

ADMINISTRATIVE SERVICES AGREEMENT
HEALTH REIMBURSEMENT ARRANGEMENT PLAN

This Administrative Services Agreement (“Agreement”) between Blue Cross and Blue Shield of Kansas City (“Our”, “Us”, or “We” in this Agreement) and the Employer named below (“You” or “Your” in this Agreement) is effective on the date specified below (“Effective Date”). The Agreement covers the services We are providing to You for use with Your self-funded health reimbursement Arrangement (“HRA”) Plan.

This Agreement consists of this page, the main body following this page, and applicable Exhibits.

Each party agrees to the terms of this Agreement, upon execution of the HRA Benefit Request Form by You.

Employer Name: _____

Effective Date: _____

Blue Cross and Blue Shield of Kansas City
2301 Main Street
Kansas City, MO 64108



David Gentile
President and Chief Executive Officer

Section 1 – Definitions

When these terms are used in the Agreement they have the meanings shown. All of the defined will be capitalized when used in this Agreement and may be singular or plural.

Affiliated Employer: An entity that is affiliated with You and whose employees or former employees are covered by the HRA Plan. The term is more specifically defined in Section 2.5.

Agreement Period: Period that commences on the Effective Date of this Agreement and ends on the last day of the Plan Year. It automatically continues for additional 12 month periods until the Agreement is terminated.

Employee: A current or former employee of Yours or an Affiliated Employer.

ERISA: Employee Retirement Income Security Act of 1974.

HRA or Health Reimbursement Arrangement: An account established by You on behalf of a Plan Participant to fund certain eligible benefits described in the Plan Document, and maintained in accordance with applicable provisions of the IRC, and Treasury Department rulings and formal guidelines, including Revenue Ruling 2002-41 and Notice 2002-45. HRA may also be referred to as a Personal Care Account (PCA) in some communications.

HRA Plan: The self-funded HRA plan approved and adopted by the Plan Sponsor upon execution of the HRA Benefit Request Form.

Overpayments. Payments that exceed the amount payable under the HRA Plan (for example, because of a provider billing error, retroactive or inaccurate eligibility information, coordination of benefits, Medicare disputes, or missing information), and other overcharges made by providers.

Participant: A person who is an eligible Employee and who is participating in the HRA Plan in accordance with the Plan Document.

Plan: Your Welfare Benefit Plan which includes the fully insured Personal Blue PPO Health Benefit Plan and the corresponding Self-Funded Health Reimbursement Arrangement Plan.

Plan Administrator: The Plan Sponsor, or the person or entity appointed by the Plan Sponsor, who has the authority and responsibility to manage and direct the operation and administration of the Plan. We are not the Plan Administrator.

Plan Documents: Document(s) provided to Participants describing the terms and conditions of coverage offered under the HRA Plan.

Plan Sponsor: The employer named on page one of this Agreement.

Plan Year: Each applicable Plan Year shall commence on the same day as the first day of the Plan year under the Personal Blue PPO Health Benefit Plan that corresponds with this HRA Plan and shall end at midnight on the same day that such Personal Blue PPO Health Benefit Plan ends.

Proprietary Business Information: Information about Your business or Our business that is confidential, proprietary, trade secret or is not readily available to the general public; or, information that has been designated by You or us as confidential or proprietary.

Self Fund or Self Funded: Means that You have the sole responsibility to pay and provide funds for all HRA accounts. We have no liability to provide these funds.

Section 2 – Health Reimbursement Arrangement Plan

Section 2.1 Applicability. This Agreement applies to the Health Reimbursement Plan.

Section 2.2 Responsibility for the HRA Plan. Except to the extent this Agreement specifically requires us to have the fiduciary responsibility for the HRA Plan administrative functions, You accept total responsibility for the HRA Plan for purposes of this Agreement including compliance with any laws that apply to You or the HRA Plan, whether or not You or someone You designate is the Plan Administrator. We are not the Plan Administrator of the HRA Plan.

Section 2.3 Description of the HRA Plan. You will provide us with the benefit elections on the HRA Benefit Form and other necessary information in a timely manner, so that We will be able to provide Our services under this Agreement on the Effective Date.

Section 2.4 HRA Plan Consistent with Applicable Law and the Agreement. You represent that HRA Plan Documents, including the Summary Plan Descriptions, are consistent with this Agreement and applicable law. You will amend them if We determine that references to us are not acceptable, or that any HRA Plan provision is not consistent with this Agreement or the services that We are providing.

