

## **AGGREGATE 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, retirees 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 the Plan Sponsor’s claims liability under the Group Health Plan not to exceed a specified percentage of Expected Paid Claims during a single Contract Period.

WHEREAS, Blue Cross NC is willing to provide for assumption of a certain portion of 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. Aggregate Attachment Point – shall mean the Expected Paid claims multiplied by the Aggregate Stop Loss Level as specified in the Notice for Stop Loss Insurance Coverage multiplied by actual total number of contracts (according to type) during the Contract Period.
- B. Aggregate Stop Loss - shall mean that method by which Blue Cross NC limits the Plan Sponsor’s paid claims liability in order that it not exceed both the Aggregate Attachment Point and the Minimum Aggregate Attachment Point as set forth in the Notice for Stop Loss Insurance Coverage. The Aggregate Stop Loss is determined at the end of any single Contract Period as the amount by which Paid Claims exceed the greater of the Aggregate Attachment Point and the Minimum Aggregate Attachment Point.
- C. Aggregate Stop Loss Breach – shall mean the total of all Paid Claims during the Contract Period minus the Annual Maximum Aggregate Attachment Amount.

- D. Annual Maximum Aggregate Attachment Amount – shall mean the sum of the Monthly Maximum Projected Claims for the entire Contract Period.
- E. Contract Period– shall mean the Plan Sponsor’s Aggregate Stop Loss Insurance Contract term as shown in the Notice for Stop Loss Insurance Coverage.
- F. Estimated Annual Aggregate Attachment Point – shall mean the Expected Paid Claims multiplied by the Aggregate Stop Loss Level as specified in the Notice for Stop Loss Insurance coverage multiplied by expected number of contracts (according to type) multiplied by number of months in the Contract Period,
- G. Expected Paid Claims – shall mean the dollar amount of claims which Blue Cross NC expects to be paid under the Group Health Plan, by month by contract (according to type),
- H. Minimum Aggregate Attachment Point – shall mean the dollar amount of Paid Claims below which no excess claims will be refunded to the Plan Sponsor. The Minimum Aggregate Attachment Point shall be calculated as 90% of the Estimated Annual Aggregate Attachment Point.
- I. Monthly Maximum Projected Claims – shall mean the maximum dollar amount of claims per month which Blue Cross NC expects to be paid under the Group Health Plan.
- J. 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.

If Specific Stop Loss Coverage is in effect, Paid Claims will be defined as above, unless otherwise specified in the Notice for Stop Loss Insurance Coverage, reduced by the amount of claims in excess of the Specific Stop Loss Level, whether pooled or not pooled. Paid Claims include (if applicable) “Care Management Fees” as defined in the Administrative Services Agreement referenced herein.

## **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. CONTRACT PERIOD MAXIMUM**

100% of the eligible Paid Claims for covered expenses in excess of the Aggregate Attachment Point, up to the maximum per Contract Period indicated in the Notice for Stop Loss Insurance Coverage, shall be reimbursed by Blue Cross NC.

#### **5. NON-ACCUMULATION**

This Aggregate Stop Loss coverage is not accumulative from Contract Period to Contract Period.

#### **6. BLUE CROSS NC NOTICE TO PLAN SPONSOR**

Prior to the initial Contract Period and each renewal Contract Period thereafter, Blue Cross NC shall provide the Group Health Plan 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 Aggregate Stop Loss percentage
- c. The Minimum Aggregate Attachment Point
- d. The Contract Period Maximum
- e. The Expected Paid Claims
- f. The rates to be charged for the Aggregate Stop Loss coverage for the Contract Period

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 Aggregate Stop Loss Coverage at such rates as may be required by Blue Cross NC and subject to the following termination provision:

This contract shall terminate immediately upon the occurrence of the first of the following: 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 Aggregate Stop Loss Insurance Contract prior to the end of a Contract Period, Aggregate Stop Loss Insurance shall not apply to

claims paid during the partial Contract Period, and Blue Cross NC shall retain all Aggregate Stop Loss Insurance premiums and fees paid by the Plan Sponsor up to the date of termination.

## **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 5 of this 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 those terms and conditions of the Administrative Services Agreement, which shall remain in full force and effect, to the extent applicable.

If, from the date of a stop loss quotation to the end of the Contract Period to which the quotation applies, any of the following events occurs, Blue Cross NC may modify this contract to make an adjustment to Expected Paid Claims and/or the Aggregate Stop Loss Rates and/or the Minimum Aggregate Attachment Point: (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 participants in the Group Health Plan 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 Aggregate 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 AND BLUE SHIELD ASSOCIATION**

The Plan Sponsor, on behalf of itself, the Group Health Plan 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 Marks 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, the Group Health Plan 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 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 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 attachment point(s) were exceeded, to reimburse Blue Cross NC for any amount that it may have paid or become liable to pay the Plan Sponsor under this 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 Group Health Plan, Blue Cross NC, the Plan Sponsor and the Plan Administrator 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: Patrick Conway, MD  
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: \_\_\_\_\_