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Human Resources
Beverly
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HHP Hometown Health Providers
INSURANCE COMPANY
Part of Washoe Health System

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BARBARA REED
BY [signature] DEPUTY

GROUP SUBSCRIPTION AGREEMENT

FOR A GROUP MEDICAL AND HOSPITAL SERVICE PLAN

BY AND BETWEEN

Hometown Health Providers Insurance Company, Inc.
a Nevada nonprofit Corporation
(hereinafter called "HHP INS. CO.")

AND

DOUGLAS COUNTY
(Hereinafter called "Group")

In exchange for the payment of Premium to HHP INS. CO. by Group, HHP INS. CO. will arrange for services contained in the Evidence of Coverage for Enrollees and their Family Members who enroll with HHP INS. CO.

This Plan includes the Evidence of Coverage and has been executed on the date shown and shall become effective on July 1, 1997.

HOMETOWN HEALTH PROVIDERS INSURANCE COMPANY	**DOUGLAS COUNTY**
By: [signature]	By: [signature]
Ed Holme, Executive Director	(Authorized Signature of Group)
Date: January 15, 1998	Date: 2/12/98

PPOGSA REV.07/20/97

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400 So. Wells Avenue ▪ Reno, Nevada 89502 ▪ (702) 325-3000 ▪ Fax (702) 325-3220 ▪ E-mail: hhpmail@hhp.washoehealth.com

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DEFINITIONS

A. **Enrollee:** Employee or Dependent who has enrolled in this group health care Plan.

B. **Effective Date of Coverage:** Date an Enrollee's coverage starts under this Plan.

C. **Family Member:** The term "Family Member" shall have the same meaning as the Dependent as used in this Plan.

D. **Grace Period:** A period that begins the first day an Enrollees Premium becomes due and extends for 30 days.

E. **Late Enrollee:** An employee or dependent who previously did not enroll in a timely manner, waived coverage or is newly eligible and enrolls during either the annual Open nrollment or a Special Enrollment Period.

F. **Open Enrollment Period:** A time (usually the 30 day period before the contract anniversary date) during which eligible Late Enrollees may enroll in this group health care Plan.

G. **Qualified Life Event:** For employees and dependents, a "Qualified Life Event" is the:

1) loss of COBRA coverage;

2) cessation of contributions by the another employer to the group health Plan under which the employee or dependent is enrolled;

3) termination of employment or eligibility;

4) reduction of hours of employment or;

5) death of, or the divorce or legal separation from a spouse. For dependents only, a "Qualified Life Event" occurs when a person becomes a dependent due to:

a) marriage;
b) birth or adoption or placement for adoption.

H. **Special Enrollment Period:** A 30 day period immediately following a Qualified Life Event during which the employee and/or dependent may enroll in this group health care Plan.

I. **Subscriber:** An Employer or other person purchasing a health care Plan for himself or herself or others under this Plan.

J. **Waiver of Coverage Form:** The means by which an Enrollee may choose not to elect coverage for himself or herself and/or his or her Dependent(s) at time of Enrollment Eligibility.

I. TERM OF PLAN

This Plan becomes effective on July 1, 1997 at 12:01 a.m. Standard Time in Reno, Nevada and remains in effect for twelve (12) months ending June 30, 1998 or until canceled or voided.

II. PREMIUM CHARGES

A. **Premium Rate Schedule**

TYPE OF COVERAGE	TOTAL PREMIUM*	GROUP CONTRIBUTION	ENROLLEE CONTRIBUTION
Individual Subscriber	$ 194.03		
Subscriber Plus Spouse	$ 420.93		
Subscriber Plus Family	$ 473.06		
Retired Employees with Medicare A & B			
One Medicare	$ 158.77		
Two Party-One Medicare	377.15		
Two Party-Two w/ Medicare	344.32		
Family-One w/ Medicare	437.80		
Family-Two w/ Medicare	429.28		

* Includes Medical Benefit Plan, Vision, and Prescription coverage (if elected) as set forth in the Group Application.

