

## **SPECIFIC STOP LOSS INSURANCE CONTRACT**

THIS CONTRACT is entered into this 1<sup>st</sup> day of July, 2019, by and between County of Chatham (“Plan Sponsor”), County of Chatham Group Health Plan (“Group Health Plan”) and County of Chatham (“Plan Administrator”) and Blue Cross and Blue Shield of North Carolina, an independent licensee of the Blue Cross and Blue Shield Association, (“Blue Cross NC”) (collectively, the “Parties”).

### **RECITALS**

WHEREAS, Plan Sponsor has established and maintains a self-funded Group Health Plan for certain of its employees and their dependents.

WHEREAS, the Group Health Plan and Plan Sponsor have entered into an Administrative Services Agreement with Blue Cross NC to perform services in administering the Group Health Plan (“Administrative Services Agreement”).

WHEREAS, the purpose of this contract is to limit Plan Sponsor’s claims liability under the Group Health Plan for an individual Member's Paid Claims, not to exceed the Specific Stop Loss Level elected during a single Contract Period.

WHEREAS, Blue Cross NC is willing to provide for assumption of a certain portion of Plan Sponsor’s claims expense liability incurred under the Group Health Plan as set forth herein.

NOW, THEREFORE, in consideration of the mutual agreement and conditions contained herein, the Parties agree as follows:

### **1. DEFINITIONS**

Wherever used in this contract, the following words and phrases shall have the following meanings, except as otherwise specifically stated or unless a different meaning is plainly required by the context.

- A. Contract Period-- shall mean the Plan Sponsor’s Specific Stop Loss coverage term as shown in the Notice for Stop Loss Insurance Coverage.
- B. Member -- shall mean employees, their dependents, or other eligible persons entitled to benefits under the terms and conditions of the Group Health Plan.
- C. Paid Claims -- shall mean claims released for payment by Blue Cross NC on any day during the given Contract Period, regardless of the date incurred, unless otherwise indicated in the Notice for Stop Loss Insurance Coverage. Paid Claims do not include those claims paid on an exception basis, where Blue Cross NC has not agreed to accept liability under this contract. Paid Claims exclude (if applicable) “Care Management Fees” as that term is defined in the Administrative Services Agreement referenced herein.

- D. Specific Stop Loss -- shall mean whenever, during any one Contract Period, Paid Claims for any individual Member exceed the Specific Stop Loss Level elected herein. The Specific Stop Loss liability is determined by Blue Cross NC at the end of every month, as the amount that exceeds the Specific Stop Loss Level on a member basis for the Contract Period to date. Credit will be applied on the next monthly billing statement.

## **2. ELIGIBILITY**

Prior to the initial Contract Period and each renewal Contract Period thereafter, Plan Sponsor shall provide Blue Cross NC with the Group Health Plan document(s) (e.g., summary plan description (SPD)) and applicable corporate policies (e.g., leave of absence policies), herein incorporated by reference, that clearly defines all categories of Members on the Group Health Plan for the Contract Period. Categories of individuals not specifically and clearly referenced in the document(s) provided may be ineligible for reimbursement under this Stop Loss Contract.

## **3. PREMIUM PAYMENT**

The method of payment of administrative fees described in the Administrative Services Agreement between the Plan Sponsor, the Group Health Plan and Blue Cross NC shall apply to payment of Stop Loss premiums.

## **4. NON-ACCUMULATION**

Specific Stop Loss coverage is not accumulative from Contract Period to Contract Period.

## **5. SPECIFIC STOP LOSS LEVEL**

The Specific Stop Loss Level for an individual Member's Paid Claims for this Contract Period is indicated in the Notice for Stop Loss Insurance Coverage.

## **6. NOTICE FOR STOP LOSS INSURANCE COVERAGE**

Prior to the initial Contract Period and each renewal Contract Period thereafter, Blue Cross NC shall provide the Plan Sponsor with a written Notice for Stop Loss Insurance Coverage, incorporated herein by reference including the following information:

- a. The beginning and ending dates of the Contract Period
- b. The Specific Stop Loss Level for an individual Member's Paid Claims for the Contract Period
- c. The rates to be charged for the Specific Stop Loss coverage for the Contract Period
- d. Names of Members to whom the Specific Stop Loss Level set forth in Section 5 does not apply and the applicable Specific Stop Loss Level for such Members.

In the event of a conflict between this contract and the Notice for Stop Loss Insurance Coverage, the latter shall control.

## **7. CONTINUATION AND TERMINATION**

This contract will continue in force during the initial Contract Period as set forth and during each subsequent Contract Period subject to the Plan Sponsor's timely payment of premiums for Specific Stop Loss Coverage at such rates as set forth in the Notice for Stop Loss Insurance Coverage and subject to the following termination provision:

This contract shall terminate immediately upon the occurrence of the first of the following: (i) when any payment of premiums is past due and the Plan Sponsor fails to pay any sum required hereunder within 30 days after a payment due date; provided Plan Sponsor has received prior written notice at least 15 days prior to termination; (ii) upon thirty (30) days' prior mutual written consent of the Plan Sponsor and Blue Cross NC; (iii) upon expiration of the Contract Period as specified herein (iv) upon termination of the Administrative Services Agreement. In the event the Plan Sponsor initiates termination of the Specific Stop Loss Insurance Contract prior to the end of a Contract Period, Blue Cross NC will retain all Specific Stop Loss premium and fees paid and terminate the Contract as of the date to which premiums are paid. Claims paid after the termination date of the Contract will not be subject to Specific Stop Loss coverage, except as stated in the Notice for Stop Loss Insurance Coverage.

