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Exhibit c

CITY OF PORTLAND
AGREEMENT FOR PROFESSIONAL, TECHNICAL, OR EXPERT SERVICES

CONTRACT NO. 3000536

SHORT TITLE OF WORK PROJECT:

Third Party Administration of City of Portland Self-Insured Medical Plan

This contract is between the City of Portland, acting by and through its Elected Officials, hereafter called "City," and ODS Companies, hereafter called Contractor. The City's Project Manager for this contract is the Benefits Supervisor.

Effective Date and Duration

This contract shall become effective on July 1, 2009. This contract shall expire, unless otherwise terminated or extended, on June 30, 2014.

Consideration

- (a) City is expected to pay Contractor a sum not to exceed 36,000,000 for Third Party Administrative services, network access and other healthcare services on behalf City of Portland employees and their eligible dependents in plan year 2009-10. Future annual costs will be mutually agreed by both parties on an annual basis through the contract period. For internal tracking requirements, the cost of the 5 year contract period based upon the 5-year forecast is estimated to be \$235,100,000.
- (b) Monthly premium payments shall be made to Contractor according to the schedule identified in the STATEMENT OF THE WORK AND PAYMENT SCHEDULE

CONTRACTOR DATA AND CERTIFICATION

Name (please print): _____

Address: _____

Employer Identification Number (EIN) _____
 [INDEPENDENT CONTRACTORS: DO NOT PROVIDE SOCIAL SECURITY NUMBER (SSN) – LEAVE BLANK IF NO EIN]

City of Portland Business License # _____

Citizenship: Nonresident alien Yes No

Business Designation (check one): Individual Sole Proprietorship Partnership Corporation
 Limited Liability Co (LLC) Estate/Trust Public Service Corp. Government/Nonprofit

Payment information will be reported to the IRS under the name and taxpayer I.D. number provided above. Information must be provided prior to contract approval. Information not matching IRS records could subject you to 20 percent backup withholding.

**STANDARD CONTRACT PROVISIONS FOR
 PROFESSIONAL, TECHNICAL & EXPERT SERVICES (MANDATORY PROVISIONS)**

1. Access to Records

The Contractor shall maintain, and the City of Portland ("City") and its duly authorized representatives shall have access to the books, documents, papers, and records of the Contractor which are directly pertinent to the specific contract for the purpose of making audit, examination, excerpts, and transcripts for a period of three years after final payment. Copies of applicable records shall be made available upon request. Payment for cost of copies is reimbursable by the City.

2. Audits

(a) The City, either directly or through a designated representative, may conduct financial and performance audits of the billings and services specified in this agreement at any time in the course of the agreement and during the three (3) year period established by section 1, **Access to Records**. Audits will be conducted in accordance with generally accepted auditing standards as promulgated in Government Auditing Standards by the Comptroller General of the United States General Accounting Office.

(b) If an audit discloses that payments to the Contractor were in excess of the amount to which the Contractor was entitled, then the Contractor shall repay the amount of the excess to the City.

(c) If any audit shows performance of services is not efficient in accordance with Government Auditing Standards, or that the program is not effective in accordance with Government Auditing Standards, the City may pursue remedies provided under section 5, **Early Termination of Agreement** and section 7, **Remedies**.

3. Effective Date and Duration

The passage of the contract expiration date (as recorded on reverse side) shall not extinguish, prejudice, or limit either party's right to enforce this contract with respect to any default or defect in performance that has not been cured.

4. Order of Precedence

This contract consists of the terms and conditions of this contract, the Request for Proposals (RFP) issued by the City, if any, and the Contractor's proposal in response to the RFP. In the event of any apparent or alleged conflict between these various documents, the following order of precedence shall apply to resolve the conflict: a) this contract's terms and conditions, b) the City's RFP, and c) the Contractor's proposal in response to the RFP.

5. Early Termination of Agreement

- (a) The City and the Contractor, by mutual written agreement, may terminate this Agreement at any time.
- (b) The City, on thirty (30) days written notice to the Contractor, may terminate this Agreement for any reason deemed appropriate in its sole discretion.
- (c) Either the City or the Contractor may terminate this Agreement in the event of a breach of the Agreement by the other. Prior to such termination, however, the party seeking the termination shall give to the other party written notice of the breach and of the party's intent to terminate. If the party has not entirely cured the breach within fifteen (15) days of the notice, then the party giving the notice may terminate the Agreement at any time thereafter by giving a written notice of termination.

