



ADDENDUM II

BLOOMINGTON CITY COUNCIL AGENDA

OCTOBER 22, 2012

REQUEST FOR REMOTE PARTICIPATION

- Item 4A. Request by Alderman Bernard Anderson to participate via telephone from 7:00 – 8:00 p.m. (*Alderman Anderson cannot attend due to employment purposes.*) (*Recommend that Alderman Anderson be allowed to participate in the meeting by remote participation from 7:00 until 8:00 p.m.*)

ADDITION TO CONSENT AGENDA

- Item 6C. Economic Development Strategic Plan and Incentive Policy. (Recommend that the Economic Development Strategic Plan and Incentive Guideline be approved and the Resolutions adopted.)

Additional Language added to the Economic Development Incentive Guideline, Goals, 1. Strategic Use of Incentives, d. Economic incentives considered by the City of Bloomington will additionally factor in the economic impact an incentive to a specific applicant has to revitalize a particular area of the City beyond just the applicant's property.

- Item 6F. Client Agreement between Blue Cross/Blue Shield of Illinois (Blue Cross) and the City for Third Party Administrator (TPA) Services and Individual Stop Loss (ISL) Insurance for the Employee and Retiree Preferred Provider Organization (PPO) Health Plans; Client Agreement between Health Alliance Medical Plans (HAMP) and the City for Employee and Retiree Health Maintenance Organization (HMO) Plan Option; Client Agreement between Blue Cross and the City for TPA Services for the Employee and Retiree Dental Plan; and Client Agreement between Clemens and Associates for Broker Services. (Recommend that the Client Agreements be approved and the Mayor and City Clerk be authorized to execute the necessary documents.) *City Council Memorandum with Attachment.*

REMOVAL FROM REGULAR AGENDA

- Item 7C. Application of Setinthebar, d/b/a Gat's Jazz Café, located at 424 N. Main St., for a TAS liquor license, which will allow the sale of all types of alcohol by the glass for consumption on the premises seven (7) days a week. *Request by Applicant's attorney to lay this item over the Council's November 13, 2012 meeting. (Recommended that the item be laid over until the Council's November 13, 2012 meeting.)*

FOR COUNCIL: October 22, 2012

SUBJECT: Client Agreement between Blue Cross/Blue Shield of Illinois (Blue Cross) and the City of Bloomington (City) for Third Party Administrator (TPA) Services and Individual Stop Loss (ISL) Insurance for the Employee and Retiree Preferred Provider Organization (PPO) Health Plans; Client Agreement between Health Alliance Medical Plans (HAMP) and the City for Employee and Retiree Health Maintenance Organization (HMO) Plan Option; Client Agreement between Blue Cross and the City for TPA Services for the Employee and Retiree Dental Plan; Client Agreement between Clemens and Associates for Broker Services

RECOMMENDATION/MOTION: That the Client Agreements be approved and the Mayor and City Clerk be authorized to execute the necessary documents.

BACKGROUND: The City provides health and dental options to its employees and retirees. Employees and retirees have a choice between two (2) City provided health plans; a PPO plan and an HMO plan. Sworn police personnel have an additional option of a union plan which is not being discussed here. The City has used the broker services of Phil Sauder of Clemens and Associates in procuring and assisting with these benefits and the group life insurance plan.

The PPO plan elements consist of medical and pharmacy claims, administrative fees and individual stop loss. The pharmacy benefit management portion of the plan is administered by a separate entity, Catamaran and the contract for those services was approved by City Council at the October 8, 2012 Council meeting.

The PPO plan is self-insured by the City whereas the HMO plan is fully insured. With a self-insured plan the City holds the risk that the claims will not exceed planned for expenses. Stop loss insurance covers some of this risk. In a fully insured plan the insurance company holds the risk that plan expenses and a profit margin will be covered by the premiums charged.

Blue Cross PPO Administration: The City utilizes Blue Cross as its Third Party Administrator (TPA) to administer its employee and retiree PPO health plans. Through the Administrative Services Only arrangement (ASO) the City has access to the Blue Cross provider network, provider discounts and a variety of services for members and administrative staff. Blue Cross's rate is increasing 5.3% for the ASO contract to \$47.43 per employee per month (PEMP).

Blue Cross also charges an Illinois Facility Access Fee enabling them to develop and maintain an extensive discounted provider network. The Illinois Facility Access Fee is based on Illinois inpatient hospital claims and is a percentage of the savings resulting from the Blue Cross discounting arrangements with the providers. There is no change (0%) to the Facility Fee for 2013.

Individual Stop Loss (ISL) for PPO Plans: Individual stop loss, or reinsurance, insures the City in the event that any member of its PPO health plan incurs catastrophic claims during the plan

year in excess of a certain dollar amount known as the “deductible”. Last year the ISL deductible was increased to \$155,000. Mr. Sauder of Clemens and Associates and Blue Cross have analyzed the specifics of the City’s PPO claims and recommend no increase to the deductible for 2013.

Staff requested that Mr. Sauder bid out the City’s ISL. Blue Cross is currently providing the ISL for the City’s PPO plans. Mr. Sauder received quotes for ISL. The least expensive quote was received from Blue Cross. That rate is \$46.55 per employee per month which is an increase of five percent (5%) over the 2012 rate.

PPO Total Costs

The following shows the total projected plan totals for calendar 2012 and 2013. The medical claims figures were developed by actuaries at Blue Cross.

	2012 Plan <u>Year</u>	2013 Plan <u>Year</u>	Percent <u>Change</u>
Projected Enrollees	485	464	-4.3%
Projected Net Paid Medical Claims	\$3,826,427	\$4,155,064	8.6%
Administration Fee	\$ 262,249	\$ 264,090	0.7%
Illinois Facility Access Fee	\$ 43,746	\$ 46,977	7.4%
Individual Stop Loss	\$ 258,001	\$ 259,190	0.5%
Broker fee	<u>\$ 9,500</u>	<u>\$ 9,500</u>	0.0%
Total Projected Cost	<u>\$4,399,923</u>	<u>\$4,734,821</u>	7.6%
Recommended Change in Reserves	\$ 18,555	\$ 44,255	

Plan premiums are currently being calculated as they will need to include an amount for the pharmacy benefit. They are anticipated to increase between eight and twelve percent (8 - 12%). The City shares this cost with employees based on an average split of seventy-five percent (75%) City and twenty-five percent (25%) employee. Retirees pay the full premium.

Health Alliance Medical Plan (HAMP) HMO: The City utilizes HAMP to provide an HMO health plan option to its employees and retirees. This is a fully insured product. The City offers two (2) levels of HMO plans. Currently, one (1) option is provided to some union employees and another option, with higher out-of-pocket costs, is offered to classified employees and other union employees.

The HAMP HMO premiums are increasing eight percent (8%) for 2013 over those for 2012. Based on 109 enrollees, the estimated total cost for the calendar 2012 plan year is \$1,587,276.

Dental Plan: The City uses Blue Cross/Blue Shield of Illinois to administer its self-funded employee and retiree dental plan. Through the contract the City has access to a small local and nationwide provider network and the discounts which Blue Cross has negotiated.

