

PRESBYTERIAN INSURANCE COMPANY, INC.

GROUP LETTER OF AGREEMENT

Large Group (Revised June 1, 2013)

THIS GROUP LETTER OF AGREEMENT ("Agreement") is dated as of August 5, 2015  
and is entered into by and between Presbyterian Insurance Company, Inc. ("PICI"), a New Mexico corporation and  
City of Raton, Group # GR009664

WHEREAS, PICI is a New Mexico corporation authorized to do business as an insurance company in PICI's licensed service area in the State of New Mexico; and

WHEREAS, the Group is a viable business entity licensed to do business in the State of New Mexico and operating within the scope of its license and charter; and

WHEREAS, the Group has a minimum of 51, eligible, active employees who resides or works in the service area, unless the group is eligible for and has requested enrollment of Out-of-Area employees and has been approved by PICI. Employees must work at least a minimum of 20 hours per week to be considered eligible under this Agreement with PICI; and

WHEREAS, the Group contributes a minimum of 50% of the employee's premium; and

WHEREAS, the Group has offered PICI as the only health plan option to its employees, unless the group is eligible for and has requested a Dual Option offering and has been approved by PICI;

NOW, THEREFORE, the parties agree as follows:

**1 Services:** PICI agrees to provide, through enrollment in PICI, the services described in the Group Subscriber Agreement, and any riders or amendments thereto, a copy of which has been, or will be upon request, provided to the Group and the terms of which are hereby incorporated by referenced, PICI will enroll those Group employees and their Dependents or qualified domestic partner who are eligible as outlined in the group's company policy and approved by PICI under the terms of Paragraph 5 of this Agreement, to enroll in PICI as of the Effective Date of such enrollment. PICI's obligation to provide services hereunder is subject to all terms, conditions, exclusions and limitations set forth in this Agreement and in the Group Subscriber Agreement and any riders or amendments thereto. If there is a conflict between this Agreement and the Group Subscriber Agreement and any riders or amendments thereto, this Agreement takes precedence.

**2 Payment:**

a) In consideration of the enrollment in PICI of eligible Group employees and Dependents, the Group agrees to pay to PICI the following monthly prepayment for each Group employee enrolled in PICI, based on the coverage selected by such employee as shown in the:

Presbyterian Insurance Company Rate Sheet Dated

August 5, 2015

The above referenced Rates are guaranteed for 12 months commencing with the effective date of this Agreement. PICI reserves the right to re-rate the group if enrollment fluctuates by 10 percent or more.

b) The Group understands that PICI is a prepaid health plan. Payment of the total amount of monthly prepayments due hereunder shall be made by the Group in advance of each month that Group employees are enrolled in PICI. PICI shall bill the Group on or before the 20th day of each month for the subsequent month's coverage. Payment in the amount of PICI's bill must be received by PICI on or before the first day of the month of coverage. The Group shall pay a late fee of one and one-half percent of the outstanding balance for any month in which full payment is not received by PICI prior to the 10th day of the month of coverage.

c) The Group shall pay to PICI each month the amount shown due on PICI's bill. Retroactive adjustments required by the termination or addition of enrollees shall be reflected in the subsequent month's bill. Premiums must be made payable to Presbyterian Health Plan, Inc. and remitted to:

Presbyterian Insurance Company, Inc.  
P.O. Box 911600  
Denver, Colorado 80291-1600

d) Acceptance of late, partial or non-electronic payments by PICI shall not constitute a waiver of any present or future rights PICI would otherwise have under this Agreement.

e) If the transaction is returned by the Group's financial institution for insufficient funds, account closed, authorization

revoked or any other reason caused by an act of the Group, PICI will notify Group as soon as notification is received by PICI. Payment of the amount billed plus a charge of \$30.00 must be received by PICI within 15 days after notification of non-payment is provided.