6. Payment on Early Termination

- (a) In the event of termination under subsection 5(a) or 5(b), **Early Termination of Agreement** hereof, the City shall pay the Contractor for work performed in accordance with the Agreement prior to the termination date.
- (b) In the event of termination under subsection 5(c), **Early Termination of Agreement** hereof, by the Contractor due to a breach by the City, then the City shall pay the Contractor as provided in subsection (a) of this section.
- (c) In the event of termination under subsection 5(c), **Early Termination of Agreement** hereof, by the City due to a breach by the Contractor, then the City shall pay the Contractor as provided in subsection (a) of this section, subject to set off of excess costs, as provided for in section 7(a), **Remedies**.
- (d) In the event of early termination all of the Contractor's work product will become and remain property of the City.

7. Remedies

- (a) In the event of termination under subsection 5(c), **Early Termination of Agreement**, hereof, by the City due to a breach by the Contractor, then the City may complete the work either itself, by agreement with another contractor or by a combination thereof. In the event the cost of completing the work exceeds the remaining unpaid balance of the total compensation provided under this contract, then the Contractor shall pay to the City the amount of the reasonable excess.
- (b) The remedies provided to the City under section 5, **Early Termination of Agreement** and section 7, **Remedies** for a breach by the Contractor shall not be exclusive. The City also shall be entitled to any other equitable and legal remedies that are available.
- (c) In the event of breach of this Agreement by the City, then the Contractor's remedy shall be limited to termination of the Agreement and receipt of payment as provided in section 5(c), **Early Termination of Agreement** and section 6(b), **Payment on Early Termination** hereof.

8. Subcontracts and Assignment

Contractor shall not subcontract, assign or transfer any of the work scheduled under this agreement, without the prior written consent of the City. Notwithstanding City approval of a subcontractor, the Contractor shall remain obligated for full performance hereunder, and the City shall incur no obligation other than its obligations to the Contractor hereunder. The Contractor agrees that if subcontractors are employed in the performance of this Agreement, the Contractor and its subcontractors are subject to the requirements and sanctions of ORS Chapter 656, Workers' Compensation.

9. Compliance with Applicable Law

In connection with its activities under this Agreement, Contractor shall comply with all applicable federal, state and local laws and regulations including the City's Equal Benefits Ordinance and its administrative rules, all of which are incorporated by this reference. Failure to comply with the Ordinance permits the City to impose sanctions or require remedial actions as stated in Section 13.1 of the administrative rules. Contractor shall complete the INDEPENDENT CONTRACTOR CERTIFICATION STATEMENT, which is attached hereto and by this reference made a part hereof.

(a) Indemnity - Claims for Other than Professional Liability

Contractor shall defend, save, and hold harmless the City of Portland, its officers, agents, and employees, from all claims, suits, or actions of whatsoever nature, including intentional acts, resulting from or arising out of the activities of Contractor or its subcontractors, agents or employees under this agreement. Nothing in this section requires the Contractor or its insurer to indemnify the City for any claims or losses arising out of death, or bodily injury to persons, or property damage caused by the negligence of the City.

(b) Indemnity - Claims for Professional Liability

Contractor shall defend, save, and hold harmless the City of Portland, its officers, agents, and employees, from all claims, suits, or actions arising out of the professional negligent acts, errors or omissions of Contractor or its subcontractors and sub-consultants, agents or employees in performance of professional services under this agreement. Nothing in this section requires the Contractor or its insurer to indemnify the City for any claims or losses caused by the negligence of the City.

(c) Indemnity - Standard of Care

If Contractor's services involve engineering or consulting, the standard of care applicable to Contractor's service will be the degree of skill and diligence normally employed by professional engineers or consultants performing the same or similar services at the time such services are performed. Contractor will re-perform any services not meeting this standard without additional compensation.

10. Insurance

During the term of this contract Contractor shall maintain in force at its own expense, each insurance noted below:

- (a) Workers' Compensation insurance in compliance with ORS 656.017, which requires subject employers to provide Oregon workers' compensation coverage for all their subject workers (contractors with one or more employees, unless exempt under ORS 656.027).

