

**City of Carson City
Agenda Report**

Date Submitted: 5-24-11

Agenda Date Requested: 6-2-11

Time Requested: 15 minutes

To: Board of Supervisors

From: Melanie Bruketta, HR Director

Subject Title: Action to approve the employee health insurance plan with St. Mary's HealthFirst, the employee dental and life insurance plans with The Standard and the employee vision plan with VSP and to approve the extension of the health insurance plan with St. Mary's HealthFirst through June 30, 2017.
(Melanie Bruketta)

Staff Summary: This action is to approve the benefit plans for health, dental, life and vision for active city employees and retirees. There are no rate increases or changes to the dental and life plans. There is not a rate increase for the vision plan, and VSP made a small increase to the allowances given for some eye examinations and frames. There is a 3% increase to the group health plan for the HMO plan design and a 0% increase to the group health plan for the POS plan design.

St. Mary's has agreed to extend the renewal through June 30, 2017 with rate increase caps based upon the City's loss ratio. The City's loss ratio has been 90% over the past several years. If the loss ratio continued to be 90%, the maximum increase in the premium would be 12%, unless the loss ratio was greater than 94.99%, then the premium increase would be subject to negotiation. For any loss ratio greater than 95%, the parties agree to negotiate in good faith to determine a mutually agreeable increase. If the parties cannot reach an agreement, the contract may be terminated, unless St. Mary's unilaterally agrees to an increase of 12% or less.

Type of Action Requested: (check one)

☐ Resolution

☐ Ordinance

☒ Formal Action/Motion

☐ Other (specify)

Does this Action Require a Business Impact Statement: ☐ Yes ☒ No

Recommended Board Action: I move to approve the employee health insurance plan with St. Mary's HealthFirst, the employee dental and life insurance plans with The Standard and the employee vision plan with VSP and to approve the extension of the health insurance plan with St. Mary's HealthFirst through June 30, 2017.

Explanation for Recommended Board Action: This action is to approve the benefit plans for health, dental, life and vision for active city employees and retirees. There are not rate increases or changes to the dental and life plans. There is not a rate increase for the vision plan, and VSP made the following benefit changes: VSP providers will give a frame and elective contact lenses allowance from \$120.00 to \$140.00; non-VSP providers will give an increase in the examination allowance from \$46.00 to \$50.00; increase frame allowance from \$45.00 to \$70.00; change lense allowance; single from \$55.00 to \$50.00, trifocal from \$95.00 to \$100.00.

According to the terms of the existing agreement with St. Mary's HealthFirst, the City should incur a 9% increase based on last year's utilization rates, if the City were to continue with the current plan design. In order to contain the costs, St. Mary's has offered, and Human Resources suggests accepting the following plan design changes to the HMO that would result in a 3% increase: 1) Adding a \$750.00 deductible to inpatient/outpatient hospital visits and mental heath services, and 2) Increasing the generic prescription rate from \$5.00 to \$10.00. A 0% increase to the POS plan causes the plan design to change as follows: 1) Adding a \$750.00 deductible to inpatient/outpatient visits and mental heath services and 2) Increasing the generic prescription rate from \$5.00 to \$10.00.

St. Mary's has agreed to extend the renewal through June 30, 2017 with rate increase caps based upon the City's loss ratio. The City's loss ratio has been 90% over the past several years. If the loss ratio continued to be 90%, the maximum increase in the premium would be 12%, unless the loss ratio was 94.99%, then the premium increase would be subject to negotiation. For any loss ratio greater than 95%, the parties agree to negotiate in good faith to determine a mutually agreeable increase. If the parties cannot reach an agreement, the contract may be terminated, unless St. Mary's unilaterally agrees to an increase of 12% or less.

Applicable Statute, Code, Policy, Rule or Regulation: N/A

Fiscal Impact: The changes to the plan design and offering swill provide estimated savings of \$338,484 for fiscal year 2011-2012 due to a 3% increase rather than a 9% increase.

Explanation of Impact: \$338,484 cost savings in original proposed budget.

Funding Source: All operating funds

Alternatives: Remain with the current plan design with a 9% increase

Supporting Material: St. Mary's HealthFirst Group Contract, Amendment No. 1
Saint Mary's HealthFirst Group Contract City of Carson City.

Prepared By: Melanie Bruketta, HR Director

Reviewed By:

Melanie Roukema
(Department Head)

Date: 5.24.11

[Signature]
(City Manager)

Date: 5/24/11

[Signature]
(District Attorney)

Date: 5/24/11

[Signature]
(Finance Director)

Date: 5/24/11

Board Action Taken:

Motion: _____ 1) _____

Aye/Nay

2) _____

(Vote Recorded By)

SAINT MARY'S HEALTHFIRST GROUP CONTRACT

City of Carson City

This Group Contract is executed by and between Saint Mary's HealthFirst (hereinafter referred to as "HealthFirst"), and City of Carson City (hereinafter referred to as "Group").

WHEREAS, HealthFirst is a health maintenance organization, organized and operating pursuant to Chapter 695C of the Nevada Revised Statutes, and;

WHEREAS, Group wishes to provide eligible employees with the opportunity to enroll in and receive health care services through a health maintenance organization;

NOW THEREFORE, the parties hereto have set their hand and mutually agree as follows:

I. Definitions

- A. **Anniversary** means the date, every twelve (12) months upon which the coverage under Evidence of Coverage (hereinafter referred to as "EOC") renews for another twelve (12) month period.
- B. **Health Benefit Plan** means the HealthFirst EOC and any and all Attachments and Riders selected by the Group, which is offered to eligible employees.
- C. **Grace Period** means the time after the date that the premium is due during which the premium can be paid without penalty to keep the policy in force.
- D. **Group** means an employer or other party who has executed a Group Contract with HealthFirst, through which health benefits are made available to eligible employees and the employer has agreed to collect and pay premiums.
- E. **Group Contract** (hereinafter referred to as "Contract") means this document between the Group and HealthFirst and any attachments hereto, through which the health benefit plan for eligible employees and dependents is elected.
- F. **Initial Group Open Enrollment Period** means the enrollment period established by the Group and HealthFirst prior to the effective date during which eligible persons may enroll in the health plan. The initial enrollment period will be a period of no less than fifteen (15) days in which all eligible persons must enroll or waive their right to coverage. Subsequent Open Enrollment Periods will be held every twelve (12) months from the initial effective date of the Group's coverage.
- G. **Premium** means the periodic payment, usually monthly, made to HealthFirst by the Group on behalf of eligible enrolled employees, which entitles those employees and dependents to the health benefit plan detailed in Section III of this contract.

