



## HEALTH PLAN COMMUNITY

G-3245 Beecher Road Flint, MI 48532

# SMALL GROUP MASTER CONTRACT

### GROUP:

### EFFECTIVE DATE:

McLaren Health Plan Community (“**Plan**”), a Michigan health maintenance organization, and the **Group** hereby agree to offer a group health plan providing benefits for Covered Services to Eligible Members of the Group who reside or are employed within the Plan’s Service Area.

The Benefit Plan is made in consideration of the Group’s payment of the required Contract Charges as specified herein.

Coverage under the Benefit Plan shall begin at 12:01 a.m. and shall terminate at 12:00 midnight of the applicable effective and termination dates of coverage.

This Master Contract is delivered in and governed by the laws of the State of Michigan.

THIS MASTER CONTRACT IS GUARANTEED RENEWABLE UNLESS TERMINATED IN ACCORDANCE WITH SECTION 6.

## SECTION 1. DEFINITIONS

This section defines the terms used in this Master Contract. These terms will be capitalized throughout this Master Contract when referred to in the context defined. The Plan shall determine the interpretation and application of the definitions in each and every situation.

**“Actuarial Value”** - the share of health care expenses a benefit plan covers for a typical group of enrollees. As benefit plans increase in actuarial value they cover a greater share of enrollees’ medical expenses overall. The Benefit Plan purchased by Group has an Actuarial Value that was developed pursuant to the requirements of the Patient Protection and Affordable Care Act (PPACA) and was a part of the Plan filing approved by the State and Federal agencies pursuant to PPACA.

**“Benefit Plan”** - the agreement with the Plan, including the Master Contract, Membership Card, Certificate of Coverage, Schedule of Copayments and Deductibles and any other schedules, supplements, exhibits, endorsements, attachments, attestations, riders or amendments.

**“Certificate of Coverage”** - the evidence of coverage that states the terms, conditions and benefits of coverage, the Schedule of Copayments and Deductibles and any riders, addendum, endorsements or amendments.

**“Contract Charge”** - the sum of the Premiums for all Members.

**“Coverage Year”** - the time period from the effective date of the Benefit Plan to the renewal date, and the year beginning upon each renewal date.

**"Covered Services"** – medically necessary healthcare services described in the Certificate of Coverage for which benefits will be provided unless limited or excluded in the Certificate of Coverage.

**"Eligible Member"** – Individuals who reside or are employed within the Plan's Service Area, and who are (a) the proprietors, partners or shareholders actively managing the Group's business and their eligible dependents; (b) full time active employees of the Group working at least thirty (30) hours per week and their eligible dependents. Members must meet the eligibility requirements set by the Group and the requirements of Plan's underwriting rules.

**"Final Rate Sheet"** – Exhibit 3 listing the currently monthly Premium for each Member.

**"Group"** – the organization through which the Benefit Plan is offered.

**"Member"** – a Subscriber or eligible dependent who is participating under the Benefit Plan in accordance with Group and Plan eligibility requirements.

**"Membership Card or ID Card"** – an identification card issued by Plan in the Subscriber's name which must be shown to a provider when obtaining Covered Services.

**"Plan"** – McLaren Health Plan Community.

**"Premium"** – the monthly fee required for coverage under the Benefit Plan. Premiums are described on the Final Rate Sheet. Premiums may be amended from time to time, as provided in the Master Contract.

**"Schedule of Copayments and Deductibles"** – the document that is a part of the Certificate of Coverage and lists the cost sharing amounts that apply to Covered Services under the Benefit Plan. The Certificate of Coverage and Schedule of Copayments and Deductibles work together and are evidence of coverage for the Member.

**"Service Area"** – the geographic area served by the Plan as approved by the Plan's state regulators. Contact the Plan to determine the precise geographic area served by the Plan. The Service Area may change from time to time.

**"Subscriber"** – an Eligible Member who is properly enrolled for coverage under the Benefit Plan. The Subscriber is the person on whose behalf the Benefit Plan is issued to the Group.

## **SECTION 2. PLAN RESPONSIBILITIES**

**2.1 Covered Services.** Subject to the terms and conditions of the Benefit Plan, the Plan will provide benefits to Members for Covered Services specified in the Benefit Plan.

**2.2 Member Materials.** The Plan will provide new Members with copies of Certificates of Coverage and other member materials, and will notify Members of updates. The Plan will provide Members with Membership Cards.