- (b) Required and attached or Waived by City Attorney: _____

General Liability insurance with a combined single limit of not less than \$1,000,000 per occurrence for Bodily Injury and Property Damage. It shall include contractual liability coverage for the indemnity provided under this contract, and shall provide that City of Portland, and its agents, officers, and employees are Additional Insured but only with respect to the Contractor's services to be provided under this Contract:

- (c) Required and attached or Waived by City Attorney: _____

Automobile Liability insurance with a combined single limit of not less than \$1,000,000 per occurrence for Bodily Injury and Property Damage, including coverage for owned, hired, or nonowned vehicles, as applicable:

- (d) Required and attached or Waived by City Attorney: _____

Professional Liability insurance with a combined single limit of not less than \$1,000,000 per claim, incident, or occurrence. This is to cover damages caused by error, omission or negligent acts related to the professional services to be provided under this contract. If insurance coverage is provided on a "claims made" basis, the successful Proposer shall acquire a "tail" coverage or continue the same coverage for three years after completion of the contract, provided coverage is available and economically feasible. If such coverage is not available or economically feasible, contractor shall notify City immediately.

- (e) On all types of insurance. There shall be no cancellation, material change, reduction of limits, or intent not to renew the insurance coverage(s) without 30-days written notice from the Contractor or its insurer(s) to the City.

- (f) Certificates of insurance. As evidence of the insurance coverages required by this contract, the Contractor shall furnish acceptable insurance certificates to the City at the time contractor returns signed contracts. The certificate will specify all of the parties who are Additional Insured and will include the 30-day cancellation clause and 10-day non-payment clause that provides that the insurance shall not terminate or be cancelled without 30 days or 10 days written notice first being given to the City Auditor. Insuring companies or entities are subject to City acceptance. If requested, complete policy copies shall be provided to the City. The Contractor shall be financially responsible for all pertinent deductibles, self-insured retentions, and/or self-insurance.

11. Ownership of Work Product

All work products produced by the Contractor under this contract is the exclusive property of the City. "Work product" shall include but not be limited to research, reports, computer programs, manuals, drawings, recordings, photographs, artwork and any data or information in any form; the Contractor and the City intend that such work product shall be deemed "work made for hire" of which the City shall be deemed the author. If for any reason a work product is deemed not to be a "work made for hire," the Contractor hereby irrevocably assigns and transfers to the City all right, title and interest in such work product, whether arising from copyright, patent, trademark, trade secret, or any other state or federal intellectual property law or doctrines. Contractor shall obtain such interests and execute all documents necessary to fully vest such rights in the City. Contractor waives all rights relating to work product, including any rights arising under 17 USC 106A, or any other rights of authorship, identification or approval, restriction or limitation on use or subsequent modifications. If the Contractor is an architect, the work product is the property of the Contractor-Architect, and by execution of this contract, the Contractor-Architect grants the City an exclusive and irrevocable license to use that work product.

12. Nondiscrimination

Contractor agrees to comply with all applicable requirements of federal and state civil rights and rehabilitation statutes, rules, and regulations. Contractor also shall comply with the Americans With Disabilities Act of 1990 (Pub I. No. 101-336) including Title II of that Act, ORS 659.425, and all regulations and administrative rules established pursuant to those laws.

13. Successors in Interest

The provisions of this contract shall be binding upon and shall inure to the benefit of the parties hereto, and their respective successors and approved assigns.

14. Severability

The parties agree that if any term or provision of this contract is declared by a court of competent jurisdiction to be illegal or in conflict with any law, the validity of the remaining terms and provisions shall not be affected, and the rights and obligations of the parties shall be construed and enforced as if the contract did not contain the particular term or provision held to be invalid.

15. Waiver

The failure of the City to enforce any provision of this contract shall not constitute a waiver by the City of that or any other provision.

16. Errors

The Contractor shall perform such additional work as may be necessary to correct errors in the work required under this contract without undue delays and without additional cost.

17. Governing Law

The provisions of this contract shall be construed in accordance with the provisions of the laws of the State of Oregon. Any action or suits involving any question arising under this contract must be brought in the appropriate court in Multnomah County Oregon.

18. Amendments

All changes to this contract, including changes to the scope of work and contract amount, must be made by written amendment and approved by the Purchasing Agent to be valid. Any amendment that increases the original contract amount by more than 25% must be approved by the City Council to be valid.

