

GROUP AGREEMENT
Between
San Mateo Community Health Authority
And
County of San Mateo

This Group Agreement (Agreement), including the Evidence of Coverage (EOC) document(s) and attachments listed below and incorporated herein by reference, and any amendments to any of them, constitutes the contract between the San Mateo Community Health Authority and County of San Mateo (Contract Holder). This Agreement is effective this 1st day of September, 2006.

Product Name: HealthWorx

Attachment	A - Terms and Conditions
Attachment	B – Premium Schedule
Attachment	C - COBRA and Cal-COBRA
Attachment	D – Health Insurance Portability and Accountability Act of 1996 (HIPAA)
Attachment	E – Evidence of Coverage (EOC)

Pursuant to this Agreement, PLAN will provide covered services and supplies to Members in accord with the terms, conditions, rights, and privileges as set forth in this Agreement and the EOC.

The PLAN is subject to the requirements of state and federal laws governing health care plans, including the Knox-Keene Act of 1975 and its amendments. Any provisions required to be in this Agreement by either the applicable Statute or Regulations will bind PLAN whether or not expressly stated in this Agreement.

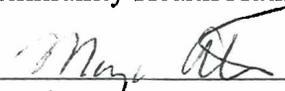
If any provision of this Agreement is deemed to be invalid or illegal, such provision shall be fully severable and the remaining provisions of this Agreement shall continue in full force and effect.

This Agreement and its attachments have the same meaning given those terms in the EOC.

Group Agreement Effective Date: September 1, 2006

Contract Holder Number: 000001

San Mateo County
Community Health Authority



Signature

MAYA ALTMAN

Print Name

8/11/06

Date

San Mateo County

Signature

Print Name

Date

TABLE OF CONTENTS

I.	Definitions	page 1
II.	Enrollment	page 2
III.	Premiums	page 3
IV.	Term and Termination	page 4
V.	Member Notification of Termination of Group Agreement	page 6
VI.	Obligations under COBRA and Cal-COBRA	page 6
VII.	The Health Insurance Portability and Accountability Act of 1996 (HIPAA)	page 7
VIII.	Independent Contractor Relationships.....	page 7
IX.	Records	page 8
X.	Administration of the Agreement.....	page 8

ATTACHMENT A

TERMS AND CONDITIONS

Recital:

- A. The San Mateo Community Health Authority (SMCHA) has entered into or will enter into and shall maintain a contract with the County of San Mateo pursuant to which individuals who subscribe and are enrolled under HealthWorx will receive, through the SMCHA, health services hereinafter defined as “Covered Services.”

NOW, THEREFORE, it is agreed that the above Recital is true and correct and as follows:

SECTION 1

DEFINITIONS

As used in this agreement, the following terms (listed alphabetically) shall have the meaning set forth herein below, except where, from the context, it is clear that another meaning is intended.

- 1.0 **“Cal-COBRA”** – shall mean a California State law that requires employers to offer continued health insurance coverage under certain circumstances where coverage would otherwise terminate.
- 1.1 **“Contract Holder”** – shall mean the County of San Mateo, the employer of record for San Mateo County Extra Help Employees. The County is the entity responsible for purchasing medical coverage on behalf of eligible Extra Help workers and authorizing the Group Agreement with the PLAN.
- 1.2 **“Consolidated Omnibus Budget Reconciliation Act (COBRA)”** – shall mean a federal law that, among other things, requires employers to offer continued health insurance coverage to certain employees and their beneficiaries who have had their group health insurance coverage terminated.
- 1.3 **“Copayment”** – shall mean the portion of health care costs for covered services for which the Member has financial responsibility under the HealthWorx Program.
- 1.4 **“Covered Services”** – shall mean those health care services and supplies which a Member is entitled to receive under the HealthWorx Program and which are set forth in the HealthWorx Program Evidence of Coverage (Attachment A, attached hereto and hereby incorporated by reference).
- 1.5 **“Evidence of Coverage”** – shall mean the document issued by the PLAN to Members that describes Covered Services and Non-Covered Services in the HealthWorx Program (Attachment A, hereto and incorporated herein by reference).
- 1.6 **“Group Agreement”** – shall mean the Agreement signed by PLAN and the Contract Holder which constitutes the agreement regarding the benefits, exclusions and other conditions for PLAN’s HealthWorx line of business.

