

## **RETIREE BENEFIT MANAGEMENT SERVICES AGREEMENT**

THIS RETIREE BENEFIT MANAGEMENT SERVICES AGREEMENT (this “Agreement”) is entered into as of the 1st day of January, 2019 (the “Effective Date”), by and between City of Reedley, a **municipal health benefit fund** with principal offices located at 1733 9<sup>th</sup> Street, Reedley, CA 93654, (the “Client”), and **RETIREE FIRST** with offices located at 3000 Midlantic Dr., Mount Laurel, NJ 08054 (the “Manager”). Client and Manager are referred to here individually as a “Party” and collectively as the “Parties.”

WHEREAS, the Client provides health benefits for eligible participants;

WHEREAS, Manager provides management and administrative services relating to retirement health benefit products and contracts for multi-employer group health plans, municipal health benefit funds, university health plans, and other organizations; and

WHEREAS, Client desires to engage Manager in connection with the management of certain retiree group health benefits on the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the mutual covenants and promises stated herein and other good and valuable consideration, the receipt of which is hereby acknowledged, and intending to be legally bound, the parties hereby agree as follows.

1. Engagement of Manager.

1.1. Engagement. Client hereby engages Manager to perform, and Manager hereby agrees to perform, retiree health benefit plan management and administration services as set for in the EGWP and Medicare Supplement Work Order.

1.2. Scope. Unless otherwise mutually agreed by the Parties, no services other than those identified in this Agreement and in the Financial Rate Summary(ies) hereto are included within the scope of this Agreement.

1.3. Limited Power of Attorney. Limited Power of Attorney. Client hereby constitutes and appoints Manager as Client’s true and lawful attorney-in-fact, with full power of substitution or revocation, to execute and deliver contracts consistent with this Agreement with the insurance carrier provider identified in Section 2 and/or the Financial Rate Summary(ies), in the name of and on the behalf of the Client.

2. Plan Design. The Parties have agreed to the plan design set forth in the Financial Rate Summary(ies) hereto. The following rate guarantee shall govern such plan design for the period effective January 1, 2019 to December 31, 2019 (the “Initial Plan Year”):

<b>Benefit Plan</b>	<b>Provider</b>	<b>2019 Rate</b>
Medicare Supplement	United American	\$134.33PMPM
EGWP	Express Scripts	\$182.00PMPM

3. Service Fees. As compensation for the services provided hereunder, Client shall pay Manager the service fees set forth in Section 2 and/or in the Financial Rate Summary(ies) hereto (the "Service Fees"). Unless otherwise mutually agreed by the Parties, no services other than those identified in this Agreement and in the Financial Rate Summary(ies) hereto are included within such Service Fees. On or about the fifteenth (15<sup>th</sup>) day of each calendar month, Manager shall deliver to Client a monthly statement indicating the Service Fees owed for the following month (each, a "Covered Month"). Payment shall be due in full on the first (1st) date of each Covered Month.

4. Termination.

4.1. 4.1 Term. This Agreement is effective as of the Effective Date and shall terminate and expire on December 31, 2019 (the end of the Initial Plan Year); *provided, however*, that this Agreement will automatically renew for successive one-year (1-year) periods at the Provider's Renewal Rate disclosed by Manager in writing to Client at least Ninety days (90 days) prior to the end of the then current plan year, unless Client notifies the Manager in writing of its intent to terminate this Agreement or to make any changes to the services or plan designs set forth in this Agreement (or in the appendices hereto) **at least sixty days (60 days)** prior to the end of the then current plan year.

5. Confidentiality.

5.1. Business Confidential Information. Each party acknowledges that performance of the Agreement may involve access to and disclosure by each Party of its proprietary and nonpublic information including, without limitation, business plans, data, rates, procedures, materials, lists, systems and information (collectively "**Business Confidential Information**"). No Business Confidential Information shall be disclosed to any third party other than a party's representatives who have a need to know such Business Confidential Information in relation to administration of the Client, and provided that such representatives are informed of the confidentiality provisions hereof and agree to abide by them. All such Business Confidential Information must be maintained in strict confidence.

5.2. Protected Health Information. Each Party acknowledges that the terms of this Agreement may involve the sharing of the Protected Health Information (as such term is used in the Health Insurance Portability and Accountability Act of 1996, as amended (HIPAA)) of the Client's participants. As a condition precedent to each Party's obligations under this Agreement, the Parties shall each execute and deliver a Business Associate Agreement ("BAA") in substantially the form attached hereto, or a similar agreement containing such terms as may be mutually agreed upon by the Parties and meeting the requirements of HIPAA and any other applicable law. To the extent there is any conflict between the provisions of this Agreement and the BAA, the terms of the BAA shall govern.