II. Introduction

This Group Contract, any amendments, attachments, including the Evidence of Coverage ("EOC") document(s) and any applicable Riders, the application of the employer, the enrollment forms of individual employees and amendments to any of them incorporated by reference herein, shall constitute the entire agreement between Saint Mary's HealthFirst and City of Carson City.

The Employer or any individual Member is not authorized to make any promises or representations or warranties concerning HealthFirst's services, facilities or supplies provided under the Contract. Any statements by an Employer or the Employer's representative concerning the services provided by HealthFirst or under the EOC shall not be binding on HealthFirst. As such, no such statement shall be used in support of a benefit claim under this Contract unless it is approved in writing by HealthFirst. Pursuant to this Contract, HealthFirst shall provide covered services and supplies to Members in accord with the EOC document(s).

No agent or employee of HealthFirst is authorized to change the form or content of this Contract. Any changes to this Contract can be made only through an endorsement authorized and signed by an officer of HealthFirst.

III. Products

List each product available from the plan and the appropriate EOC

Benefit Plan POS 7520/1540

Riders Rx \$5/30/50
Student Rider to age 24

IV. Term of Contract

This Contract becomes effective on July 1, 2007 at 12:00 a.m. Pacific Time and will remain in effect for a term of 12 consecutive months, until June 30, 2008 (the "Termination Date") unless terminated as set forth in the Termination of Contract section. Except as expressly provided in any EOC document(s) incorporated in this Contract, all rights to benefits under this Contract end at 11:59 p.m. on the Termination Date.

V. Termination of Contract

The employer may terminate this Contract by providing HealthFirst with a written notice of its intent to terminate this contract at least sixty (60) days in advance of the proposed termination date. HealthFirst may terminate or not renew this Contract for good cause as set forth below.

HealthFirst will provide the Group with an acknowledgment in the Form of a Written Notice of Contract Termination ("Notice"). Promptly upon receipt of the Notice, Group will mail via First Class U.S. Mail to each Member a legible copy of the notice. Group agrees to provide HealthFirst with written proof of that mailing and of the date thereof. If the terms of this Contract are altered by consent of both parties, no resulting reduction in coverage will adversely affect a member who is confined to a hospital at the time of such change.

Termination on Notice

Group may terminate this Contract:

1. for any reason, effective the day before any anniversary of July 1st (the "Anniversary Date") by giving at least sixty (60) days prior written notice to HealthFirst;
2. upon written notice within sixty (60) days of notice of an increase in the Total Monthly Premium;

and remitting all amounts payable relating to this Contract, including Premiums, for the period prior to the termination effective date.

Good Cause for termination or not renewing by HealthFirst shall include:

1. **Non Payment**
Failure of Group to pay the premium for this Contract when due or within the thirty (30) day grace period. If a Premium is not paid by the end of the grace period, HealthFirst may terminate the contract of insurance retroactively to the end of the day preceding the grace period. Cancellation will not be effective until at least ten (10) days after HealthFirst has delivered or mailed written notice to the group.
2. **Material Breach of EOC requirements**
For any material breach of the terms detailed in the EOC, upon sixty (60) days notice to Group.
3. **Fraud, Noncompliance or intentionally furnishing incorrect or incomplete information**
HealthFirst may terminate this Contract upon fifteen (15) days prior written notice to Group if:
 - A. Group fails to comply with its material obligations under this Contract (including but not limited to its obligations under the "Eligibility and Enrollment" section of this Contract), or
 - B. Knowing failure by the employer to abide by and enforce the conditions of enrollment of Members as set forth in the "Eligibility and Enrollment" provisions of the EOC and the Employer Application, or
 - C. Has performed an act that constitutes fraud or misrepresents or intentionally furnishes incorrect or incomplete material information (including but not limited to the employees covered under the plan or other information regarding eligibility for coverage under the plan).

4. **Failure to meet Participation and Contribution requirements**

Failure of the employer to maintain minimum subscription charge contribution requirements or minimum participatory requirements or as stated in the group requirements set forth in the Master Application (see Section VII, item L of this contract).

Group will allow HealthFirst to review and audit payroll and other pertinent records for the verification of eligibility of employees as stated in contributions or group requirements. HealthFirst will make written and verbal request to Group and conduct all such reviews during regular business hours.

Group agrees to pay % for employees and % for an employee's dependents.

5. **Discontinuance of a product or all products within a market**

HealthFirst may terminate a particular product or all products offered in a small or large group market, if it discontinues offering insurance in the geographic area of the state where the employer is located. HealthFirst may also discontinue the issuance and renewal of coverage to a small employer if the Nevada Insurance Commissioner finds that the continuation of coverage would not be in the best interest of the policyholders or certificate holders or would impair the ability of the carrier to meet its contractual obligations. If the Commissioner makes such a finding, the Commissioner shall assist the affected small employers in finding replacement coverage. HealthFirst may also discontinue products offered to small employers if the Nevada Insurance Commissioner finds that the form of the product offered by HealthFirst is obsolete and is being replaced with comparable coverage. HealthFirst will notify the Commissioner and the Chief Regulatory Officer for insurance in each state in which it is licensed of its decision to discontinue the issuance or renewal of a product at least sixty (60) days before HealthFirst notifies the affected small employers. HealthFirst will notify affected employers at least one hundred eighty (180) days before the date on which it will discontinue offering the product and it will offer each affected small employer the option to purchase any other health benefit plan currently offered by it to small employers in Nevada. In exercising its option to discontinue the product and in offering the option to purchase other coverage, HealthFirst will act uniformly without regard to the claims experience of the affected small employers or any health status-related factor relating to any participant or beneficiary covered by the discontinued product or any new beneficiary who may become eligible for such coverage. HealthFirst will comply with the requirements of NRS 689C.310-.320 and NRS 689B.560 if it decides to discontinue providing insurance in a geographic area or discontinue products to the small employer market.

6. **A Material change in the nature of the Employer's Business, i.e.,**

- Dropping under 2 employees
- Sale of business
- Change in contribution level
- Other significant changes in the composition or status of the employer's business.

VI. Amendment of Contract

This Contract may be amended by mutual agreement of the Group and HealthFirst. All amendments shall be in writing and shall be attached to and become a part of the entire Contract.

Upon sixty (60) days prior written notice to Group, HealthFirst may amend this Contract effective as of the next Anniversary Date. If HealthFirst has not received all necessary government approval of its Premium rates by the date it gives notice under this section, HealthFirst will notify Group of the Premium rates for which it has sought government approval. HealthFirst may then amend this Contract with respect to Premium rates by giving notice to the Group after receiving all necessary government approval, in which case the Premium rates go into effect as of the next Anniversary Date.