- 1.7 **“Health Insurance Portability and Accountability Act of 1996 (HIPAA)”** – shall mean a federal law that, among other things, provides guaranteed renewability of health care coverage to certain employees who no longer qualify for group health insurance through their employer and have an opportunity to purchase coverage from another insurer.
- 1.8 **“Hospital”** – shall mean a licensed general acute care hospital.
- 1.9 **“Individual Conversion Product”** – shall mean an HPSM product for HealthWorx Members who have exhausted their COBRA and Cal-COBRA continuation coverage.
- 1.10 **“Member”** – shall mean an enrolled Extra Help employee who has been determined eligible for HealthWorx by the Contract Holder or a former worker enrolled in COBRA or Cal-COBRA.
- 1.11 **“Participating Provider”** – shall mean a Provider who has entered into an Agreement with the PLAN to provide Covered Services to Members. The terms “Participating Provider” and “Contracting Provider” may be used interchangeably.
- 1.12 **“PLAN”** – shall mean the Health Plan of San Mateo,
- 1.13 **“Premium”** – shall mean the amount paid by Contract Holder per Member per month to PLAN for providing coverage to Members under this Agreement.
- 1.14 **“Protected Health Information”** – shall mean individually identifiable health information as defined by the Health Insurance Portability and Accountability Act of 1996 (HIPAA).
- 1.15 **“Provider”** – shall mean any health professional or institution certified to render Covered Services to Members.

SECTION II ENROLLMENT

- 2.0 Members must enroll with the PLAN during the Open Enrollment period to be held in either July or August of each year. To be eligible, Members must work a specific number of hours as determined by the Contract Holder. Open Enrollment shall be in compliance with applicable law.
- 2.1 The Contract Holder or designee shall be responsible for forwarding completed enrollment information on eligible Members to the PLAN electronically no later than 5:00 p.m. on the twenty-second day of each month.
- 2.2 The Contract Holder or designee shall also be responsible for forwarding enrollment information on HealthWorx Members eligible through COBRA and shall provide Members who exhaust their COBRA benefits an application and information regarding benefits under Cal-COBRA.
- 2.3 The PLAN will enroll Members in Cal-COBRA and inform Members when they exhaust their Cal-COBRA benefits and become eligible for continuation coverage under the PLAN’s

Individual Conversion Product.

- 2.4 The Contract Holder shall not change the eligibility requirements used to determine membership in the group during the term of the Group Agreement, unless agreed to in writing by the PLAN.
- 2.5 The PLAN will provide annual orientations for Members if requested by Contract Holder.

SECTION III PREMIUMS

- 3.0 Premiums for the Covered Benefits under this Group Agreement are set forth in Attachment B, attached hereto, which is fully incorporated herein by reference.
- 3.1 Premium Change
 - 3.1.1 PLAN may change the Premium with thirty-one (31) days written notice to Contract Holder as follows:
 - 3.1.2 Upon parties agreement to amend Attachment B of this Group Agreement.
 - 3.1.3 Upon the effective date of any applicable law or regulation having a direct and material impact on the cost of providing coverage to Members.
 - 3.1.4 Payment of the applicable Premium on and after that date shall constitute acceptance of those changes by the Contract Holder, individually and on behalf of all Members enrolled under this Group Agreement.
- 3.2 Premium Payment

Premiums are payable to the PLAN at the PLAN's corporate office by electronic file transfer via ACH, wire transfer or check via mail addressed to: Finance Department, Health Plan of San Mateo, 701 Gateway Blvd, Ste. 400, South San Francisco, CA 94080.
- 3.3 Premium due date and grace period
 - 3.3.1 The Premium due date will be the first of the month for which coverage is provided. A five (5) day grace period will allow the Group Agreement to be in force beyond the premium due date. The Contract Holder remains liable for the payment of the Premium for the time coverage was in effect during the grace period and Members will remain liable for Copayments. A check is not a payment until it is cleared by the PLAN's bank.
 - 3.3.2 Premiums shall be paid in full for Members whose coverage is effective on the Premium due date or whose coverage terminates on the last day of the Premium period.

