

**National General Benefits Solutions  
SELF-FUNDED PROGRAM  
Employer Agreement**

This Self-Funded Program Employer Agreement (“Agreement”) is effective as of the date of the Employer’s signature below.

This document contains important information about the establishment and operation of the National General Benefits Solutions Self-Funded Program (“the Program”), a package of services established by The Association Benefits Solution, LLC dba National General Benefit Solutions (“NGBS”) that combines several elements to enable [REDACTED] (“Employer”) to establish a self-funded plan and provide health care benefits to its employees. These services and products include:

- A self-funded employer health benefit plan that Employer establishes for its employees (“Plan”);
- Stop Loss insurance purchased from a stop loss insurance company: National Health Insurance Company, Time Insurance Company, Integon National Insurance Company, or Integon Indemnity Corporation (the “Stop Loss Insurance Company”); and
- Third party administrators (the “Administrator(s)”) that provide administrative services with regard to the Plan established by Employer. Such Administrators include Allied Benefit Systems, Inc. (“Allied”), Connecticut General Life Insurance Company (“Cigna”), Key Benefit Administrators, Inc. (“KBA”), and Meritain Health, Inc. (“Meritain”).
- Access to national networks of health care providers that provide discounts to enrolled employees and their dependents for treatment or services covered under the Plan.

This Agreement explains the responsibilities of the various parties associated with the Program, including Employer’s responsibilities as an employer sponsoring a group health plan. Please note that the Program has been carefully designed as one integrated program with each of its elements working in concert with the others. Therefore, by executing the agreement, Employer accepts all of the particular elements of the Program as they are currently offered and will not be able to make changes to any one of those elements and remain in the integrated Program without the prior written consent of NGBS.

**Section 1: Overview**

The Program will operate as follows:

Employer agrees to adopt a group health plan for the benefit of its eligible employees and, if applicable, their eligible dependents (the “Plan”). For convenience, NGBS will make available a form of a group health plan for adoption by Employer which establishes the Plan. The Plan is separate and distinct from any other plan maintained by any other NGBS employer member. The costs of the Plan Benefits may be paid by Employer or by a combination of Employer and the employees pursuant to the Program’s minimum employer contribution guidelines. The Plan is described more fully in Section 2.

Employer will purchase a stop loss contract from the Stop Loss Insurance Company. The Stop Loss Policy will reimburse Employer for claims paid under the Plan if they exceed a predetermined level. The Stop Loss Policy and the Stop Loss Insurance Company are described more fully in Section 4.

Employer shall enter into a contract with the Administrator, if required, pursuant to which the Administrator will provide administrative services with respect to the Employer's Plan. The Administrators will also process all claims for benefits under the Plan pursuant to the Summary Plan Description ("SPD"). The Administrator will remit claim payments out of the funds provided by the Employer or from reimbursements received from the Stop Loss Policy issued by the Stop Loss Insurance Company. The services to be provided by the Administrator and Stop Loss Insurance Company are described more fully in Section 6.

## **RESPONSIBILITIES**

Employer agrees to comply with all reasonable requirements of NGBS for the efficient and lawful operation and administration of the Plan, including the terms of any agreements with any service providers to the Plan, including the Administrators and Stop Loss Insurance Company. Employer's responsibilities under the various agreements are summarized on Schedule A. Among other things, Employer agrees, upon reasonable request to provide, on a timely basis, all notices, communications and other materials respecting the Plan to employees and dependents; and to provide, on a timely basis, all requested information concerning the Plan, including enrollment and eligibility information.

### **Section 2: The Plan**

Employer will receive the applicable SPD, which sets forth the benefits that will be provided to Plan participants under Employer's Plan. Any changes or amendments to the Plan are subject to the approval of NGBS and the Stop Loss Insurance Company. The Plan is a self-funded employee health plan, and although the Stop Loss Policy will reimburse Employer for claims that exceed a certain amount, the Employer remains obligated to pay benefits under the Plan (including the obligation to fund the payment of claims), subject to Employer's right to terminate the Plan on a prospective basis.

NGBS will assist Employer in determining which of its employees (and their dependents) are eligible to enroll in coverage under the Plan, based on eligibility requirements established by Employer.

### **Section 3: Funding**

Employer shall fund claims incurred under the Plan pursuant to Schedule C.

As of the end of the policy year, allowing for the run-out period set forth in the Stop Loss Policy for all claims to be reported ("Run-out Period"), if the claims are below the Aggregate Attachment Point, Employer shall receive either 50% or 100% of the difference between the Aggregate Attachment Point and the claims paid, subject to the terminal liability reserve charge described in Section 6. The applicable percentage due to Employer shall be based on the option selected by Employer in the signed quote. Any refund due to Employer will be provided after the end of the Run-out Period and may be provided via a check or credit toward a subsequent reissue. To the extent Employer is issued a stop loss policy in the state of Washington, the applicable refund percentage will be 100%.

### **Section 4: The Stop Loss Policy**

By completing this Agreement and any additional required application materials, Employer is applying for stop loss coverage under the Stop Loss Policy. If Employer is approved for coverage under the Stop Loss Policy, the Stop Loss Policy will be issued to Employer.

The purpose of the Stop Loss Policy is to protect the Employer from health claim costs incurred under the Plan that exceed a predetermined level (the "Attachment Point"). The Stop Loss Insurance Company

will reimburse Employer for those excess claims under the Stop Loss Policy; however, the Stop Loss Policy has an “accommodation” option that allows you to avoid having to pay claims before being reimbursed and instead requires the Stop Loss Insurance Company to advance funds to Employer in the amount of excess claims so that those claims can be paid. This policy covers excess claims under the Plan. Individual Plan participants are not covered by the Stop Loss Policy.

### **Section 5: Monthly Contributions**

NGBS will inform Employer of the amount of contributions for health care costs and associated expenses it will be expected to make during the applicable plan year; see Schedule B. The amount of contributions will be determined based on Employer’s maximum liability for expected claims (at the attachment point), administrative expenses and the premium for the Stop Loss Policy. NGBS will also inform Employer of the amount of the administrative expenses under the Program.