19. Business License

The Contractor shall obtain a City of Portland business license as required by PCC 7.02 prior to beginning work under this Agreement. The Contractor shall provide a business license number in the space provided on page one of this Agreement. Additionally, the Contractor shall pay all fees or taxes due under the Business License Law and the Multnomah County Business Income Tax (MCC Chapter 12) during the full term of this contract. Failure to be in compliance may result in payments due under this contract to be withheld to satisfy amount due under the Business License Law and the Multnomah County Business Income Tax Law.

20. Prohibited Interest

(a) No City officer or employee during his or her tenure or for one year thereafter shall have any interest, direct or indirect, in this Agreement or the proceeds thereof.

(b) No City officer or employee who participated in the award of this Agreement shall be employed by the Contractor during the period of the Agreement.

21. Payment to Vendors and Subcontractors

The Contractor shall timely pay all suppliers, lessors and contractors providing it services, materials or equipment for carrying out its obligations under this Agreement. The Contractor shall not take or fail to take any action in a manner that causes the City or any materials that the Contractor provides hereunder to be subject to any claim or lien of any person without the City's prior written consent.

Merger Clause

THIS CONTRACT AND ATTACHED EXHIBITS CONSTITUTES THE ENTIRE AGREEMENT BETWEEN THE PARTIES. NO WAIVER, CONSENT, MODIFICATION, OR CHANGE OF TERMS OF THIS CONTRACT SHALL BIND EITHER PARTY UNLESS IN WRITING AND SIGNED BY BOTH PARTIES. SUCH WAIVER, CONSENT, MODIFICATION, OR CHANGE IF MADE, SHALL BE EFFECTIVE ONLY IN SPECIFIC INSTANCES AND FOR THE SPECIFIC PURPOSE GIVEN. THERE ARE NO UNDERSTANDINGS, AGREEMENTS, OR REPRESENTATIONS, ORAL OR WRITTEN, NOT SPECIFIED HEREIN REGARDING THIS CONTRACT. CONTRACTOR, BY THE SIGNATURE OF ITS AUTHORIZED REPRESENTATIVE, HEREBY ACKNOWLEDGES THAT HE OR SHE HAS READ THIS CONTRACT, UNDERSTANDS IT AND AGREES TO BE BOUND BY ITS TERMS AND CONDITIONS.

OPTIONAL PROVISIONS (selected by City Project Manager)

22. Arbitration: / / Not Applicable / / Applicable (consult with City Attorney's Office before finalizing as applicable)

(a) Any dispute arising out of or in connection with this Agreement, which is not settled by mutual agreement of the Contractor and the City within sixty (60) days of notification in writing by either party, shall be submitted to an arbitrator mutually agreed upon by the parties. In the event the parties cannot agree on the arbitrator, then the arbitrator shall be appointed by the Presiding Judge (Civil) of the Circuit Court of the State of Oregon for the County of Multnomah. The arbitrator shall be selected within thirty (30) days from the expiration of the sixty (60) day period following notification of the dispute. The arbitration, and any

litigation arising out of or in connection with this Agreement, shall be conducted in Portland, Oregon, shall be governed by the laws of the State of Oregon, and shall be as speedy as reasonably possible. The applicable arbitration rules for the Multnomah County courts shall apply unless the parties agree in writing to other rules. The arbitrator shall render a decision within forty-five (45) days of the first meeting with the Contractor and the City. Insofar as the Contractor and the City legally may do so, they agree to be bound by the decision of the arbitrator.

(b) Notwithstanding any dispute under this Agreement, whether before or during arbitration, the Contractor shall continue to perform its work pending resolution of a dispute, and the City shall make payments as required by the Agreement for undisputed portions of work.

23. Progress Reports: /___/ Applicable /_X_/ Not Applicable

The Contractor shall provide monthly progress reports to the Project Manager. If applicable, the STATEMENT OF THE WORK should list what information the Contractor must include in monthly progress reports.

24. Contractor's Personnel: /___/ Applicable /_X_/ Not Applicable

The Contractor shall assign the following personnel to do the work in the capacities designated: If applicable, list selected personnel in the STATEMENT OF THE WORK. The Contractor shall not change personnel assignments without the prior written consent of the City.

25. Subcontractors: /___/ Applicable /_X_/ Not Applicable

The City requires Contractors to use the Minority, Women and Emerging Small Business (M/W/ESB) subcontractors identified in their proposals, and as such the Contractor shall assign these subcontractors as listed in the STATEMENT OF THE WORK to perform work in the capacities designated. The Contractor shall not change subcontractor assignments without the prior written consent of the Purchasing Agent.