3.4 Credit for Member terminations

3.4.1 Contract Holder may receive a maximum of two (2) months credit for Member terminations which occurred more than thirty-one (31) days prior to the date PLAN was notified of the Member's termination. Retroactive additions will be honored at the discretion of the PLAN based upon the eligibility guidelines described in the EOC and on the Schedule of Benefits. Retroactive additions are subject to payment of applicable premiums.

3.4.2 The Contract Holder shall be responsible for any claims paid by PLAN and Member to the extent PLAN relied on the Contract Holder's submitted enrollment to confirm coverage where coverage was not valid.

3.5 Non-payment of Premium

If the Premiums are not paid by the Premium due date, PLAN will require the Contract Holder to pay interest on the overdue amount at 1 1/2% for each month overdue, commencing on the thirty first (31st) day after the Premium due date.

SECTION IV TERM AND TERMINATION

4.0 Effective Date

This agreement shall become effective on September 1, 2006.

4.1 Term

The term of the Group Agreement shall begin with the effective date of the Agreement and last for five years. This Group Agreement may be renewed or extended by mutual agreement.

4.2 Termination on Notice

PLAN or Contract Holder may terminate this Group Agreement with or without cause. PLAN may terminate with sixty (60) days written notice. Contract Holder may terminate with thirty (30) days written notice. In the event of termination, PLAN shall furnish Contract Holder access to data for Members covered under this Group Agreement.

4.3 Termination Based upon inability to perform due to changed legal, contractual, or regulatory circumstances

In the event there are (1) changes effected in the PLAN's Medi-Cal contract with the State of California, or (2) changes effected in HealthWorx, or (3) changes in the Federal Medicaid or SCHIP Programs, or (4) changes in the Federal Medicare Program, or (5) substantial changes under other public or private health care insurance programs or policies any of which changes will have a material detrimental financial effect on the operations of the Contract Holder or PLAN, Contract Holder or PLAN may terminate this Group Agreement

upon providing the other party with thirty (30) days prior written notice. In any case where such notice is provided, both parties shall negotiate in good faith during such thirty (30) day period in an effort to develop a revised Group Agreement, which, to the extent reasonably practicable, under the circumstances, will adequately protect the interests of both parties in light of the governmental program or private insurance policy changes which constituted the basis for the exercise of this termination provision.

4.4 Termination due to non-acceptance of amendments

All amendments are deemed accepted by Contract Holder unless Contract Holder gives PLAN written notice of non-acceptance at least thirty (30) days before the effective date of the amendment and remits all amounts payable related to this Agreement, including Premiums, for the period prior to the amendment effective date. The Contract Holder notifies the Commission in writing of termination within sixty (60) days of notice of said Amendment.

4.5 Termination for Insufficient Provider Participation

4.5.1 If for any reason, PLAN is unable to enter into or maintain service contracts with sufficient numbers of providers (hospitals and physicians) to assure adequate Member access to needed Covered Services, the PLAN may terminate this Agreement upon thirty (30) days written notice to the Contract Holder; or

4.5.2 If, the qualification of PLAN under the Federal Social Security Act is terminated or ceases for any reason or if the PLAN's contract with the State of California is terminated or ceases for any reason, Plan shall give Contract Holder immediate written notice of the foregoing termination(s) and this Agreement shall terminate in accordance with the terms of Section 4.2 of this Agreement.

4.6 Effect of Termination

As of the date of termination pursuant to any provision of this Agreement, this Agreement shall be of no further force or effect whatsoever and each of the parties hereto shall be relieved and discharged from any of the obligations it has undertaken except that the Contract Holder shall remain liable for due, unpaid Premiums and the PLAN shall remain liable for all Benefits rendered to Members up to the date of termination and for any Covered Services covered by the term of the Premium or required by law, whichever is later, rendered hereunder after such date until such time as appropriate transfer (or other medically acceptable disposition) of Members receiving inpatient services as of the date of termination is achieved.