5.3. General Provisions. Upon termination of the Agreement, each party, upon the request of the other, will promptly return or destroy all copies of all of the other Party's Business Confidential Information (including any Protected Health Information of Client's Participants, in the case of Manager) in its possession or control except to the extent such confidential information must be retained pursuant to applicable law.

6. Indemnification.

6.1. Indemnification by Manager. Manager shall indemnify, defend and hold harmless Client, its trustees, administrators, officers, directors, employees, agents, affiliates, predecessors, successors and assigns (acting in their capacities as such, but not as Client Participants) (collectively, the "Client Released Parties") from and against any and all claims, suits, losses, liabilities, inquiries, investigations, costs, reasonable attorneys' fees, monetary penalties, and damages incurred by any Client Released Party



as a result, directly or indirectly, of Manager's gross negligence, willful misconduct, fraud or material breach of this Agreement.

6.2. Indemnification by Customer. Except as provided in Section 6.1 above, Client shall indemnify, defend and hold harmless Manager, its parent companies, subsidiaries, affiliated entities, members, managers, officers, directors, employees, agents, affiliates, predecessors, successors and assigns (collectively, the "Manager Released Parties"), from and against any and all claims, suits, losses, liabilities, inquiries, investigations, costs, reasonable attorneys' fees, monetary penalties, and damages incurred by any Manager Released Party as a result, directly or indirectly, of Client's willful misconduct, criminal conduct, breach of the Agreement or fraud related to or arising out of this Agreement.

6.3. Procedure. The Party seeking indemnification may assume responsibility for the direction of its own defense at any time, including the right to settle or compromise any claim against it without the consent of the indemnifying party, provided that in doing so it shall be deemed to have waived its right to indemnification pursuant to this Agreement, except in cases where the indemnifying party has declined to defend against the claim.

7. Arbitration. Notwithstanding any other provision in the Agreement to the contrary, any dispute, controversy or claim arising out of or relating to this Agreement or the breach, termination, or validity thereof, except for temporary, preliminary, or permanent injunctive relief or any other form of equitable relief, shall be settled by binding arbitration in Burlington County, New Jersey, administered by the American Arbitration Association ("AAA") and conducted by a single arbitrator in accordance with the AAA's Commercial Arbitration rules.

8. Notices. Any notice or other communication required or permitted hereunder shall be effective if delivered to the other Party in writing and delivered by personal delivery, nationally recognized overnight courier (with all fees prepaid), facsimile, or email, or by certified or registered mail (in each case, return receipt requested, postage prepaid), to the following addresses:

If to Manager:

**RETIREE FIRST**  
3000 Midlantic Dr., Suite 101  
Mount Laurel, NJ 08054  
Attn: Anthony Frasco  
[AFrasco@laborfirst.com](mailto:AFrasco@laborfirst.com)

If to Client:

**CITY OF REEDLEY**  
1733 9<sup>th</sup> Street  
Reedley, CA 93654

9. Miscellaneous.

9.1. Amendments; Waiver. This Agreement may only be amended, modified, or supplemented by an agreement in writing signed by each Party hereto, and any of the terms thereof may be waived only by a written document signed by each Party to this Agreement or, in the case of waiver, by the Party or Parties waiving compliance. No waiver of a breach shall waive or excuse any different or subsequent breach

9.2. Assignment. This Agreement may not be assigned or otherwise transferred without the prior written consent of all Parties to this Agreement; *provided, however*, that such consent shall not be unreasonably withheld.

9.3. Severability. Any provision of this Agreement that is determined by a Court of competent jurisdiction to be invalid or unenforceable will be ineffective to the extent of such determination without invalidating the remaining provisions of this Agreement or affecting the validity or enforceability of the Agreement's remaining provisions, to the maximum extent permitted by applicable law.

9.4. Entire Agreement. This Agreement, together with any other documents incorporated herein by reference, constitutes the entire and exclusive understanding between the Parties with respect to its subject matter, and supersedes all prior and contemporaneous understandings, agreements, representations, and warranties, both written and oral, with respect to such subject matter.

9.5. Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of New Jersey, without giving effect to the conflict of laws provisions or rules thereof or of any other jurisdiction to the extent such principles or rules would require or permit the application of the laws of any jurisdiction other than those of the State of New Jersey.

9.6. Counterparties. This Agreement may be executed in counterparts and by facsimile, email or other electronic signature, each of which shall be deemed an original and all of which together shall constitute one instrument.



IN WITNESS WHEREOF, the parties have hereto caused this Agreement to be duly executed this Agreement as of the day and year set forth below (but effective as of the Effective Date).