### 3 Amendments and Changes in Benefits:

- a) The parties at anytime may agree in writing to amend or modify any provision of this Agreement or the nature and extent of the benefits provided hereunder, provided all underwriting guidelines are adhered to. No increase in amounts paid by any individual enrolled in PICI hereunder shall become effective until 60 days from and after the postage paid mailing to each enrollee at the enrollee's address of record, or hand-delivery to the enrollee, of written notice of such proposed increase. A decrease in Rates may be made by PICI at any time.
- b) PICI shall not decrease in any manner the benefits provided hereunder without written agreement from the Group and until 30 days from and after the postage paid mailing to each enrollee at the enrollee's address of record, or hand-delivery to the enrollee, of written notice of such proposed change.
- c) The provision of notice to an enrolled Group employee as required in this Paragraph 3 shall be deemed to constitute proper notice hereunder to each of the employee's enrolled Dependents.

### 4 Enrollment:

- a) Following prior inspection of appropriate Group marketing materials, the Group agrees to allow PICI marketing representatives fair and reasonable access to Group members for enrollment purposes. The Group will permit PICI periodic access to eligible Group members for continued enrollment purposes.
- b) Any employee of the Group, or any Dependent of the employee who is eligible to enroll in PHPI as of the effective date of this Agreement, must apply for enrollment in PHPI within 31 days from such effective date. Any such employee or Dependent who fails to enroll during this initial enrollment period shall not thereafter be allowed to enroll in PHPI under this Agreement except during subsequent annual Group enrollment periods identified by PHPI and the Group or as specified in Paragraph 4(f) of this agreement. The employee must have been hired and working full-time before the effective date of the Group and must have met the Group's waiting period, unless the Group is waiving their initial waiting period requirement. During the initial enrollment period, a minimum of 50% of eligible employees must enroll in PICI. Employees with valid proof of other health coverage may be excluded from the Group of eligible employees for purposes of this participation requirement. Enrollment in an individual health plan is not recognized as a valid waiver, unless, in its sole discretion, PICI waives such in writing.
- c) Any employee joining the Group, or any Dependent of the employee initially becoming eligible for benefits between annual group enrollment periods, shall be offered the opportunity to enroll in PICI. Application for enrollment under this Subparagraph must be made within 31 days after the date on which the employee meets or will meet PICI and Group eligibility requirements. An employee or Dependent who fails to enroll prior to the expiration of this 31 day period shall not thereafter be allowed to enroll in PICI except during subsequent annual group enrollment periods identified by PICI and the Group or as specified in Subparagraph 4(f). PICI coverage for persons enrolling under this Subparagraph shall become effective as of the waiting period specified in Section 5 b).
- d) Application for the enrollment of a new Dependent of an employee already enrolled in PICI must be made within 31 days of the date such Dependent first becomes eligible to enroll in PICI under terms of this Agreement and the Group Subscriber Agreement. Any Dependent who is not enrolled during such 31 day period shall not thereafter be allowed to enroll in PICI except during subsequent annual group enrollment periods identified by PICI and the Group or as specified in Subparagraph 4(f).
- e) An employee who failed to enroll in PHPI during a previous enrollment period but who would otherwise be eligible for coverage may enroll in PHPI within 31 days of acquiring a new Dependent through marriage, birth, adoption, placement for adoption or Court Order, if the new Dependent is also enrolled within this time period. If the new Dependent is a child, the spouse or, if applicable, qualified domestic partner of the employee may also enroll during this time period. No other Dependents may enroll.
- f) An eligible person may enroll as an employee or Dependent after the initial eligibility period if the person loses coverage under all of the following circumstances:
  - 1) the person was covered under a Group health plan or had individual health insurance coverage at the time the person was initially eligible to enroll; and
  - 2) the employee stated in writing that the employee was not enrolling because of such other coverage; and
  - 3) the employee and/or Dependent is enrolled and applicable prepayment made within 31 days of the date coverage under COBRA was exhausted, or the date the coverage (or the employer's contribution toward coverage) was terminated; and
  - 4) the person's coverage under the other plan or insurance;
    - a) was under a COBRA continuation provision and the coverage under that provision was exhausted