B. **Premium Due Date and Payments** On or before the first day of each month of coverage (the "Premium Due Date"), Group shall pay HHP INS. CO. the total Premium mentioned in Section A for each Enrollee and for each of their Family Members. Premiums will be based on the number of Enrollees and Family Members currently enrolled. If this Plan is canceled, the Group shall be liable for all Premiums due. Only Enrollees for whom payment is received by HHP INS. CO. shall be eligible for services and benefits and only for the period covered by such payment. If the Group fails to notify HHP INS. CO. of Enrollees and/or Eligible Dependents who lose eligibility due to termination of employment, or other reason, within 90 days after the effective date of loss of eligibility, Premium reimbursement or credit will be limited to a 90 day period, or to the last episode of care received by the Enrollee and/or Eligible Dependent(s), whichever occurs last.

C. **Acceptance of Late Premium Payment:** Any Premium payments made by Group after the grace period and accepted by HHP INS. CO. shall be subject to a late penalty charge of 1.5% of the total Premium due, and calculated for each 30 day period the amount due remains unpaid.

D. **Revision of Premium:** HHP INS. CO. (subject to such approvals by agencies as may be required by law), may revise the Premiums in Section A. Any such revision of Premium shall apply to all Enrollees on the effective date of the revision. HHP INS. CO. shall give at least 60 days notice. Notice shall be considered to have been given when mailed to the Group or its agent at the address on the records of HHP INS. CO.

E. **Reports and Records:** Group shall make available to HHP INS. CO. such payroll and other records that may have a bearing upon the eligibility status of an Employee.

III. ELIGIBILITY, ENROLLMENT AND TERMINATION OF COVERAGE

A. Eligible Employees and their Family Members shall be those persons who meet the criteria set forth in the Group Application, who enroll in a timely manner as Late Enrollees or who were covered under the prior Plan or under COBRA immediately before the effective date of this Plan, subject to approval by HHP INS. CO.

B. Enrollment of each Enrollee and his or her eligible Family Member shall be executed by HHP INS. CO. upon proper notice from the Group (by the receipt of a completed application approved by the Group) in a timely manner. Timely shall be defined as within 60 days after the eligibility date for coverage of the Enrollee and his or her eligible Family Members. An application will not be accepted by HHP INS. CO. that was not first submitted to the Group within 30 days after the Employee and his or her eligible Family Members eligibility date for coverage. Employee's and dependents who do not enroll within their eligibility date for coverage, will not be allowed to enroll until either the next Open Enrollment Period or Special Enrollment Period.

C. Employees and/or their dependent(s) who have previously waived coverage with HHP INS. CO. are <u>not</u> considered eligible to enroll in the Plan until the next Open Enrollment Period or Special Enrollment Period.

D. Termination of each Enrollee and his or her eligible Family Members shall be deleted from coverage by HHP INS. CO. upon receipt of written notice from the Group in a timely manner. Timely shall be defined as within 60 days after the date of the termination of the Enrollee and his or her eligible Family Members. Notification of any continuation privileges required under law shall be the responsibility of the Group.

IV. COVERAGE

Medical Benefit Plan Chosen: Optimum Plan - $250 Deductible
Optional Rider Benefits: $5/$10/$25 Prescription Rider

V. GROUP CONTRIBUTION

Group shall offer HHP INS. CO. to all eligible Enrollees of Group on terms no less favorable regarding contribution by the Group toward Premium than those applicable to such other health benefits coverage as may be available to all eligible Enrollees through the Group. The Group contribution mentioned in Section II Part A of the Premium rate schedule and on the Group Application shall not be changed during the term of the Plan unless such change is agreed to in writing by HHP INS. CO. If however, the Group's contribution to such other coverage as may be available through the Group is increased during the term of the Plan, Group agrees to increase its contribution to HHP INS. CO. coverage effective the same date as such increase to such other coverage becomes effective.

VI. INELIGIBLE ENROLLEE

In the event the Group fails to notify HHP INS. CO. of the ineligibility of any Enrollee for whom the Group has made the Premium payments required in Section II, such payment will only be credited to Group if HHP INS. CO. or Participating Physicians have not provided or

paid for covered services for the ineligible Enrollee before such notice, but in no event later than 90 days before the date such Enrollee became ineligible (see Paragraph II Section B).

VII. NOTICE

A. Any notice* to be given to HHP INS. CO. should be addressed as follows:

Hometown Health Providers Insurance Company
Att: Executive Director
400 South Wells Avenue
Reno, Nevada 89502

*Notice must be mailed certified, return receipt requested.