## **SECTION 3. GROUP RESPONSIBILITIES**

**3.1 Payment of Contract Charges.** The Group must prepay all Contract Charges as set forth in the monthly premium invoice. The Group must pay all Contract Charges related to any retroactive adjustments expressly permitted by Plan underwriting rules. Except for any applicable state or federal taxes or fees, all Contract Charges are guaranteed for the applicable Coverage Year. At its discretion, Plan may terminate this Agreement immediately if premiums are more than thirty (30) days past due, with termination of coverage retroactive to the date through which premiums were paid in full. Group will hold Plan harmless to indemnify and hold Plan harmless against any loss, claim or action, including costs, penalties and reasonable attorney fees, arising out of or related to Plan's termination of this Agreement due to Group's non-payment of premiums.

**3.2 Notification.** Group will notify the Plan of changes in enrollment (e.g., new Members, terminated Members) within thirty (30) days of the effective date of such change.

**3.3 Eligibility.** The Group warrants that all individuals enrolled with the Plan will meet the Group and Plan eligibility requirements at the time of enrollment, and that it will not enroll any ineligible individual. If the Group or its representative enrolls an ineligible individual, it agrees to indemnify and hold Plan harmless against all benefit payments made on behalf of any improperly enrolled person, as well as any judgment, settlement, costs, expenses and reasonable attorney fees.

**3.4 Eligibility Information.** Group agrees to provide timely and accurate eligibility information, including Medicare status, and

to identify all persons subject to the Medicare Secondary Payer statutes and regulations. The Group acknowledges that Plan will rely upon the accuracy of all eligibility information the Group provides, and agrees to indemnify and hold Plan harmless against any loss, claim or action, including costs, penalties and reasonable attorney fees, arising from the provision of inaccurate eligibility information.

**3.5 Open Enrollment Period.** At least once a year, the Plan will have reasonable access to eligible Subscribers and Members of the Group for purposes of open enrollment. Persons joining the Group between periodic open enrollment periods may enroll in Plan coverage at the time they meet eligibility requirements.

**3.6 Enrollment Requirements.** Group will offer the Benefit Plan to all eligible individuals.

**3.7 Termination of Member Coverage.** Group may terminate any Member from coverage for any reason included in the Certificate of Coverage. Plan will not be liable for claims incurred after the date the Member's coverage terminates.

**3.8 Employee Waiting Period.** The Group shall determine the period of time during which new employees of Group must wait before becoming eligible to join the Plan, and warrants that such determination shall be in compliance with all legal requirements, including PPACA.

**3.9 Integrity of Actuarial Value of Plan.** The Group understands that the Benefit Plan has an Actuarial Value that is not compatible with the addition of a health savings account (HSA), an integrated health reimbursement account (a health reimbursement account intended to be used to pay any Member copayments, coinsurance or deductibles under the Benefit Plan) (HRA), or a supplemental indemnity policy specifically designed to fill in the gaps in the primary health coverage (sometimes referred to as "Gap" coverage), and that the addition of an HSA, an integrated HRA or Gap coverage will cause the Benefit Plan to exceed the filed and approved Actuarial Value. Therefore, the Group attests (through the signature of an authorized representative on Exhibit 1), that it will not offer its eligible members an HSA, integrated HRA or Gap coverage at any time the Benefit Plan is in place for the Group's Members. Breach of this provision will be cause for retroactive termination of this Contract to the first date an HSA, integrated HRA or Gap coverage was offered at the same time as the Benefit Plan, and recovery by Plan of any claims paid on behalf of Group's Members during that time period.

**3.10 ERISA Fiduciaries.** If the Group's health care plan is subject to ERISA, the Group or its designee (other than the Plan) shall be the Plan Administrator of the Group's health care plan under ERISA, and shall have all of the responsibilities and authority of that position including ensuring compliance with ERISA, preparing and distributing summary plan descriptions, and advising all eligible individuals of (i) available benefits and any changes in benefits; (ii) termination of coverage for any reason, including the failure to make any payments when due; and (iii) their COBRA rights if any. The Group delegates the responsibility and discretionary authority to process and pay claims to the Plan as "claims administrator" and retains all other responsibilities and duties under ERISA not specifically delegated to the Plan. The Plan agrees to assume such responsibility and authority, including any responsibility it may have as a "named fiduciary" (as defined under ERISA Section 402) for purposes of its claims administration duties, to the extent that under the Contract and ERISA it meets the definition of a "named fiduciary". As the named administrator, the Plan shall have the power and discretion to construe the terms of this Contract and to determine all questions pertaining to the administration, interpretation and application of this Contract and any Certificates and riders that involve eligibility for benefits and the payment or denial of claims. In addition, the parties agree that the Plan shall have the responsibility for ensuring that its claims procedures comply with the Department of Labor's Claims Procedures described in 29 CFR Part 2560 and for handling all levels of appeals.

