Aggregate Stop-Loss Limit for dental coverage

8.4 The Access Fee is due and payable with the Claims Payment and is 10% of Savings not to exceed \$2,000 per claim with an annual cumulative cap of \$25.00 per employee per month and shall be subject to the Monthly Maximum Access Fee described below.

Discount means the amount of the initial reduction from a provider’s billed charges that a provider has agreed to accept as payment in full at the time of claim payment for Covered Services provided to Covered Persons’ utilizing the contracted arrangement. “Discount”

does not mean nor include any affiliation fees, administration fees, network management fees, provider and pharmaceutical rebates, incentive arrangements, or any other reductions or credits a provider may periodically give BCBSKC or any other amounts that a provider may pay BCBSKC for services such as administration, marketing, managed care or quality improvement programs performed by BCBSKC for the provider. BCBSKC retains these amounts and they are not included in the Discount that BCBSKC makes available to Employer.

8.5 The Specific Stop-Loss Limit per Covered Person shall be \$150,000.

8.6.1. Monthly Aggregate Stop-Loss Limit factors

	<u>Blue-Care</u>	<u>Preferred-Care Blue</u>	<u>BlueSaver</u>
Employee	\$469.01	\$468.99	\$282.48
Employee & Spouse	\$984.93	\$984.88	\$593.26
Employee & Child(ren)	\$893.73	\$893.69	\$538.31
Family	\$1,360.10	\$1,360.08	\$819.24

8.6.2. Minimum Aggregate Stop-Loss Limit:

\$3,129,107 or 90% of the first month's covered units times the number of months of coverage times the Monthly Aggregate Stop-Loss Limit factors, whichever is greater.

8.7 Initial Deposit

Yes No If Yes, amount of initial deposit: \$[_____]

IN WITNESS WHEREOF, BCBSKC and the Employer have caused this Agreement to be executed in duplicate.

Clay County
BY: [Signature]
TITLE: Presiding Commissioner
DATE: 11-4-13

Blue Cross and Blue Shield of Kansas City
BY: [Signature]
TITLE: Act Underwriter
DATE: 11/18/13

**AMENDMENT TO COST PLUS AGREEMENT-PAID BASIS
RUNOUT**

This Amendment ("Amendment") is incorporated into and made a part of the Cost Plus Agreement-Paid Basis ("Agreement") entered into by and between Blue Cross and Blue Shield of Kansas City ("BCBSKC") and Clay County Employer"). This Amendment shall be effective January 1, 2014.

WHEREAS, BCBSKC and Employer have previously entered into a Cost Plus Agreement which sets for the terms of the parties rights and obligations with respect to the Group Contract(s); and

WHEREAS, the parties desire that this Amendment memorialize the modifications that the parties have reached concerning the termination provisions of the Agreement.

NOW, THEREFORE, in consideration of the mutual covenants herein contained, acknowledged to be good and sufficient consideration, the parties do hereby agree as follows:

1. BCBSKC shall provide administrative services for claims for Covered Services incurred prior to the termination of the Agreement, but received by BCBSKC during the first twelve months following termination of the Agreement ("Runout").
2. BCBSKC shall provide aggregate terminal liability coverage for Employer in accordance with Paragraph 4 below. BCBSKC shall not provide specific stop-loss coverage.
3. Monthly Claims Payments for the Runout are due and payable by the Employer in accordance with Article 3.1 of the Agreement.
4. The Employer's maximum liability for the Runout shall be calculated by averaging the number of units of Covered Persons for the last three months of the final Contract Year multiplied by the terminal liability factors. The terminal liability factors are:

	<u>Blue-Care</u>	<u>Preferred-Care Blue</u>	<u>BlueSaver</u>
Employee	\$804.02	\$803.99	\$484.24
Employee & Spouse	\$1,688.44	\$1,688.36	\$1,017.02
Employee & Child(ren)	\$1,532.11	\$1,532.05	\$922.82
Family	\$2,331.59	\$2,331.56	\$1,404.42

5. The Employer shall pay to BCBSKC an administration fee to process the Runout. The administration fee is due and payable by the Employer within 31 calendar days following notification to Employer by BCBSKC of the Claims Payment Report. The administration fee shall be 10% of paid claims.
6. The Employer shall pay to BCBSKC an Access Fee which is due and payable by the Employer within 31 calendar days following notification to Employer by BCBSKC of the Claims Payment Report. The Access Fee shall be 10% of Savings, not to exceed \$2,000 per claim.
7. This Amendment may be terminated by BCBSKC, effective as of the last day of the month during such month in which the administration fee, Access Fee or payments for Claims

Payment were not paid by the Employer as required in accordance with Article 3 or other applicable provisions of the Agreement.

8. The Agreement shall remain in effect to the extent necessary to carry out the provisions of this Amendment.

The parties hereto have executed this amendment which is made a part of the Agreement, by and between BCBSKC and Employer.

Clay County
~~BLUE CROSS AND BLUE SHIELD OF
KANSAS CITY~~

BY: *Parula Mann*
TITLE: *Presiding Commissioner*
DATE: *11-4-13*

~~Clay County~~ BCBSKC

BY: *Carolyn Wolf*
TITLE: *Dr Underwriter*
DATE: *11/18/13*