



Renewal Proposal

Effective 4/1/2018

Prepared For:

Valdez City School & City of Valdez

Presented By:

Jeanette Blais

Account Executive



**Valdez City School & City of Valdez
Summary of Administration Expenses
(04/01/18 - 03/31/19)**

MERITAIN Current Services	Lives	Current	Renewal	Current Cost	Renewal Cost
Medical Administration Fee	216	\$ 25.50	\$ 25.50	\$ 66,096.00	\$ 66,096.00
Dental Administration Fee	216	\$ 2.20	\$ 2.20	\$ 5,702.40	\$ 5,702.40
Vision Administration Fee	216	\$ 0.80	\$ 0.80	\$ 2,073.60	\$ 2,073.60
COBRA Administration Fee	216	\$ 1.40	\$ 1.40	\$ 3,628.80	\$ 3,628.80
Teladoc (AK027 only)	104	\$ 3.10	\$ 3.10	\$ 3,868.80	\$ 3,868.80
Healthy Merits Run Program (AK027 Only)	104	\$ 4.45	\$ 4.45	\$ 5,553.60	\$ 5,553.60
Magellan EAP 3-Session (AK027 Only)	104	\$ 1.25	\$ 1.25	\$ 1,560.00	\$ 1,560.00
BridgeHealth (in addition to 20% of case rate)	216	\$ 1.50	\$ 2.50	\$ 3,888.00	\$ 6,480.00
Total Cost of MERITAIN HEALTH Services		\$ 40.20	\$ 41.20	\$ 92,371.20	\$ 94,963.20

PPO Network Pricing	Lives	Current	Renewal	Current Cost	Renewal Cost
Aetna Network - Choice POS II	216	15% of Savings (Facility only steerage)			
The Alaska Preferred Provider Network	216	25% of Savings			

Total Administration Costs	\$ 94,963.20
<i>(Optional Services not included)</i>	

Passthrough Services	Current Pricing	Renewal Pricing
Medical Rehab Consultants UM	\$2.45 pepm	Broker to Provide
Medical Rehab Consultants CM	\$150.00 per clinical hour	Broker to Provide
Interactive Health - Biometric Screenings	\$195 per screening	\$195 per screening

Optional Services	
COBRA Rates - Actuarial Certified	\$770.00
Aetna Network - Choice POS II	15% of savings (facility only steerage) or \$14.95 pepm (full steerage)
Healthcare Bluebook	\$2.00 pepm
Summary of Benefits and Coverage	\$250 per employer renewal fee (additional fees may apply)
Teladoc (AK127 only)	\$3.10 pepm or \$1.30 and \$40 per consult fee

Reinsurance and broker premium relate passthrough omitted as broker will negotiate independently.

Benefit changes made to your plan may require plan design abstracting and set-up charges. These charges will be determined based upon the scope of the changes involved. Please check with your account representative to discuss any applicable charges.

We have made every effort to supply you with an accurate and comprehensive proposal, however, we will not be bound by any typographical errors or omissions contained herein.

Actuarial certified COBRA rates and reserve analysis are highly recommended. The actuarial service fee is \$770.00

This renewal constitutes an entire package. Any deviation, including termination of any line of coverage (fully insured or self-funded), may result in revised rates.

PPO - Network Access Fees are subject to change at any time.

This renewal proposal assumes the execution of Meritain ASA contract for full term of rate guarantee.

THIS PROPOSAL IS NULL AND VOID FOR ANY ACCOUNT THAT USES A TRUST TO FUND ITS PLAN.

**2018 RENEWAL AMENDMENT TO
ADMINISTRATIVE SERVICES AGREEMENT**

This Amendment (“Amendment”) dated as of **April 1, 2018** (the “Amendment Effective Date”) amends the Administrative Services Agreement (the “Agreement”) entered into as of **April 1, 2010**, as amended, by and between **Meritain Health, Inc.** (“Meritain”) and **City of Valdez** (“Client”) as follows:

I. ARTICLE II. TERM;TERMINATION

Notwithstanding anything to the contrary in the Agreement, the parties acknowledge that the renewal Term of the Agreement begins as of the Amendment Effective Date and continues through and including **March 31, 2019** (“Renewal Term”), and Section 2.1 of the Agreement is hereby deemed amended to reflect such Renewal Term. Except as specifically modified by this Amendment, all other provisions concerning the Term and/or termination of this Agreement, including as set forth in section 2.1, remains in full force and effect.