{and not voluntarily terminated};

- b) was not under a COBRA continuation period and either the coverage was terminated as a result of loss of eligibility or employer contributions toward the coverage were terminated.

g) The Group shall notify PICI of any enrolled employee or Dependent who, for any reason, ceases to be eligible for enrollment in PICI under the terms of this Agreement and the Group Subscriber Agreement, and shall collect from the enrollee, and return to PICI, the enrollee's PICI ID card. The notification shall be made by the Group to PICI in writing within 30 days of the date such employee or Dependent loses eligibility. In the event the Group fails to notify PICI within this 30 day period, and the employee or Dependent obtains benefits or services through PICI after the requested date of termination of coverage, PICI shall be entitled to recover from the Group premium payment at the prevailing Rates stated in this Agreement for all subsequent months through the end of the month in which the employee or Dependent last obtained benefits or services through PICI.

#### 5 Eligibility and Effective Date:

a) Section VIII. of the Group Subscriber Agreement sets forth PICI eligibility requirements and Effective Dates of PICI enrollment for Group employees and their Dependents and qualified domestic partner. PICI shall not expel or refuse to enroll or re enroll any person because of such person's health status, requirements for health care services, or age, race, gender or sexual orientation.

b) The Group's waiting period is the first of the month following 30 days

c) In order to address situations where employees reside and work outside of the service area, PICI may offer side-by-side products to enroll employees and their Dependents anywhere in the U.S. once approved by PICI. and provided that all underwriting guidelines are adhered to.

6 **Effective Date:** This Agreement shall become effective as of 12:01 a.m. on September 1, 2015 (Effective Date); and shall continue in effect for a term of 12 months  
This Agreement shall be guaranteed renewable, subject to the provisions of Paragraph 7 below. However, this Agreement may be modified based on the size of the Group upon renewal. PICI shall notify the Group at least 60 days prior to the renewal date of this Agreement of the Rates and terms and conditions of the renewal.

#### 7 Termination:

a) The Group may terminate this Agreement at any time by giving PICI 30 days advance notice in writing. Such termination shall become effective only as of the last day of any month. If the Group does not specify such a day as the proposed date of termination, such termination shall nonetheless become effective only as of the later of (1) the last day of the month specified, or (2) the last day of the earliest month in which termination could be effected in compliance with the 30 day minimum notice requirement of this Subparagraph. In the event the Group fails to give PICI at least 30 days advance written notice of termination, the Group shall pay to PICI, in addition to other damages to which PICI may be entitled, all prepayment amounts that would be payable under this Agreement for the period extending until the last day of the earliest month in which termination would have been effective had the Group complied with the minimum advance notice requirements of this Subparagraph.

b) In the event that fewer than two employees are enrolled for PICI coverage, or the Group is not in compliance with the provisions of the Plan or this Agreement, PICI may terminate this Agreement by giving the Group 30 days advance notice in writing. Any such termination shall become effective only as of the last day of any month, and the Effective Date of such termination shall be specified by PICI in the written notice required by this Subparagraph. No such notice shall be required for non payment. See Subparagraph (e) of this Paragraph.

c) In the event that the Group ceases to be a viable business entity operating within the scope of its license and charter for reasons including, but not limited to, closing the business, bankruptcy, or insolvency, PICI may terminate this Agreement by giving the Group 30 days advance notice in writing.