4.7 Amendment of Agreement

4.7.1 This Group Agreement may be amended at any time upon written agreement of PLAN and Contract Holder. Upon 30 days prior written notice to Contract Holder, Plan may extend the term of this Agreement and/or make other changes by amending this Agreement. Extending the term of this Agreement will be contingent upon Contract Holder's acceptance of all amendments, including Premiums and benefits, as described under "Acceptance of Amendments" below.

- 4.7.2 This Group Agreement may be amended by the PLAN upon thirty (30) days written notice to the Contract Holder. If the Contract Holder does not give written notice of termination within thirty (30) days, Contract Holder agrees that any such amendment by the PLAN shall be part of the Group Agreement
- 4.7.3 The terms of the Agreement shall be subject to the requirements of the Knox-Keene Health Care Service Plan Act of 1975 (the "Act"), as amended and the regulations promulgated thereunder (the "Regulations"), to the extent applicable hereto, and any provision required to be in this Group Agreement by either the Act or Regulations shall bind the PLAN and the PCP as appropriate, whether or not provided herein. If the Director of the Department of Managed Health Care or his/her successor requires further amendments to this Group Agreement, the PLAN shall notify the Contract Holder in writing of such amendments. The Contract Holder agrees to work with the PLAN in good faith effort to accept such an amendment. If Contract Holder does not agree to accept such an amendment, the PLAN may terminate this Group Agreement. Amendments for this purpose shall include, but not be limited to, material changes to the PLAN's Utilization Management, Quality Assessment and Improvement and Complaint and Grievance Programs and procedures and to the health care services covered by this Group Agreement.

SECTION V MEMBER NOTIFICATION OF TERMINATION OF GROUP AGREEMENT

- 5.0 It is the responsibility of the Contract Holder or designee to notify the Members of the termination of the Group Agreement in compliance with all applicable laws. However, PLAN reserves the right to notify Members' of termination of the Group Agreement for any reason, including non-payment of Premium. When PLAN delivers a notice of cancellation or termination to Contract Holder, Contract Holder or designee will promptly mail a notification of action to each Member under this Group Agreement at the Members' current address.
- 5.1. In accordance with the EOC, the Contract Holder or designee shall also provide written notice to Members of their continuation and conversion rights upon termination of coverage.
- 5.2 Termination shall not relieve the Contract Holder or PLAN from any obligation incurred prior to the date of termination of this Group Agreement.

SECTION VI OBLIGATIONS UNDER COBRA, CAL-COBRA, CALIFORNIA LAW GOVERNING INDIVIDUAL CONVERSION PRODUCTS

- 6.0 The Contract Holder is subject to the requirements of state and federal law governing continuation of health care coverage for Members. The federal law is the Consolidated Omnibus Budget Reconciliation Act ("COBRA"). The California state law is the California Continuation Benefits Replacement Act ("Cal-COBRA"). Obligations of the Contract Holder under COBRA and Cal-COBRA are summarized in ATTACHMENT C. Any provisions required to be in this Group Agreement by either the applicable Code or

Regulation governing COBRA or Cal-COBRA will bind the Contract Holder whether or not expressly stated in the Group Agreement or any Attachments. Contract Holder hereby acknowledges its obligations and agrees to comply with all applicable legal requirements with respect to COBRA and/or Cal-COBRA continuation coverage.

- 6.1 The PLAN is subject to California law and regulations regarding continuation coverage when a Member exhausts COBRA and Cal-COBRA benefits. Obligations of the PLAN under California law are summarized in Attachment D.

SECTION VII THE HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT OF 1996 (HIPAA)

- 7.0 The Contract Holder is subject to the requirements of state and federal law governing the portability of health care coverage for Members (“creditable coverage”). Obligations of the Contract Holder regarding continuation coverage under HIPAA are summarized in ATTACHMENT D. Any provisions required to be in this Group Agreement by either the applicable Statute or Regulation governing HIPAA will bind the Contract Holder whether or not expressly stated in the Group Agreement or any Attachments.