The dental premiums are comprised of an administrative fee and an actuarial projection of claim costs for plan participants. The following shows the total projected plan totals for calendar 2012 and 2013. The dental claims figures were developed by actuaries at Blue Cross.

	2012 Plan <u>Year</u>	2013 Plan <u>Year</u>	Percent <u>Change</u>
Projected Enrollees	651	661	1.5%
Projected Net Paid Claims	\$473,407	\$485,518	2.6%
Administration Fee	<u>\$ 30,467</u>	<u>\$ 32,125</u>	5.4%
Total Projected Cost	\$503,874	\$517,643	2.7%
Recommended Change in Reserves	\$3,249	\$ 3,109	

Recommended Premium increase .6%

Due to the only slightly higher per enrollee costs, dental premiums will increase only .6% for 2013 over 2012. The City splits the costs of this plan fifty/fifty (50%/50%) with its employees. Retirees pay full premium costs (0% City/100% retiree).

Broker Services: The City has worked with Phil Sauder of Clemens and Associates since 2009 for broker and other services to the plans described above. In addition to obtaining for the City the plans and quotes discussed and group life insurance, Mr. Sauder and the Clemens staff help the City with day-to-day operational and larger scale issues with the insurance plans, assist in communicating information to employees and retirees, and with open enrollments. Staff often relies on Mr. Sauder and the Clemens' staff to resolve the more complex claim issues that plan members sometimes have. Plan participants can call their office directly for assistance if they choose. Mr. Sauder provides staff with reports and updates on local provider issues.

For the above work Mr. Sauder quoted the City an annual flat fee of \$9,500 for calendar 2013 to be paid quarterly. His fee has not changed since 2009.

COMMUNITY GROUPS/INTERESTED PERSONS CONTACTED: None.

FINANCIAL IMPACT: The total amounts cited above represent the anticipated full cost to provide health and dental insurance for employees, retirees and for Township employees. The Township reimburses the City for their benefit costs. Once premiums and reimbursements from all sources are factored in, the City pays for approximately fifty-eight percent (58%) of the total health insurance costs and about forty-eight percent (48%) of the dental costs.

The following illustrates the projected impact the current renewals may have on the budget. The actual figures will depend on January's open enrollment and on the actual claims paid under the PPO and dental plan. Broker services were budgeted within the PPO fund divisions and there is no change to the cost of this service.

	Blue Cross PPO Medical	HAMP HMO	Dental Plan
Total Budgeted Amt.	\$4,633,217	\$1,614,166	\$528,905
Budgeted City Amt.	\$2,707,517	\$1,538,890	\$296,815
Budgeted Increase %	7.0%	7.0%	6.0%
Renewal Increase %	7.6%	8.0%	2.7%
Est. Projected Impact To Total Budget	+\$9,300	+\$5,400	-\$5,800

The items in this memo are budget for FY 13 as follows:

Blue Cross PPO, Claims, Administration and Stop Loss: fund divisions 60200210 and 60280210.

Health Alliance Medical Plans HMO: fund divisions 60200232 and 60280232.

Dental Claims and Administration: fund divisions 60200240 and 60280240.

Broker Services: Budgeted for FY 13 in fund divisions 60200210 and 60280210. There will be no increase for this service in FY 13.

Respectfully submitted for Council consideration.

Prepared by:

Reviewed by:

Laurie Wollrab, MBA, PHR
Compensation and Benefit Manager

Emily Bell, IPMA – CP
Director of Human Resources

Legal review by:

Finance review by:

Rosalee Dodson
Assistant Corporation Counsel

Patti-Lynn Silva
Director of Finance

Recommended by:

David A. Hales
City Manager

Attachments: Attachment 1. ASO Benefit Program Application
Attachment 2. Stop Loss Coverage Policy
Attachment 3. Grandfathered Health Plan Form
Attachment 4. Summary of Benefits and Coverage Addendum
Attachment 5. Rate Development Worksheet
Attachment 6. Health Alliance Acceptance Letter
Attachment 7. Amendment to Commission Agreement

Motion: _____ Seconded by: _____

	Aye	Nay	Other		Aye	Nay	Other
Alderman Anderson				Alderman Purcell			
Alderman Fazzini				Alderman Sage			
Alderman Fruin				Alderman Schmidt			
Alderman McDade				Alderman Stearns			
Alderman Mwilambwe							
				Mayor Stockton			



Benefit Program Application ("ASO BPA")

Applicable to Administrative Services Only (ASO) Group Accounts

administered by Blue Cross and Blue Shield of Illinois, a division of Health Care Service Corporation, a Mutual Legal Reserve Company, hereinafter referred to as "Claim Administrator" or "HCSC"

Group Status: Renewing ASO Account

If former HCSC Insured Group converting to ASO, on what basis? Not applicable

Employer Account Number (6-digits): 993034

Group Number(s): P93034, P93042 and 993034

Section Number(s): P93034 - 0004, 0005, 0006, 0007, 8889/// 993034 - 0004, 0005, 0006, 0007, 8889 ///P93042

Legal Employer Name: City of Bloomington

(Specify the employer or the employee trust applying for coverage. Names of subsidiary or affiliated companies to be covered must also be included. AN EMPLOYEE BENEFIT PLAN MAY NOT BE NAMED.)

ERISA Plan: Yes No

If yes, specify ERISA Plan Year: 1-1-2013

ERISA Plan Administrator: City of Bloomington

Plan Administrator's address: 109 East Olive, Bloomington, IL 61702

Effective Date of Coverage: 1-1-2013

Anniversary Date: 1-1-2014

ACCOUNT INFORMATION

NO CHANGES

Address: 109 East Olive

City: Bloomington

State: IL

Zip: 61702

Standard Industry Code (SIC): 9311

Employer Identification Number (EIN): 37-6001563

Subsidiaries: N/A

Affiliated Companies: N/A

(If Affiliated Companies listed above are to be covered, a separate "Addendum to the Benefit Program Application Regarding Affiliated Companies" must be completed, signed by the Employer's authorized representative, and attached to this Benefit Program Application.)

Administrative Contact: Laurie Wollrab

Phone Number: 309-434-2504

Fax Number: N/A

Title: Compensation and Benefits Manager

Email Address: lwollrab@ctyblm.org

Blue Access for Employers (BAE) Contact: Laurie Wollrab

Phone Number: 309-434-2504

Fax Number: N/A

(The BAE Contact is the Employee of the Account authorized by the Employer to access and maintain its account via BAE.)

Email Address: lwollrab@ctyblm.org

SCHEDULE OF ELIGIBILITY

NO CHANGES

1. Eligible Person means:

A full-time employee of the Employer.

A full-time employee who is a member of:

(name of union)

Other:

2. Full-Time Employee means:

A person who is regularly scheduled to work a minimum of 20 hours per week and who is on the permanent payroll of the Employer.