In addition to amendments effective as of an Anniversary Date, HealthFirst may, subject to government approval, amend this Contract at any time by giving notice to Group, in order to (a) comply with applicable law, or (b) expand HealthFirst's service area.

All amendments are deemed accepted by the Group unless the Group gives HealthFirst written notice of non-acceptance at least fifteen (15) days before the effective date of the amendment and remits all amounts payable related to this Contract, including Premiums, for the period prior to the amendment effective date. If the Group rejects the amendment, this Contract will automatically terminate as of the day before the effective date of the amendment.

VII. Eligibility and Enrollment of Members

A. Eligible Employees include:

1. those who reside or who are employed within the service area;
2. a bona fide employee of the Group entitled to participate in the health care benefit program arranged by the Group or entitled to coverage under a Trust Agreement or employer contract;
3. those who satisfy any probationary or waiting period requirements established by the Group and who enroll within 31 days of their eligibility date.

B. Special Enrollments

Employees who decline coverage for themselves or their dependents, for any reason, and later decide that they want coverage will not be eligible until the next open enrollment period unless, the employee has (1) creditable health coverage within the meaning of 26 USC § 9801 and (2) has lost coverage as a result of:

1. termination of employment or eligibility;
2. involuntary termination of the creditable coverage;
3. death of a spouse, or divorce.

Employees who request special enrollment must do so no later than thirty (30) days after the loss of the other creditable coverage. Special enrollment is effective on the first day of the calendar month beginning after the date the completed enrollment request is received by HealthFirst.

C. Dependents include:

1. employee's lawful spouse;
2. unmarried children under age 19 who reside with and are primarily supported by employee;
3. unmarried children over the age of 19 who are chiefly dependent upon employee for support due to mental illness, developmental disability, mental retardation or physical handicap;
4. unmarried children between the ages of 19 and 24, who are chiefly dependent upon the employee for support and are enrolled in a recognized secondary or trade school, college or university on a full time basis.

D. All eligible employees must permanently reside or perform employment duties within the HealthFirst Service Area.

The service area includes the following communities:

HMO

All communities of Washoe County

The greater Carson City area

The Churchill County area

The Eureka County area

The Elko County area

The Lander County area

The Mineral County area

The Pershing County area

The White Pine County area

The Lyon County communities of: Dayton, Fernley, Silver City, and Silver Springs

The Douglas County communities of: Gardnerville, Genoa, and Minden, Stateline

The Storey County community of Virginia City and Virginia City Highlands

E. All eligible employees must satisfy any probationary or waiting period requirements established by the Group:

first of month following ninety (90) days of employment

- F. Group agrees to contribute the same dollar amount toward each class of contract as that which is contributed to the cost of any other Group sponsored health care option. In no event will the Group contribution be less than 50% of the Single (employee only) premium for the benefit plan.
- G. Any employee or dependent who becomes eligible after the Initial Enrollment Period, or between Group Enrollment Periods, must enroll within thirty-one (31) days of the qualifying event, or may not enroll until the next Group Enrollment Period is held.
- H. Group will be credited with Premium payments, made for a non-eligible enrollee, only after HealthFirst is notified in writing and only if the enrollee has not received covered services during the period in question. In no event will HealthFirst credit premium overpayment for a non-eligible enrollee for a period of more than sixty (60) days. In the event that Group overpays Premiums on behalf of a non-eligible enrollee for a period of more than sixty (60) days, overpayments beyond the first sixty (60) days will not be reimbursed or credited by HealthFirst and will be the sole responsibility and burden of the Group.
- I. Group will provide for the distribution of pertinent HealthFirst health benefit plan information to eligible employees. The HealthFirst staff will be given the opportunity to answer employee questions and to provide additional information during the Initial Enrollment and all subsequent Group Enrollment Periods.
- J. Group will allow HealthFirst to review and audit payroll and other pertinent records for the verification of eligibility of employees. HealthFirst will make written request to Group and conduct all such interviews during regular business hours.
- K. Age Banded Rates are rates determined by the age and sex of the eligible employee or eligible spouse. Members move to the rate corresponding to the appropriate age band on the month following their birthday, and not on renewal.
- L. **For a group with 6 or more** eligible employees, seventy-five percent (75%) of all eligible employees must enroll in the group health plan or demonstrate other creditable coverage. Those eligible employees waiving with creditable coverage will not be a factor in determining the group participation. **For groups with 2-5** eligible employees, one hundred percent (100%) of eligible employees must enroll or show creditable coverage.

VIII. Termination of Coverage

Termination due to Nonpayment

Only a Member, and his or her enrolled dependents, for whom HealthFirst has received the appropriate payment listed in the Premiums section are entitled to coverage under this Contract. If Group fails to make any past-due payment for a Member within the thirty (30) day grace period, HealthFirst may terminate the Member in accord with the "Termination of Coverage" section of the EOC. In addition, Group is liable for all unpaid Premiums for the Member through the termination date.

The Group may be required to continue coverage for an employee or dependent who has lost eligibility within the Group. The specific option for continuation will be determined by the individual employee or dependent qualifying event as detailed in the EOC. The employee and their dependents will be terminated off of the group plan on the last day of the month after termination of employment.

Consolidated Omnibus Budget Reconciliation Act (COBRA) Continuation Coverage

HealthFirst recognizes that many employers must comply with the continuation of group coverage requirements of federal laws and regulations, which collectively are commonly referred to as Consolidated Omnibus Budget Reconciliation Act (COBRA) (hereinafter referred to as "COBRA"). HealthFirst acknowledges that employers who are so affected cannot discharge their legal obligations without HealthFirst's informed and willing participation in providing the continuation coverage.

HealthFirst is therefore committed to the following:

- A. Maintaining awareness of continuation coverage requirements of the Internal Revenue Code, the Employee Retirement Income Security Act of 1974 (ERISA), the Public Health Service Act, and regulations, which are issued by the Secretaries of these agencies.
- B. Providing continuation coverage to Members upon the request of an employer when such requests are consistent with the employer's obligations under the law.
- C. Sharing knowledge regarding COBRA with employers as they experience problems but HealthFirst will not give legal advice on these matters.

Members who are hospitalized on the date coverage under this Contract ends, may be eligible for continuation of coverage. See "Conversion Privilege and Transfer" and "Extension of Benefits" in the EOC.

Termination of this Contract, other than for Nonpayment of Premiums (see "Termination due to Nonpayment") or Fraud, shall become effective upon sixty (60) days written notice to the employer.

If this Contract terminates under its own terms, or is otherwise terminated by either HealthFirst or employer, the employer shall promptly mail or hand deliver to each Member covered hereunder, a notice of cancellation of this Contract. The employer shall, upon request by HealthFirst, provide HealthFirst a copy of the notification, a written statement that the notice of cancellation was mailed or hand delivered to each Member, and the date of mailing or hand delivery.