d) In the event PICI terminates this Agreement as provided in Subparagraphs b. and c. of this Section, the Group shall provide promptly, within five days of receipt of PICI's notice of termination, to each enrollee by hand delivery or by mail to the enrollee's current address a legible, true copy of such notice. Termination of this Agreement by PICI shall not become effective sooner than 30 days after the date notice is hand delivered or mailed to enrollees. The Group shall provide proof of such hand delivery or mailing to PICI provided, however, that absent actual knowledge to the contrary, PICI shall be entitled for the purpose of effecting termination of this Agreement to assume that the Group has complied with its obligations under this Subparagraph. The hand delivery or mailing of a copy of the notice of termination to an enrolled employee shall be deemed to constitute the delivery or mailing of such notice to each of that employee's enrolled Dependents.

e) In the event the Group fails to make the prepayment required under this Agreement (inclusive of any applicable late fees or charges) within 15 days of the notification that the payment is due, PICI will by written notice terminate this agreement on the 30th day of notification of non-payment and will be effective as of the last date of payment. Non-payment shall be considered a voluntary termination by the group. The Group will mail a copy of the notice promptly to each enrollee and shall provide proof of such to PICI. The group may not apply for coverage within 6 months if termination reason is non-pay.

f) In the event an individual enrollee has knowingly given false material information in connection with the enrollment of the Group, PICI may terminate the Group retroactively effective as of the original Effective Date. Each subscriber shall be responsible for payment for all services rendered hereunder as of the Effective Date of such termination and shall reimburse PICI for all such payments at Reasonable Charges made by PICI on behalf of the Subscriber or any of his Dependents.

g) PICI may terminate individual enrollees of PICI as provided in the Group Subscriber Agreement.

#### **8 Continuation:**

a) Enrollees shall have the option to continue coverage with PICI.

- 1) If applicable, enrollees may elect to continue Group coverage for a period of six months upon termination of employment with the Group or due to a reduction of hours by the Group which results in a loss of coverage for the enrollee; or
- 2) If applicable, enrollees may elect continuation of coverage under the Consolidated Omnibus Reconciliation Act (COBRA) of 1985, as amended; or
- 3) Continuation of coverage shall be provided without additional evidence of insurability, and will be available regardless of the enrollee's health status.

b) The Group shall be solely responsible for identifying persons entitled to continuation benefits, for providing all notices required to be provided in connection with the availability of such benefits, for billing and collecting any payments or premiums required by the group in connection with such benefits, and for otherwise administering all facets of its continuation program. The parties agree that PICI is not a Plan Administrator as that term is used in federal laws governing the provision of continuation benefits. Persons availing themselves of Group continuation benefits through enrollment in PICI shall be considered and treated by PICI as employees of the Group. PICI shall assume no obligation with respect to such persons that is different from or in addition to its obligation to existing Group employees.

c) At the sole discretion of PICI, PICI may allow the Group to reinstate terminated enrollees within four months of termination, for those enrollees who have timely elected to receive continuation benefits. The Group shall remit all past due prepayment when billed by PICI. Proof of timely election for continuation benefits will be required on reinstatements requested after the expiration of this four-month period. PICI, upon request, will segregate all enrollees receiving continuation benefits into one billing category.

**9 Conversion:** If an enrollee ceases to be eligible for coverage through the Group and is no longer eligible for continuation benefits, the enrollee may apply for conversion coverage through a separate non group membership agreement as provided in the Group Subscriber Agreement. The Group shall not incur any expense for or on behalf of an enrollee who has exercised his conversion rights. In the event that the Group's coverage is terminated, non-group membership will not be available.

**10 Certificates of Creditable Coverage:** PICI agrees to provide Certificates of Creditable Coverage ("Certificates") to all enrollees of the Group whose enrollment in PICI terminates for any reason. PICI shall prepare and deliver the Certificates in compliance with all applicable requirements of state and federal law. The Group agrees to provide PICI, upon request, with all information necessary to complete the Certificates.

**11 Information Necessary for Administration of Agreement:** The Group shall provide PICI with such information as PICI may reasonably require for the administration of this Agreement. PICI shall be entitled to rely upon information provided by the Group regarding the enrollment or termination of enrollment, eligibility, or loss of eligibility, of any Group employee or Dependent. PICI at its sole discretion, may effect retroactive corrections of purely clerical errors made by the Group, but nothing herein shall require it to do so or constitute a waiver of PICI's right to refuse to do so.