**CLIENT:**

**CITY OF REEDLEY**

By: 

Name: Nicole R. Zieba

Title: City Manager

**MANAGER:**

**RETIREE FIRST**

By: 

Name: David E. Edwards

Title: COO

10/15/18

## **EGWP AND MEDICARE SUPPLEMENT WORK ORDER**

### **A. Pre-Implementation and Implementation Services.**

1. Perform market analysis for benefit programs provided through qualified Insurance Vendors;
2. Work with Client to finalize Insurance Vendor's quotes and proposals for benefit programs that are consistent with Client's benefit plan requirements;
3. Review the selected Insurance Vendor's benefit design and documentation to ensure it accurately reflects the quote and proposal that has been accepted and approved by the Client's Trustees;
4. Implement selected qualified Insurance Vendor's benefit to provide a fully insured group EGWP Part D Plan and Medicare Supplement Plan that will constitute approved benefits for purposes of this Agreement ("Approved Plans");
5. Handle all aspects of transition to the Approved Plan with Insurance Vendor; and
6. Provide implementation manager experienced in EGWP Part D and Medicare Supplement plans to manage the transition process and is a dedicated point of contact for Client.
7. Obtain all necessary information from Client on Eligible Members and Eligible Dependents;
8. Obtain from Center for Medicare Services ("CMS") an electronic eligibility return file;
9. Host kick-off meeting and retiree educational seminars (including providing advocates for one-on-one meetings if needed) if applicable;
10. In coordination with Carrier send all qualified Eligible Members and Eligible Dependents a Welcome Kit and Insurance card;

### **B. Ongoing Plan Management.**

1. Help manage all eligibility maintenance in CMS's approved format to ensure the Client does not need to change its software systems;
2. Compare the Client's eligibility information against Medicare to ensure no deceased members are on file and to ensure PHI and address accuracy;
3. Accept eligibility updates electronically as determined by the Client;
4. Provide the Client with support as needed with all CMS filing and reporting requirements;
5. Handle all group billing administration and collections as required by the Client and carriers;
6. Verify eligibility and provide the Client with full monthly eligibility, including amount paid to the Insurance Vendor and names of Eligible Members for whom payments are made each month;



7. Submit payment to Insurance Vendors in timely fashion to ensure uninterrupted coverage;
8. Prepare and make available reports, on services provided under this Agreement including:
  - a. Member Interaction Logs – A comprehensive report with information on what issues members are calling about and average call times, so problems can be identified for individual members;
  - b. Disruption Reports – Provide information on disruptions including the number of tier exceptions, formulary exceptions, and appeals received;
  - c. Call Recordings – Provide individual call recordings upon request.
9. Coordinate with Insurance Vendors to provide Client with monthly eligibility maintenance and reporting;
10. Assist in preparation of benefit summaries for the selected Insurance Vendor's Approved Plan that are consistent with the Client's benefit plan requirements (including any Summary of Material Modification ("SMM") and Summary of Benefits and Coverage ("SBC"), where applicable;
11. Perform all functions in compliance with CMS;
12. Manage all CMS Part D filings and requirements including Late Enrollment Penalty ("LEP") and Opt-Out assistance and low income subsidy ("LIPS") assistance;
13. Provide dedicated Client Account Representative who is an experienced Medicare professional who manages the overall service experience for the Client's account;
14. Provide Account Management team to assist Client with all aspects of plan maintenance;
15. Provide members with group specific regional dedicated client call-center number and live member support (all calls can be handled in over 300 languages are TTY compatible), including 10-year retention on all call recordings;
16. Provide Member Advocates whose services are dedicated to Client and who are licensed, AHIP certified health professionals and experts in the details of the Medicare system to:
  - a. Assist members with obtaining and retaining Medicare eligibility and enrollment in accordance with CMS requirements;
  - b. Guide Eligible Members and Eligible Dependents through multiple plan options when applicable;
  - c. Provide claims, billing and premium payment support;
  - d. Assist disabled members and members turning 65 with applying for Medicare;
  - e. Provide proactive pharmacy and physician support to Eligible Members and Eligible Dependents;

- f. Assist with pharmacy related questions such as generic availability, prior authorizations, and mail-order services;
  - g. Interface directly with Social Security, CMS and physicians on behalf of Eligible Members to solve problems;
  - h. Assist Members and Dependents with copay/coinsurance and assist members with getting incorrect amounts rectified;
  - i. Provide assistance with Part B medications and supplies;
  - j. Provide Eligible Members with solutions if formulary disruptions occur;
  - k. Assist with provider selection and alternative provider assistance;
  - l. Make resolution calls to all Eligible Members and Eligible Dependents to ensure that issues raised have been resolved;
  - m. Assist with appeals to Medicare or the carrier if there is a coverage denial to ensure Eligible Members and Eligible Dependents are obtaining all of the benefits of the Approved Plan and Medicare;
17. Maintain records of the Client for the duration of the Agreement and for ten (10) years from the date of issuance or occurrence, including records and notations of all calls.