Employer will then be required to make monthly contributions to pay these costs, expenses and fees. Employer will receive a monthly statement that sets forth the monthly contribution and the date for which such contribution is due. **Failure to remit in full the monthly contribution will result in the termination of the Stop Loss Policy, a refusal by the Administrators and other service providers to provide the administrative services necessary to operate the Plan, and the denial of health claims submitted by your employees who are Plan participants.**

### **Section 6: Health Claims & Administrative Services**

Under the terms of the administrative services agreement, if required, the applicable Administrator will provide claims administration services for the Plan. Such services will include receiving claims and authorizing payment of those claims to the extent they are consistent with the terms of the Plan. Claims will be paid first from the Employer Claim Account. In the event claims exceed the Attachment Point of the Stop Loss Policy, the Stop Loss Policy will provide funds for used to pay those claims in accordance with the Employer’s Stop Loss Policy. The Administrator is not acting as an insurance company with respect to the Plan and shall never pay claims from its own funds.

The applicable Administrator will make the first determination as to whether a claim is covered by the Plan and provide any additional services as outlined in the administrative services agreement between the Administrator and Employer, if required.

Employer will enter into an administrative services agreement with applicable Administrator, if required. Pursuant to such agreement, if Employer fails to perform the duties specified in the agreement, it could excuse the Administrators from their obligation to provide services to the Plan and may result in the inability of Employer’s employees (and their dependents) to receive benefits under the Plan.

NGBS will also provide or arrange for the provision of certain administrative services in connection with the Plan. If services other than those provided by the Administrators are necessary for the administration of the Plan, NGBS shall enter into a contract with the appropriate service provider at NGBS’ sole discretion. Such service provider shall be considered a subcontractor of NGBS. See Schedule D for administrative services provided by NGBS with regard to the Plan.

Terminal liability coverage continueing stop loss protection through the 24th month following the end of the of the plan year and/or policy period will be provided, subject to the Early Termination provision of Section 8 below. If claims are less than the Aggregate Attachment Point at the end of the run-out period, a terminal liability reserve charge will be taken and retained by NGBS from the Employer Claim Account in

an amount no greater than 3% of the Annual Aggregate Attachment Point, prior to calculation of the applicable refund from the Employer Claim Account. To the extent Employer is issued a stop loss policy in the state of Washington, no terminal liability reserve charge will be taken.

### **Section 7: Compensation**

Employer shall pay the administrative fees, stop loss premium, and funds for claims payment as specified in Schedule B, which amounts may be subject due to any change in census, or other changes in accordance with Program guidelines. Schedule B may be changed with advance written notice. If Employer does not respond to such a notice, Employer thereby authorizes the amendments to Schedule B set forth by the notice.

If the Stop Loss Insurance Company elects to reissue the Employer a Stop Loss Policy, the Stop Loss Policy premiums due by Employer may be adjusted accordingly.

There is no guaranteed renewal for the Stop Loss Policy and this Agreement. If the Stop Loss Insurance Company elects to reissue the Stop Loss Policy, Employer will receive a written notice of the reissued rates for the Stop Loss Policy and all associated administrative expenses with that reissue within prior to the end of the contract year. The reissued rates will be binding upon the effective date of the reissue.

### **Section 8: Term and Termination**

Upon Employer's execution, this Agreement will constitute a binding agreement for an initial one year period (or such other period specified in any quote that you have accepted) and, in the event you re-enroll in subsequent years thereafter, for the period of the reissued Stop Loss Policy(ies).

This agreement will terminate when:

- A. The Employer's Stop Loss Policy terminates;
- B. The Employer's administrative services agreement with the applicable Administrator terminates, if required;
- C. The Employer's Plan terminates;
- D. Both NGBS and Employer agree to terminate the Agreement; or
- E. Either party is in material breach of this Agreement, other than by non-payment or late payment by the Employer of fees owed, and does not correct the breach within 30 days after being notified in writing by the other party; or
- F. Any state or other jurisdiction penalizes a party for administering the Plan under the terms of this Agreement and in connection with such penalty, such state or other jurisdiction requires termination of this Agreement.

Employer understands that Employer's termination of the Plan and/or Stop Loss Policy prior to the end of the plan year and/or policy period ("Early Termination") has severe financial implications. In the event the Employer invokes an Early Termination, Employer will be liable for any claims incurred prior to the termination date up to the full specific or aggregate attachment point under the Stop Loss Policy, and the full cost of all claims incurred under the Plan after the termination date. Terminal liability coverage is not provided in cases of Early Termination. Any advances provided under the Stop Loss Policy that have not otherwise been reimbursed to the Stop Loss Insurance Company must be repaid to the Stop Loss Insurance Company by Employer. In addition, Early Termination will result in Employer's forfeiture of any excess funds remaining in the Employer Claim Account, for purposes of administration costs associated with claims processing after the termination date.

## **Section 9: Indemnification**

Each party shall and does hereby indemnify and hold harmless the other party and its affiliates and each of their officers, directors, employees, agents, subcontractors, and representatives, from and against any and all claims and demands of every kind and nature asserted by a third party, whether groundless or otherwise, including, but not limited to, any and all actions, causes of action, suits, judgments, controversies, losses, damages, costs, liens, charges, court costs, reasonable attorney's fees, payments, penalties, liabilities and expenses, occasioned by, resulting from, arising out of, related to, or in connection with any grossly negligent or willful act or omission of the indemnifying party, its employees, officers, directors, agents or representatives, or any of them, in performance of this agreement, including, but not limited to, failure of the indemnifying party to comply with applicable local, state, or federal law, or the terms of this Agreement.

Each party shall notify the other party of any claim, demand, suit or threat of suit for which it intends to seek indemnification under this section promptly upon receipt of notice of any such claim, demand, suit or threat of suit. Neither party will settle an indemnified claim without the consent of the indemnified party, which consent shall not be unreasonably withheld or delayed. The provisions of this Section shall survive termination of this Agreement.

## **Section 10: Limitation of Liability**

THE PARTIES AGREES THAT NEITHER PARTY SHALL BE LIABLE TO THE OTHER PARTY OR ANY OTHER PERSON FOR ANY LOST PROFITS OR SPECIAL, INCIDENTAL OR CONSEQUENTIAL DAMAGES.

The provisions of this Section shall survive termination of this Agreement.