Other:

3. The Effective Date of termination for a person who ceases to meet the definition of Eligible Person:
- The date such person ceases to meet the definition of Eligible Person.
 - The last day of the calendar month in which such person ceases to meet the definition of an Eligible Person.
 - Other:
4. Civil Union Partners covered:
- i. Yes. Check "Yes" if Employer is an Illinois county, municipality, the State of Illinois, subject to the Illinois School Code, a church plan or other non-ERISA plan. For such Employers, a Civil Union Partner and his or her dependents are automatically eligible to enroll for coverage and, once enrolled, eligible for continuation of coverage as described in the Employer's Plan. Skip to item 5 below.
 - ii. For all other Employers, Yes No
If yes: A Civil Union Partner and his or her dependents are eligible to enroll for coverage.
If yes, are Civil Union Partners and his or her dependents eligible for continuation of coverage? Yes No
 The Employer is responsible for providing notice of possible tax implications to those Covered Employees with coverage for Civil Union Partners.
5. Domestic Partners covered: Yes No
If yes: A Domestic Partner is eligible to enroll for coverage.
If yes, are Domestic Partners eligible for continuation of coverage? Yes No
If yes, are dependents of Domestic Partners eligible to enroll for coverage? Yes No
If yes, are dependents of Domestic Partners eligible for continuation of coverage? Yes No
 The Employer is responsible for providing notice of possible tax implications to those Covered Employees with coverage for Domestic Partners.
6. The Limiting Age for covered children is **Twenty-six (26) years**, regardless of presence or absence of a child's financial dependency, residency, student status, employment, marital status or any combination of those factors. For plan years beginning before January 1, 2014, an ASO grandfathered group health plan may exclude an adult child under 26 from coverage only if the child is eligible to enroll in an eligible employer sponsored health plan (as defined in Section 5000A(f)(2) of the Internal Revenue Code) other than a group health plan of a parent.
- If Employer is an Illinois county, municipality, the State of Illinois, or subject to the Illinois School Code, this Limiting Age is extended to **thirty (30) years**, for unmarried eligible military personnel as described in the Employer's Plan.
- To cover dependent children age twenty-six (26) and over other than unmarried eligible military personnel described above, you may select and complete option i. or ii. below:
- i. The Limiting Age for covered children age twenty-six (26) or over,
 who are unmarried
 regardless of marital status,
 is _____ years. (Twenty-seven (27) through thirty (30) are the available options.)
 - ii. The Limiting Age for covered children **who are full-time students** and age twenty-six (26) or over,
 who are unmarried
 regardless of marital status,
 is _____ years (Twenty-seven (27) through thirty (30) are the available options.)
- Coverage based on the Limiting Age(s) elected above terminates on:
- The birthday on which the Limiting Age is reached.
 - The last day of the calendar month in which the Limiting Age is reached.
 However, such coverage shall be extended in accordance with any applicable federal or state law.
7. The Eligibility Date for a person who becomes an Eligible Person after the Effective Date of the Employer's health care plan:
- The date of employment.
 - The _____ day of employment.
 - The _____ day of the month following _____ month(s) or _____ days of employment.
 - The 1st day of the month following the date of employment.
 - Other: except for police unit 21, will become eligible date of employment

8. Enrollment:

Special Enrollment: An Eligible Person may apply for coverage, Family coverage or add dependents within thirty-one (31) days of a qualifying event if he/she did not apply prior to his/her Eligibility Date or when eligible to do so. Such person's Coverage Date, Family Coverage Date, and/or dependent's Coverage Date will be the effective date of the qualifying event or, in the event of Special Enrollment due to termination of previous coverage, the date of application of coverage. In the case of a qualifying event due to loss of coverage under Medicaid or a state children's health insurance program, however, this enrollment opportunity is not available unless the Eligible Person requests enrollment within sixty (60) days after such coverage ends.

Late Enrollment: An Eligible Person may apply for coverage, Family coverage or add dependents if he/she did not apply prior to his/her Eligibility Date or did not apply when eligible to do so. Such person's Coverage Date, Family Coverage Date, and/or dependent's Coverage Date will be a date mutually agreed to by the Claim Administrator and the Employer.

Open Enrollment: Yes No

An Eligible Person may apply for coverage, Family coverage or add dependents if he/she did not apply prior to his/her Eligibility Date or did not apply when eligible to do so, during the Employer's Open Enrollment Period.

- Specify Open Enrollment Period: 12-1 thru 12-31 for a 1-1 effective date

Such person's Coverage Date, Family Coverage Date, and/or dependent's Coverage Date will be a date mutually agreed to by the Claim Administrator and the Employer. Such date shall be subsequent to the Open Enrollment Period.

9. Extension of benefits due to Temporary Layoff, Disability or Leave of Absence:

Temporary Layoff: 0 days Disability: 0 days Leave of Absence: 0 days

However, benefits shall be extended for the duration of an Eligible Person's leave in accordance with any applicable federal or state law.

10. COBRA Auto Cancel? Yes No

Member's COBRA/Continuation of Coverage will be automatically cancelled at the end of the member's eligibility period.

LINES OF BUSINESS
(Check all applicable products/services)

NO CHANGES

- | | |
|--|--|
| <input checked="" type="checkbox"/> Participating Provider Option | <input type="checkbox"/> Outpatient Prescription Drugs: |
| <input type="checkbox"/> Point of Service (BlueChoice) | <input type="checkbox"/> Outpatient Prescription Drug Program |
| <input type="checkbox"/> Blue Choice Select | <input type="checkbox"/> Covered under the medical benefit |
| <input type="checkbox"/> Comprehensive Major Medical | <input checked="" type="checkbox"/> Dental |
| <input type="checkbox"/> Base Plus | <input checked="" type="checkbox"/> Blue Care Connection® |
| <input type="checkbox"/> Stop Loss (if purchased, complete separate Exhibit to the Stop Loss Coverage Policy) | <input type="checkbox"/> Health Care Account (HCA) Administrative Services (if purchased, complete separate HCA BPA) |
| <input type="checkbox"/> Dearborn National Life Insurance (if purchased, complete separate Life application) | <input type="checkbox"/> BlueEdge FSA (Vendor: ConnectYourCare) (available 1/1/2013) |
| <input type="checkbox"/> HCSC COBRA Administrative Services (if purchased, complete separate COBRA Administrative Services Addendum) | |

FEE SCHEDULE

Fee Schedule Period

To begin on Effective Date of Coverage and continue for:

12 Months Other (please specify): _____ Months

Administrative Charge(s)

NO CHANGES

Applies to all coverages

Different percentage(s) or amount(s) for the following types of coverages. Please specify: Medical Admin Fee \$47.43 PEPM /// Dental Admin Fee \$4.05 PEPM /// Broker Commissions \$9500 flat per year

Subscriber Share Methodology for Illinois Network Provider Claims Applies: Yes No

(If no, a letter declining Subscriber Share Methodology for Claims processing must be attached to this Benefit Program Application.)

Administrative Charge Chart:

Each column can be used to differentiate rates between product types or employee tiers. All columns do not need to be used. All fees listed are per employee per month.