IX. Premium Payment

- A. Group agrees to remit to HealthFirst the Total Monthly Premium on behalf of each eligible employee who has enrolled in the health benefit plan, in accordance with the Class of Contract and Total Monthly Premium listed herein. Where applicable, any contribution required by the employee will be collected through payroll deduction or other such program by the Group. Only Members for which the HealthFirst has received the appropriate payment are entitled to services and supplies.

POS 7520/1540			Total Monthly
<u>Tier</u>	<u>Medical</u>	<u>Rx</u>	<u>Premium</u>
Single (employee only)	\$305.43	\$74.22	\$379.65
Two-Party	\$656.21	\$138.04	\$794.25
Employee plus Family	\$868.70	\$182.74	\$1,051.44

			Total Monthly
<u>Tier: Retiree</u>	<u>Medical</u>	<u>Rx</u>	<u>Premium</u>
Single without Medicare	\$305.43	\$74.22	\$379.65
Single with Medicare	\$205.43	\$74.22	\$279.65
Retiree & One w/o Medicare	\$656.21	\$138.04	\$794.25
Retiree & One both w/ Medicare	\$441.36	\$138.04	\$579.40
Retiree & One one w/ Medicare	\$548.78	\$138.04	\$686.82
Retiree & Family w/o Medicare	\$868.70	\$182.74	\$1,051.44
Retiree & Family two with Medicare	\$584.28	\$182.74	\$767.02
Retiree & Family one with Medicare	\$726.49	\$182.74	\$909.23

Total Monthly Premium rates are effective from July 1, 2007 to June 30, 2008.

- B. The Total Monthly Premium is billed to Group in advance of the month for which coverage is provided. Premium payments are due the first day of the month for the month in which coverage is provided. HealthFirst shall calculate the charges from current records as to the number of Members enrolled. Dues are payable for new Members for the entire month regardless of the effective date of enrollment or termination.
- C. Premium adjustments required as a result of terminations or new hires will be applied by HealthFirst to the Premium Billing subsequent to the receipt of the required HealthFirst forms and notifications procedures. Retroactive payment adjustments will be made in subsequent billing statements for any additions or terminations of Members not reflected in HealthFirst's records at the time of calculation of Premium charges.

In order for a credit of Premium charges to be applied for terminated members, HealthFirst must receive notification as soon as possible following the date of the Member's ineligibility, but in no event later than sixty (60) days following such date. HealthFirst will credit a maximum of sixty (60) days of Premium charges to the employer for ineligible Members.

It is the sole responsibility of the Group to review the Total Monthly Premium each month, ensure it accurately reflects any and all Member terminations, and bring any discrepancies to the attention of HealthFirst within sixty (60) days of the Member's ineligibility.

Only Members for whom payment is received by HealthFirst shall be eligible for services and benefits hereunder and only for the period covered by such payment. If any Member covered hereunder is terminated by HealthFirst, prepaid Premiums received on account of the terminated Member or Members applicable to periods after the effective date of the termination will be credited back to the employer on the next following billing statement, and neither HealthFirst nor any physician group has any further liability or responsibility under this Contract to such terminated Member.

In the foregoing instances where a Member is being retroactively terminated by the group, the effective date of retroactive termination cannot be prior to any date on which services or supplies were provided to the Member under this Contract. In such instances the date of termination will be the first day of the calendar month following the month in which services or supplies were provided, and any applicable credit of premium charges will be calculated from that date.

If the employer seeks to retroactively add Members, enrollment forms must be received by HealthFirst as soon as possible following the Member's eligibility date, but in no event later than sixty (60) days following such date. HealthFirst will charge the employer retroactive premiums according to the Member's effective date, which will be calculated using rules established by HealthFirst for determining effective dates of retroactive adjustments, but in no event will the effective date be more than sixty (60) days prior to when HealthFirst receives the enrollment forms.

- D. Group shall submit to HealthFirst all enrollment, termination and/or change of status forms within thirty one (31) days of event, but in no case shall credits to remittances be for a premium period (month) of more than sixty (60) days from the date of the event.
- E. In situations that include, but are not limited to those found in Section V, item 6, HealthFirst reserves the right to change the Total Monthly Premium for the health benefits plan and/or Riders upon sixty (60) days written notice, provided such changes are in accordance with the provisions set forth in the Evidence of Coverage.

X. General Provisions

A. Acceptance of Contract

Group acknowledges acceptance of this Contract by signing the signature page of this Contract and returning it to HealthFirst. If Group does not return the signature page to HealthFirst, Group will be deemed as having accepted this Contract if Group pays any amount pursuant to the "Premiums" section.

B. Charter not part of Contract

None of the terms or provisions of HealthFirst's charter, constitution or bylaws shall form a part of this Contract or be used in the defense of any suit hereunder, unless the same is set forth in full in this Contract.

C. Interpretation of Contract

The laws of the State of Nevada shall be applied to interpretation of this Contract. Where applicable, the interpretation of this Contract shall be guided by the direct-service, group practice nature of HealthFirst's operations as opposed to a fee-for-service indemnity basis.

D. Services not covered

Services, treatments and procedures to induce or reverse voluntary elective sterilizations are not covered. Birth control drugs and devices including but not limited to IUD's are also not covered.

E. Adoption of Policies

HealthFirst may adopt reasonable policies, procedures, rules and interpretations to promote the orderly and efficient administration of this Group Contract and the Evidence of Coverage.

F. Group Agent or Broker

HealthFirst recognizes that Group may work with an Agent/Broker of Record who arranges a variety of insurance programs for the Group. HealthFirst will work cooperatively with the Group's Agent/Broker of Record. The Agent/Broker of Record must hold the appropriate State of Nevada health insurance license, and cooperate with HealthFirst. The Group agrees to notify HealthFirst in writing of any changes in its Agent/Broker of Record. Current Agent/Broker of Record is: Tanna Prince, Lockton Companies.

G. Attorney Fees and Costs

If HealthFirst or Group institute(s) legal action against the other to collect any sums owed under this Contract, the party that substantially prevails will be reimbursed for its reasonable litigation expenses, including attorneys' fees, by the other party.

H. Contract Providers

HealthFirst will give Group written notice within a reasonable time of any termination or breach of contract by, or inability to perform of, any health care provider that contracts with HealthFirst if Group may be materially and adversely affected thereby.