## **8. RENEWAL**

Renewal of this contract shall occur upon Blue Cross NC's issuance to the Plan Sponsor of the Notice for Stop Loss Insurance Coverage described in paragraph 6 of this Specific Stop Loss Insurance Contract and payment of premium or fee therefore.

## **9. MODIFICATION**

This contract shall not be modified or changed except as set forth herein or upon mutual written consent of the authorized parties hereto. This contract shall function in addition to terms and conditions of the Administrative Services Agreement, which shall remain in full force and effect.

If, from the date of the stop loss quotation to the end of the Contract Period, any of the following events occur, Blue Cross NC may make an adjustment to Specific Stop Loss rates: (1) a change in benefits that materially affects Blue Cross NC's liability under the Contract; (2) a 10% or more increase or decrease in: the number of covered persons compared to the number of covered persons quoted; or the demographic factor, including but not limited to the age/sex make-up of the group or geographic location of enrollees; (3) a 10% or more change or shift in contract types.

Blue Cross NC will give the Plan Sponsor written notice of any adjustment to Specific Stop Loss rates permitted under this section not less than 30 days before the adjustment becomes effective. Such adjustment shall not become effective without the written consent of

the Plan Sponsor.

## **10. LIMITATION OF LIABILITY**

This contract shall not bring about liability of Blue Cross NC to any party or individual other than the Plan Sponsor.

## **11. BLUE CROSS BLUE SHIELD ASSOCIATION**

The Plan Sponsor, on behalf of itself and its participants, hereby expressly acknowledges its understanding that this contract constitutes a contract solely between the Plan Sponsor and Blue Cross NC, which is an independent corporation operating under a license from the Blue Cross and Blue Shield Association, an association of independent Blue Cross and Blue Shield Plans, permitting Blue Cross NC to use the Blue Cross and Blue Shield Service Mark in the State of North Carolina and that Blue Cross NC is not contracting as an agent of the Blue Cross and Blue Shield Association. The Plan Sponsor, on behalf of itself and its participants, further acknowledges and agrees that it has not entered into this contract based upon representations by any person other than Blue Cross NC and that no person, entity or organization other than Blue Cross NC shall be held accountable or liable to the Plan Sponsor for any of Blue Cross NC's obligations to the Plan Sponsor created under this contract. This paragraph shall not create any additional obligations whatsoever on the part of Blue Cross NC other than those obligations created under other provisions of this contract.

## **12. OVERPAYMENTS AND THIRD PARTY LIABILITY**

The defense of any legal action instituted on a claim for benefits under the Group Health Plan to which this Specific Stop Loss Insurance Contract applies shall be the obligation of the Plan Sponsor. Blue Cross NC, at its own election and expense, shall have the right to participate with the Plan Sponsor in the defense or appeal of any action, suit or proceeding in which Blue Cross NC, in its sole discretion, determines that it may become involved.

The Plan Sponsor agrees to inform Blue Cross NC of any legal action instituted on a claim for benefits under the Group Health Plan which does or which may involve liability of Blue Cross NC under this Specific Stop Loss Insurance Contract provision. Such notification shall be in the form of a written memorandum and shall be accompanied by copies of any summons, subpoenas, pleadings, motions, and/or orders concerning the legal action.

The Plan Sponsor undertakes to prosecute any and all valid claims that the Plan Sponsor may have against third parties including without limitation, amounts identified through claims audit, coordination of benefits, non-duplication of benefits, workers' compensation, and subrogation arising out of any occurrence resulting in a loss payment by the Plan Sponsor and to account for any amounts recovered.

Any coordination of benefits refunds or third party liability amounts received or recovered by the Plan Sponsor with respect to the Group Health Plan shall be used to pay court costs and attorney fees (if any) and, if such amounts are attributable to claim payments included in the Group Health Plan's experience for any Contract Year during which the Specific Stop Loss

Level was exceeded, to reimburse Blue Cross NC for any amount that it may have paid or become liable to pay the Plan Sponsor under this Specific Stop Loss Insurance Contract during the current contract year. The Plan Sponsor may deduct attorney's fees and court costs that it incurs in prosecuting any subrogation claim or other recovery action from the gross amount of any recovery, prior to reimbursing Blue Cross NC for any claim payment made pursuant to the Contract. Thereafter, all remaining amounts shall be applied in the manner determined by the Plan Sponsor or Plan Administrator.

**IN WITNESS WHEREOF**, the Parties have caused their duly authorized representatives to execute this contract to be effective as of the date first above written.

Signed for: Plan Sponsor

Signed for Blue Cross and Blue Shield of North Carolina

By: \_\_\_\_\_  
Signature of Authorized Official

By:  \_\_\_\_\_  
Signature of Authorized Official

Name: \_\_\_\_\_

Name: Patrick Conway, MD

Title: \_\_\_\_\_

Title: President & Chief Executive Officer

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

Date: June 11, 2019

Signed for: Plan Administrator and Group Health Plan

By: \_\_\_\_\_  
Signature of Authorized Official

Name: \_\_\_\_\_

Title: \_\_\_\_\_

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