Product / Service				
Administrative Fee	\$47.43	\$	\$	\$
Dental	\$4.05	\$	\$	\$
Choose an Item	\$	\$	\$	\$
Choose an Item	\$	\$	\$	\$
Choose an Item	\$	\$	\$	\$
Prescription Drug Rebate Credit per Covered Employee per month is the guaranteed Prescription Drug Rebate savings reflected as a Prescription Drug Rebate credit. Expected rebate amounts to be received by the Claim Administrator are passed back to the Employer with one hundred percent (100%) of the expected amount applied as a credit on the monthly billing statement on a per Covered Employee per month basis. Rebate credits are paid prospectively to the Employer and shall not continue after termination of the Prescription Drug Program. (Further information concerning this credit is included in the governing Administrative Services Agreement to which this ASO BPA is attached under the section titled "CLAIM ADMINISTRATOR'S SEPARATE FINANCIAL ARRANGEMENTS WITH PHARMACY BENEFIT MANAGERS.")	\$N/A	\$	\$	\$
Blue Care Connection® ("BCC") Program: Enhanced	\$	\$	\$	\$
BCC Program Buy Up(s):	\$	\$	\$	\$
Description: Choose an Item	\$	\$	\$	\$
Description: Choose an Item	\$	\$	\$	\$
Description: Choose an Item	\$	\$	\$	\$
Other: _____	\$	\$	\$	\$
Other: _____	\$	\$	\$	\$
Other: _____	\$	\$	\$	\$
Other: _____	\$	\$	\$	\$
Other: _____	\$	\$	\$	\$

Legacy Carve Out Disease Management: Not applicable

Additional Comments (Provide any additional details regarding the fee structure):

\$2000 per contract year per vendor

\$9500 Broker commissions - flat. Payable in one lump sum in January 2013

Claim Administrator Provider Access Fee(s)

NO CHANGES

Group Number(s): P93034, P93042

% of ADP Savings: 1.75%

\$ per Covered Employee per month: \$

Complete for Groups with multiple Provider Access Fees by products (i.e., CMM, PPO and/or POS plans):

Group Number(s):

% of ADP Savings: %

\$ per Covered Employee per month: \$

BlueCard Program/Network access fees: Available upon request.

Other Service and/or Program Fee(s)

NO CHANGES

Not applicable to Grandfathered Plans

External Review Coordination:

If selected, Employer acknowledges and agrees: (i) to a fee of \$700 for each external review requested by a Covered Person that the Claim Administrator coordinates for the Employer in relation to the Employer's Plan; (ii) that the Claim Administrator's coordination shall include reviewing external review requests to ensure that they meet eligibility requirements, referring requests to accredited external independent review organizations, and reversing the Plan's determinations if so indicated by external independent review organizations; and (iii) that the external reviews shall be performed by an independent third party entity or organization and not the Claim Administrator. Amounts received by Claim Administrator and external independent review organizations may be revised from time to time and may be paid each time an external review is undertaken. Further, Employer elects for external reviews to be performed under the process selected below (select one):

State of Illinois External Review Process

Federal Affordable Care Act Process

Reimbursement Provision: Yes No

If yes: It is understood and agreed that in the event the Claim Administrator makes a recovery on a third-party liability claim, the Claim Administrator will retain 25% of any recovered amounts other than recovered amounts received as a result of or associated with any Workers' Compensation Law.

Conversion Privilege: Yes No *If yes, conversion fee: \$6,000 per conversion.*

Claim Administrator's Third Party Recovery Vendor:

It is understood and agreed that in the event the Claim Administrator's Third Party Recovery Vendor makes a recovery on a claim, the Employer will pay no more than 25% of any recovered amount.

Termination Administrative Charge

As applies to the Run-Off Period indicated in the Payment Specifications section below:

- i. **For service charges (including, but not limited to, access fees) billed on a per Covered Employee basis at the time of termination**, the Termination Administrative Charge will be the amount equal to ten percent (10%) of the annualized charges based on the service charges in effect as of the termination date and the Plan participation of the two (2) months immediately preceding the termination date. Such aggregate amount will be due the Claim Administrator within ten (10) days of the Claim Administrator's notification to the Employer of the Termination Administrative Charge described herein.
- ii. **For service charges (including, but not limited to, access fees) billed on a basis other than per Covered Employee at the time of termination**, the Termination Administrative Charge will be such service charges in effect at the time of termination to be applied and billed by the Claim Administrator, and paid by the Employer, in the same manner as prior to termination.

Termination Administrative Charges assume the continuation of the Plan benefit program(s) and the administrative

services in effect prior to termination. Should such Plan benefit program(s) and/or administrative services change, or in the event the average Plan enrollment during the three (3) months immediately preceding termination varies by ten percent (10%) or more from the enrollment used to determine the service charges in effect at the time of termination, the Claim Administrator reserves the right to adjust the rates for service charges (including, but not limited to, access fees) to be used to compute the Termination Administrative Charge.

Payment Specifications

NO CHANGES

Employer Payment Method:	<input type="checkbox"/> Online Bill Pay	<input checked="" type="checkbox"/> Electronic	<input type="checkbox"/> Check
Employer Payment Period:	<input checked="" type="checkbox"/> Weekly (<i>cannot be selected if Check is selected as payment method above</i>)	<input type="checkbox"/> Twice-Monthly	
	<input type="checkbox"/> Monthly	<input type="checkbox"/> Other (please specify):	
Claim Settlement Period:	<input checked="" type="checkbox"/> Monthly	<input type="checkbox"/> Other (please specify):	
Run-Off Period: Employer Payments are to be made for 12 months following end of Fee Schedule Period. <i>Standard is twelve (12) months.</i>			
Final Settlement: Final Settlement is to be made within 60 days after end of Run-Off Period. <i>Standard is sixty (60) days.</i>			

Broker/Consultant Compensation

The Employer acknowledges that if any broker/consultant acts on its behalf for purposes of purchasing services in connection with the Employer's Plan under the Administrative Services Agreement to which this ASO BPA is attached, the Claim Administrator may pay the Employer's broker/consultant a commission and/or other compensation in connection with such services under the Agreement. If the Employer desires additional information regarding commissions and/or other compensation paid the broker/consultant by the Claim Administrator in connection with services under the Agreement, the Employer should contact its broker/consultant.

OTHER PROVISIONS

NO CHANGES

1. Certificate of Creditable Coverage: Yes No

If yes: The Employer directs the Claim Administrator to issue to individuals, whose coverage under the Plan terminates during the term of the Administrative Services Agreement to which this ASO BPA is attached, a Certificate of Creditable Coverage. The Certificate of Creditable Coverage shall be based upon information required for issuance of a Certificate of Creditable Coverage to be provided to the Claim Administrator by the Employer and coverage under the Plan during the term of the Administrative Services Agreement.

2. Summary of Benefits & Coverage:

- a. Claim Administrator will create Summary of Benefits & Coverage (SBC)?

Yes. If yes, please answer question b. The SBC Addendum is attached.