**C. Benefit Renewals & Request for Proposal (“RFP”) Work.**

- 1. Provide report to Trustees with comprehensive review of Insurance Vendor’s Approved Plan (including competitive pricing and cost review);
- 2. Provide recommendations to the Trustees on the renewal options for subsequent calendar year(s);
- 3. Negotiate with proposed Insurance Vendors to obtain best price for vendor agreements for the following calendar year; and
- 4. Assist Trustees in handling renewal management and ongoing maintenance of Insurance Vendor contracts.

**D. CMS Plan Regulatory Notification Procedures.**

- 1. Prepare CMS mandated Member communications;
- 2. Prepare Client Specific Announcement Letters; and
- 3. Prepare and file Group Creditable Coverage attestation filing.



## Medical Supplement Financial Rate Summary Prepared for: City of Reedley

Plan: Med Supp - City of Reedley - 2019 Medical  
Supplement Carrier: United American Rate Period:  
1/1/2019 - 12/31/2019

Medical Supplement Premium - **\$134.33 PMPM**

### Plan Design & Coverage Level

Medicare Part A Services	
Part A Deductible	Plan pays for 100% of the Part A Deductible
Part A Coinsurance	Plan pays for 100% of the Part A Coinsurance
Skilled Nursing Facility Care (Days 1-20)	Medicare pays all costs
Skilled Nursing Facility Care (Days 21-100)	Plan pays for 100% of the Medicare approved amount
Medicare Part B Services	
Part B Deductible	\$183
Part B Coinsurance	50% Coinsurance (Plan pays 10%; Member pays 10%)
Clinical Laboratory Services	50% Coinsurance (Plan pays 10%; Member pays 10%)
Part B Excess Covered	Yes
Foreign Travel Coverage	Plan pays 80% of the billed charges for emergency care when traveling outside the U.S. after you meet a \$250 <u>deductible</u> for the calendar year.

### Medical Supplement Stipulations

- Network open to any medical facility that accepts Medicare in all 50 states to include U.S. territories.
- The proposed plan premium rate includes all insurance fees and administrative costs.
- The rates provided are quoted on a full replacement basis.
- A benefit period begins on the first day you receive service as an inpatient in a hospital and ends after you have been out of the hospital and have not received skilled care in any other facility for 60 days in a row.

## Part D Financial Rate Summary Prepared for: City of Reedley

Plan: EGWP - City of  
 Reedley Part D Carrier:  
 Express Scripts Rate  
 Period: 1/1/2019-  
 12/31/2019

Part D Pharmacy Premium - **\$182.00 PMPM**

### Plan Design & Coverage Level

Calendar Year Deductible	\$0	
Retail 30 Day Supply		
Tier 1A (Preferred Generics)	\$0	
Tier 1 (Generics)	\$10	
Tier 2 (Pref. Brands)	\$40	
Tier 3 (NP Brands)	\$70	
Tier 4 (Specialty)*	\$70	
Retail 90 Day Supply		
Tier 1A (Preferred Generics)	\$0	
Retail 90 Day Supply	Preferred Pharmacy	Standard Pharmacy
Tier 1 (Generics)	\$20	\$30
Tier 2 (Pref. Brands)	\$80	\$120
Tier 3 (NP Brands)	\$140	\$210
Tier 4 (Specialty)*	\$140	\$210
Mail-Order 90 Day Supply		
Tier 1A (Preferred Generics)	\$0	
Tier 1 (Generics)	\$20	
Tier 2 (Pref. Brands)	\$80	
Tier 3 (NP Brands)	\$140	
Tier 4 (Specialty)*	\$140	
Part D Coverage Specifications		
Drug Formulary	Most Comprehensive (Open)	
Coverage Gap	Full-Coverage	
Lifestyle Drugs Covered	No	
All Non-Part D Drugs Covered	Yes	
Utilization Management	Prior Authorizations, Quantity Limits and Step Therapy	
Catastrophic Coverage	Members pay the greater of 5% or \$3.40 for generics/ \$8.50 for all other drugs	
Additional Part D Plan Considerations		

\*Most specialty drugs can only be dispensed up to a 31-day supply at retail



**Part D Stipulations**

- The plan premium rate includes all Medicare Part D subsidies with no additional subsidy filing needed.
- The catastrophic coverage phase begins once the true out-of-pocket costs has reached \$5,100 as defined perCMS.
- Network of over 60,000+ locations including all major chains, super markets, and mom/pop stores.
- Plan quoted contains broadest drug formulary including coverage for all medications eligible under Medicare Part D and covers Non-Part D drugs except for Part B drugs (covered by Medicare Part B).