I. Delegation of Claims review authority

HealthFirst is a named fiduciary to review claims under this Contract. Group delegates to HealthFirst the discretion to construe and interpret the terms of the EOC and other disclosure statements as well to determine whether a Member is eligible for benefits. In making these determinations, HealthFirst has authority to review claims in accordance with the procedures contained in the EOC and herein, and to construe this Contract to determine whether the Member is entitled to benefits.

J. Member Information

Group will inform enrollees of eligibility requirements for Members and when coverage becomes effective and terminates.

If HealthFirst gives Group any information that is material to Members, Group will disseminate that information to Members by the next regular communication to them, but in no event later than thirty (30) days after Group receives the information. For purposes of this paragraph, "material" means information that a reasonable person would consider important in determining action to be taken.

K. No Waiver

HealthFirst's failure to enforce any provision of this Contract will not constitute a waiver of that or any other provision, or impair HealthFirst's right thereafter to require Group's strict performance of any provision.

L. Notices

Notices from HealthFirst to Group or from Group to HealthFirst must be mailed to the address indicated on the signature page of this Contract except that HealthFirst and Group may change its notice address by giving written notice to the other. Notices are deemed given when deposited in a U.S. Postal Service receptacle for the collection of U.S. mail.

M. Right to Examine Records

Upon reasonable notice, HealthFirst may examine Group's records with respect to eligibility and payments under this Contract.

N. Successors and Assignees

Benefits and obligations of this Contract are binding on the successors and permitted assignees of HealthFirst and Group.

O. Non-discrimination

HealthFirst and the employer hereby agree that no person who is otherwise eligible for coverage under this Contract shall be refused enrollment nor shall their coverage be cancelled solely because of race, color, national origin, ancestry, religion, sex, marital status, age, health status, or physical or mental handicap.

P. Notice of Certain Events

HealthFirst will give the employer written notice, within a reasonable time, of any termination or breach of Contract, or inability to perform services, by a Physician Group or contracting provider, if the employer may be materially and adversely affected thereby.

Q. Record Keeping

The employer is responsible for keeping records relating to this Contract. HealthFirst has the right to inspect and audit these records.

R. **Relationship of Parties**

Neither HealthFirst nor any of its employees are employees or agents of Hospitals or the Physician Groups.

S. **Association**

Group understands that its rating has been determined based upon its affiliation with an Association. If Group becomes disassociated with the Association for any reason, this Contract will be void. Should the Group wish to continue coverage with HealthFirst, the Group will be subject to underwriting as a Non-Association Group.

Signature Page

When notice is required under this Contract, it shall be sent prepaid, first class US mail to:

HealthFirst:

Sales and Marketing Department
Saint Mary's HealthFirst
1510 Meadow Wood Lane
Reno, Nevada 89502

Group:

Linda Ritter
City of Carson City
201 North Carson Street, No. 4
Carson City, Nevada 89701

Mediation before Litigation

Group and Saint Mary's HealthFirst agree to first mediate prior to resort to the courts, the disputes described below pursuant to the procedures set forth herein. Group understands that each Member/Enrollee's participation in mediation before litigation is completely voluntary, and that by agreeing to mediate disputes relating to the EOC, the Health Plan or health care services provided by Saint Mary's HealthFirst, the Member/Enrollee has not foregone their right to resolve any such dispute in a court of law or equity. Group agrees that any claim Group may assert for alleged violation of any duty to a Member arising out of this Contract, including any claim for medical or hospital malpractice, for premises liability, or relating to the coverage for, or delivery of, services or items pursuant to this Contract, irrespective of legal theory, shall be resolved by first submitting the dispute to mediation which shall be conducted by JAMS/Endispute (916) 921-5300. In the event the dispute is not resolved through mediation, the dispute shall be resolved in a court of law or equity.

For Saint Mary's HealthFirst:

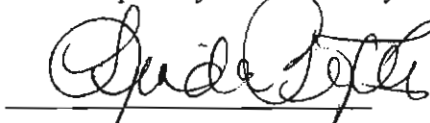


Name: Dave Challis

Title: Vice President and COO

Date 8/9/07

For Group: City of Carson City



Name: Linda Ritter

Title: City Manager

Date 8/15/07

This is one (1) of two (2) originals

Please sign and mail to us both copies of this signature page in the enclosed envelope or mail it to Sales and Marketing Department at Saint Mary's HealthFirst, 1510 Meadow Wood Lane, Reno, Nevada 89502. Signature pages that are submitted via telecopier or facsimile will be treated as valid originals for seven (7) calendar days after transmission.



Human Resources Department

201 N. Carson Street, Suite 4 • Carson City, NV 89701

(775) 887-2103 • Fax (775) 887-2067

www.carson-city.nv.us

E-mail: cchr@ci.carson-city.nv.us

May 2, 2008

Mr. Dave Challis, Vice President and CFO
Saint Mary's Health Plans
1510 Meadow Wood Lane
Reno, NV 89502

Dear Dave,

Enclosed are two copies of the Amendment No. 2 of the Saint Mary's HealthFirst Group Contract and the City of Carson City, for the period of July 1, 2007 through June 30, 2012. They have been signed by the City Manager, Lawrence Werner. Please execute for St. Mary's HealthFirst and return a signed copy for our records.

We look forward to the continuation of our mutual commitment to the health and wellness of Carson City employees and retirees over the life of this contract. It has been a pleasure to work with you during our negotiations.

Sincerely,

Zee McClintock
Manager of Employee Benefits
Carson City Human Resources

Amendment No. 2
Saint Mary's HealthFirst Group Contract
City of Carson City

In accordance with Article VI of the Contract executed by and between Saint Mary's HealthFirst and City of Carson City ("Group"), on August 9, 2007, the parties mutually agree to amend the Contract as follows:

1. Term of Contract.

Section IV of the Group Contract is amended to state:

This Contract becomes effective on July 1, 2007 at 12:00 a.m. Pacific Time and will remain in effect for a term of 60 consecutive calendar months, until June 30, 2012 (the "Termination Date") unless earlier terminated pursuant to the Termination of Contract section (below). Except as expressly provided otherwise in any EOC document(s) incorporated into this Contract by reference, all rights to benefits under this Contract expire and will have no further force or effect as of 11:59 p.m. as of the Termination Date.

2. Termination of Contract

Section V of the Group Contract is hereby amended to state:

The Group and HealthFirst have agreed to a five (5) year contract with annual pricing adjustments as specified below. HealthFirst and/or Group may only terminate this Contract for good cause on or before June 30, 2012 at 11:59 p.m. (the "Termination Date") as set forth below:

In the event the Contract is terminated for Good Cause (described below), HealthFirst will provide the Group with an acknowledgment in the Form of a Written Notice of Contract Termination ("Notice"). Promptly upon receipt of the Notice, Group will mail via First Class U.S. Mail to each Member a legible copy of the notice. Group agrees to provide HealthFirst with written proof of that mailing and of the date thereof. If the terms of this Contract are altered by consent of both parties, the parties agree no resulting reduction in coverage or benefits will adversely affect a member who is confined to a hospital at the time of such change.