No. If No, then the Employer acknowledges and agrees that the Employer is responsible for the creation and distribution of the SBC as required by Section 2715 of the Public Health Service Act (42 USC 300gg-15) and SBC regulations (45 CFR 147.200), as supplemented and amended from time to time, and that in no event will the Claim Administrator have any responsibility or obligation with respect to the SBC. The Claim Administrator is not obligated to respond to or forward misrouted calls, but may, at its option, provide participants and beneficiaries with Employer's contact information. A new clause (e) is added to Subsection C. in the Additional Provisions as follows: "(e) the SBC". (Skip question b.)

- b. Claim Administrator will distribute Summary of Benefits & Coverage (SBC) to participants and beneficiaries?

No. Claim Administrator will create SBC (only for benefits Claim Administrator administers under the Agreement) and provide SBC to Employer in electronic format. Employer will then distribute SBC to participants and beneficiaries (or hire a third party to distribute) as required by law.

Yes. Claim Administrator will create SBC (only for benefits Claim Administrator administers under the Agreement) and provide SBC to Employer in electronic format. Employer will then distribute to participants and beneficiaries as required by law, except that Claim Administrator will send the SBC in response to the occasional request received directly from individuals.

- Yes. Claim Administrator will create SBC (only for benefits Claim Administrator administers under the Agreement) and distribute SBC to participants and beneficiaries via regular hardcopy mail or electronically. Distribution Fee for hardcopy mail is \$1.30 per package. The distribution fee will not apply to SBCs that Claim Administrator sends in response to the occasional request received directly from individuals.
3. Case Management Program/Medical Services Advisory: Yes No
- If yes: The undersigned representative authorizes provision of alternative benefits for services rendered to Covered Persons in accordance with the provisions of the Administrative Services Agreement to which this ASO BPA is attached and the Employer's plan document.*
4. Employer acknowledges and agrees to utilize Claim Administrator's standard list of services and supplies for which pre-certification is required: Yes No If no, Employer authorizes Claim Administrator to post Employer's pre-certification requirements on Claim Administrator's Website: Yes No
5. The Massachusetts Health Care Reform Act requires employers to provide, or contract with another entity to provide, a written statement to individuals residing in Massachusetts who had "creditable coverage" at any time during the prior calendar year through the employer's group health plan and to file a separate electronic report to the Massachusetts Department of Revenue verifying information in the individual written statements.
- a. The Employer directs Claim Administrator to provide written statements of creditable coverage to its Covered Employees who reside, or have enrolled dependents who reside, in Massachusetts and file electronic reports to the Massachusetts Department of Revenue in a manner consistent with the requirements under the Massachusetts Health Care Reform Act. Such written statements and electronic reporting shall be based on information provided to the Claim Administrator by the Employer and coverage under the Plan during the term of the Administrative Services Agreement. The Employer hereby certifies that, to the best of its knowledge, such coverage under the Plan is "creditable coverage" in accordance with the Massachusetts Health Care Reform Act. The Employer acknowledges that the Claim Administrator is not responsible for verifying nor ensuring compliance with any tax and/or legal requirements related to this service. The Employer or its Covered Employees should seek advice from their legal or tax advisors as necessary.
- Yes No
- b. If no: The Employer acknowledges it will provide written statements and electronic reporting to the Massachusetts Department of Revenue as required by the Massachusetts Health Care Reform Act.
6. This ASO Benefit Program Application (ASO BPA) is incorporated into and made a part of the Administrative Services Agreement with both such documents to be referred to collectively as the "Agreement" unless specified otherwise.

ADDITIONAL PROVISIONS:

- A. **Grandfathered Health Plans:** Employer shall provide Claim Administrator with written notice prior to renewal (and during the plan year, at least 60 days advance written notice) of any changes that would cause any benefit package of its group health plan(s) (each hereafter a "plan") to not qualify as a "grandfathered health plan" under the Affordable Care Act and applicable regulations. Any such changes (or failure to provide timely notice thereof) can result in retroactive and/or prospective changes by Claim Administrator to the terms and conditions of administrative services. In no event shall Claim Administrator be responsible for any legal, tax or other ramifications related to any plan's grandfathered health plan status or any representation regarding any plan's past, present and future grandfathered status. The grandfathered health plan form ("Form"), if any, shall be incorporated by reference and part of the BPA and Agreement, and Employer represents and warrants that such Form is true, complete and accurate.
- B. **Retiree Only Plans, Excepted Benefits and/or Self-Insured Nonfederal Governmental Plans:** If the BPA includes any retiree only plans, excepted benefits and/or self-insured nonfederal governmental plans (with an exemption election), then Employer represents and warrants that one or more such plans is not subject to some or all of the provisions of Part A (Individual and Group Market Reforms) of Title XXVII of the Public Health Service Act (and/or related provisions in the Internal Revenue Code and Employee Retirement Income Security Act) (an "exempt plan status"). Any determination that a plan does not have exempt plan status can result in retroactive and/or prospective changes by Claim Administrator to the terms and conditions of administrative services. In no event shall Claim Administrator be responsible for any legal, tax or other ramifications related to any plan's exempt plan status or any representation regarding any plan's exempt plan status.
- C. Employer shall indemnify and hold harmless Claim Administrator and its directors, officers and employees against any and all loss, liability, damages, fines, penalties, taxes, expenses (including attorneys' fees and costs) or other costs or

obligations resulting from or arising out of any claims, lawsuits, demands, governmental inquires or actions, settlements or judgments brought or asserted against Claim Administrator in connection with (a) any plan's grandfathered health plan status, (b) any plan's exempt plan status, (c) any plan's design (including but not limited to any directions, actions and interpretations of the Employer), (d) any provision of inaccurate information, and/or (e) the SBC. Changes in state or federal law or regulations or interpretations thereof may change the terms and conditions of administrative services.

The provisions of paragraphs A-C (directly above) shall be in addition to (and do not take the place of) the other terms and conditions of administrative services between the parties.

Group is remaining grandfathered.

Sherri Phillips

Sales Representative

848-751 217-
778-0444

District Phone & FAX Numbers

Phil Sauder

Producer Representative

Clemens & Associates Life Agency

Producer Firm

2086 E Empire Dr. Bloomington, IL 61702

Producer Address

309-662-2100

Producer Phone & FAX Numbers

pasauder@clemensins.com

Producer Email Address

37-1075738

Tax I.D. No.

Signature of Authorized Purchaser

Title

Date

PROXY

The undersigned hereby appoints the Board of Directors of Health Care Service Corporation, a Mutual Legal Reserve Company, or any successor thereof ("HCSC"), with full power of substitution, and such persons as the Board of Directors may designate by resolution, as the undersigned's proxy to act on behalf of the undersigned at all meetings of members of HCSC (and at all meetings of members of any successor of HCSC) and any adjournments thereof, with full power to vote on behalf of the undersigned on all matters that may come before any such meeting and any adjournment thereof. The annual meeting of members shall be held each year in the corporate headquarters on the last Tuesday of October at 12:30 p.m. Special meetings of members may be called pursuant to notice mailed to the member not less than thirty (30) nor more than sixty (60) days prior to such meetings. This proxy shall remain in effect until revoked in writing by the undersigned at least twenty (20) days prior to any meeting of members or by attending and voting in person at any annual or special meeting of members.