II. ARTICLE III. MERITAIN’S RESPONSIBILITIES

The Agreement is hereby amended by the addition of the following Section 3.29:

- “3.29 Meritain shall provide Telemedicine services for the Client in accordance with the following terms and conditions:
- a. Meritain will provide Participants with access to telephonic or video-conference consultations where available with licensed physicians (“Telemedicine”). Prescriptions for medications may be available through Telemedicine only where permitted by law and incident to the establishment of physician-patient relationship and a diagnostic consultation.
 - b. Meritain will provide Client with monthly Telemedicine utilization reports.
 - c. Meritain shall have no obligation to offer Telemedicine in States that prohibit Telemedicine or prohibit physicians from performing such services.
 - d. Meritain shall have the option, by providing written notice to Client to: (A) unilaterally amend or modify this the Telemedicine Schedule in a similar manner that Meritain’s agreement with its supplier of Telemedicine (“Telemedicine Vendor”) is modified or amended; and (B) immediately suspend access to Telemedicine or terminate this Telemedicine Schedule in the event Meritain’s Telemedicine Vendor is suspended or terminated. Upon the Client’s receipt of notice of modification or amendment, Client, if it does not desire to accept such modified or amended terms, either party may at its option, by providing written notice to the other, terminate this Telemedicine Schedule.”

III. ARTICLE IV. THE CLIENT’S RESPONSIBILITIES

The Agreement is hereby amended by the addition of the following Section 4.16:

- “4.16 Meritain shall provide Telemedicine services for the Client in accordance with the following terms and conditions:
- a. Client agrees that Telemedicine will only be offered as a Covered Service under a Plan as described in the Plan Document and will not be offered to employees as a standalone or voluntary benefit not included under a Plan.
 - b. Client agrees that access to Telemedicine will commence upon the Telemedicine implementation date as agreed upon in writing by Meritain, so long as, Client provides Meritain at least thirty (30) days in advance of the Telemedicine implementation all necessary information (as required by Meritain’s then-current policies), necessary for such services. If the Client fails to provide any required information required by this paragraph, such failure may result in a delay in the commencement of Telemedicine.”

IV. ARTICLE V. FEES

Article V Service Rates of the Agreement is hereby amended and replaced with the following new Service Rates and Fees:

	Per Employee Per Month (unless otherwise specified)
Medical Plan Administration Service Rates	\$25.50
Utilization Management (e.g. pre-certification and medical necessity) Administration Service Rate (MRC)	\$2.45
Case Management Hourly Fee (MRC)	\$155.00/hour
Dental Plan Administration Service Rate	\$2.20
Vision Plan Administration Service Rate	\$0.80
COBRA Administrative Service Rates	\$1.40
Interactive Health – Biometric Screening (Healthy Triumph)	\$195.00 per screening
Answers Through Leveraging Analytic Solutions (ATLAS) Reporting Package Fee	No Charge
Broker Fee(s) (to be remitted pursuant to Section (c) Remittance Services Below)	\$4,853.33/month
Healthy Merits – Run Program	\$4.45
Magellan EAP	\$1.25
Telemedicine^{2,3}	\$3.10

²This pricing for Telemedicine may increase anytime during the Term due to a price increase by the Telemedicine Vendor. If such fee increase occurs, Meritain will notify the Client in writing of the pricing increase. If the Client does not desire to accept such new proposed fees, the Client shall have the ability to terminate the Telemedicine Services upon written notice to Meritain.

³This pricing for Telemedicine is not available in relation to employees or Participants in a Qualified High Deductible Health Plan (“QHDHP”) with a Health Savings Account and the applicable pricing designated for a QHDHP shall apply.

Optional and Non-Standard Administrative Fees and Premiums:

Summary of Benefits and Coverage (SBC) Fee – \$250.00

Other Fees and Services

(a) Network Access Fee – The following PPN will be accessed on behalf of the Client. Meritain will bill the Client network access and integration fees for use of the network for the following network:

Aetna Choice Point of Service II – 15% of Savings (A per claim fee cap of \$30,000.00)
The Alaska Preferred Provider Network – 25% of Savings
BridgeHealth - \$2.50 PEPM + 20% of Case Rates

In the event that any of the above listed PPN bill access fees during run-out, Meritain will bill the Client for any applicable access, integration and/or run-out fees in addition to Meritain’s run-out administration fees referenced in Section 2.5.1 of this Agreement.

All other fees and requirements of this Article V, unless specifically modified by the Amendment remain in full force and effect.

V. EXHIBIT B

The Agreement is hereby amended by the deletion of Exhibit B in its entirety, and is replaced with the attached new Exhibit B.

Any capitalized term not defined in this Amendment shall have the meaning ascribed to it in the Agreement. Except as specifically amended by the terms of this Amendment, all surviving terms and provisions of the Agreement are hereby ratified and confirmed and the Agreement, as modified by this Amendment, remains in full force and effect.

IN WITNESS WHEREOF, the parties have executed this Amendment on the date indicated below.

MERITAIN HEALTH, INC.