**3.11 Group as Agent.** For all purposes of this Contract, including the payment of Contract Charges, the Group is the agent for all Members. Notice by or to the Group will satisfy any notice requirements of this Contract and applicable Certificates and riders.

## SECTION 4. ADJUSTMENT OF RATES

**4.1 Renewal with Altered Terms.** If the Benefit Plan will be renewed with less favorable terms or at a higher Premium, the Plan shall notify the Group at least sixty (60) days before expiration of the Benefit Plan or with such other notice as may be required by state or federal law.

**4.2 Premium Rate.** The Premium rate may be changed if the nature or extent of risk under the Benefit Plan is changed by amendment or by reason of any provisions of law or any government regulations.

**4.3 Government Tax or Assessment.** Should a state or federal law be enacted or amended to impose tax or an assessment

on the Plan's receipts, premiums or income, the Plan may, upon thirty (30) days written notice (even during the initial Benefit Plan term) increase the Premiums for the Benefit Plan by the amount of such tax or assessment attributable to the receipts, premiums or income received by the Plan from the Group.

## **SECTION 5. HIPAA**

**5.1 HIPAA Privacy Notices, Certification of Creditable Coverage.** The Plan will prepare Notices of Privacy Practices appropriate for the Group under the Privacy Standards. The Group represents and warrants that it does not create or receive Protected Health Information, as that term is defined in 45 CFR Section 164.501, and is not entitled to receive any Protected Health Information from the Plan except as permitted under the Privacy Standards or the laws of the State of Michigan where more stringent, so that the burden to maintain and provide Notices of Privacy Practices is entirely that of the Plan. The Group will cooperate with the Plan in the preparation of Notices of Privacy Practices by the Privacy Standards. The Plan may distribute the Members Notices of Privacy Practices by electronic mail to Members who have agreed to receive electronic notification and have not revoked that agreement. If the Plan maintains a website that provides information about customer service or benefits for the Group's Members, the Plan will post and make available the then current Notice of Privacy Practices. Unless the Group otherwise notifies the Plan in writing, Plan will assume all responsibility for issuing automatic certificates of creditable coverage to terminated Members as required by HIPAA and regulations, and further agrees to respond to any requests for such certificates and related inquiries. The Group will be responsible for notifying the Plan of all terminations of coverage as set forth in Section 3.2.

## **SECTION 6. TERM AND TERMINATION**

**6.1 Term.** The Benefit Plan will be effective as of the effective date specified on the cover page of this Master Contract and shall automatically renew and continue in effect from year to year, subject to nonrenewal and termination as described in this section, or unless terminated in accordance with Section 6.

### **6.2 Termination or Nonrenewal**

#### **A. This Master Contract may be terminated or non-renewed:**

1. By the Group at any time by giving at least thirty (30) days advance written notice to the Plan.
2. By Plan as provided for in Section 3.1 above.
3. By the Plan for the following other reasons, with at least thirty (30) days advance written notice:
  - a. Failure to meet participation or contribution requirements;
  - b. Fraud or misrepresentation by the Group;
  - c. Substantial breaches of contractual duties, conditions or warranties;
  - d. There is no longer a Member who resides or works in the Plan's Service Area; or
  - e. The Group moves outside of the Service Area or the Group ceases to be a member of an association through which the Group has achieved eligibility.
4. This Master Contract may be terminated immediately and retroactively in the event Group breaches Section 3.9 of this Contract.
5. The Plan may discontinue offering the Benefit Plan if the Plan exits the applicable market or the Benefit Plan is terminated pursuant to applicable federal and state laws or decertified.