Contract Holder hereby acknowledges its obligations and agrees to comply with all applicable legal requirements with respect to HIPAA continuation coverage.

- 7.1 The PLAN is subject to the requirements of state and federal laws governing the privacy and security of Members’ protected health information. Obligations of the PLAN and the Contract Holder regarding the privacy and security of Members’ protected health information under HIPAA are summarized in Attachment D.

The PLAN hereby acknowledges its obligations and agrees to comply with all applicable legal requirements with respect the Administrative Simplification Provision under HIPAA, which include Privacy and Security of Member protected health information.

SECTION VIII INDEPENDENT CONTRACTOR RELATIONSHIPS

- 8.0 Between Participating Providers and PLAN.

The relationship between PLAN and Participating Providers is a contractual relationship among independent contractors. Participating Providers are not agents or employees of PLAN nor is PLAN an agent or employee of any Participating Provider. Participating Providers maintain the provider-patient relationship with Members and are solely responsible to their Member patients for any health services rendered to their Member patients.

A Participating Provider’s participation may be terminated at any time by either the Participating Provider or the Plan and PLAN makes no express or implied warranties or representations concerning the qualifications, continued participation, or quality of services of any Physician, Hospital or other Participating Provider. In no event will PLAN be liable

for the negligence, wrongful acts, or omissions in a Participating Provider's delivery of services regardless of whether such services are or would be covered under this Group Agreement, nor will PLAN be liable for services or facilities which for any reason beyond its control are unavailable to the Member.

8.1 Between the Contract Holder and PLAN.

None of the provisions of this Agreement are intended to create nor shall be deemed or construed to create any relationship between the parties hereto other than that of independent entities contracting with each other hereunder solely for the purposes of effecting the provisions of this Agreement. Neither of the parties hereto, nor any of their respective employees or workers, shall be construed to be the agent, the employee or the representative of the other.

**SECTION IX
RECORDS**

9.0 The PLAN maintains records and information to allow the administration of a Member's coverage. The Contract Holder or designee shall provide the PLAN information to allow for the administration of a Member's benefits. This includes information on enrollment, continued eligibility, and termination of eligibility. The PLAN shall not be obligated to provide coverage prior to receipt of information needed to administer the benefits or confirm eligibility in a form satisfactory to the PLAN.

The Contract Holder or designee shall make payroll and other records directly related to Member's coverage under this Group Agreement available to PLAN for inspection, at PLAN's expense, at the Contract Holder's or designee's office, during regular business hours, upon reasonable advance request from PLAN. This provision shall survive the termination of this Group Agreement as necessary to resolve outstanding financial or administrative issues pursuant to this Group Agreement. PLAN's performance of any obligation that depends on information to be furnished by Contract Holder or designee or Member will not arise prior to receipt of that information in the form requested by PLAN. Nor will PLAN be liable for any obligation due to information incorrectly supplied by Contract Holder or designee or Member. All records of Contract Holder that have a bearing on coverage shall be open for inspection by PLAN at any reasonable time.

**SECTION X
ADMINISTRATION OF THE AGREEMENT**

PLAN may adopt policies, procedures, rules and interpretations to promote orderly and efficient administration of this Group Agreement.

10.0 Entire Agreement

This Group Agreement, including the Group Application, Evidence of Coverage, Schedule of Benefits, any amendments, endorsements, insets or attachments, constitutes the entire Group Agreement between the Contract Holder and the PLAN, and on the effective date as set forth in Section IV, supersedes all other prior and contemporaneous arrangements, understandings,

agreements, negotiations and discussions between the parties, whether written or oral, regarding services provided by the Group Agreement.

10.1 Hold Harmless

10.1.1 PLAN and Contract Holder agree that nothing in this Agreement shall cause either party to be liable or responsible for any debt, liability, or obligation of the other party or any third party, unless such liability or responsibility is expressly assumed by the party sought to be charged therewith. Each party shall be solely responsible for and shall indemnify and hold the other party harmless against any claim or obligation for the payment of wages, salaries or other compensation (including all state, federal, and local taxes and mandatory employee benefits), insurance and voluntary employment-related or other contractual or fringe benefits as may be due or payable by the party to or on behalf of the other party's employees, agents, and representatives.