Section 2.5 Affiliated Employers. You will provide us with a list of Your Affiliated Employers prior to the Effective Date. You will provide prior written notice of any changes to this list. You represent that together You and the Affiliated Employers make up a single “control group” as defined by ERISA.

Section 2.6 Access to Information. If You need information specific to the HRA Plan for Your participants, for an audit or otherwise, that We have in Our possession in order to administer the HRA Plan, We will give You access to that information, if legally

permissible, as long as the information relates to Our services under this Agreement, and You give us sixty (60) days prior notice of the need for the information. You must also represent that You have a reasonable procedure in place for handling Protected Health Information as required by any then current law. We will provide information only while this Agreement is in effect and for a period of three (3) months after, unless You demonstrate that the information is required by law for HRA Plan purposes. Before We will give access to such information to an entity providing services to You, each You and that entity must sign a confidentiality agreement that contains terms satisfactory to Us.

Section 2.7 Proprietary Business Information. Proprietary Business Information will be used solely to administer the HRA Plan or to perform under this Agreement. Proprietary Business Information will not be disclosed to any person or entity other than either party's employees, subcontractors, or representatives needing access to such information to administer the HRA Plan or perform under this Agreement.

We or a related entity may use Protected Health Information for research, creating comparative databases, statistical analysis or other studies. We will maintain the confidentiality of such information as it relates to any individual Participant, provider, or Your business. The research, databases, analyses, and studies are considered by us to be Proprietary Business Information.

Section 2.8 Eligibility Information. You will tell us which of Your employees has elected to be a Participant in the HRA Plan. This information must be accurate and provided to us in an agreed to format. You will notify us promptly of any changes.

We shall be entitled to rely on the most current information in Our possession regarding eligibility of Participants and their dependents in providing services under this Agreement. We shall not be required to make retroactive eligibility changes in regard to processing reimbursements based on the inaccurate or untimely eligibility information provided to us.

Section 2.9 Financial Information. At Our request You will provide us with the financial information about You that We need to determine if You can meet Your financial obligations under this Agreement.

Section 2.10 Audits. During the term of the Agreement, and at any time within six (6) months following its termination, You or a mutually agreeable entity may audit us to determine whether We are fulfilling the terms of this Agreement. You must advise us at least sixty (60) days in advance of Your intent to audit. The place, time, type, duration, and frequency of all audits must be reasonable and agreed to by us. All audits shall be limited to information relating to the calendar year in which the audit is conducted and/or the immediately preceding calendar year. With respect to Our claim processing services, the audit methodology shall be limited to statistically valid random sample audits and not electronic audits.

You will pay any expenses that You incur, and will be charged an additional fee, determined by us, for more than one audit every twelve (12) months, for any on-site audit visit that is not completed within five (5) business days or for sample sizes in excess of an industry recognized sample size for audits of flexible spending account administrators. You will incur a \$1000 charge for each day, plus other reasonable costs, for any one audit involving more than five (5) days of on-site review per year or audits exceeding the recognized audit sample size. The additional fees cover the additional resources, facility fees, and other incremental costs associated with a non-standard audit. You will also pay any unanticipated expenses We incur and all expenses incurred by us on any audit initiated after this Agreement is discontinued.

You will provide us with a copy of any audit reports.

Section 2.11 Highly Compensated Individuals. You acknowledge that reimbursements under the HRA Plan to Highly Compensated Individuals as defined under the Internal Revenue Code may be limited or treated as taxable compensation to comply with IRC Section 105(h).

Section 2.12 Cobra. You acknowledge that if COBRA is elected by a HRA Plan Participant's dependent, such beneficiary's benefit is the amount available to the COBRA or continuation beneficiary the day before the qualifying event and that this may result in additional funding by You.

Section 2.13 Family Status Change. You acknowledge that if a Participant has enrolled in Employee coverage only under the HRA Plan and during the Calendar Year, the Participant's coverage is changed to family coverage then the Participant shall be eligible for the family coverage stated in the HRA Plan. However, such additional amount shall be prorated quarterly.