Group No.: P93034 By: _____
P93042
993034 _____
Print Signer's Name Here
➔ _____
Signature and Title

Group Name: City of Bloomington
Address: 109 East Olive
City: Bloomington State: IL Zip Code: 61702
Dated this _____ day of _____
Month Year



EXHIBIT TO THE STOP LOSS COVERAGE POLICY

(ASO Accounts Only)

Employer Group Name: City of Bloomington
Employer Group Address: 109 East Olive
City: Bloomington State of Situs: IL Zip Code: 61702
Account Number: 993034
Employer Group Number(s): P93034 and P93042
Effective Date of Policy: 1-1-2013
Policy Period: These specifications are for the Policy Period commencing on 1-1-2013 and ending on 12-31-2013

The specifications below shall become effective on the first day of the Policy Period specified above and shall continue in full force and effect until the earliest of the following dates: (1) The last day of the Policy Period; (2) The date the Policy terminates; or (3) The date this Exhibit is superseded in whole or in part by a later executed Exhibit.

A. Aggregate Stop Loss Insurance: [] Yes [x] No
If yes, complete items 1. through 9. below.

1. [] New Coverage [] Renewal of Existing Coverage

2. Stop Loss Coverage Period:

[] New Coverage (Select one from below):

[] Standard: Claims incurred and paid during the Policy Period.

[] Standard with "Run-in" included: Claims incurred on or after _____ and paid during the Policy Period.

"Run-in" includes claims paid by Policyholder's prior claim administrator: Yes [] No []

If yes, such claims must be reported by the Policyholder to the Company (Blue Cross and Blue Shield of Illinois, a Division of Health Care Service Corporation, a Mutual Legal Reserve Company) within 12 months of the Effective Date of Policy and paid by the Policyholder's prior claim administrator within 6 months after the Effective Date of Policy.

[] Renewal of Existing Coverage:

Claims incurred on or after the original Effective Date of Policy and paid during the Policy Period.

3. Aggregate Stop Loss Insurance shall apply to:

[] Medical Claims [] Vision Claims

[] Outpatient Prescription Drug Claims [] Dental Claims

For Hospital Employer Groups only: *Excludes* _____% of Home Hospital Medical claims

Other (please specify): _____

4. Average Claim Value: _____ (per employee per month)

Includes Claim Administrator's Provider Access Fee

Excludes Claim Administrator's Provider Access Fee

Attachment Factor: _____% of the Average Claim Value

5. Aggregate Attachment Claim Liability:

Employer's Claim Liability for each Policy Period shall be the sum of the Monthly amounts obtained by multiplying the number of Individual and Family Coverage Units for each Month by the following factor:

\$_____ for each Coverage Unit

6. Aggregate Stop Loss Coverage includes coverage of Run-Off Paid Claims: Yes No

Run-Off Attachment Claim Liability Factors:

Employer's Run-Off Claim Liability shall be an amount equal to 15% of the annualized Employer Claim Liability based on the participation of the two calendar months immediately preceding termination. Settlement for the final accounting period will be described in the section of the Policy entitled SETTLEMENTS.

7. Aggregate Stop Loss Coverage:

a. The amount of Paid Claims during the current Policy Period, less Individual (Specific) Stop Loss Claims, if any, that exceed the Point of Attachment. The Point of Attachment shall equal the sum of the Employer's Claim Liability amounts calculated Monthly as described in Item 5. above for the indicated Policy Period. However, for the indicated Policy Period the minimum Point of Attachment shall be \$_____.

b. The following applies if the answer to item 6. above is "Yes:" (Aggregate Stop Loss Coverage includes coverage of Run-Off Paid Claims):

In the event of termination at the end of a Policy Period, Aggregate Stop Loss Coverage shall equal the amount of Final Settlement Paid Claims that exceed the Final Settlement Point of Attachment. Final Settlement Paid Claims shall equal the sum of the Paid Claims during the Final Policy Period and the Paid Claims during the Run-Off Period, less Individual (Specific) Stop Loss Claims, if any. The Final Settlement Point of Attachment shall equal the sum of the Employer's Claim Liability amount for the Final Policy Period and the Employer's Run-Off Claim Liability calculated as described in items 5. and 6. above. However, for the Final Settlement Period the minimum Point of Attachment shall be the minimum Point of Attachment in item 7.a. above increased by 15%.

8. Premium (Select one):

Annual Premium (Due on the first day of the Policy Period): \$_____.

The following applies if the answer to item 6. above is "Yes:" (Aggregate Stop Loss Coverage includes coverage of Run-Off Paid Claims): In the event of termination at the end of a Policy Period, an additional premium amount equal to 15% of the Annual Premium will be due within 10 calendar days of receipt of the billing.

Monthly Premium shall be equal to the amounts obtained by multiplying the number of Individual and Family Coverage Units for a particular Month by:

\$_____ for each Coverage Unit

The following applies if the answer to item 6. above is "Yes:" (Aggregate Stop Loss Coverage includes coverage of Run-Off Paid Claims):

In the event of termination at the end of a Policy Period, an additional premium amount equal to 15% of the annualized Premium based on the participation of the two months immediately preceding termination will be due within 10 calendar days of receipt of the billing.

9. The premium is based upon a current membership of _____ Individual Coverage Units and _____ Family Coverage Units.

B. Individual (Specific) Stop Loss Insurance: Yes No

If yes, complete items 1. through 6. below.

1. New Coverage Renewal of Existing Coverage

2. Stop Loss Coverage Period:

New Coverage (Select one from below):

Standard: Claims incurred and paid during the Policy Period.

Standard with "Run-in" included: Claims incurred on or after _____ and paid during the Policy Period.

"Run-in" includes claims paid by Policyholder's prior claim administrator: Yes No

If yes, such claims must be reported by the Policyholder to the Company (Blue Cross and Blue Shield of Illinois, a Division of Health Care Service Corporation, a Mutual Legal Reserve Company) within 12 months of the Effective Date of Policy and paid by the Policyholder's prior claim administrator within 6 months after the Effective Date of Policy.

Renewal of Existing Coverage:

Claims incurred on or after the original Effective Date of Policy and paid during the Policy Period.

3. Individual (Specific) Stop Loss Insurance shall apply to:

Medical Claims Vision Claims

Outpatient Prescription Drug Claims Dental Claims

For Hospital Employer Groups only: *Excludes* _____% of Home Hospital Medical claims

Other (please specify): _____

4. Individual (Specific) Stop Loss Coverage

a. Individual Stop Loss Coverage equals the amount of Paid Claims for a Covered Person during the current Policy Period in excess of the Point of Attachment of \$155,000 per Covered Person. Such amount shall apply for the Policy Period.

Point of Attachment Includes Claim Administrator's Provider Access Fee

Excludes Claim Administrator's Provider Access Fee

b. Employer's Claim Liability equals the sum of Paid Claims for a Covered Person during the Policy Period up to the Point of Attachment specified in 4.a. above.