## **Section 11: Employer Representations and Agreement**

Employer hereby represents and agrees that:

- A. Employer wishes to purchase the bundle of services, known as the National General Benefits Solutions Self-Funded Program, described in this Agreement to administer the Plan. Employer understands that each of the services described herein is a required component of the Program, and any decision by Employer to use any service other than those described herein will result in the Plan being ineligible to receive any of the services described herein.
- B. By its participating in the Program, Employer will also purchase Stop Loss insurance coverage from the Stop Loss Insurance Company pursuant to the terms of the Stop Loss Policy.
- C. Employer has read this Agreement and agrees to be bound by its terms.
- D. In the event Employer's Administrator is Cigna and/or Meritain, Employer has received and read a copy of the Employer Agreement and understand that Employer's compliance with its terms is a prerequisite to the provision of services to the Plan and to Employer's employees (and their families).
- E. As a fiduciary of the Plan, Employer is aware that funds are being provided to the Fund Account Holder (if applicable), the applicable Administrator, and the Stop Loss Insurance Company, and Employer hereby approves such funds.
- F. Employer acknowledges that NGBS, and any subcontractors that provide Employer services pursuant to this Agreement, are not fiduciaries of the Plan pursuant to ERISA.
- G. A duly authorized representative has signed this Agreement on behalf of the Employer named below.

**Section 12: Adoption of Agreements**

By the signature below of Employer, or its duly authorized representative, Employer hereby:

Adopts the \_\_\_\_\_ Employee Health Plan, including the Plan Document and Summary Plan Description and any subsequent amendments or modifications, for the benefit of its eligible employees and their eligible dependents (if applicable).

Adopts the Employer Agreement (if applicable) that provides direction for the payment of benefits under the Plan.

Adopts the Section 125 Plan Adoption Agreement as set forth on Schedule E and the Section 125 Premium Only Plan, including the Plan Document and Summary Plan Description and any subsequent amendments or modifications, unless Employer has otherwise established a Section 125 Plan.

By: \_\_\_\_\_  
(Signature)

For: «Business\_Legal\_Name»  
«Address»  
«City», «State» «Zip»  
«Phone»

\_\_\_\_\_  
(Name)

\_\_\_\_\_  
(Title)

Date: \_\_\_\_\_

**SCHEDULE A**  
**Employer Responsibilities**

The following responsibilities shall apply to Employer upon its participation in the National General Benefits Solution Self-funded Program:

- A) Employer will be responsible for providing all payroll/eligibility information to NGBS or its designee in a pre-approved format, which will include its employees' completion of an enrollment form (including newly hired employees that are still in the Waiting Period).
- B) Employer will provide complete and accurate payroll/eligibility information on all eligible employees (including eligible employees in a waiting period and those waiving enrollment), including, but not limited, to the following:
- Employee Names
  - List of employees enrolling in the Plan or waiving enrollment in the Plan
  - Completed employee enrollment forms
- C) Employer will provide complete and accurate information on existing COBRA participants, including but not limited to:
- Name
  - Social Security Number and Birth Date
  - Eligible Dependents (with SSN, birth date and address) Types of Coverages Elected
  - Last Known Address of any COBRA Participant
  - Date and Type of Qualifying Event of any COBRA Participant Paid Through Date
- D) Employer will provide NGBS or its designee in the pre-approved format with timely, accurate and complete information regarding:
- New Hires (requires completion of an employee enrollment form),
  - Change Requests or COBRA Qualifying Events
  - Terminations
- E) Employer will remit the required health care costs and associated fees as billed via either check or Electronic Funds Transfer (EFT) by the first of each month for which they are due provided that we have received a bill by the 23<sup>rd</sup> of the month prior to the due date.

## **SCHEDULE B Fee Disclosure**

### **Monthly Contribution:**

The applicable monthly cost, including claims funding, administrative expenses and stop loss policy premium that is set forth in the quote signed by Employer, and defined below. The Monthly Contribution is subject to change due to changes in census, or other changes as allowed under Program guidelines.

- **Employer Claim Account:** The portion of the Monthly Contribution used for the payment of claims and, if applicable, any case management or health management fees, claim discount percent-of-savings, and/or claim re-pricing fees incurred under the Plan.
- **Administrative Expenses:** The portion of the Monthly Contribution attributable to administrative expenses, including, but not limited to, fees due to the applicable Administrator, marketing fees, or any other fees due for administrative services provided with regard to the Program. If the optional Teladoc benefit and/or wellness program is included in the Plan (based on Employer's election at the time of purchase), the Administrative Expense charge includes the amounts included in the quote/bill for payment of the access fee to Teladoc and/or the wellness program vendor, the administration fee to the Administrator (if applicable) and the coordination and marketing fee to NGBS. Wellness program fees may also include funding of participation incentive costs.
- **Stop Loss Insurance Policy Premium:** The portion of the Monthly Contribution attributable to the premium due with respect to the Stop Loss Policy.



## SCHEDULE C

### Funding

- I. Cigna and/or Meritain.** In the event Employer's Administrator is **Cigna** or **Meritain**, then the following shall apply:
- A. Employer hereby adopts an Employer Agreement ("Employer Agreement") appointing Actuarial Management Resources to handle the funds of its Plan and take certain actions on its behalf. Employer acknowledges having had an opportunity to read and consider the Employer Agreement and understands that its terms are binding on Employer.
  - B. By adopting the Employer Agreement, Employer is appointing and directing the Fund Account Holder to hold the assets on its behalf. The Fund Account Holder will only take action pursuant to standing directions as stated in this Agreement and the Employer Agreement. As part of those instructions, Employer hereby directs the Fund Account Holder to hold the funds and pay them out pursuant to such directions; and in carrying out these directions, the Fund Account Holder may act directly or may act through agents, including NGBS. These directions are binding on the Fund Account Holder.
  - C. The monthly amounts deposited as described in Section 5 will be held in a segregated portion of the Fund. Those funds will not be used to pay the claims of any other self-funded employee health plans that participate in the Fund, and will remain Employer's general assets. There will be a bank account (the "Bank Account") to hold such amounts.
  - D. NGBS or its agent will send Employer a monthly statement of the expected health care costs and all fees associated with the Plan, and Employer will be required to deposit employer and employee contributions into a bank account (the "Funding Account") by the date for which they are due. This will allow the Funding Account Holder to identify the specific amounts that need to be paid to the NGBS, the Administrators and the Stop Loss Insurance Company without requiring Employer to make multiple monthly payments. The Funding Account Holder will promptly transfer the remainder of the funds to the Bank Account or the Stop Loss Insurance Company, as applicable. Monthly payments are described more fully in Section 5.
- II. Allied.** In the event Employer's Administrator is **Allied**, then the following shall apply:
- A. Employer shall provide funds for the payment of claims incurred under the Plan pursuant to the Employer's administrative services agreement with Allied. Such funds are provided from and remain the Employer's general assets.
  - B. Allied will provide Employer a monthly statement, which includes the funds used to pay healthcare costs, Stop Loss Policy premium, and administrative expenses with regard to the Program.
- III. KBA.** In the event Employer's Administrator is **KBA**, then the following shall apply:
- A. Employer shall provide funds for the payment of claims incurred under the Plan pursuant to the Employer's administrative services agreement with KBA. Such funds are provided from and remain the Employer's general assets.