Good Cause for Contract termination by Group shall mean:

1. Significant change in the HealthFirst provider network

Should HealthFirst experience a decrease of thirty percent (30%) or more in the number of physicians available in the HealthFirst network in the Carson City, Minden, Gardnerville and Dayton areas combined, the Group may terminate this Contract upon sixty (60) days prior written notice to HealthFirst.

2. **Fraud, Noncompliance or intentionally furnishing incorrect or incomplete information**

Group may terminate this Contract upon fifteen (15) days prior written notice to HealthFirst if:

- A. HealthFirst knowing fails to provide services as specified in the provisions of the EOC, or
- B. HealthFirst has performed an act that constitutes fraud or knowingly furnishes Group with materially false information.

Good Cause for termination by HealthFirst shall include:

1. **Non Payment**

Failure of Group to pay the premium for this Contract when due or within the thirty (30) day grace period. If a Premium is not paid by the end of the grace period, HealthFirst may terminate the contract of insurance retroactively to the end of the day preceding the grace period. Cancellation will not be effective until at least ten (10) days after HealthFirst has delivered or mailed written notice to the group.

2. **Material Breach of EOC requirements**

For any material breach of the terms detailed in the EOC, upon sixty (60) days notice to Group.

3. **Fraud, Noncompliance or intentionally furnishing incorrect or incomplete information**

HealthFirst may terminate this Contract upon fifteen (15) days prior written notice to Group if:

- A. Group fails to comply with its material obligations under this Contract (including but not limited to its obligations under the "Eligibility and Enrollment" section of this Contract), or
- B. Knowing failure by the employer to abide by and enforce the conditions of enrollment of Members as set forth in the "Eligibility and Enrollment" provisions of the EOC and the Employer Application, or
- C. Has performed an act that constitutes fraud or misrepresents or intentionally furnishes incorrect or incomplete material information (including but not limited to the employees covered under the plan or other information regarding eligibility for coverage under the plan).

4. **Failure to meet Participation and Contribution requirements**
Failure of the employer to maintain minimum subscription charge contribution requirements or minimum participatory requirements or as stated in the group requirements set forth in the Master Application (see Section VII, item L of this contract).

Group will allow HealthFirst to review and audit payroll and other pertinent records for the verification of eligibility of employees as stated in contributions or group requirements. HealthFirst will make written and verbal request to Group and conduct all such reviews during regular business hours.

Group agrees to pay **HealthFirst a minimum of 50% of the insurance premium** for all Group employees.

5. **Discontinuance of a product or all products within a market**
HealthFirst may terminate a particular product or all products offered in a small or large group market, if it discontinues offering insurance in the geographic area of the state where the employer is located. HealthFirst may also discontinue the issuance and renewal of coverage to a small employer if the Nevada Insurance Commissioner finds that the continuation of coverage would not be in the best interest of the policyholders or certificate holders or would impair the ability of the carrier to meet its contractual obligations. If the Commissioner makes such a finding, the Commissioner shall assist the affected small employers in finding replacement coverage. HealthFirst may also discontinue products offered to small employers if the Nevada Insurance Commissioner finds that the form of the product offered by HealthFirst is obsolete and is being replaced with comparable coverage. HealthFirst will notify the Commissioner and the Chief Regulatory Officer for insurance in each state in which it is licensed of its decision to discontinue the issuance or renewal of a product at least sixty (60) days before HealthFirst notifies the affected small employers. HealthFirst will notify affected employers at least one hundred eighty (180) days before the date on which it will discontinue offering the product and it will offer each affected small employer the option to purchase any other health benefit plan currently offered by it to small employers in Nevada. In exercising its option to discontinue the product and in offering the option to purchase other coverage, HealthFirst will act uniformly without regard to the claims experience of the affected small employers or any health status-related factor relating to any participant or beneficiary covered by the discontinued product or any new beneficiary who may become eligible for such coverage. HealthFirst will comply with the requirements of NRS 689C.310-.320 and NRS 689B.560 if it decides to discontinue providing insurance in a geographic area or discontinue products to the small employer market.

6. **A Material change in the nature of the Employer's Business Affecting Underwriting**

- An annual change of thirty percent (30%) or more in the number of eligible employees which would materially change underwriting for the Group.

3. **Pricing.**

The five-year pricing under the Group Contract shall be as follows:

Year 1: July 1, 2007 Renewal

Change to POS 7520/1540 Plan (Dream Plan)

Increase of 0.0% compared to Current Rates on POS 515/7530.

Year 2: July 1, 2008 Renewal

Increase of 0.0% compared to the July 1, 2007 rates for the POS 7520/1540 Plan. However, the member co-pay for an Emergency Room Visit will be raised from \$125 to \$150 on all tiers (HMO, PPO and Non-PPO) and the member co-pay for an Urgent Care Visit will be raised from \$40 to \$50 on the HMO tier and from \$60 to \$70 on the PPO tier.

Year 3: The July 1, 2009 rate adjustment will be capped according to the table below based on the 12-month Combined Medical and Rx Loss Ratio as calculated as a part of Saint Mary's Health Plan's normal underwriting process. The Combined Medical Loss Ratio will be calculated on an incurred basis in April 2009 with claims experience from March 1, 2008 through February 29, 2009. The Combined Medical Loss Ratio will include Saint Mary's standard completion factors to estimate completed claims for the 12-month period and the standard capitation charges.

Loss Ratio	Maximum Increase
< 74.99%	2.00%
75.00% - 79.99%	4.00%
80.00% - 84.99%	6.00%
85.00% - 89.99%	9.00%
> 90.00%	(See Note 1)

Year 4: The July 1, 2010 rate adjustment will be capped according to the table below based on the 12-month Combined Medical and Rx Loss Ratio as calculated as a part of Saint Mary's Health Plan's normal underwriting

process. The Combined Medical Loss Ratio will be calculated on an incurred basis in April 2010 with claims experience from March 1, 2009 through February 28, 2010. The Combined Medical Loss Ratio will include Saint Mary's standard completion factors to estimate completed claims for the 12-month period and the standard capitation charges.