5. Individual Stop Loss Coverage includes coverage of Run-Off Paid Claims: Yes No

The following applies if the answer to item 5. above is "Yes" (Individual Stop Loss Coverage includes coverage of Run-Off Paid Claims):

a. In the event of termination at the end of the Policy Period, Individual Stop Loss Coverage shall equal the amount of Final Settlement Paid Claims that exceed the Point of Attachment specified in 4.a. above. Final Settlement Paid Claims shall equal the sum of Paid Claims for a Covered Person during the Final Policy Period and the Run-Off Period.

b. In the event of termination at the end of the Policy Period, Employer's Final Settlement Claim Liability equals the sum of Paid Claims for a Covered Person during the Final Policy Period and Run-Off Period up to the Point of Attachment specified in Item 4.a. above.

Settlement for the final accounting period will be described in the section of the Policy entitled SETTLEMENTS.

6. Premium (select one):

Annual Premium (Due on the first day of the Policy Period): \$_____.

The following applies if the answer to item B.5. is "Yes" (Individual Stop Loss Coverage includes coverage of Run-Off Paid Claims): In the event of termination at the end of a Policy Period, an additional premium amount equal to 20% of the Annual Premium will due within 10 calendar days of receipt of the billing.

Monthly Premium shall be equal to the amounts obtained by multiplying the number of Individual and Family Coverage Units for a particular Month by:

\$46.55 for each Coverage Unit

The following applies if the answer to item B.5. above is "Yes" (Individual Stop Loss Coverage includes coverage of Run-Off Paid Claims): In the event of termination at the end of a Policy Period, an additional premium amount equal to 20% of the annualized Premium based on the participation of the two months immediately preceding termination will be due within 10 calendar days of receipt of the billing.

7. The premium is based upon a current membership of 235 Individual Coverage Units and 229 Family Coverage Units.

Additional Provisions:

The undersigned person represents that he/she is authorized and responsible for purchasing stop loss coverage on behalf of the Employer Group. It is understood that the actual terms and conditions of coverage are those contained in this Exhibit and the Stop Loss Coverage Policy into which this Exhibit shall be incorporated at the time of acceptance by Blue Cross and Blue Shield of Illinois, a Division of Health Care Service Corporation, a Mutual Legal Reserve Company ("HCSC"). Upon acceptance, HCSC shall issue a Stop Loss Coverage Policy to the Employer Group. Upon acceptance of this Exhibit and issuance of the Stop Loss Coverage Policy, the Employer Group shall be referred to as the "Policyholder."

Sherri Phillips
Sales Representative

Signature of Authorized Purchaser

Jim Paton
Name of Underwriter

Title of Authorized Purchaser

Date

INTERNAL USE ONLY	Date Application approved by Underwriting: Name of Underwriter:
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Account Name:	City of Bloomington	Account Number:	993034	Renewal Date:	1-1-13
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Grandfathered Health Plan Form

The Affordable Care Act (ACA) provides that a group health plan in which an individual was enrolled on March 23, 2010, (ACA’s date of enactment) may be a “grandfathered health plan.” Grandfathered health plans are not subject to certain ACA provisions.

By default, our group renewal offer(s) reflect a non-grandfathered health plan design. **This Grandfathered Health Plan Form must be signed by the group representative and returned to our offices at least 10 days prior to your renewal effective date in order to change your renewal(s) to a grandfathered health plan design.** If a plan is modified to a non-grandfathered health plan design on its effective date, it cannot later revert back to a grandfathered health plan design.

Complete the information on page 2 of this form to indicate whether your existing plan(s) qualify as grandfathered health plan(s) under the Affordable Care Act and related regulations. **Check all that apply** for *only* the benefit plan(s) in effect that qualify for and that you wish to be administered with a grandfathered health plan design.

For more information on grandfathered health plans and what changes or events may cause a plan to lose grandfathered health plan status, go online to: bcbsil.com/affordable_care_act. The rules related to grandfathered health plans are complex. We recommend that you seek the advice and guidance of your legal counsel regarding ACA and grandfathered health plans. If you believe a plan or policy has lost or will lose grandfathered status, contact your insurance broker (if applicable) or BCBSIL representative immediately for available benefit plan options.

TO BE SIGNED BY THE GROUP REPRESENTATIVE:

I, the undersigned, a duly authorized representative of the plan sponsor named above (“Plan Sponsor”), hereby represent that I am knowledgeable as to standards associated with a “grandfathered health plan” as set forth in the Affordable Care Act and applicable regulations, and that the information contained in this Form and any subsequent updates to such Form, are true, accurate and complete; and (ii) agree that the Plan Sponsor will immediately provide BCBSIL with written notice prior to renewal (and during the plan year, with at least 60 days advance written notice) of any changes that would cause the Plan Sponsor’s group health plan(s), including any benefit packages, to not qualify as a grandfathered health plan under ACA and applicable regulations.

Signature

Title

Print Name

Date

**Summary of Benefits and Coverage Addendum
To ASO Benefit Program Application (ASO BPA)**

Employer Name: City of Bloomington

Account Number: 993034

Effective/

First Date of Employer's Open Enrollment Period for the next Plan Year

Renewal Date: 1-1-2013

(the "First Open Enrollment Date"): 12-1-2012

The Affordable Care Act ("ACA") requires group health plans to create and distribute a Summary of Benefits and Coverage (or alternate format permitted by ACA) (the "SBC"), to participants and beneficiaries in certain specified situations (the "SBC Requirements"). In accordance with the Employer's election indicated on the most current ASO BPA, to have Blue Cross and Blue Shield of Illinois (BCBSIL) create and/or distribute the SBC, as of the First Open Enrollment Date, the Employer acknowledges and agrees:

1. BCBSIL's SBC services do not include the creation or distribution of coverage information for benefits it does not administer under the Agreement, unless otherwise agreed to in the ASO BPA or this Addendum.
2. Employer is responsible for the proper synthesizing of information from its various insurers and administrative service providers it uses for its group health plan (or providing multiple partial SBCs if permitted by law).
3. The Employer is responsible for SBC services performed by Employer's third party vendors.
4. The Employer must review and approve the SBC prior to distribution and is responsible for the content of the SBC. Nothing in this Addendum or in the ASO BPA relieves the Employer or its group health plan of their respective legal and regulatory obligations with respect to the SBC.
5. ACA and the SBC regulatory and sub-regulatory guidance (the "Guidance") are new (and subject to change) and the regulatory agencies and industry interpretations thereof are evolving; therefore, BCBSIL's operations shall not be considered to be in breach of the Agreement to the extent BCBSIL has worked diligently and in good faith to implement a reasonable interpretation of then-current SBC-related ACA provisions and Guidance, in a manner consistent with the SBC Requirements.
6. Employer agrees to furnish to BCBSIL in a timely manner all information necessary for the timely distribution of SBCs, including but not limited to names and addresses for: (i) any person currently enrolled in any plan administered or insured by BCBSIL, and (ii) any person the employer tells us is eligible or may become eligible. Employer's failure to furnish such information, to agree to an implementation plan or to promptly review/approve SBCs may substantially delay and/or jeopardize BCBSIL's SBC services and BCBSIL is relieved of its SBC obligations.
7. Employer shall indemnify and hold harmless BCBSIL and its directors, officers and employees against any and all loss, liability, damages, fines, penalties, taxes, expenses (including attorneys' fees and costs) or other costs or obligations resulting from or arising out of any claims, lawsuits, demands, governmental inquiries or actions, settlements or judgments brought or asserted against BCBSIL in connection with the SBC (and Employer's or its vendors' distribution of the SBC).