- B. KBA will provide Employer a monthly statement, which includes the funds used to pay healthcare costs, Stop Loss Policy premium, and administrative expenses with regard to the Program.

**SCHEDULE D**  
**Administrative Services Provided By NGBS**

- I. Cigna or Meritain.** In the event Employer's Administrator is **Cigna** or **Meritain**, then NGBS will provide Employer the following administrative services, which such services may be provided by NGBS' designee/subcontractor, Cigna or Meritain:
- A. Preparation, for review and approval by Employer, drafts of the Plan document, Summary Plan Description ("SPD") and the Summary of Benefits and Coverage ("SBC") consistent with the plan benefit designs available to Employer as a participant in the Program.
  - B. Receipt of, on behalf of Employer, claims data and documentation from participants and providers.
  - C. Processing of claims submitted by Participants and Providers according to the SPD.
  - D. Processing, issuance and distribution of checks to participants, providers or others as may be applicable.
  - E. To the extent maintained by NGBS or its designee, provision to Employer, upon request, of information ERISA requires, within the time frame required by ERISA, to enable Employer to file the Annual Report (IRS Form 5500) for the Plan.
  - F. Establishment of network arrangements with health care providers that agree to provide services covered under the Plan to participants at a negotiated rate ("Network Services Arrangements").
    - a. NGBS and/or its designee shall have the sole discretion as to which Network Services Arrangement (both primary and passive or ancillary) will be available for access by Plan.
    - b. Providers participating in the network may change at any time without notice to Employer. NGBS or its designee will update the provider information to reflect changes as soon as reasonably possible. Network providers are not employees, agents, or partners of NGBS or its designee. Network providers participate in the Provider Network only as independent contractors.
    - c. Network providers and Plan participants are solely responsible for any healthcare services rendered to the Plan participants. Neither NGBS nor its designee makes any representations regarding the value or cost effectiveness of any provider network adopted by Employer.
    - d. Employer acknowledges that each provider network is solely responsible for: its own provider credentialing, contracting with providers, recruiting, licensing, accreditation, maintaining adequate staffing, practice and professional standards, and all other activities pertinent to the responsibilities accorded provider networks. Access to a selected provider network is at all times conditioned upon Employer's compliance with applicable network rules, including without limitation, the timely funding of claims at the network provider's contracted rate.
  - G. Provide to Internal Revenue Service an annual report of tax reportable payments made to medical care providers.
  - H. Provide Plan participants with a toll-free telephone number for servicing.

- I. Advise the Employer as to all matters actually known to NGBS or its designee involving threatened or actual legal actions involving the Plan and/or Employer.
- J. If it is subsequently determined that any payment has been made to or on behalf of an ineligible Plan participant, or that any payment made was incorrect as to amount, NGBS, or its designee, will promptly correct underpayments and use reasonable efforts to recover overpayments.
- K. Prepare and send explanation of benefits forms to Plan participants as required by ERISA, which will provide an explanation of the adjudication of the claim or reason(s) for the denial of benefits.
- L. Provide reasonable assistance to Employer in pursuing rights of recovery arising from coordination of benefits, bill negotiation, discount programs, cost management, subrogation, and fraud detection.
- M. NGBS and/or its designee shall be solely responsible for the provision of all health management and utilization management services as they relate to the Plan. Without limiting the foregoing, this includes all stages of health management, including utilization management and case management, and may include disease management as determined appropriate by NGBS. NGBS shall investigate those claims referred by Employer or the Administrator that require a clinical determination. NGBS, or its designee, will provide professionals with appropriate credentials to make such determinations. NGBS and/or its designee shall issue a determination to the Participant and/or providers in the manner and within the time frame set by applicable law, provide the appropriate notice of any additional appeal rights, and handle all appeal levels related to such determinations.
  - a. Employer understands that the performance of such duties involves the exercise of discretion on NGBS', or its designee's, part in the determination and evaluation of facts and evidence presented in support of any claim or appeal. Employer hereby delegates to NGBS, or its designee, discretionary authority to determine entitlement to benefits (which includes the discretion to decide an initial claim for benefits and the first level of appeal) under the applicable Plan documents for each claim received, including discretionary authority to determine and evaluate facts and evidence, and discretionary authority to construe the terms of the Plan.
  - b. If denial is upheld in the second level of appeal, NGBS, or its designee, will determine if the appeal is eligible for external review by an independent External Review Organization ("ERO"). If the appeal is eligible for review by an ERO, then NGBS, or its agent, will inform the participant of such right to appeal to the ERO.
- N. NGBS or its designee shall provide pharmacy benefit management services with regard to the Plan. Any and all reimbursements, rebates or other monies received by NGBS in connection therewith shall be the property of NGBS.

**II. Allied.** In the event Employer's Administrator is **Allied**, then NGBS shall provide Employer the following administrative services with regard to the Plan:

- A. Establishment of certain network arrangements with health care providers that agree to provide services covered under the Plan to participants at a negotiated rate ("Network Services Arrangements").