10.1.2 Each party shall provide a certificate of insurance so that the other party shall be given immediate notice of lapse, termination, amendment or changes of coverage of any policy or insurance maintained by the other party.

10.2 Mutual Hold Harmless

- a. It is agreed that PLAN shall defend, save harmless and indemnify Contract Holder, its officers and employees from any and all claims which arise out of the terms and conditions of this Agreement and which result from the negligent acts or omissions of PLAN, its officers and/or employees.
- b. It is agreed that Contract Holder shall defend, save harmless, and indemnify PLAN, its officers and employees from any and all claims for injuries or damage to persons and/or property which arise out of the terms and conditions of this Agreement and which result from the negligent acts or omissions of Contract Holder, its officers and/or employees.
- c. In the event of concurrent negligence of Contract Holder, its officers and/or employees, and PLAN, its officers and/or employees, then the liability for any and all claims for injuries or damage to persons and/or property which arise out of terms and conditions of this Agreement shall be apportioned according to the California theory of comparative negligence.

10.3 Compliance with Applicable Law

All services to be performed by Contractor pursuant to this Agreement shall be performed in accordance with all applicable Federal, State, County and Municipal laws, ordinances, regulations, including but not limited to appropriate licensure, certification regulations, confidentiality requirements, and applicable quality assurance regulations. Violation of the statutes and regulations, laws, including non-discrimination provisions, shall be considered a breach of this Agreement and shall serve as a basis for termination of this Agreement as well a disqualification for future contracts with the other party.

10.4 Forms

PLAN shall supply the Contract Holder or designee with a reasonable supply of its forms and descriptive literature. The Contract Holder or designee shall distribute PLAN's forms and descriptive literature to any eligible individual who becomes eligible for coverage. The Contract Holder shall, within sixty-two (62) days of receipt from an eligible individual, forward all applicable forms and other required information to PLAN.

10.5 Clerical Errors

Incorrect information furnished to PLAN may be corrected, provided that PLAN has not acted to its prejudice in reliance thereon. Clerical errors or delays in keeping or reporting data relative to coverage will neither invalidate coverage which would otherwise be in force, continue coverage which would otherwise be validly terminated if PLAN, in its sole discretion, determines that a clerical error has been made, nor grant additional benefits to Members. Upon discovery of such errors or delay, an adjustment of Premiums shall be made. In no case will adjustments in coverage or Premiums be made effective more than two (2) Premium due dates prior to the date PLAN is notified in writing, on a form satisfactory to PLAN, of the requested addition, deletion, or change in coverage.

10.6 Claim Determinations

PLAN has complete authority to review all claims for Covered Benefits under this Group Agreement. In exercising such responsibility, PLAN shall have discretionary authority to determine whether and to what extent eligible individuals and Members are entitled to coverage and construe any disputed or doubtful terms under this Group Agreement. PLAN shall be deemed to have properly exercised such authority unless PLAN abuses its discretion by acting arbitrarily and capriciously.

10.7 Fraudulent or Material Misstatements

If any relevant fact as to a Member is found to have been misstated, an equitable adjustment of Premiums may be made. If the misstatement affects the existence or amount of coverage, the true facts will be used in determining whether coverage is to remain in force.

10.8 Assignability

No rights or benefits under this Group Agreement are assignable by the Contract Holder to any other party unless approved by PLAN.

10.9 Waiver

PLAN's failure to implement, or insist upon compliance with, any provision of this Group Agreement or the terms of the EOC incorporated hereunder, at any given time or times, shall not constitute a waiver of PLAN's right to implement or insist upon compliance with that provision at any other time or times. This includes, but is not limited to, the payment of Premiums or benefits. This applies whether or not the circumstances are the same.