**B. Effect of Termination for Failure to Pay Premiums.** Upon termination, by failure to pay premiums, all rights to benefits shall retroactively terminate at the end of the period for which all required premiums have been paid. Group agrees to be responsible for notifying its employees that the Small Group Master Contract has ended. No termination shall relieve Group from any obligation incurred before the date of termination of this Small Group Master Contract. It is Group's responsibility to notify the Members of the Small Group Master Contract's termination in compliance with all applicable laws. However, Plan reserves the right to inform Members affected by the Small Group Master Contract for any reason, including non-payment of premium. Group shall provide written notice to Members of their rights upon termination of coverage.

## SECTION 7. UNFORESEEN CIRCUMSTANCES

**7.1 Unforeseen Circumstances.** If Group's or the Plan's operations are substantially interrupted by war, fire, insurrection, the elements, earthquakes or, without limiting the foregoing, any other cause beyond the control of the affected party (including but not limited to the Plan's inability to meet all material requirements imposed on the Plan by state or federal law resulting in a significant impact on the Plan's operations), the affected party shall be relieved of its obligations only as to the affected portions of the Benefit Plan. In the event the performance of the affected party is substantially interrupted pursuant to such event, the other party shall have the right to terminate the Benefit Plan upon ten (10) days prior written notice to the affected party.

## SECTION 8. GENERAL PROVISIONS

**8.1 Assignment.** No assignment of the Benefit Plan shall be made by either party. Any attempted assignment in violation of this provision shall void the Benefit Plan.

**8.2 Clerical Error.** Clerical error will not deprive any individual of coverage, or will not create coverage not otherwise validly in effect. Upon discovery of a clerical error, an appropriate adjustment in Premium and/or Contract Charge shall be made.

**8.3 Notice.** Any notification regarding the terms and provisions of the Benefit Plan shall be in writing and shall be sent to the Plan at the appropriate address listed on the Group Information and Coverage Selections Form, Exhibit 2, and to the Group at McLaren Health Plan Community, Attention Sales Support, G-3245 Beecher Road, Flint, MI 48532. Each party has the responsibility to notify the other parties within (2) business days of any change in address.

**8.4 Litigation.** Any suit arising out of this Contract must be filed within two (2) years after the cause of action arose and, unless pre-empted by ERISA, shall be brought in a Michigan court of competent jurisdiction.

**8.5 Exclusions.** Notwithstanding anything contained in this Agreement, the Plan will have no obligations to the Group for any coverage not specified in the Benefit Plan, nor for any coverage that the Group, in whole or in part, contracts with other carriers to provide on behalf of the Group. The Group agrees to indemnify and hold Plan harmless against any loss, claims, actions and damages, including costs and reasonable attorneys' fees that may arise from any coverage not so provided by the Plan.

**8.6 Entire Agreement.** This Master Contract together with any attachments or exhibits, is the entire agreement between the Plan and the Group, and supersedes all other agreements, oral or written, between the parties regarding the same subject matter. This Master Contract may be amended only by a written document signed by the parties.

**8.7 Severability.** If any provision of this Agreement is found invalid or unenforceable, the remaining provisions shall remain in full force and effect.

**8.8 Governing Law.** This Master Contract is entered into in Michigan, and except as may be pre-empted by ERISA, shall be construed according to the laws of Michigan.

**8.9 Renewal Requirements.** Approximately 90 days prior to the renewal month, Plan will provide Group a renewal package with new rates, additional options, and a Group Status Verification form.

- A. Group Status Verification/Renewal Form.** Group will complete and return the Group Status Verification/Renewal Form at least 30 days prior renewal date to ensure timely implementation of any change(s) and to allow ample time to re-issue ID cards if there is a change.
- B. Waivers.** Group must provide a current list of employees waiving coverage and their reason at least 30 days prior to the renewal date each year.
- C. Workers' Compensation Insurance Declarations Page.** Group must maintain valid and up-to-date Workers' Compensation Coverage and supply an updated copy of the policy to Plan upon request unless exempt from maintaining Workers' Compensation. Proof of exemption will be required.
- D. Quarterly Wage Detail Report.** Upon Plan's request, Group must provide a copy of the most recent Quarterly Wage Detail Report when submitting renewal documents (Note: Groups of 5 or less enrolled must automatically provide the Quarterly Wage Detail Report to Plan at renewal).

[Signature Page Follows]

**IN WITNESS WHEREOF**, EACH PARTY HERETO HAS CAUSED THIS Master Contract to be signed by its duly authorized representatives and is effective on the date shown on the cover page of this Master Contract.