1. NGBS and/or its designee shall have the sole discretion as to which Network Services Arrangement (both primary and passive or ancillary) will be available for access by Plan.
  2. NGBS shall pay the network access fee required under any such Network Services Arrangement.
  3. Providers participating in the network may change at any time without notice to Employer. NGBS will provide Employer with continuing access to provider information to assist covered persons in locating network providers. NGBS or its designee will update the provider information to reflect changes as soon as reasonably possible. Network providers are not employees, agents, or partners of NGBS or its designee. Network providers participate in the Provider Network only as independent contractors.
  4. Network providers and Plan participants are solely responsible for any healthcare services rendered to the Plan participants. Neither NGBS, nor its designee, make any representations regarding the value or cost effectiveness of any provider network adopted by Employer.
  5. Employer acknowledges that each provider network is solely responsible for: its own provider credentialing, contracting with providers, recruiting, licensing, accreditation, maintaining adequate staffing, practice and professional standards, and all other activities pertinent to the responsibilities accorded provider networks. Access to a selected provider network is at all times conditioned upon Employer's compliance with applicable network rules, including without limitation, the timely funding of claims at the network provider's contracted rate.
  6. If Employer has elected to utilize the Aetna Signature Administrators ® program as its Network Services Arrangement, Employer agrees to comply with all terms of the Network Services Agreement by and between NGBS and Aetna Life Insurance Company, as may be amended from time to time.
- B. NGBS or its designee shall provide out of network pricing and negotiation services, which may include but is not limited to the negotiations with providers to obtain discounts on claims that meet the appropriate criteria as determined by the Plan. Employer agrees to immediately fund the payment of any claim which has been negotiated through these services when necessary to secure the discount. Employer understands and agrees that: (a) any such negotiated claim which is not funded in a timely manner may lose the negotiated discount, (b) Employer may be responsible for the applicable fee associated with such negotiation services if the discount is lost, and (c) NGBS will not be responsible for the loss of such a negotiated discount.
- C. NGBS and/or its health management vendor (for purposes of this section, hereinafter referred to as "Designee") shall be solely responsible for the provision of all health management and utilization management services as they relate to the Plan. Without limiting the foregoing, this includes all stages of health management, including utilization management and case management, and may include disease management as determined appropriate by NGBS. NGBS shall investigate those claims referred by Employer or the Administrator that require a clinical determination. NGBS, or its Designee, will provide professionals with appropriate credentials to make such determinations. NGBS and/or its Designee shall issue a determination to the Participant and/or providers in the manner and within the time frame set by applicable law, provide the appropriate notice of any additional appeal rights, and administer all appeal levels related to such determinations.
1. If denial is upheld in the second level of appeal, NGBS, or its designee, will determine if the appeal is eligible for external review by an Independent Review

Organization (“IRO”). If the appeal is eligible for review by an IRO, then NGBS, or its agent, will inform the participant of such right to appeal to the IRO.

- D. NGBS, or its designee, shall provide pharmacy benefit management services with regard to the Plan. Any and all reimbursements, rebates or other monies received by NGBS in connection therewith shall be the property of NGBS.
- E. NGBS will assist Employer and/or Administrator in the creation of the Summary of Benefits and Coverage (“SBC”) for the Plan in accordance with 26 CFR § 54.9815-2715 and 29 CFR §2590.715-2715 and subsequent related federal guidance. Employer will remain responsible for the distribution of the SBC in accordance with federal law.

**III. KBA.** In the event Employer’s Administrator is **KBA**, then NGBS shall provide Employer the following administrative services with regard to the Plan:

- A. NGBS requires and shall provide oversight to Administrator with respect to Administrator’s provision of all health management and utilization management services as they relate to the Plan. Without limiting the foregoing, this includes all stages of health management, including utilization management case management, and disease management as determined appropriate by Administrator.
- B. NGBS will provide oversight to Administrator in connection with its provision of pharmacy benefit management services with regard to the Plan. Any and all reimbursements, rebates or other monies received by NGBS in connection therewith shall be the property of NGBS.
- C. NGBS will assist Employer and/or Administrator in the creation of the Summary of Benefits and Coverage (“SBC”) for the Plan in accordance with 26 CFR § 54.9815-2715 and 29 CFR §2590.715-2715 and subsequent related federal guidance. Employer will remain responsible for the distribution of the SBC in accordance with federal law.

**SCHEDULE E**  
**Section 125 Plan Adoption Agreement**

A. Do you currently offer a Section 125 Plan to your eligible employees?  Yes  No

B. If you selected "No" above, please complete the following:

1. Name of Employer: \_\_\_\_\_

2. Employer Address: \_\_\_\_\_  
 \_\_\_\_\_

3. Employer Identification Number: \_\_\_\_\_

4. Name of Plan: \_\_\_\_\_ Section 125 Premium Only Plan

5. Other participating Employers and the effective dates of their participation [identify all 80% or more owned affiliates of the named employer]:

EMPLOYER	DATE
_____	_____
_____	_____

6. Effective Date: \_\_\_\_\_

7. Plan Year: The 12 month period ending \_\_\_\_\_

8. The Benefit Options that are to be offered on a pre-tax basis through the Plan and the name of the Benefit Plan under which each Benefit Option is provided are all Qualified Insurance Premiums (*select all that apply*):

A. Medical coverage

- 1. Name of Plan: \_\_\_\_\_
  - a. Employee Only
  - b. Employee Plus Spouse
  - c. Employee Plus One or More Children
  - d. Employee Plus Family
  - e. Other:
- 2. No Coverage

B. Dental coverage

- 1. Name of Plan: \_\_\_\_\_
  - a. Employee Only
  - b. Employee Plus Spouse
  - c. Employee Plus One or More Children
  - d. Employee Plus Family
  - e. Other:
- 2. No coverage

- C. Vision coverage
    - 1. Name of Plan: \_\_\_\_\_
      - a. Employee Only
      - b. Employee Plus Spouse
      - c. Employee Plus One or More Children
      - d. Employee Plus Family
      - e. Other:
    - 2. No coverage
  - D. Other Qualified Insurance coverage
    - 1. Name of Plan: \_\_\_\_\_
      - a. Employee Only
      - b. Employee Plus Spouse
      - c. Employee Plus One or More Children
      - d. Employee Plus Family
      - e. Other:
    - 2. No coverage
9. For new hires who fail to complete and return the applicable enrollment form (and for individuals who fail to complete and return an election form during the initial Plan Year enrollment), the following Benefit Options will be treated as having been automatically elected: \_\_\_\_\_



**SCHEDULE F  
BUSINESS ASSOCIATE ADDENDUM**

THIS BUSINESS ASSOCIATE ADDENDUM (“Addendum”) supplements and is made a part of the National General Benefit Solutions Self-Funded Program Employer Agreement (“Agreement”) between \_\_\_\_\_ (Employer Name), plan sponsor of the \_\_\_\_\_ (Employer Name) Employee Health Plan (“Covered Entity”) and The Association Benefits Solution, LLC dba National General Benefits Solutions or any of its affiliates (hereafter “Business Associate”) (individually, “Party” and collectively, the “Parties”).