10.10 Notices

Any notice required or permitted under this Group Agreement shall be in writing and shall be deemed to have been given on the date when delivered in person, or, on the date received if delivered by first-class United States mail, UPS, FedEx, or other traceable mail service, proper postage prepaid, and properly addressed to the offices of the Contract Holder or the PLAN at the following addresses:

Executive Director
Health Plan of San Mateo
701 Gateway Blvd., Suite 400
South San Francisco, CA 94080

Employee Benefits Manager
County of San Mateo
455 County Center, 5th Floor
Redwood City, CA. 94063

10.11 Third Parties

This Group Agreement shall not confer any rights or obligations on third parties except as specifically provided herein.

10.12 Non-Discrimination

10.12.1 No person shall, on the grounds of race, color, religion, ancestry, gender, age (over 40), national origin, medical condition (cancer), physical or mental disability, sexual orientation, pregnancy, childbirth or related medical condition, marital status, or political affiliation be denied any benefits or subject to discrimination under this agreement.

10.12.2 Both parties shall ensure equal employment opportunity based on objective standards of recruitment, classification, selection, promotion, compensation, performance evaluation, and management relations for all employees under this agreement. Each party's equal employment policies shall be made available to the other party upon request.

10.12.3 With respect to the provision of employee benefits, Contractor shall comply with the County Ordinance which prohibits contractors from discriminating in the provision of employee benefits between an employee with a domestic partner and an employee with a spouse.

10.12.4 Both parties shall comply with §504 of the Rehabilitation Act of 1973, which provides that no otherwise qualified handicapped individual shall, solely by reason of a disability, be excluded from the participation in, be denied the benefits of, or be subjected to discrimination in the performance of this contract.

10.13 Inability to Arrange Services

In the event that due to circumstances not within the reasonable control of PLAN, including but not limited to major disaster, epidemic, complete or partial destruction of facilities, riot, civil insurrection, disability of a significant part of PLAN's Participating Providers or entities with whom PLAN has arranged for services under this Group Agreement, or similar causes, the rendition of medical or Hospital benefits or other services provided under this Group Agreement is delayed or rendered impractical, PLAN shall not have any liability or obligation on account of such delay or failure to provide services, except to refund the amount of the unearned prepaid Premiums held by PLAN on the date such event occurs. PLAN is required only to make a good-faith effort to provide or arrange for the provision of services, taking into account the impact of the event.

10.14 Use of the HealthWorx Name and all Symbols, Trademarks, and Service Marks

PLAN reserves the right to control the use of its name and all symbols, trademarks, and service marks presently existing or hereinafter established with respect to it. The Contract Holder agrees that it will not use such name, symbols, trademarks, or service marks in advertising or promotional materials or otherwise without prior written consent of PLAN and will cease any and all usage immediately upon request of PLAN or upon termination of this Group Agreement.

10.15 Workers' Compensation

The Contract Holder is responsible for protecting PLAN's interests in any worker's compensation claims or settlements with any eligible individual. PLAN shall be reimbursed for all paid medical expenses which have occurred as a result of any work related injury that is compensable or settled in any manner.

ATTACHMENT B

PREMIUM SCHEDULE FOR September 1, 2006 – August 31, 2009

Premium\$195.31/per Member/per month

ATTACHMENT C

CONTRACT HOLDER'S OBLIGATIONS UNDER COBRA and CAL-COBRA

All parties will comply with applicable federal law, regulations and requirements regarding continuation of benefits.

All parties will comply with applicable state law, regulations and requirements regarding continuation benefits.

All parties agree to forward in a timely manner copies of any and all notices provided to Members regarding COBRA or Cal-COBRA continuation coverage.

Contract Holder will administer or contract for the administration of coverage under COBRA.

PLAN will provide Contract Holder's Initial COBRA Notification to Members in new Member packets.

PLAN will administer coverage under Cal-COBRA and HIPAA Individual Conversion Plan.

- G. Contract Holder or designee must also notify qualified Members of the ability to continue coverage prior to terminating a group agreement (such as this Group Agreement) under which a qualified Member is receiving continuation coverage. This notification shall be provided either thirty (30) days prior to the agreement termination or when all other enrolled employees are notified, whichever is greater. Contract Holder or designee must notify any successor PLAN in writing of the qualified Members currently receiving continuation coverage to enable the successor PLAN, contracting employer (employer of record), or administrator to provide such qualified Members with the premium information, enrollment forms, and disclosures necessary to allow the qualified Members to continue coverage under other available group plans.
- H. If Contract Holder fails to meet these obligations, PLAN will not provide continuation coverage to qualified Members under COBRA. Contract Holder hereby acknowledges its obligations and agrees to comply with all applicable legal requirements with respect to COBRA.