All Part D drug plans are creditable coverage; therefore, Creditable Coverage Notices are not required

## ***BUSINESS ASSOCIATE AGREEMENT***

City of Reedley ("Covered Entity"), with offices at 1733 9<sup>th</sup> Street, Reedley, CA 93654, and Retiree First ("Business Associate"), with offices located at 3000 Midlantic Drive, Suite 101, Mount Laurel, NJ 08054, hereby enter into this Business Associate Agreement, effective this 1<sup>st</sup> day of January 2019.

### Recitals

A. The parties desire to comply with federal, California and New Jersey laws regarding the use and disclosure of individually identifiable health information, in particular with the provisions of the federal Health Insurance Portability and Accountability Act (HIPAA), and the Health Information Technology for Economic and Clinical Health Act (HITECH), and regulations promulgated under these laws.

B. The parties have accordingly agreed to enter into the following terms and conditions.

### Agreement

Now therefore, in consideration of the promises set forth herein, the parties agree as follows:

1. Definitions. The parties agree that any capitalized terms shall have the same definition as given to them under HIPAA and HITECH and regulations promulgated under these laws.

2. Obligations of Business Associate. Business Associate agrees not to use or disclose any Individually Identifiable Health Information protected under, California, New Jersey and federal law, including, but not limited to, Protected Health Information, that Business Associate receives from Covered Entity, or creates or receives on behalf of Covered Entity (hereafter "PHI"), except in connection with providing services to Covered Entity and as permitted or required by this Agreement or as Required By Law, and only if such use or disclosure does not otherwise cause a Breach of Unsecured PHI. Business Associate further agrees to the following:

2.1 Use of PHI: Business Associate agrees that it, and its agents, employees and subcontractors, shall:

(a) Not use or disclose PHI in a manner that would violate applicable law regarding the confidentiality of PHI; and

(b) To the extent feasible, minimize any Access, Use or Disclosure of PHI while performing obligations under this Agreement.

2.2. Safeguards: Business Associate shall implement and use Administrative Safeguards as required by 45 C.F.R. Section 164.308, Physical Safeguards as required by 45 C.F.R. Section 164.310, and Technical Safeguards as required by 45 C.F.R. Section 164.312 that reasonably and appropriately protect the Confidentiality, Integrity and Availability of PHI, including Electronic PHI



that Business Associate creates, receives, maintains or transmits on behalf of Covered Entity. Business Associate shall also comply with the policies and procedures and documentation requirements of the HIPAA Security Rule, including, but not limited to, 45 C.F.R. Section 164.316.

- 2.3. Reporting: Business Associate shall report to the Privacy Officer of Covered Entity any Breach of PHI by Business Associate, its agents or subcontractors within 5 calendar days of Discovery. Reports shall include, to the extent possible: A description of what happened, including the date of the Breach and the date of the discovery of the Breach, if known; A description of the types of Unsecured PHI that were involved in the Breach; Any steps individuals should take to protect themselves from potential harm resulting from the Breach; and a description of what Business Associate is doing to investigate the Breach, to mitigate harm to individuals, and to protect against any further Breaches. Business Associate shall also promptly report in electronic form to the Security Officer of Covered Entity any Security Incident relating to Electronic PHI of which Business Associate becomes aware.
- 2.4. Workforce and Agents: Business Associate represents and warrants that it shall not disclose PHI to any member of its workforce, or to any of its agents or subcontractors, unless such person has a need to know the PHI. Business Associate shall also ensure that the requirements of this Agreement are incorporated into each agreement with any agent or subcontractor to whom Business Associate discloses PHI, and that each such agent and/or subcontractor shall agree in writing to be bound to the same terms and conditions that apply to Business Associate with respect to PHI. In addition, Business Associate shall ensure that any agent or subcontractor to whom Business Associate discloses PHI shall implement reasonable and appropriate safeguards to protect the PHI. Business Associate shall not disclose any PHI to any agent or subcontractor that is located outside of the United States of America without the express written consent of Covered Entity.
- 2.5. Access to PHI: Upon the request by Covered Entity, Business Associate shall promptly provide PHI to Covered Entity to permit any individual whose PHI is maintained by Business Associate to have access to and to copy his/her PHI in accordance with 45 C.F.R. §164.524 and applicable California and New Jersey law. Such PHI shall be produced in the format requested by Covered Entity, unless it is not readily producible in such format, in which case it shall be produced in hard copy format. If an individual contacts Business Associate directly for such access, Business Associate shall direct the individual to contact the Covered Entity. This requirement to provide access to the PHI shall only apply if the PHI in Business Associate's possession is part of the Covered Entity's Designated Record Set.
- 2.6. Amendment of PHI: Upon the request of Covered Entity, Business Associate shall amend PHI and/or make PHI available to Covered Entity for amendment, in such manner as Covered Entity may from time to time request,

in accordance with 45 C.F.R. §164.526 and applicable California and New Jersey law. If an individual contacts Business Associate directly to amend PHI, Business Associate shall direct the individual to contact the Covered Entity. This requirement to amend the PHI shall only apply if the PHI in Business Associate's possession is part of the Covered Entity's Designated Record Set.