Section 3 – Indemnification

Section 3.1 You Indemnify Us. You will indemnify us and hold us harmless against any and all losses, liabilities, penalties, fines, costs, damages, and expenses, We incur, including reasonable attorneys' fees, except where there has been a finding of gross negligence or willful misconduct in the performance of Our obligations under this Agreement or where there has been material breach of this Agreement by us, as determined by a court or other tribunal having jurisdiction of the matter.

Section 3.2 We Indemnify You. We will indemnify You and hold You harmless against any and all losses, liabilities, penalties, fines, costs, damages, and expenses, that You incur, including reasonable attorneys' fees, which arise out of Our gross negligence or willful misconduct in the performance of Our obligations under this agreement or Our material breach of this Agreement, as determined by a court or other tribunal having jurisdiction of the matter.

Section 4 – HRA Plan Litigation

Section 4.1 Litigation Against Us. If a demand is asserted or litigation or administrative proceedings are commenced by a Participant against us, or against the HRA Plan and us jointly, to recover HRA Plan benefits, related to Our duties under this Agreement (“HRA Plan Benefits Litigation”), We will select and retain defense counsel to represent Our interest. In actions asserted against both You and us, and provided no conflict of interest arises between the parties, We will agree to joint defense counsel. All legal fees and costs We incur in defense of the litigation will be paid by You, except as provided in Section 4.2. The failure to seek payment of Our legal fees and costs does not relieve You of Your obligation to indemnify us for other amounts as provided in Section 4.1. The failure to provide notice of HRA Plan Benefits Litigation does not relieve You does not relieve You of Your obligation to pay Our legal fees and costs. Both parties will cooperate fully with each other in the defense of the HRA Plan Benefits Litigation. We will have discretion to resolve HRA Plan Benefits Litigation at Your expense in a reasonable manner and for a reasonable amount under this circumstance.

In all events, You are responsible for the full amount of any HRA Plan benefits paid as a result of such litigation.

Section 4.2 Litigation Against You. If litigation or administrative proceedings are commenced against You and/or the HRA Plan, You will select and retain counsel and You will be responsible for all legal fees and costs in connection with such litigation. We will cooperate fully in the defense of litigation arising out of matters relating to this Agreement.

Section 5 – Term of the Agreement

Section 5.1 Services Begin. We will begin providing You services under this Agreement on the Effective Date. Our services apply only to claims for HRA Plan benefits that are incurred on or after the Effective Date.

This Agreement will apply for an initial Agreement Period commencing on the Effective Date and will automatically continue for additional Agreement Periods, unless and until this Agreement is terminated.

Section 5.2 Services End. Our services under this Agreement stop on the date this Agreement terminates, regardless of the date that claims are incurred. However, We may agree to continue providing certain services beyond the termination date in accordance with Section 6.2 of this Agreement.

Section 6 – Termination of the Agreement

Section 6.1 Termination Events. This Agreement shall terminate automatically and immediately as of the earliest of the following dates. The date:

- (A) You amend the HRA Plan without Our prior written acknowledgment;

- (B) the HRA Plan subject to this Agreement is terminated;
- (C) You become insolvent or bankrupt or subject to liquidation, receivership or conservatorship;
- (D) You fail to provide timely and adequate funds for payment of HRA Plan benefit payments in accordance with Section 7.3 of this Agreement. Termination will not relieve You of Your obligation to provide for payment of HRA Plan benefits;
- (E) after the initial term of the Agreement, the date stated in a prior written notice sent by either party, provided the other party receives such notice at least 60 days prior to the termination date;
- (F) as mutually agreed upon by the parties;
- (G) upon written notice from either party of the enactment or interpretation of a law or regulation, or an action or investigation by any regulatory body, which would prohibit or adversely or materially affect this Agreement, the relationship between the parties, or the operations of either party with regard to this Agreement; provided, however, that the parties first shall attempt in good faith for a period of 30 days to modify this Agreement so that this Agreement is not prohibited by law;
- (H) You fail to comply with the terms of the HRA Plan or this Agreement; or
- (I) the PersonalBlue PPO Health Benefit Plan issued by Blue Cross and Blue Shield of Kansas City terminates.

Section 6.2 Run-Out Administration. We will provide services for a period of six (6) months following the Agreement's termination on claims for HRA Plan benefits incurred prior to the termination of the Agreement Period. All of the other terms of this Agreement will apply to these post-termination services. We will not provide these services after the Agreement's termination if the Agreement was terminated because You did not provide the funding required under Section 7.3, or, when there is termination for any other material breach. The fee for run out services, if applicable, will be determined at the time either party provides notice of termination.