**12 Modification:** This Agreement and Exhibits hereto constitute the entire understanding of the parties and no change, amendments, or alterations hereto shall become effective unless signed by both parties.

**13 Assignment:** This Agreement shall not be assigned, delegated or transferred, in whole or in part, by the group without the written consent of PICI.

**14 Applicable Law:** This Agreement and the rights and obligations hereunder shall be governed by and construed in accordance with the laws of the State of New Mexico.

Internal Revenue Bulletin: 2011-2 issued on January 10, 2011 under Notice 2011-1 Affordable Care Act Nondiscrimination Provisions Applicable to Insured Group Health Plans:

Section 10101(d) of the Affordable Care Act adds § 2716 which references the substantive nondiscrimination requirements of § 105(h) of the Internal Revenue Code. Plan sponsors, which includes employers, are solely responsible for complying with these rules. Employers or plan sponsors may not establish eligibility rules that favor highly compensated employees. An insured group health plan that fails to comply with these rules may be subject to: (1) an excise tax that generally applies for a plan failing to comply with the requirements (2) civil money penalties or (3) a civil action for employers. Employers or plan sponsors should consult their legal counsel to seek advice on the above requirements for non-discrimination as it relates to their choice of health care coverage.

**15 Notices:** Any notice required to be given pursuant to the terms and provisions hereof shall be in writing and shall be mailed or hand delivered to the persons at the addresses listed below:

**16 Group Reinstatement:** A reinstatement may be requested by a group within 10 days of receiving their termination letter and will be considered provided there has not been more than one payment returned or one collection letter in the last 12 months. A request can be made to escalate the reinstatement request for management review.

**17 Dispute Resolution:** Representatives of the parties will meet, at the request of either party, in an attempt to resolve any controversy or claim (a "Dispute") relating to this Agreement. If the Dispute is not resolved within five days after the representatives meet to resolve the Dispute, the parties shall select a mediator (the "Mediator") to resolve the Dispute through non-binding mediation. Both parties agree to cooperate with the Mediator in an effort to resolve the Dispute. If the Dispute is not resolved through either negotiation or mediation within forty-five days after the Dispute is first identified, either party may exercise any rights available to the party to resolve the Dispute.

**GROUP**


City of Raton  
224 SAVAGE AVE  
Raton, NM, 87740

**PRESBYTERIAN INSURANCE COMPANY, INC.**

Lisa Farrell, President  
Post Office Box 26267  
Albuquerque, New Mexico 87125-6267

\_\_\_\_\_  
Authorized Representative

\_\_\_\_\_  
Date

  
\_\_\_\_\_  
Presbyterian Insurance Company, Inc.  
Authorized Representative

August 5, 2015  
Date

**PRESBYTERIAN INSURANCE COMPANY**

Presbyterian Insurance Company Rate Sheet

CITY OF RATON, GROUP # GR009664

Rates Effective: **September 1, 2015**


Medical Plan: PPO \$750 Ded, \$3250 OOP, 20%/40% Coin.  
Prescription Drug Rider: \$10 / \$30 / \$50

Type of Coverage	Prepayment per employee
Single	\$454.40
Employee & Spouse	\$1,022.43
Employee & Child(ren)	\$636.18
Family	\$1,340.51

The above rates include Medical and Pharmacy coverage only. Ancillary products such as vision or dental coverage are not included in these rates.

Required fees under the Affordable Care Act (ACA) are included in the above rates as a pass through for remittance of the Employer-required ACA Fees.

CITY OF RATON	
Signature _____	Date _____
Title _____	

PRESBYTERIAN INSURANCE COMPANY, INC.	
	
Signature _____	
President _____	<u>August 5, 2015</u>
Title _____	Date