- 2.7. Accounting of Disclosures of PHI: Upon the request of Covered Entity, Business Associate shall provide to Covered Entity an accounting of all disclosures of PHI in order for Covered Entity to comply with 45 C.F.R. §164.528, the HITECH Act and regulations promulgated thereunder. Business Associate shall provide the date of the disclosure, the name and, if known, the address of the recipient of the PHI, a brief description of the PHI disclosed, and the purpose of the disclosure. If an individual contacts Business Associate directly for such an accounting, Business Associate shall direct the individual to contact the Covered Entity.
- 2.8. Restrictions on Disclosures of PHI: Business Associate shall not disclose PHI to a Health Plan for Payment or Health Care Operations if the PHI pertains solely to a health care item or service for which the health care provider involved has been paid out of pocket in full.
- 2.9. Limited Data Set and Minimum Necessary: Business Associate and its agents or subcontractors shall request from Covered Entity and so use and disclose only the Limited Data Set or, if needed by Business Associate, the Minimum Necessary PHI necessary to accomplish the purpose of the request, use, or disclosure. In all cases, Business Associate agrees to comply with guidance issued from time to time by the Secretary of Health and Human Services regarding Minimum Necessary.
- 2.10. Prohibition on Sale of PHI and use of PHI for Marketing: Business Associate shall not directly or indirectly receive remuneration in exchange for any PHI, except with prior written consent of Covered Entity and in accordance with patient authorization requirements at 45 C.F.R. 164.508. Business Associate may only use or disclose PHI for Fundraising or Marketing purposes in compliance with HIPAA, HITECH Act, California and New Jersey Law.
- 2.11. Audits and Inspections: Business Associate shall make its internal practices, books, and records relating to the use and disclosure of PHI, as defined under this Agreement, available to the Secretary of the United States Department of Health and Human Services ("Secretary"), or the Secretary's designee, for purposes of determining the Covered Entity's and Business Associate's compliance with applicable law. Business Associate shall make its internal practices, books, and records relating to the Use and Disclosure of PHI available to Covered Entity for purposes of determining Business Associate's or Covered Entity's compliance with this Agreement and applicable law.



- 2.12 Mitigation Procedures: Business Associate agrees to mitigate, to the extent practicable, any harmful effect that is known to Business Associate of a use or disclosure of PHI in violation of this Agreement.

3. Management and Administration. Business Associate and its respective agents, employees and subcontractors are authorized to use or disclose PHI for Business Associate's own proper management and administration, and to fulfill any of Business Associate's legal responsibilities; provided, however, that the disclosures are Required By Law or Business Associate has received from any third party recipient of PHI written assurances that (i) the PHI will be held confidentially and used or further disclosed only as required by law or for the purposes for which it was disclosed to the third party, and (ii) the third party will notify Business Associate of any instances of which the third party becomes aware that the confidentiality of the PHI has been breached.

4. Obligations of Covered Entity.

4.1. Authorizations: Covered Entity shall obtain from individuals any applicable consents, authorizations and other permissions necessary or required by law for Covered Entity and Business Associate to fulfill their obligations under this Agreement. Covered Entity shall not require Business Associate to use or disclose PHI in any manner that would not be permissible under HIPAA.

4.2. Restrictions: Covered Entity shall promptly notify Business Associate in writing of any restrictions in the use or disclosure of PHI about individuals that Covered Entity has agreed to that may affect Business Associate's ability to perform its obligations under this Agreement.

4.3. Revocations: Covered Entity shall promptly notify Business Associate in writing of any changes in, or revocation of, permission by an individual relating to the use or disclosure of PHI, if such changes or revocation may affect Business Associate's ability to perform its obligations under this Agreement.

5. Termination.

5.1. Procedure upon Termination: Upon termination of this Agreement, Business Associate shall return or destroy, at Covered Entity's option, all PHI that it maintains in any form, and shall retain no copies of PHI, if feasible. Business Associate shall certify to Covered Entity that Business Associate has destroyed and/or returned all PHI, in accordance with Covered Entity's request (to the extent feasible). If the parties agree that the return or destruction of PHI is not feasible, Business Associate shall continue to extend the protections of this Agreement to the PHI, and limit further use of the PHI to those purposes that make the return or destruction of the PHI infeasible. Business Associate shall notify Covered Entity what PHI Business Associate



shall retain. This obligation on Business Associate shall survive any termination of this Agreement.