City of Valdez



Name: Stacey Meade
Title: Regional President
Date: 3/26/18

Name: _____
Title: _____
Date: _____

EXHIBIT B

DISCLOSURE NOTICE REGARDING INSURANCE COMMISSIONS AND OTHER COMPENSATION

U.S. Department of Labor rules permit the receipt of insurance commissions and other compensation by service providers such as Meritain (and its affiliates) if proper disclosure is given and an appropriate independent Plan fiduciary acknowledges in writing receipt of the information and approves the transaction. The commissions and other compensation to be paid to Meritain are set forth in this Agreement. By signing this Agreement and any Renewal Schedules of Services and Fees, Client certifies that it is an independent fiduciary of the Plan and that it acknowledges in writing receipt of the following information and approves the transactions referenced herein.

A. Statement of Affiliation

Prodigy Health Group, Inc. is a diversified health care services holding company whose subsidiaries include American Health Holding, Inc., Scrip World, LLC, Precision Benefit Services, Inc., Meritain Health, Inc. and PERFORMAX, Inc. Each affiliate is free to recommend to a client, products and services offered by other companies, which may include another affiliate; however, no affiliate is required to recommend an affiliate and no affiliate is limited or restricted in recommending the products and/or services of any vendor. Affiliates may be entitled to reasonable commissions and fees from other companies, including affiliates, and such commissions and fees are earned in the ordinary course of business in arms' length transactions. In addition, certain inter-company agreements exist amongst the affiliates to provide for the exchange of certain goods, services, and leases of real property at market-based rates of compensation.

B. Description of Charges, Fees, Discounts, Penalties and Adjustments Applicable to any Contracts with Meritain

Meritain may receive compensation from insurance carriers ("Carriers") and managing general underwriters ("MGUs") in the form of fixed or contingent commissions and administrative fees.

Fixed Sales Commissions on Gross Insurance Premiums Payable to Meritain Per Year (if applicable):

Carrier: <u>Sun Life</u>	Commission Year 1: <u>0</u> %
Carrier: <u>Prudential (AD&D Life)</u>	Commission Year 1: <u>0</u> %

The parties acknowledge and agree that stop-loss insurance policies are issued for one year terms, and therefore, Meritain is unable to disclose future commissions as of execution of this Agreement. Meritain will disclose future commissions (if any) at such time the policy is renewed or reissued.

Contingent Commissions

Contingent commissions may depend on a combination of factors such as growth, profitability, volume, retention and increased services that Meritain provides under agreements with certain Carriers and MGUs. There is no guarantee that Meritain will receive any contingent commissions. Also, in cases where Meritain agrees to provide administrative services that would otherwise be provided by a Carrier or MGU, some Carriers and MGUs pay administrative fees for these services. Below are descriptions of such commissions and fees that Meritain may receive.

Carrier: Sun Life

Meritain is a party to a stop-loss producer agreement with Sun Life which provides for the annual payment of additional compensation to Meritain based on gross premiums collected. If paid, the current rate of such additional compensation ranges from 1% – 2.5% of gross premiums collected.

PBM-Related Administrative Fees and Rebates

Meritain may provide enrollment and eligibility services, issuance of drug cards, billing and collection, stop-loss claim reimbursement and coordination, reporting, and consultation to Client's prescription drug benefits manager ("PBM"). In exchange for providing these services, Meritain may receive consideration from the PBM which may be in the form of administrative fees and/or prescription drug rebates. Meritain may receive rebates from a PBM based on certain rebate-eligible prescriptions filled for Plan Participants. Client acknowledges and agrees that Meritain may receive the administrative fees and rebates as set forth below: **NONE**

Other Fees

From time to time, Meritain may engage third party vendors to perform or provide services in connection with this Agreement. In some cases Meritain will pay the vendor as a subcontractor out of fees it has collected pursuant to this Agreement.

Subrogation Recovery Fee- 25% of the recovery. When Meritain provides or arranges for subrogation services, Client agrees to pay an administrative fee of 25% of the gross savings resulting from such services. 25% of the recovery paid to subrogation vendor and subrogation vendor pays Meritain between 10% or 15% of the 25% depending upon the amount of the recovery.

In the event Meritain engages an out-of-network discount program, claim auditor, independent case reviewer, cost management vendor, bill negotiator, discount program or other contingency fee vendor to provide services on behalf of the Plan, Meritain shall be entitled to retain a contingency fee up to 25% of the net savings resulting from the engagement.

In cases where Meritain provides direct services, through its employees and agents, to negotiate bills, reduce claim amounts, access additional discounts or otherwise increase savings on behalf of the Plan, Meritain shall be entitled to retain a contingency fee up to 25% of the savings resulting from such services.

The disclosures set forth in this Exhibit B, together with the disclosures set forth in Article V. of this Agreement, represent Meritain's best reasonable estimate of the total amount of all direct and indirect compensation Meritain may receive in connection with this Agreement. The actual amount may vary during the course of this Agreement based upon changes in the number of participants, utilization and other factors external to this Agreement. With respect to all compensation Meritain actually receives as a result of this Agreement, Meritain will disclose such amounts to Client annually, upon request, to the extent required to assist Client in filing its Form 5500.

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Answers Through Leveraging Analytic Solutions (ATLAS) Reporting Package Fee	No Charge

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