Rate Development Worksheet for:

Group Name: City of Bloomington
Group Number: BC0366
Effective: January 1, 2013 - December 31, 2013



Experience Period	01/2012-08/2012		01/2011-12/2011		01/2010-12/2010	
	Aggregate	PMPM	Aggregate	PMPM	Aggregate	PMPM
Member Months	2,719	340	3,708	309	3,459	288
Inpatient	\$ 54,131.00	\$ 19.91	\$ 89,461.00	\$ 24.13	\$ 117,851.00	\$ 34.07
Outpatient	\$ 393,504.00	\$ 144.72	\$ 341,479.00	\$ 92.09	\$ 259,296.00	\$ 74.96
Physician	\$ 262,707.00	\$ 96.62	\$ 340,689.00	\$ 91.88	\$ 375,309.00	\$ 108.50
Pharmacy	\$ 152,867.00	\$ 56.22	\$ 146,425.00	\$ 39.49	\$ 133,537.00	\$ 38.61
Total Incurred Claims	\$ 863,209.00	\$ 317.47	\$ 918,054.00	\$ 247.59	\$ 885,993.00	\$ 256.14
Pooled Claims \$75,000	\$ (219,978.00)	\$ (80.90)	\$ (80,218.00)	\$ (21.63)	\$ -	\$ -
Adjusted Incurred Pooled Claims	\$ 643,231.00	\$ 236.57	\$ 837,836.00	\$ 225.95	\$ 885,993.00	\$ 256.14
Trend 6.14%	1.072		1.170		1.267	
Trended Incurred Pooled Claims	\$ 689,539.63	\$ 253.60	\$ 980,430.24	\$ 264.41	\$ 1,122,317.87	\$ 324.46
Pooling Charge 13.3%	\$ 130,080.85	\$ 47.84	\$ 177,396.02	\$ 47.84	\$ 165,483.51	\$ 47.84
Pooled Claims Add-on \$75,000	\$ 75,000.00	\$ 27.58	\$ 75,000.00	\$ 20.23	\$ -	\$ -
Trended Incurred Claims after pooling	\$ 894,620.48	\$ 329.03	\$ 1,232,826.26	\$ 332.48	\$ 1,287,801.37	\$ 372.30
Demographic Adjustment Factor	1.000		1.011		1.017	
Benefit Adjustment Factor	1.000		1.000		1.000	
Projected Incurred Claims	\$ 894,620.48	\$ 329.03	\$ 1,246,606.72	\$ 336.19	\$ 1,309,735.70	\$ 378.65

Weighted Projected Incurred Claims		
2012	28.0%	\$346.92
2011	42.0%	
2010	30.0%	

Administrative cost & drug rebate	\$19.64
Claims plus Administrative Expenses	\$366.56
Desired Loss Ratio	0.9345
Needed Premium	\$398.70
Paid Premium	\$359.71
Needed Increase based on Experience	10.84%

Needed Increase based on CRC	5.70%
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Needed Weighted Increase Credibility 63%	8.93%
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Proposed Rate Action	8.00%
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Subscribers	109
Members	338

NS HMO \$7/15/25	Enrollments	Current			Proposed		
		Rates	Rate Ratio	Renewal Rates	Rate Ratio		
Single	6	\$ 559	1.0	\$ 604	1.0		
Emp+1	2	\$ 1,096	2.0	\$ 1,184	2.0		
Family	14	\$ 1,515	2.71	\$ 1,636	2.7		
Monthly Premium		\$ 27,428		\$ 28,896			

NS HMO \$15/25/45	Enrollments	Current			Proposed		
		Rates	Rate Ratio	Renewal Rates	Rate Ratio		
Single	27	\$ 529	1.0	\$ 571	1.0		
Emp+1	12	\$ 1,039	2.0	\$ 1,122	2.0		
Family	48	\$ 1,437	2.72	\$ 1,552	2.7		
Monthly Premium		\$ 96,399		\$ 103,377			

Large Claims 2012:
 \$219,978 - Home Dialysis, Kidney Transplant scheduled
 \$62,510 - Lap Gastrectomy



Acceptance Letter for:

Group: **City of Bloomington**
Effective: **January 1, 2013 - December 31, 2013**

Plan(s) Selected: NS HMO \$7/\$15/\$25 and NS HMO \$15/\$25/\$45



Please circle, initial and date the rates on the accompanying rate portfolio page, attach and submit with this letter.

Please note the rates included herein do not include BPC fees.

Below are the additional services that can be purchased for an additional fee. Please indicate which, if any, will be purchased.

- | | Accept |
|--------------------------------|-------------------------------------|
| Flexible Spending Account | <input type="checkbox"/> |
| Debit Card | <input type="checkbox"/> |
| Health Reimbursement Account | <input type="checkbox"/> |
| COBRA Administration | <input type="checkbox"/> |
| Carle Resolutions | |
| 6 telephonic sessions FREE | <input checked="" type="checkbox"/> |
| 3 In-person sessions \$15 PEPY | <input type="checkbox"/> |
| 6 In-person sessions \$19 PEPY | <input type="checkbox"/> |

Signature

Date

Broker Name

Agency

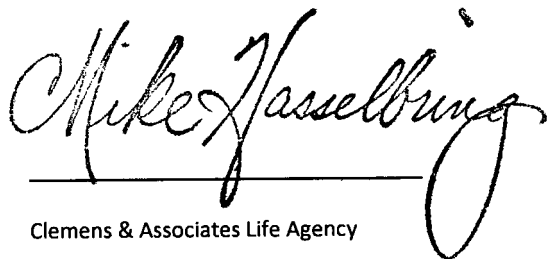
CLEMENS and ASSOCIATES LIFE AGENCY, Ltd.

2806 E. EMPIRE • POST OFFICE BOX 217
BLOOMINGTON, IL 61702-0217
PHONE (309) 662-2100
FAX (309) 662-2143

Amendment to Commission Agreement

This amendment is entered into this 15th day of October, 2012 by and between Clemens & Associates Life Agency and the City of Bloomington. Both parties agree to modify the current agreement by changing the billing cycle from a one-time annual fee of \$9500 billed by BCBS of Illinois to a quarterly billing arrangement of \$2,375 billed by Clemens & Associates Life Agency.

Clemens & Associates Life Agency will bill the City of Bloomington \$2,375 a quarter starting in December of 2012. Payment due dates will be the 15th of January, April, July and October.


Clemens & Associates Life Agency

10-15-12

Date