6. Amendment. The parties agree to take such action as is necessary to amend this Agreement to the extent required from time to time in order to comply with HIPAA or other applicable law. The parties agree that this Agreement may only be modified by mutual written amendment, signed by both parties, effective on the date set forth in the amendment.

7. No Third Party Beneficiaries. Unless otherwise set forth herein, nothing contained herein is intended nor shall be construed to create rights running to the benefit of third parties.

8. Entire Agreement. This Agreement (together with any recitals and exhibits, which are hereby incorporated by this reference) constitutes the entire understanding and agreement between the parties relating to PHI, and it supersedes any and all prior or contemporaneous agreements, representations and understandings of the parties.

9. Waiver. Any failure of a party to insist upon strict compliance with any term, undertaking or condition of this Agreement shall not be deemed to be a waiver of such term, undertaking or condition. To be effective, a waiver must be in writing, signed and dated by the parties to this Agreement.

10. Counterparts. This Agreement may be executed in multiple counterparts, each of which shall be deemed an original and all of which together shall be deemed one and the same instrument. Any photocopy of this executed Agreement may be used as if it were the original.

11. Governing Law. Notwithstanding any other provision to the contrary, this Agreement shall be governed and construed in accordance with the laws of the State of New Jersey and California.

**IN WITNESS WHEREOF, the parties have caused this instrument to be duly executed by their authorized representatives on these respective dates:**

Dated: 10/15/18

City of Reedley

By 

Name Nicole R. Zieba

Title City Manager

Dated: 10/15/18

Retiree First

By 

Name David Zawrotay

Title COO

# UNITED AMERICAN INSURANCE COMPANY

P. O. BOX 8080, MCKINNEY, TEXAS 75070 (972) 529-5085  
A Legal Reserve Stock Company \* Administrative Offices: McKinney, Texas

## APPLICATION

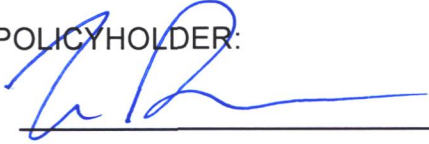
1. a. Group Policy Number: 3198
- b. Policyholder: City of Reedley, CA
2. Group Effective Date: January 1, 2019
3. Eligible Member of the Group: Retirees Enrolled in Medicare Part A & B
4. Eligible Dependents: Spouses Enrolled in Medicare Part A & B
5. Optional Benefits:

BENEFIT	ACCEPT	DECLINE
Optional Benefits Rider - CAUMORHP		X

The Applicant hereby applies for Group Insurance and understands and agrees that insurance applied for shall not become effective until the application for Group Insurance is approved by United American Insurance Company at its Administrative Office.

This application, as it may be amended, will become a part of the Group Policy if issued.

FOR THE POLICYHOLDER:

Signed by  Title City Manager  
Signed at Reedley, California Date 10/16/18

CAUEGRUAP



## REEDLEY CITY COUNCIL

- ☒ Consent
- ☐ Regular Item
- ☐ Workshop
- ☐ Closed Session
- ☐ Public Hearing

ITEM NO: 5

**DATE:** August 28, 2018

**TITLE:** AUTHORIZE CITY MANAGER TO EXECUTE ALL DOCUMENTS NECESSARY TO PURCHASE & PROVIDE A MEDICARE SUPPLEMENT PLAN FROM RETIREE FIRST/UNITED AMERICAN FOR THE 2019 PLAN YEAR FOR ELIGIBLE CITY OF REEDLEY RETIREES & DEPENDENTS

**SUBMITTED:** Paul A. Melikian, Assistant City Manager  
Darla A. Bello, Senior HR Analyst

**APPROVED:** Nicole R. Zieba, City Manager

### RECOMMENDATION

That the City Council authorize the City Manager to execute all documents necessary to purchase and provide a Medicare Supplement Plan and related administrative plan services, from Retiree First/United American, to eligible City of Reedley retirees and dependents, effective January 1, 2019.

### EXECUTIVE SUMMARY

The City has had its current group sponsored Medicare Supplement plan through Benistar/Hartford for three plan years (2016-2018). Staff have worked with Horstmann Financial & Insurance Services (Horstmann), the City's broker of record, to identify renewal options for the plan year beginning January 1, 2019. Horstmann has identified a competitive renewal option available to the City with no change to existing benefits that continues to fairly balance offering a quality Medicare Supplement plan to eligible retirees and dependents while operating within budgetary constraints.

The plans shown in the attached Benefit Comparison show the recommended renewal option with Retiree First/United American as compared to the current plan coverage and cost. Of particular note is that the benefits of the proposed plan are identical to the current plan at an approximate 10% cost savings, or \$7,026 annually. Regarding prescription coverage, after researching the market, Horstmann believes that Express Script remains the most comprehensive and competitive option for the City's eligible retirees and dependents. There would be no change in the prescription plan or vendor, though the prescription cards would be reissued under Retiree First.