Section 7 – Services Provisions

Section 7.1 Claims Processing. Claims for HRA Plan benefits must be submitted in a form that is satisfactory to us. We will determine whether a benefit is reimbursable under the HRA Plan provisions.

In applying the HRA Plan's provisions, We will use claim procedures and standards that We develop for benefit determination and reimbursement within the parameters contained in the Plan Documents with respect to the types of claims that are covered under the HRA Plan. You delegate to us the discretion and authority to use such procedures and standards.

Section 7.2 Benefit Determination and Appeals. If it is determined that a claim is reimbursable under the Plan We will issue a check to the appropriate payee. If We determine that all or part of such claim is not reimbursable under the Plan We will notify the claimant of the denial and of the claimant's right to appeal the denial. This notification will be designed to comply with the Code and ERISA requirements for claim denial notices.

If We deny a request for reimbursement, the claimant shall have the appeal rights set forth in the Plan Document, and/or which are required under applicable law. We will process the appeal and determine whether a Plan benefit is available. If We determine that the Plan benefit is still not reimbursable, We will notify the claimant that the denial has been upheld and of their right to further appeal the denial to us for a full and fair review which will be final and binding. This notice will be designed to comply with the applicable ERISA and Code requirements for claim denial notices.

We will review the appeal and determine whether the claim eligible for reimbursement of under the Plan. If, after the review, We determine that the claim is reimbursable, We will notify the claimant. If, after the review, We determine that the claim is not eligible for reimbursement under the Plan, We will notify the claimant of the denial. This notice will be designed to comply with applicable ERISA and the Code requirements for final claim denial notices. Our determination will be final and binding on the claimant and all other interested parties.

Section 7.3 Providing Funds for Benefits. We will maintain a bank account for the payment of HRA Plan benefits. You acknowledge that the bank account may contain money from one or more other sponsors of self-insured health plans.

Advance Deposit. You will deposit an amount with BCBSKC to establish a reserve to facilitate prompt payment of HRA benefits should this Agreement terminate due to Your failure to fund HRA benefits. The amount of the deposit shall be equal to the amount required on HRA Benefit Request Form based on the number of Your eligible employees. This deposit may be increase at any time. You authorize BCBSKC to pay HRA benefits from a bank account maintained by BCBSKC. BCBSKC shall account for all receipts and disbursements to and from Your reserve. Your funds shall be used exclusively for payment of HRA benefits. BCBSKC has the right to retain the deposit following the termination of

this Agreement for up to one year for the payment of HRA benefits. Any funds remaining shall be returned to You.

Issuing and Providing Funds for Checks. The checks We write and issue to pay HRA benefits under this Agreement will be written on one or more common accounts maintained at Our bank for Our customers.

Calls for Funds. The withdrawals for HRA benefits are funded by the balance You maintain in Your bank account and is replenished weekly whenever claim payments have been made. You will ensure there are always sufficient funds in Your designated bank account for us to withdraw. On Tuesday of each week after claims are paid, You will receive a funding notification by e-mail indicating the amount that will be withdrawn from Your designated bank account the following business day. We will initiate the transfer via an Automated Clearing House (ACH) transfer. This transfer will replenish the balance You are maintaining with Us.

Underfunding. If You do not provide the required amounts for claim payments that have been made: (1) We will make one additional attempt to collect funds before We place claims on hold the 5th business day following when funds should have been provided and suspend any of Our other services under this Agreement for the period of time You do not provide the required payments. (2) We will terminate this Agreement effective as of any date after thirty (30) calendar days from the date the initial payment is due if You do not provide the required payments. You will pay interest in the amount of underfunding at the standard rate that We charge to Our self-funded customers for underfunding of claim payments.

Termination of Agreement. When this Agreement terminates, the method of providing funds for HRA Plan benefits remains in place for a limited period of time.

Section 7.4 Claim Recovery Services. We will provide recover services for Overpayments. We will reimburse You for, and You will not be responsible for recovery costs associated with, any Overpayments made by us due to Our gross negligence as determined by a court or other tribunal.