**STATEMENT OF THE WORK
AND PAYMENT SCHEDULE**

SCOPE OF WORK

Please see Attached Exhibit B

The City will enforce all diversity in workforce and Minority, Women and Emerging Small Business (M/W/ESB) subcontracting commitments submitted by the Contractor in its Proposal. For contracts valued \$100,000 or more, the Contractor shall submit a Monthly Subconsultant Payment and Utilization Report (MUR), made part of this contract by reference, reporting ALL subcontractors employed in the performance of this agreement. An electronic copy of the MUR may be obtained at: <http://www.portlandonline.com/shared/cfm/image.cfm?id=119851>.

COMPENSATION

Please see Attached Exhibit B

INDEPENDENT CONTRACTOR CERTIFICATION STATEMENT

SECTION A

CONTRACTOR CERTIFICATION I, undersigned, am authorized to act on behalf of entity designated below, hereby certify that entity has current Workers' Compensation Insurance.

Contractor Signature _____ Date _____ Entity _____

If entity does not have Workers' Compensation Insurance, City Project Manager and Contractor complete the remainder of this form.

SECTION B

ORS 670.600 Independent contractor standards. As used in various provisions of ORS Chapters 316, 656, 657, and 701, an individual or business entity that performs labor or services for remuneration shall be considered to perform the labor or services as an "independent contractor" if the standards of this section are met. The contracted work meets the following standards:

- 1. The individual or business entity providing the labor or services is free from direction and control over the means and manner of providing the labor or services, subject only to the right of the person for whom the labor or services are provided to specify the desired results;
2. The individual or business entity providing labor or services is responsible for obtaining all assumed business registrations or professional occupation licenses required by state law or local government ordinances for the individual or business entity to conduct the business;
3. The individual or business entity providing labor or services furnishes the tools or equipment necessary for performance of the contracted labor or services;
4. The individual or business entity providing labor or services has the authority to hire and fire employees to perform the labor or services;
5. Payment for the labor or services is made upon completion of the performance of specific portions of the project or is made on the basis of an annual or periodic retainer.

City Project Manager Signature _____ Date _____

SECTION C

Independent contractor certifies he/she meets the following standards:

- 1. The individual or business entity providing labor or services is registered under ORS Chapter 701, if the individual or business entity provides labor or services for which such registration is required;
2. Federal and state income tax returns in the name of the business or a business Schedule C or form Schedule F as part of the personal income tax return were filed for the previous year if the individual or business entity performed labor or services as an independent contractor in the previous year; and
3. The individual or business entity represents to the public that the labor or services are to be provided by an independently established business. Except when an individual or business entity files a Schedule F as part of the personal income tax returns and the individual or business entity performs farm labor or services that are reportable on Schedule C, an individual or business entity is considered to be engaged in an independently established business when four or more of the following circumstances exist. Contractor check four or more of the following:

- A. The labor or services are primarily carried out at a location that is separate from the residence of an individual who performs the labor or services, or are primarily carried out in a specific portion of the residence, which portion is set aside as the location of the business;
B. Commercial advertising or business cards as is customary in operating similar businesses are purchased for the business, or the individual or business entity has a trade association membership;
C. Telephone listing and service are used for the business that is separate from the personal residence listing and service used by an individual who performs the labor or services;
D. Labor or services are performed only pursuant to written contracts;
E. Labor or services are performed for two or more different persons within a period of one year; or
F. The individual or business entity assumes financial responsibility for defective workmanship or for service not provided as evidenced by the ownership of performance bonds, warranties, errors and omission insurance or liability insurance relating to the labor or services to be provided.

Contractor Signature _____ Date _____

CONTRACTOR SIGNATURE:

This contract may be signed in two (2) or more counterparts, each of which shall be deemed an original, and which, when taken together, shall constitute one and the same Agreement.

The parties agree the City and Contractor may conduct this transaction, including any contract amendments, by electronic means, including the use of electronic signatures.

I, the undersigned, agree to perform work outlined in this contract in accordance to the STANDARD CONTRACT PROVISIONS, the terms and conditions, made part of this contract by reference, and the STATEMENT OF THE WORK made part of this contract by reference; hereby certify under penalty of perjury that I/my business am not/is not in violation of any Oregon tax laws; hereby certify that my business is certified as an Equal Employment Opportunity Affirmative Action Employer and is in compliance with the Equal Benefits Program as prescribed by Chapter 3.100 of Code of the City of Portland; and hereby certify I am an independent contractor as defined in ORS 670.600.