B. The Group will identify the current Agent or Broker of Record on the Group Application. If the Group wishes to change the Agent or Broker of Record, notice shall be provided, in writing, to HHP INS. CO. in advance of the change. HHP INS. CO. will make the change effective on the first day of the month after receipt of proper written notice from the Group. The Agent or Broker of Record must hold a health insurance license required by the state.

VIII. TERMINATION OF PLAN

A. **AT OPTION OF PARTIES:** This Plan may be canceled by HHP INS. CO. without cause by giving at least 60 days written notice. The Group may cancel this Plan without cause by giving HHP INS. CO. at least 30 days written notice. Benefits will end for all Enrollees as of the date of cancellation of this Plan.

B. **FOR CAUSE:**

1. This Plan may be canceled by HHP INS. CO. for any of the following reasons:

a) If any Premium payment required to be made by the Group is not received by the Premium Due Date, subject to a 30 day grace period, HHP INS. CO. may cancel the Plan upon written notice.

b) Upon written notice in the event of insolvency or bankruptcy of the Group

c) Upon written notice if Group ceases to operate or moves out of the service area

d) Material breach of any of the terms of this Plan by Group. In this event HHP INS. CO. will, at its election and upon 30 days prior written notice to Group, cancel this Plan.

e) If Group does not maintain a minimum of two (2) Subscribers enrolled under this Group Subscription Agreement, subject to a 60 day notice.

f) If Group or Group Representative commits fraud or misrepresentation of information to HHP INS. CO.

2. This Plan may be canceled by Group for any reason.

IX. SUBROGATION

A. Group agrees that unless otherwise classified by regulations or statutes, the benefits to be issued by HHP INS. CO. under the terms of this Plan shall be second to any and all other sources of recovery. This includes any and all Group policies of insurance or other benefits available to Enrollees, and any other party liable to Enrollees or responsible for the payment of medical expenses or other damages of Enrollees.

B. If there are any other sources of recovery, HHP INS. CO. shall have a right of recovery or against other benefits arising out of other sources or recovery available to Enrollee or Enrollee's families, and shall have the right to seek recovery up to the full amount of the actual medical, hospital, or other health service bills for which HHP INS. CO. has issued benefits. HHP INS. CO. does not have Subrogation rights against benefits from auto or individual health policies.

C. HHP INS. CO. and Group agree that the Premiums and costs of the benefits that are being rendered for the benefit of the Group, Enrollees have been computed and based upon the right of HHP INS. CO. to make recoveries under the terms of the Plan.

D. If a member fails to cooperate and assist HHP INS. CO. in the recovery, payment and/or application for the sources described in Section IX, Part B, HHP INS. CO. shall have the right to bill and seek recovery of such charges and/or costs from non-cooperating member.

E. The Group agrees with HHP INS. CO. to fully advise all members of the rights of HHP INS. CO. under the terms of the Subrogation and in the Evidence of Coverage that is a part of the Plan.

F. The Group also agrees to fully cooperate with HHP INS. CO. and to take any actions needed for the enforcement of the Subrogation in the Evidence of Coverage that is a part of the Plan.

X. GENERAL PROVISIONS

A. **Amendments:** Neither party to this Plan may amend the Plan without prior written consent of the other party.

B. **Strict Performance:** No failure by either party to insist upon the strict performance of any term of this plan, or to exercise a right or remedy, shall constitute a waiver. No waiver of any breach shall affect or alter this Plan. Each term of this Plan shall continue in full force and effect regarding any other breach.

C. **Entire Agreement:** This Plan is the entire Agreement between the parties. The invalidity in any provision of this Plan shall not affect the other provisions, and this Plan will be construed as if such invalid provisions were omitted.

D. **Governing Law**: This Plan will be construed and enforced under the laws of the State of Nevada.

E. **No Third Party Rights:** Except as provided in this Plan, nothing in this Plan shall be construed as creating or leading to any rights to any third parties or any persons.

F. **Authority to adopt Policies:** HHP INS. CO. may adopt such policies, and rules to promote orderly administration of this Plan.

G. **Arbitration:** If any dispute or controversy of any nature shall arise between the Group, any Subscriber, Enrollee, heir-at-law, HHP INS. CO. its Employee or agents, or any contracting Providers, their Employees or agent, the dispute shall be settled by arbitration before one arbitrator selected from a panel of arbitrators of the American Arbitration Association according to the Commercial Arbitration Rules of the American Arbitration Association. The judgment on the award will be entered in any court with jurisdiction.