ATTACHMENT D

OBLIGATIONS UNDER THE HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT OF 1996 (HIPAA)

Continuation Coverage Provisions

- A. Contract Holder is obligated under both federal and state law with regard to the renewability of health care coverage for Members under certain circumstances where coverage would otherwise terminate (“creditable coverage”). The federal law is the Health Insurance Portability and Accountability Act (HIPAA). The guaranteed renewability provision of HIPAA entitles a Member, who is disenrolled or terminated from employment an opportunity to purchase a health insurance plan that provides the same scope of benefits that the Member received through the Contract Holder program.
- B. PLAN will provide a certificate of “creditable coverage” which details the scope of benefits and the length of enrollment in the Contract Holders program. The obligation to provide notice includes both general notification to Members of their right to purchase renewable coverage and specific notification of the right to renewable coverage within a specific time period after the occurrence of the event which triggers the coverage option.

Administrative Simplification Provisions (Privacy and Security)

- A. The PLAN is subject to the requirements of state and federal laws governing the privacy and security of Member’s protected health information (PHI), including the Administrative Simplification provisions under HIPAA.
- B. In order for the PLAN to disclose Members’ PHI to the Contract Holder under HIPAA requirements, the Contract Holder must certify that its plan documents, including Member informing materials, have been amended to incorporate the following provisions to which the Contract Holder agrees to:
 - 1. Not use or further disclose Member PHI other than as permitted or required by the plan documents or as required by law;
 - 2. Implement administrative, physical, and technical safeguards that reasonably and appropriately protect the confidentiality, integrity, and availability of the electronic PHI created, received, maintained, or transmitted to or by the Contract Holder on behalf of the PLAN;
 - 3. Ensure that any agents, including a subcontractor, to whom the Contract Holder provides PHI received from the PLAN agree to the same restrictions and conditions that apply to the Contract Holder with respect to such information, including the conditions for reasonable and appropriate security measures described in paragraph 2 above;

4. Not use or disclose Member PHI for employment-related actions and decisions or in connection with any other benefit or employee benefit plan of the Contract Holder;
5. Report to the PLAN any use or disclosure of the information that is inconsistent with the uses or disclosures provided for of which the Contract Holder becomes aware, including breaches to the security of PHI;
6. Make available Member PHI in accordance with 45 CFR §164.524;
7. Make available Member PHI for amendment and incorporate any amendments to PHI in accordance with 45 CFR §164.526;
8. Make available Member PHI required to provide an accounting of disclosures in accordance with 45 CFR §164.528;
9. Make Contract Holder's internal practices, books, and records relating to the use and disclosure of Member PHI received from the PLAN available to the Secretary for purposes of determining compliance by the PLAN with 45 CFR §164, Subpart E;
10. If feasible, return or destroy all PHI received from the PLAN that the sponsor still maintains in any form and retain no copies of such information when no longer needed for the purpose for which disclosure was made, except that, if such return or destruction is not feasible, limit further uses and disclosures to those purposes that make the return or destruction of the information infeasible; and
11. Ensure that adequate separation between the PLAN and the Contract Holder is established and documented. Documentation should:
 - a. Describe those employees or classes of employees or other persons under the control of the Contract Holder to be given access to the PHI to be disclosed by the PLAN.
 - b. Restrict the access to and use by such employees and other persons described in paragraph 11(a) of this section to the plan administration functions that the Contract Holder performs for the PLAN; and
 - c. Provide an effective mechanism for resolving any issues of noncompliance by persons described in paragraph 11(a) of this section with the plan document provisions required herein.
12. Ensure that the adequate separateness described in paragraph 11 above is supported by reasonable and appropriate security measures.

ATTACHMENT E
EVIDENCE OF COVERAGE