ODS Companies

BY: _____ Date: _____

Name: _____

Title: _____

Contract No: 3000536

Contract Title: Third Party Administration of City of Portland Self-Insured Medical Plan

CITY OF PORTLAND SIGNATURES:

By: _____ Date: _____
Bureau Director

By: _____ Date: _____
Purchasing Agent

By: _____ Date: _____
Elected Official

Approved:

By: _____ Date: _____
Office of City Auditor

Approved as to Form:

By: _____ Date: _____
Office of City Attorney

**CITY OF PORTLAND
Exhibit A – Deviations
CONTRACT NO. 3000536**

SHORT TITLE OF WORK PROJECT:

Third Party Administration of City of Portland Self-Insured Medical Plan

Except as noted below and notwithstanding contrary provisions in the Administrative Service Agreement attached as Exhibit B hereto, The CITY OF PORTLAND AGREEMENT FOR PROFESSIONAL, TECHNICAL, OR EXPERT SERVICES Contract governs the relationship between the City and the Contractor.

18. Amendments

Any amendment that increases the original contract amount by more than 25% must be approved by the City Council to be valid. All other contract amendments and renewal authority is delegated to the Human Resource Director.

ADMINISTRATIVE SERVICE AGREEMENT**MEDICAL PLAN NO. M107, M106, M148,
M149, N990, N991, N997**

This Administrative Service Agreement (this "Agreement") is entered into between City of Portland ("Client") and ODS Health Plan, Inc. ("ODS").

Whereas "Client" desires to maintain a self-funded medical benefit plan ("Plan"), which Plan is set forth in the Plan Document attached hereto, for the benefit of eligible employees and dependents, and ODS desires to administer the Plan in accordance with the terms set forth herein; and

Whereas, the administrative simplification provisions of the Health Insurance Portability and Accountability Act of 1996 and related regulations, as amended from time to time ("HIPAA"), require that contracts between covered entities and entities known as Business Associates comply with enumerated standards and requirements; and

Whereas, the purpose of this Agreement is to describe the respective duties and obligations of Client and ODS including the satisfaction of HIPAA standards and requirements;

NOW, THEREFORE the parties agree as follows:

SECTION 1: CONTRACT TERM AND RENEWAL

A. This Agreement shall be effective commencing July 1, 2008 and shall continue through June 30, 2009 as set forth in Section 9: Termination. Following the initial term, this Agreement shall be renewable through the written consent of both parties, subject to modification or revision of the terms contained herein.

SECTION 2: CLIENT ADMINISTRATIVE RESPONSIBILITIES

A. Client shall:

1. Comply with all applicable provisions of HIPAA and its implementing regulations. To the extent that Client, as the Plan sponsor, receives any Protected Health Information ("PHI") from the Plan, Client shall, to the extent required by HIPAA, incorporate the following provisions and agree to abide by them:

- a. Disclose PHI only as permitted by the Plan Document or as Required by Law;
- b. Not use or disclose PHI for employment-related actions or decisions, or in connection with any other benefit or employee benefit plan of Client;
- c. Ensure that PHI and the employment records of Client are separately maintained. Client shall ensure that unauthorized employees do not have access to PHI and that authorized employees maintain the confidentiality of the PHI;
- d. Ensure that agents and subcontractors of Client agree to abide by the same restrictions and conditions as Client in regard to the use of PHI received from the Plan prior to sharing PHI with the agent or subcontractor. Client shall provide to agents and subcontractors only that information required to fulfill the business purpose for which it is provided;
- e. Report any use or disclosure of PHI that is in violation of this Agreement or HIPAA to the Plan as soon as reasonably possible;
- f. Allow Individuals to inspect and obtain copies of PHI about themselves, to the extent required by HIPAA;
- g. Allow Individuals to amend PHI about themselves, to the extent required by HIPAA;
- h. Provide Individuals with an accounting of disclosures of PHI to the extent required by HIPAA;
- i. Make its internal practices, books and records relating to the use and disclosure of PHI available to the U.S. Department of Health and Human Services upon request for purposes of auditing the Plan's compliance with HIPAA; and
- j. Ensure the separation between the Plan and Client, as the Plan sponsor, by taking the following actions including but not limited to:
 - 1) Describe those employees or classes of employees or other persons under the control of the Plan to be given access to PHI to be disclosed, provided that any employee or person who receives PHI relating to payment under, health care operation of, or other matters pertaining to the Plan in the ordinary course of business must be included in such description;