WHEREAS, Covered Entity and Business Associate are parties to the Agreement pursuant to which Business Associate provides certain services to Covered Entity. In connection with Business Associate’s services, Business Associate creates or receives Protected Health Information (“PHI”) and/or Electronic Protected Health Information (“EPHI”) (defined below) from or on behalf of Covered Entity, which information is subject to protection under the Health Insurance Portability and Accountability Act of 1996 (42 U.S.C. 1320d et seq.), and its implementing privacy and security regulations (“HIPAA”). The purpose of this Addendum is to satisfy certain standards and requirements of HIPAA; and

WHEREAS, Covered Entity is obligated under Title II, Subtitle F (“Administrative Simplification”) of HIPAA and regulations promulgated to ensure that Business Associate uses, discloses and protects PHI and EPHI consistent with the requirements of the Privacy, Security, and Omnibus Rules (defined below) and as outlined in this Addendum; and

WHEREAS, Business Associate acknowledges that with the enactment of the American Recovery and Reinvestment Act of 2009, Title XIII, Subtitle D (Pub. L. No 111-5 (2009)) (“HITECH”), certain provisions of HIPAA were amended in a way that directly impacts and regulates the Business Associate’s responsibilities, obligations, and activities under the Privacy and Security Rules; and

WHEREAS, Business Associate acknowledges that it must comply with all HITECH provisions related to the activities of Business Associate including, but not limited to, HITECH Sections 13401, 13402, 13404, and 13405 and any regulations promulgated thereunder, including the Final Rule at 78 Federal Register 17, Part II (2013) (hereafter the “Omnibus Rule”).

NOW THEREFORE, the Parties agree as follows:

1. Definitions

**Breach** shall have the same meaning as specified in 45 CFR § 164.402, as may be amended.

**Effective Date** is the date on which the underlying Agreement goes into effect.

**Electronic Protected Health Information (“EPHI”)** shall have the same meaning as specified in 45 CFR § 160.103, as may be amended, limited to all such information relating to the Covered Entity’s customers, applicants or claimants that Business Associate may receive, review, create, transmit, observe, or otherwise have an opportunity to use or disclose while performing its obligations under this Addendum or the underlying Agreement.

**Protected Health Information (“PHI”)** shall have the same meaning as specified in 45 CFR § 160.103, as may be amended, limited to all such information, regardless of its form, relating to the Covered Entity’s customers, applicants or claimants that Business Associate may receive, review, create, transmit, observe, or otherwise have an opportunity to use or disclose while performing its obligations under this Addendum or the underlying Agreement. PHI includes EPHI as defined above.

**Privacy Rule** shall mean the Standards for Privacy of Individually Identifiable Health Information at 45 CFR Parts 160 and 164, subparts A and E and any subsequent amendments including, but not limited to, the Omnibus Rule.

**Secretary** shall mean the Secretary of Health and Human Services (HHS) or any HHS officer, employee, or agent to whom the Secretary delegates authority.

**Security Incident** shall have the same meaning as specified in 45 CFR § 164.304, as may be amended.

**Security Rule** shall mean the Security Standards and Implementation Specifications at 45 CFR Parts 160 and 164, subparts A and C and any subsequent amendments including, but not limited to, the Omnibus Rule.

**Subcontractor** shall have the same meaning as specified in 45 CFR § 160.103, as may be amended, limited to a Subcontractor to whom Business Associate delegates a function, activity, or service that is necessary for Business Associate to meet its obligations for or on behalf of Covered Entity under the terms of this Addendum or the underlying Agreement.

## 2. Obligations and Activities of Business Associate

- a. Confidentiality of PHI. Business Associate agrees to not use or disclose PHI other than as permitted or required by this Addendum or as required by law. Business Associate shall not at any time access any PHI for any purpose other than those specifically authorized by Covered Entity or required by law.
- b. Permitted Uses and Disclosures. Except as otherwise provided in this Addendum, Business Associate shall use and disclose PHI solely for meeting its obligations and performing any functions, activities and/or services for or on behalf of Covered Entity under the terms of this Addendum, the Agreement, or as allowed or required by law. In addition, Business Associate may: use or disclose PHI in the following instances:
  1. Use PHI as necessary for the proper management and administration of Business Associate.
  2. Disclose PHI as necessary for the proper management and administration of Business Associate or to carry out the legal responsibilities of Business Associate, provided that: (1) the disclosure is required by law; or (2) Business Associate obtains reasonable assurances from the third-party who receives the disclosed PHI that the confidentiality of the PHI will be maintained, that PHI will be further disclosed only as required by law or for the purpose for which it was disclosed, and that third-party will notify Business Associate of any breaches of confidentiality of PHI.
- c. Disclosure to Subcontractor. Business Associate may allow a Subcontractor to create, receive, maintain or transmit PHI on behalf of Business Associate if Business Associate obtains satisfactory assurances by a written agreement or contract that conforms with 45 CFR §§ 164.502(e)(1)(ii), 164.504, 164.308(b)(2), and 164.314(a) acknowledging that the Subcontractor will comply with all applicable provisions of the Privacy, Security, and Omnibus Rules.
- d. Prohibited Uses and Disclosures. Business Associate shall not use or disclose PHI in any manner that would constitute a violation of the Privacy Rule if used or disclosed by Covered Entity,

except as permitted by sections 2.(b)(1) and (2) above and section (2)(e) below. Additionally, Business Associate must comply with all applicable provisions of 45 CFR § 164.502(a)(5).