We will provide services to recover HRA Plan benefits that were reimbursed and are recoverable by the HRA Plan because payment was or should not have been made pursuant to the terms of the HRA Plan. You delegate to us the discretion and authority to develop and use standards and procedures for any recovery under this section, including but not limited to, whether or not to seek recovery, what steps to take if We decide to seek recovery, and under what circumstances to compromise a claim or settle for less than the full amount of the claim.

Section 7.5 Escheat – We will disburse the amount of any HRA Plan benefits that are either unclaimed or uncashed by a Participant to the applicable state escheat or unclaimed property fund, in accordance the state law applicable to such fund.

Section 7.6 Summary Plan Description. You will furnish and distribute SPD information to Your employees as may be required under ERISA and other applicable laws. You will be responsible for the legal sufficiency of the SPD including any legally required information.

Section 7.7 Governing Law. This Agreement is governed by ERISA and Section 125 of the Code and if applicable, the laws of the State of Missouri.

Section 7.8 Entire Agreement and Amendment. Except as provided herein or incorporated by reference, this Agreement, constitutes the entire Agreement between the parties governing the subject matter of this Agreement. Except as may otherwise be set forth in this Agreement, the Agreement may be amended by Us upon thirty (30) days prior written notice to You (“Notice”). Failure by You to object in writing to any such proposed amendment within thirty (30) days following receipt of the Notice shall constitute Your acceptance of the amendment. If You find the amendment to be unacceptable, You may only terminate this Agreement by notifying Us within thirty (30) days after receipt of the Notice of Your intent to terminate.

Section 7.9 Subcontractors. We can use Our affiliates or other subcontractors to perform Our services under this Agreement. However, We will be responsible for those services to the same extent that We would have been had We performed those services without the use of an affiliate or subcontractor.

Section 7.10 Assignment. Except as provided in this paragraph, neither party can assign this Agreement or any rights or obligations under this Agreement to anyone without the other party’s written consent. That consent shall not be unreasonable withheld. Notwithstanding, We can assign this Agreement, including all of Our rights and obligations to Our affiliates, to an entity controlling, controlled by, or under common control with us, or a purchaser of all or substantially of Our assets, subject to notice to You of the assignment.

Section 7.11 Waiver. Nothing in this Agreement is considered to be waived by any party unless the party claiming the waiver receives the waiver in writing. No breach of the Agreement is considered to be waived unless the non-breaching party waives it in writing. A waiver of one provision does not constitute a waiver of any other.

Section 7.12 Independent Party. The parties hereto are independent contractors and are not, and shall not be deemed for any purpose, to be joint venturers. No party shall hold itself out as the partner or agent of the other party or make representations or warranties on behalf of the other party, except as otherwise expressly agreed. We shall not be designated nor deemed the Plan Administrator with respect to the Plan for purposes of ERISA or any other federal or state law of similar nature. You, on behalf of Yourself and Your HRA Participants, hereby expressly acknowledges Your understanding that this constitutes an agreement solely between the You Sponsor and Blue Cross Blue Shield of Kansas City, that Blue Cross and Blue Shield of Kansas City is an independent corporation operating under an agreement with the Blue Cross and Blue Shield Association, an association of

independent Blue Cross and Blue Shield Plans, (the “Association”) permitting Blue Cross and Blue Shield of Kansas City to use the Blue Cross and Blue Shield Service Mark in a portion of the States of Missouri and Kansas, and that Blue Cross and Blue Shield of Kansas City is not contracting as the agent of the Association. You further acknowledge that You have not entered into this Agreement based upon representations by any person other than Blue Cross and Blue Shield of Kansas City and that any person, entity, or organization other than Blue Cross and Blue Shield of Kansas City shall not be held accountable or liable to You for any of Blue Cross and Blue Shield of Kansas City’s obligations to You created under this Agreement. This paragraph shall not create any additional obligations whatsoever on the part of Blue Cross and Blue Shield of Kansas City other than those obligations created under other provisions of this Agreement.

Section 7.13 Trademarks and Symbols. Both parties reserve the right to control the use of their respective names and any of their respective symbols, trademarks and service marks, presently existing or subsequently established. The parties agree not to use words, symbols, trademarks, service marks and other devices including the corporate name of the other in advertising, promotional materials or otherwise, without the prior written consent of the other. Both parties will cease any previously approved usage immediately upon termination of the Agreement. The parties further agree that any advertising, promotional materials or other items which include the name of either party are the property of the appropriate namesake and will be returned to the owner either upon request or at termination of the Agreement.