**MCLAREN HEALTH PLAN COMMUNITY**

Signature: \_\_\_\_\_

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

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

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

**GROUP INFORMATION**

Group: \_\_\_\_\_

Tax ID#: \_\_\_\_\_

Signature: \_\_\_\_\_

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

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

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

**AGENT INFORMATION**

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

Signature: \_\_\_\_\_

Name of Agency: \_\_\_\_\_

**Exhibit 1 to Small Group Master Contract**  
**GROUP ATTESTATION**

The undersigned hereby states:

1. That he/she is a representative of (Group) and is authorized to sign this Attestation on behalf of Group.
2. That the Group understands that the McLaren Health Plan Community Benefit Plan has an Actuarial Value that is not compatible with the addition of a health savings account (HSA), an integrated health reimbursement account (HRA) or a supplemental indemnity policy specifically designed to fill in the gaps in the primary health coverage (sometimes referred to as "Gap" coverage), and that the addition of an HSA, an integrated HRA or Gap coverage would cause the Benefit Plan to exceed the filed and approved Actuarial Value.
3. That therefore the Group warrants that it will not offer its eligible members an HSA, an integrated HRA or Gap coverage at any time the Benefit Plan is in place for the Group's Members.
4. That Group understands that the Plan is relying upon this attestation in offering the Benefit Plan to Group, and that breach of this provision will be cause for retroactive termination of this Contract to the first date an HSA, an integrated HRA or Gap coverage is offered at the same time as the Benefit Plan, and recovery by Plan of any claims paid on behalf of Group's Members during that time period.

Date:

Signature:

Printed Name:

Title:

**Exhibit 2 to Small Group Master Contract  
INFORMATION AND COVERAGE SELECTIONS**

GENERAL INFORMATION			
Company Name to be Listed on Policy::			
Contact Person:		Title:	
Company Address:			
City:		State:	
Zip Code:		County:	
Phone:		Fax:	
Email:		Requested Effective Date:	

BILLING CONTACT NAME & ADDRESS (If different than above)			
Name:			
Address:			
City:			
State:		Zip Code:	
Phone Number:			
Email:			

ELIGIBILITY / PARTICIPATION	
How many total employees do you have? (Including any who may not be eligible for benefits: I.e. part-time)	
a. Total number of applications	
b. Total number of waivers	+
c. Total eligible employees	=

EMPLOYER CONTRIBUTION TOWARD MONTHLY PREMIUM	
Single:	
Two Party:	
Family:	

WORKER'S COMPENSATION COVERAGE:	
Name of Carrier:	
List of individuals not covered by Worker's Comp (provide on separate sheet):	

LEGAL STATUS							
<input type="checkbox"/>	Corporation	<input type="checkbox"/>	Proprietorship	<input type="checkbox"/>	Trust	<input type="checkbox"/>	LLC
<input type="checkbox"/>	Partnership	<input type="checkbox"/>	S Corporation	<input type="checkbox"/>	Other		

**ENROLLMENT / ELIGIBILITY CRITERIA**

Effective Date for New Hires:

	Date of Hire		1st of Month Following		Day waiting period		Date of Completion of		Day waiting period
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Effective Date of Termination:

	Date of Termination of Employment		Last Day of the Month in Which Termination Occurs						
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Effective Date for Return to Employment (Layoff, Leave, Strike):

	Date of Return		1st of Month Following		Day waiting period		Date of Completion of		Day waiting period
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Effective Date for Status Change (Example: Part-time to Full-time):

	Date of Change		1st of Month Following		Day waiting period		Date of Completion of		Day waiting period
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Definition of an Eligible Employee:

	Full-time employee working a minimum of				Hours per week	Other:		
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Excluded Employees:

	Part-time		Temporary		Seasonal		Other:		
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**MCLAREN HEALTH PLAN COMMUNITY USE ONLY:**

CLASSIFICATION	RATES	GROUP INFORMATION							
Class I: Single	\$	Account Executive:							
Class II: Double	\$	Sold Group Number:							
Class IV: Family	\$	Policy Effective:		From:	/	/	To:	/	/
Class	\$	Other Information:							
Class	\$	Binder Check Info:							
Class	\$	Check # :		Date Received:	/	/			
Class	\$	Amount:		\$					

**Exhibit 3 to Small Group Master Contract  
FINAL RATE SHEET**