Loss Ratio	Maximum Increase
< 74.99%	2.00%
75.00% - 79.99%	4.00%
80.00% - 84.99%	6.00%
85.00% - 89.99%	9.00%
> 90.00%	(See Note 1)

Year 5: The July 1, 2011 rate adjustment will be capped according to the table below based on the 12-month Combined Medical and Rx Loss Ratio as calculated as a part of Saint Mary's Health Plan's normal underwriting process. The Combined Medical Loss Ratio will be calculated on an incurred basis in April 2011 with claims experience from March 1, 2010 through February 28, 2011. The Combined Medical Loss Ratio will include Saint Mary's standard completion factors to estimate completed claims for the 12-month period and the standard capitation charges.

Loss Ratio	Maximum Increase
< 74.99%	2.00%
75.00% - 79.99%	4.00%
80.00% - 84.99%	6.00%
85.00% - 89.99%	9.00%
> 90.00%	(See Note 1)

Note 1: For any Loss Ratio greater than 90%, the parties will negotiate in good faith to determine a mutually agreeable increase. If a mutually agreeable increase cannot be reached, then the parties may terminate the agreement. If Saint Mary's Health Plan unilaterally agrees to an increase of 9.0% or less when the Loss Ratio is greater than 90%, then this five year arrangement remains intact.

4. Confidentiality.

As part of the consideration for Saint Mary's HealthFirst to enter into this Agreement, Group agrees that it shall not use, or divulge to anyone, Saint Mary's HealthFirst's trade secrets. A trade secret means information, including, but not limited to, programs, methods, techniques and processes, that has independent economic value from not being generally known to either the public or to other persons who can obtain economic value from its disclosure or use. Example of Saint Mary's HealthFirst's trade secrets include, but are not limited to, actual and potential membership lists, fee schedules, billing rates, compiled information concerning its beneficiaries, key provider agreements, and administrative manuals. This paragraph does not apply to information that is already in the public domain or that has been made available to the public by Saint Mary's HealthFirst.

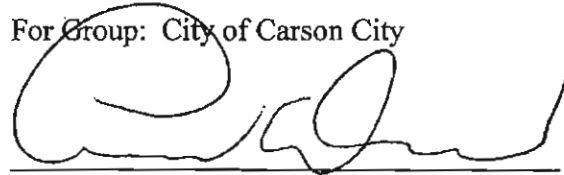
For Saint Mary's HealthFirst:

Name: Dave Challis

Title: Vice President and CFO

Date: _____

For Group: City of Carson City



Name: LAWRENCE WARNER

Title: City Manager

Date: 4-30-08

Amendment No. 1
Saint Mary's HealthFirst Group Contract
City of Carson City

In accordance with Article VI of the Contract executed by and between Saint Mary's HealthFirst and City of Carson City ("Group"), on July 1, 2011, the parties mutually agree to amend the Contract as follows:

1. Term of Contract.

Section IV of the Group Contract is amended to state:

This Contract becomes effective on July 1, 2011 at 12:00 a.m. Pacific Time and will remain in effect for a term of (seventy-two) 72 consecutive calendar months, until June 30, 2017 (the "Termination Date") unless earlier terminated pursuant to the Termination of Contract section (below). Except as expressly provided otherwise in any EOC document(s) incorporated into this Contract by reference, all rights to benefits under this Contract expire and will have no further force or effect as of 11:59 p.m. as of the Termination Date.

2. Termination of Contract

Section V of the Group Contract is hereby amended to state:

The Group and HealthFirst have agreed to a six (6) year contract with annual pricing adjustments as specified below. HealthFirst and/or Group may only terminate this Contract for good cause on or before June 30, 2017 at 11:59 p.m. (the "Termination Date") as set forth below:

In the event the Contract is terminated for Good Cause (described below), HealthFirst will provide the Group with an acknowledgment in the Form of a Written Notice of Contract Termination ("Notice"). Promptly upon receipt of the Notice, Group will mail via First Class U.S. Mail to each Member a legible copy of the notice. Group agrees to provide HealthFirst with written proof of that mailing and of the date thereof. If the terms of this Contract are altered by consent of both parties, the parties agree no resulting reduction in coverage or benefits will adversely affect a member who is confined to a hospital at the time of such change.

Good Cause for Contract termination by Group shall mean:

1. Significant change in the HealthFirst provider network

Should HealthFirst experience a decrease of thirty percent (30%) or more in the number of physicians available in the HealthFirst network in the Carson City, Minden, Gardnerville and Dayton areas combined, the Group may terminate this Contract upon sixty (60) days prior written notice to HealthFirst.

2. **Fraud, Noncompliance or intentionally furnishing incorrect or incomplete information**

Group may terminate this Contract upon fifteen (15) days prior written notice to HealthFirst if:

- A. HealthFirst knowing fails to provide services as specified in the provisions of the EOC, or
- B. HealthFirst has performed an act that constitutes fraud or knowingly furnishes Group with materially false information.

Good Cause for termination by HealthFirst shall include:

1. **Non Payment**

Failure of Group to pay the premium for this Contract when due or within the thirty (30) day grace period. If a Premium is not paid by the end of the grace period, HealthFirst may terminate the contract of insurance retroactively to the end of the day preceding the grace period. Cancellation will not be effective until at least ten (10) days after HealthFirst has delivered or mailed written notice to the group.

2. **Material Breach of EOC requirements**

For any material breach of the terms detailed in the EOC, upon sixty (60) days notice to Group.

3. **Fraud, Noncompliance or intentionally furnishing incorrect or incomplete information**

HealthFirst may terminate this Contract upon fifteen (15) days prior written notice to Group if:

- A. Group fails to comply with its material obligations under this Contract (including but not limited to its obligations under the "Eligibility and Enrollment" section of this Contract), or
- B. Knowing failure by the employer to abide by and enforce the conditions of enrollment of Members as set forth in the "Eligibility and Enrollment" provisions of the EOC and the Employer Application, or
- C. Has performed an act that constitutes fraud or misrepresents or intentionally furnishes incorrect or incomplete material information (including but not limited to the employees covered under the plan or other information regarding eligibility for coverage under the plan).

4. **Failure to meet Participation and Contribution requirements**
Failure of the employer to maintain minimum subscription charge contribution requirements or minimum participatory requirements or as stated in the group requirements set forth in the Master Application (see Section VII, item L of this contract).

Group will allow HealthFirst to review and audit payroll and other pertinent records for the verification of eligibility of employees as stated in contributions or group requirements. HealthFirst will make written and verbal request to Group and conduct all such reviews during regular business hours.

Group agrees to pay **HealthFirst a minimum of 50% of the insurance premium** for all Group employees.