- e. Aggregation of Data. Business Associate may aggregate the PHI received or obtained from Covered Entity with other PHI in its possession provided that the purpose of such aggregation is to provide Covered Entity with data analyses related to Covered Entity's "health care operations" (45 CFR § 164.501) as that term is defined in the Privacy Rule.
- f. Appropriate Safeguards.
  - 1. Business Associate shall use reasonable and appropriate safeguards to maintain the privacy and security of PHI and to prevent unauthorized use, disclosure, damage, or destruction of PHI.
  - 2. Business Associate shall implement administrative, physical, and technical safeguards that reasonably and appropriately protect the confidentiality, integrity, and availability of PHI in compliance with the Security Rule and any subsequent amendments, including any applicable provision of the Omnibus Rule.
  - 3. Such efforts shall also include the adoption and enforcement of policies and procedures to reasonably and appropriately implement the requirements of the Privacy, Security, and Omnibus Rules.
  - 4. Business Associate shall encrypt Covered Entity's EPHI prior to saving it on portable media and while in transit. In other circumstances, Business Associate shall encrypt Covered Entity's EPHI whenever reasonably practicable.
- g. Reporting Improper Use or Disclosure. Business Associate shall report to Covered Entity, any unauthorized use, disclosure, damage, destruction, or Breach of PHI by Business Associate or its Subcontractors, or any other Security Incident of which it becomes aware, and to establish procedures for mitigating, to the greatest extent possible, any harmful effect that is created by any improper use, disclosure, damage, destruction, Security Incident, or Breach of PHI. Business Associate shall assist in Covered Entity's notification of the occurrence to all necessary parties as required by law, regulation, or as determined necessary by Covered Entity. To the extent that the Security Incident, Breach, or other unauthorized use, disclosure, damage, or destruction of PHI occurs while the PHI is in the possession of the Business Associate or its Subcontractor, Business Associate will be responsible for all costs incurred in resolving the Security Incident, Breach, or other unauthorized use, disclosure, damage, or destruction of PHI.
- h. Access to PHI.
  - 1. To enable Covered Entity to fulfill its obligations under the Privacy Rule, Business Associate shall, at the request and direction of Covered Entity, make PHI maintained by Business Associate or its Subcontractors available to Covered Entity or a designated individual for inspection and copying within ten (10) days of receipt of such a request from Covered Entity.
  - 2. If Business Associate maintains PHI electronically and an individual requests from Covered Entity or Business Associate an electronic copy, Business Associate shall provide Covered Entity access to the requested PHI in an electronic form and format as requested by individual if that form and format is readily producible. Otherwise, Business Associate shall provide the PHI in an agreed upon electronic readable form

and format.

3. In the event an individual requests that his or her PHI be sent directly to a designated individual, Business Associate will, upon Covered Entity's direction, send the PHI directly to the designated individual if the request meets all the requirements of Section 164.524(c)(3)(ii).
- i. Amendment of PHI. To enable Covered Entity to fulfill its obligations under the Privacy Rule, Business Associate shall, within ten (10) days of a request from Covered Entity, make PHI maintained by Business Associate or its Subcontractors available for amendment and, as directed by Covered Entity, shall incorporate any amendment or related statements into the information held by Business Associate and its Subcontractors. If any individual directly requests that Business Associate or its Subcontractor amend PHI, Business Associate and its Subcontractors shall notify Covered Entity within ten (10) days of such request.
  - j. Accounting of Disclosures. Business Associate and its Subcontractors shall, within ten (10) days of a request from Covered Entity, make available the information necessary for Covered Entity to provide an individual with an accounting of the disclosures of his or her PHI as required under the Privacy Rule. At a minimum, such information shall include: 1. the date of the disclosure; 2. the name and address of the entity or person receiving the PHI; 3. a brief description of the PHI disclosed; and 4. a brief description of the reason for the disclosure or a copy of the written request for the disclosure. Such information must be maintained by Business Associate and its Subcontractors for a period of six (6) years from the date of each disclosure for which accounting is required under 45 CFR § 164.528(a)(1). If any individual directly requests that Business Associate or its Subcontractors provide an accounting of disclosures of PHI, Business Associate or its Subcontractors shall notify Covered Entity within ten (10) days of such request.
  - k. Covered Entity's Obligations. To the extent that Business Associate is required under the Arrangement to carry out obligations of Covered Entity imposed by the Privacy Rule, Business Associate will comply with all applicable provisions of the Privacy, Security, and Omnibus Rules in performing such obligations.
  - l. Minimum Necessary. Business Associate agrees that it will not request or disclose more than the minimum amount of PHI necessary to accomplish the purpose of the request, use, or disclosure or request.
  - m. Right to Audit, Inspection, and Enforcement. Business Associate agrees to make its internal practices, processes, books, and records relating to the use or disclosure of PHI available to Covered Entity, Covered Entity's parent and the Secretary or the Secretary's designee for purposes of determining Covered Entity's compliance with the Privacy Rule, Security Rule and applicable provisions of the Omnibus Rule.

Covered Entity shall be entitled, upon reasonable prior written notice to Business Associate, to conduct an on-site audit of Business Associate's internal practices, processes, books, and records to verify Business Associate's compliance with the terms of this Addendum.
  - n. Employee Training and Awareness. Business Associate shall provide appropriate training regarding the requirements of this Addendum to any employee (or other workforce member) accessing, using or disclosing PHI and shall develop and implement a system of sanctions for any employee (or other workforce member) or Subcontractor who violates the requirements imposed by this Addendum.
  - o. Restriction Requests; Confidential Communications. Business Associate shall comply with any

restriction request and any confidential communication request of which Covered Entity makes Business Associate aware pursuant to section 3.c, below.

- p. Notice of Privacy Practices. Business Associate shall use and disclose PHI in compliance with the terms of Covered Entity's updated privacy practices notice, as provided to Business Associate pursuant to section 3.a, below.
- q. Transactions Rule Compliance. If Business Associate conducts a Standard Transaction (as that term is defined in 45 CFR § 162.103) for or on behalf of Covered Entity, Business Associate will comply, and will require any of its Subcontractors to comply, with each applicable requirement of 45 CFR Part 162.