An Enrollee will be given the opportunity to decline to participate in binding arbitration at the time of his or her enrollment.

HHP INS. CO. or an Enrollee who has declined to participate in binding arbitration, shall forego their right to resolve any such dispute in a court of law or equity.

Except as provided above, the arbitration will be conducted pursuant to the rules for Commercial Arbitration established by the American Arbitration Association. HHP INS. CO. is responsible for any administrative fees and expenses relating to the arbitration, except that HHP INS. CO. is not responsible for attorneys' fees and fees for expert witnesses unless those fees are awarded by the arbitrator.

If a dispute required to be submitted to binding arbitration requires an immediate resolution to protect the physical health of an Enrollee, any party to the dispute may waive arbitration and seek relief in a court.

If the dispute is regarding an individual medical evaluation, only a physician or chiropractor who is certified to practice in the same field of practice as the primary treating physician or chiropractor or who is educated in that field, may conduct the evaluation.

The independent evaluation shall include a physical examination of the patient, and a review of all X-rays and reports prepared by the primary treating physician or chiropractor. A certified copy of all reports of finding will be sent to the primary treating physician or chiropractor and the insured person within ten (10) working days after the evaluation. If the insured person disagrees with the evaluation, he must submit an appeal to HHP INS. CO. within 30 days after he receives the evaluation. Upon its receipt of an appeal, HHP INS. CO. shall notify in writing the primary treating physician or chiropractor.

HHP INS. CO. shall not limit or deny coverage for care related to a disputed claim while the dispute is in arbitration, except that, if HHP INS. CO. prevails in the arbitration, the primary treating physician or chiropractor may not recover any payment from either HHP INS. CO., insured person, or the patient, for services that he provided to the patient after receiving written notice from the insurer concerning the appeal of the insured person.

H. **Relationship to Providers:** The relationship between HHP INS. CO. and its providers is that of an independent contractor. HHP INS. CO. is not liable for the acts or omissions of any Provider or of any person who renders services to Enrollees of HHP INS. CO.

I. **Assignment:** Neither the Group nor a Subscriber, nor Enrollee, may assign the benefits provided pursuant to this Plan, and the Evidence of Coverage. Any assignment by the Group, an Enrollee, or Subscriber shall not be effective.

J. **Identification Cards:** A card shall be issued to each Enrollee and must be presented whenever services are sought. Possession of a card confers no right to services or guarantee of payment by HHP INS. CO. A person must be eligible and Premiums must be paid for services to be covered. A card is not a guarantee of eligibility. Persons receiving services to which they are not entitled shall be charged and responsible for payment for the services. The identification card is the property of HHP INS. CO.

K. **Right to Service:** This Plan does not restrict or interfere with the right of any person entitled to service and care in a Hospital to select the contracting Hospital or to make a free choice of his or her Physician, who must be the holder of a valid and unrevoked Physician's license and a member of, or acceptable to, the attending staff and board of directors of the Hospital in which the services are to be provided.

L. **Timely Payment of Claims:** HHP INS. CO. will process a claim from a non-Preferred Provider no later than 30 working days after the date on which proof of the claims is received.

M. **Evidence of Coverage:** HHP INS. CO. will issue to the Group and its Employees who are covered under this Plan, an Evidence of Coverage. The Evidence of Coverage sets forth the coverage to which the Enrollee is entitled.

N. **New Subscribers:** From time-to-time, all new Employees eligible to and applying for covereage within their eligiblity date for coverage, shall be added to the original Group.

O. **Workers' Compensation:** This contract is not in lieu of and does not replace workers' compensation coverage.

The following General Provisions apply to Preferred Provider Organizatgion Agreements only:

P. **Preferred Provider Deductibles and Copayments:** Any Deductibles and Copayment paid by an Enrollee are applied to the negotiated reduced rates of that provider.

Q. **Service Not Provided by Preferred Provider:** If a provider of health care, treating an Enrollee, determines that the use of the service is necessary for the health of the Member, and there is no Preferred Provider who can provide the service, then the service will be deemed to be provided by the Preferred Provider.