### BACKGROUND

Retiree First, the plan administrator, is a full-service Retiree Benefit Manager, providing customized healthcare benefit solutions and retiree advocacy services exclusively for retirees. With membership spanning across all 50 United States, Retiree First is the only Retiree Benefit Manager that solely services the retiree healthcare marketplace, and handles the health benefit and service needs of both private and public sector plan sponsors and their retired participants. In the current environment where it has been a financial challenge for employers to continue to provide the high level of post-retirement medical and pharmacy benefits as in years past, Retiree First specializes in preserving and prolonging these core



retiree benefits.

United American, the benefits provider, has been serving employers and union groups for more than 20 years with group healthcare coverage to supplement Medicare. They are one of the leading writers of individual Medicare Supplement insurance in the country, based on the National Association of Insurance Commissioners *Medicare Supplement Loss Ratios, 2016 Medicare Supplement Insurance Experience Reports, September 2017*. For more than 40 consecutive years, United American has earned the A+ (Superior) Financial Strength Rating from A.M. Best Company. They are also currently rated AA- "Very Strong" for Financial Strength by Standard & Poor's.

In June, 2013, the City Council elected to cease to be subject to the provisions of the Public Employees' Medical and Hospital Care Act, allowing the City to move away from purchasing its medical plans from CalPERS for employees and retirees. As a result the City needed to identify alternative providers of medical plans to cover full-time employees and eligible retirees and dependents. Although not legally required, the City desires to continue to provide retiree medical benefits to current retirees and dependents subject to certain eligibility requirements. The City retains the right and absolute discretion to modify or eliminate retiree medical benefits in the future, as currently established under Resolution 2017-090.

#### **FISCAL IMPACT**

The recommended renewal option under Retiree First/United American will result in a 10.39% decrease in monthly premiums over the current coverage through Benistar/Hartford. This equates to savings of \$7,026 annually, based on current enrollment numbers. This savings will be used as a minor offset of an expected increase to overall City medical premiums in 2019.

#### **PRIOR COUNCIL ACTIONS:**

On September 22, 2015, the City Council authorized the City Manager to execute all documents necessary to provide a Medical Supplement plan through Benistar/Hartford, with Express Scripts as the pharmacy provider, to eligible City of Reedley retirees and dependents.

#### **ATTACHMENTS**

Benefit Comparison - Current & Proposed

# City of Reedley Comparison of Medicare Supplement Plans

**Proposed Effective Date: January 1, 2019**

Insurance Company		Benefits	Benistar/ Hartford (2018)	First Retiree/United American (2019)
<u>Medicare Part A</u>		Hospitalization	Plan pays Medicare Deductible; Retiree pays \$0	Plan pays Medicare Deductible; Retiree pays \$0
<u>Medicare Part B</u>		Deductible (Ded)	Retiree/Beneficiary pays Deductible (2018 - \$183)	Retiree/Beneficiary pays Deductible (2018 - \$183)
		Medicare 20% after Deductible	Retiree/Beneficiary pays 50% of the 20% Coinsurance	Retiree/Beneficiary pays 50% of the 20% Coinsurance
		Doctor Visits	Retiree/Beneficiary pays 50% of the 20% Coinsurance	Retiree/Beneficiary pays 50% of the 20% Coinsurance
		Part B Excess Covered	Yes	Yes
<u>Out of Pocket</u>		Calendar Year	\$2,000 per enrollee	\$2,000 per enrollee
<u>Foreign Travel Coverage</u>		Medical Care outside of US is covered	\$250 Ded then 20%; benefit up to \$50,000 Lifetime	\$250 Ded then 20%; benefit up to \$50,000 Lifetime
Monthly Premium	Rate per Retiree/ Beneficiary Current Retiree/Beneficiaries	Social Security Disable Pre- 65 Rate	Over age 65	All Retirees/ Beneficiary
		\$187.49 1	\$148.34 38	\$134.33 39
		\$187.49	\$5,636.92	\$5,238.87
		\$5,824.41		\$5,238.87
		Combined Total		
		Monthly Savings	-\$585.54	
		Annual Savings	-\$7,026.48	
		Percentage of Savings	-10.39%	

**After researching the market, Express Script remains the most comprehensive and competitive prescription coverage for our retirees. There would be no change in the prescription plan or vendor. The prescription cards will be reissued under First Retiree. Renewal is pending from Benistar/ Hartford for both the Medicare Supplement and Prescription portion.**

The above benefit comparisons are provided as a courtesy of Horstmann Financial and Insurance Services and are for discussion purposes only. Please refer to the Benefit Summaries provided by the carrier to verify benefits.  
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