5. **Discontinuance of a product or all products within a market**
HealthFirst may terminate a particular product or all products offered in a small or large group market, if it discontinues offering insurance in the geographic area of the state where the employer is located. HealthFirst may also discontinue the issuance and renewal of coverage to a small employer if the Nevada Insurance Commissioner finds that the continuation of coverage would not be in the best interest of the policyholders or certificate holders or would impair the ability of the carrier to meet its contractual obligations. If the Commissioner makes such a finding, the Commissioner shall assist the affected small employers in finding replacement coverage. HealthFirst may also discontinue products offered to small employers if the Nevada Insurance Commissioner finds that the form of the product offered by HealthFirst is obsolete and is being replaced with comparable coverage. HealthFirst will notify the Commissioner and the Chief Regulatory Officer for insurance in each state in which it is licensed of its decision to discontinue the issuance or renewal of a product at least sixty (60) days before HealthFirst notifies the affected small employers. HealthFirst will notify affected employers at least one hundred eighty (180) days before the date on which it will discontinue offering the product and it will offer each affected small employer the option to purchase any other health benefit plan currently offered by it to small employers in Nevada. In exercising its option to discontinue the product and in offering the option to purchase other coverage, HealthFirst will act uniformly without regard to the claims experience of the affected small employers or any health status-related factor relating to any participant or beneficiary covered by the discontinued product or any new beneficiary who may become eligible for such coverage. HealthFirst will comply with the requirements of NRS 689C.310-.320 and NRS 689B.560 if it decides to discontinue providing insurance in a geographic area or discontinue products to the small employer market.

6. **A Material change in the nature of the Employer's Business Affecting Underwriting**

- An annual change of thirty percent (30%) or more in the number of eligible employees which would materially change underwriting for the Group.
- Other significant changes in the composition or status of the employer's business.

3. **Pricing.**

The pricing for the July 1, 2011 to June 30, 2012 period will be as specified in the Group Contract. After the initial year of the contract, the pricing for the five subsequent years of the contract period will be determined as follows:

Year 1: The July 1, 2012 rate adjustment will be capped according to the table below based on the 12-month Combined Medical and Rx Loss Ratio as calculated as a part of Saint Mary's Health Plan's normal underwriting process. The Combined Medical Loss Ratio will be calculated on an incurred basis in January 2012 with claims experience from December 1, 2010 through November 30, 2011. The Combined Medical Loss Ratio will include Saint Mary's standard completion factors to estimate completed claims for the 12-month period and the standard capitation charges.

Loss Ratio	Maximum Increase
< 74.99%	2.00%
75.00% - 79.99%	4.00%
80.00% - 84.99%	6.00%
85.00% - 89.99%	9.00%
90.00% - 94.99%	12.00%
> 95.00%	(See Note 1)

Year 2: The July 1, 2013 rate adjustment will be capped according to the table below based on the 12-month Combined Medical and Rx Loss Ratio as calculated as a part of Saint Mary's Health Plan's normal underwriting process. The Combined Medical Loss Ratio will be calculated on an incurred basis in January 2013 with claims experience from December 1, 2011 through November 30, 2012. The Combined Medical Loss Ratio will include Saint Mary's standard completion factors to estimate completed claims for the 12-month period and the standard capitation charges.

Loss Ratio	Maximum Increase
< 74.99%	2.00%
75.00% - 79.99%	4.00%
80.00% - 84.99%	6.00%
85.00% - 89.99%	9.00%
90.00% - 94.99%	12.00%
> 95.00%	(See Note 1)

Year 3: The July 1, 2014 rate adjustment will be capped according to the table below based on the 12-month Combined Medical and Rx Loss Ratio as calculated as a part of Saint Mary's Health Plan's normal underwriting process. The Combined Medical Loss Ratio will be calculated on an incurred basis in January 2014 with claims experience from December 1, 2012 through November 30, 2013. The Combined Medical Loss Ratio will include Saint Mary's standard completion factors to estimate completed claims for the 12-month period and the standard capitation charges.

Loss Ratio	Maximum Increase
< 74.99%	2.00%
75.00% - 79.99%	4.00%
80.00% - 84.99%	6.00%
85.00% - 89.99%	9.00%
90.00% - 94.99%	12.00%
> 95.00%	(See Note 1)

Year 4: The July 1, 2015 rate adjustment will be capped according to the table below based on the 12-month Combined Medical and Rx Loss Ratio as calculated as a part of Saint Mary's Health Plan's normal underwriting process. The Combined Medical Loss Ratio will be calculated on an incurred basis in January 2015 with claims experience from December 1, 2013 through November 30, 2014. The Combined Medical Loss Ratio will include Saint Mary's standard completion factors to estimate completed claims for the 12-month period and the standard capitation charges.

Loss Ratio	Maximum Increase
< 74.99%	2.00%
75.00% - 79.99%	4.00%
80.00% - 84.99%	6.00%
85.00% - 89.99%	9.00%
90.00% - 94.99%	12.00%
> 95.00%	(See Note 1)

Year 5: The July 1, 2016 rate adjustment will be capped according to the table below based on the 12-month Combined Medical and Rx Loss Ratio as calculated as a part of Saint Mary's Health Plan's normal underwriting process. The Combined Medical Loss Ratio will be calculated on an incurred basis in January 2016 with claims experience from December 1, 2014 through November 30, 2015. The Combined Medical Loss Ratio will include Saint Mary's standard completion factors to estimate completed claims for the 12-month period and the standard capitation charges.

Loss Ratio	Maximum Increase
< 74.99%	2.00%
75.00% - 79.99%	4.00%
80.00% - 84.99%	6.00%
85.00% - 89.99%	9.00%
90.00% - 94.99%	12.00%
> 95.00%	(See Note 1)

Note 1: For any Loss Ratio greater than 95%, the parties will negotiate in good faith to determine a mutually agreeable increase. If a mutually agreeable increase cannot be reached, then the parties may terminate the agreement. If Saint Mary's Health Plan unilaterally agrees to an increase of 12.0% or less when the Loss Ratio is greater than 95%, then this five year arrangement remains intact.

4. Confidentiality.

As part of the consideration for Saint Mary's HealthFirst to enter into this Agreement, Group agrees that it shall not use, or divulge to anyone, Saint Mary's HealthFirst's trade secrets. A trade secret means information, including, but not limited to, programs, methods, techniques and processes, that has independent economic value from not being generally known to either the public or to other persons who can obtain economic value from its disclosure or use. Example of Saint Mary's HealthFirst's trade secrets include, but are not limited to, actual and potential membership lists, fee schedules, billing rates, compiled information concerning its beneficiaries, key provider agreements, and administrative manuals. This paragraph does not apply to information that is already in the public domain or that has been made available to the public by Saint Mary's HealthFirst.

For Saint Mary's HealthFirst:

For Group: City of Carson City

Name: Dave Challis

Name: Robert L. Crowell

Title: Vice President and CFO

Title: Mayor

Date: _____

Date: _____