### 3. Obligations of Covered Entity

- a. Notice of Privacy Practices. Covered Entity agrees to inform Business Associate of its current privacy practices and any future changes to those practices by providing Business Associate with updated copies of its notice of privacy practices.
- b. Revocation of Authorization by Individual. Covered Entity agrees to inform Business Associate of any change to or revocation of an individual's authorization to use or disclose PHI to the extent that such changes may affect Business Associate's use or disclosure of PHI.
- c. Restrictions on Use and Disclosure. Covered Entity agrees to notify Business Associate of any restrictions to the use or disclosure of PHI agreed to by Covered Entity in accordance with the Privacy, Security, and Omnibus Rules to the extent that such restriction may affect Business Associate's use or disclosure of PHI.
- d. Permissible Requests. Covered Entity shall not request Business Associate to use or disclose PHI in any manner that would not be permissible under the Privacy, Security, or Omnibus Rules if done by Covered Entity.

### 4. Term and Termination

- a. Term. This Addendum shall be effective from the Effective Date until all PHI provided by or created for Covered Entity is destroyed or returned to Covered Entity or, if it is infeasible to return or destroy PHI, protections are extended to such PHI in accordance with the terms of this Agreement.
- b. Material Breach. A breach by Business Associate of any material provision of this Addendum or the Privacy, Security, or Omnibus Rules, as determined by Covered Entity, shall constitute a material breach of this Addendum and shall provide grounds for the immediate termination of this Addendum and the Agreement.
- c. Business Associate's Reasonable Steps to Cure Breach. If Covered Entity knows of a pattern of activity or practice of Business Associate that constitutes a material breach or violation of Business Associate's obligations under this Addendum or the Privacy, Security or Omnibus Rules, Covered Entity may provide Business Associate with an opportunity to cure the breach or violation. If Business Associate fails to cure the breach or violation to the satisfaction of Covered Entity within the time period specified by Covered Entity, Covered Entity shall have the right to terminate the Addendum and the underlying Agreement.
- d. Reasonable Steps to Cure Breach. If Business Associate knows of a pattern of activity or practice by Subcontractor that constitutes a material breach or violation of Subcontractor's obligations to

Business Associate, or the Privacy, Security, or Omnibus Rules, Business Associate may provide Subcontractor with an opportunity to cure the breach or violation. If Subcontractor fails to cure the breach or violation to the satisfaction of Business Associate and/or Covered Entity within the time period specified by Business Associate or Covered Entity, Business Associate shall terminate the relationship with the Subcontractor and retrieve all PHI from the Subcontractor. In the event termination or cure is not feasible, Business Associate shall report Subcontractor's breach or violation to the Secretary.

- e. Remedies. Notwithstanding any rights or remedies set forth in this Addendum or provided by law, Covered Entity retains all rights to seek injunctive relief to prevent or stop the unauthorized use or disclosure of PHI by Business Associate or its Subcontractors or any third party who has received PHI from Business Associate.
- f. Effect of Termination.
  - 1. Upon termination of the Agreement (including termination due to material breach of this Addendum pursuant to section 5.a, above), Business Associate shall return or destroy all PHI in its possession or the possession of its Subcontractors. Business Associate agrees that it will not retain any copies of PHI it returns or destroys in any form or medium except as required by law.
  - 2. If it is infeasible to return or destroy any or all PHI, Business Associate and its Subcontractors shall continue to extend the protections of this Addendum to such information and limit further use and disclosure of such PHI to those purposes that make the return or destruction of such PHI infeasible.

## 5. Miscellaneous

- a. Relationship of Parties. None of the provisions of this Addendum are intended to create or shall be deemed to create any relationship between the Parties other than that of independent parties contracting with each other solely for the purposes of effecting the provisions of this Addendum and any Agreement between the Parties.
- b. Ownership of PHI. The PHI and any related information created for or received from Covered Entity is, and will remain, the property of Covered Entity. Business Associate agrees that it acquires no ownership rights to, or title in, the PHI or any related information.
- c. No Third Party Beneficiaries. Nothing express or implied in this Addendum is intended to confer, nor shall anything herein confer, upon any person or entity other than Covered Entity, Business Associate and their respective successors and assigns, any rights, remedies, obligations or liabilities whatsoever.
- d. Successors and Assigns. This Addendum shall be binding on the Parties and their successors, but neither Party may assign the Addendum without the prior written consent of the other, which consent shall not be unreasonably withheld.
- e. Waiver. No change, waiver or discharge of any liability or obligation hereunder on any one or more occasions shall be deemed a waiver of performance of any continuing or other obligation, or shall prohibit enforcement of any obligation, on any occasion.
- f. Severability. In the event that any provision of this Addendum is held by a court of competent jurisdiction to be invalid or unenforceable, the remainder of the provisions of this Addendum shall remain in full force and effect.

- g. **Modification to Comply with Law.** The Parties acknowledge that state and federal laws relating to the security and privacy of PHI are rapidly evolving and that modification of this Addendum may be required to provide for procedures to ensure compliance with such developments. The Parties specifically agree to take such action as is necessary to implement the standards and requirements of the Privacy, Security, and Omnibus Rules. Upon request of either party, the other party agrees to promptly enter into negotiations concerning the terms of a modification to this Addendum embodying written assurances consistent with the standards and requirements of the Privacy, Security, and Omnibus Rules. Covered Entity may terminate this Addendum upon thirty (30) days written notice in the event: 1) Business Associate does not promptly enter into negotiations to modify this Addendum when requested by Covered Entity under this section; or 2) Business Associate does not enter into a modification of this Addendum providing assurances regarding the safeguarding of PHI that Covered Entity, in its sole discretion, deems sufficient to satisfy the standards and the requirements of the Privacy, Security, and Omnibus Rules.
- h. **Amendment.** This Addendum may be amended or modified only in a writing signed by the Parties.
- i. **Notice.** Any notice to the other Party pursuant to this Addendum shall be deemed provided if sent in accordance with those provisions set forth in Section 12 of the Agreement.
- j. **Interpretation.** This Addendum shall be interpreted as broadly as necessary to implement and comply with the Privacy, Security, and Omnibus Rules. The Parties agree that any ambiguity in this Addendum shall be resolved in favor of a meaning that complies with and is consistent with the Privacy, Security, and Omnibus Rules.