- 2) Restrict the access to use by such employees and other persons described immediately above to the Plan administration functions that Client, as the Plan sponsor, performs for the Plan; and
 - 3) Provide an effective mechanism for resolving any issues of noncompliance by persons described in the Plan Document.
2. Administer eligibility rules in accordance with the Plan Document to determine which employees and which of their dependents are to receive benefits under the Plan.
 3. Provide to ODS, on a monthly basis, the names of employees and family members eligible to receive benefits under the Plan.
 4. Resolve questions or disputes about eligibility as they arise. Client may request retroactive additions, terminations and reinstatements up to 12 months after their effective date.
 5. Remain responsible for administration of continued benefit coverage required under the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA).
 6. Have the right to request and perform benefit and claim audits, at Client's expense, of ODS to ensure claim payment accuracy.

SECTION 3: ODS ADMINISTRATIVE RESPONSIBILITIES

A. ODS shall:

1. Print and distribute to Client upon request, but no more often than annually, written summary plan descriptions to be made available by Client to eligible employees.
2. Provide the following documentation and claims services:
 - a. Assist in writing the portion of the Plan Document describing the relationship and obligations between ODS and Client, including a complete description of the Plan and any amendments or modifications of the Plan Document.
 - b. Provide customer service to answer eligibility, benefits and claims questions about the Plan.

- c. Determine, in accordance with the Plan and established claims administration procedures and policies, the qualification of claims submitted, making such investigation as may be necessary. ODS shall pay those claims it determines to be in accordance with the Plan, subject however, to the right of Client to review and modify any such determination.
 - d. Report to Client, upon request, all pending claims disputes.
 - e. Request refunds of claims paid within 90 days of notification from Client of a retroactive termination.
 - f. Seek refunds and payment of liens through reasonable efforts when a member receives a recovery from a third party for medical or related costs that have been reimbursed through the Plan, provided, however,
 - i. that ODS shall not be required to initiate or bear the cost of litigation, mediation, administrative proceedings, or other similar extraordinary steps to make such recovery; and
 - ii. that, upon termination of this Agreement, ODS' obligations under this Section 3.A.2.f shall terminate and ODS will promptly provide to Client any materials relating to recoveries being pursued hereunder.
3. Provide the following services with respect to maintenance of records and reports:
- a. Establish and maintain an eligibility file of participants eligible for benefits under the Plan.
 - b. Provide standard reports as listed in Attachments A and B. Client may request additional reports, as well. ODS shall review such requests and shall provide such reports, if feasible, subject to a mutually agreed-upon additional fee.

B. ODS IS NOT AN INSURER OR UNDERWRITER OF BENEFITS UNDER THE PLAN. ODS HAS NO OBLIGATION OR RESPONSIBILITY TO ADVISE CLIENT WITH RESPECT TO THE PROVISIONS OF COVERAGE OR BENEFITS PROVIDED UNDER THE PLAN. CLIENT IS SOLELY RESPONSIBLE TO DETERMINE THE REQUIREMENTS OF AND TO MAINTAIN THE PLAN IN COMPLIANCE WITH ALL APPLICABLE LAWS.

SECTION 4: CLAIMS REIMBURSEMENT

- A. ODS is acting as a Business Associate of Client in administering the payment of benefits under the Plan. Client is responsible for claims reimbursement under the Plan. ODS will have no responsibility with respect to payment of any benefits that remain unpaid on the date this Agreement terminates except as noted in Section 5B of this Agreement.
- B. If any payment is made hereunder to an ineligible employee or dependent, or if it is determined that more or less than the correct amount has been paid by ODS, ODS will attempt to recover the payment made to an ineligible person or the overpayment or will adjust the underpayment, but ODS will not be required to initiate or bear the cost of litigation, mediation, administrative proceedings or other similar extraordinary steps to make such recovery.
- C. ODS will process and pay claims whose date of service is after the effective date and before the date of termination of this Agreement. Client will reimburse ODS within two business days of notification of required funds. Such reimbursement shall be in the form of an electronic payment initiated by ODS and will include the full amount of claims paid or otherwise discharged by ODS, plus the administrative fees as set forth in Section 5 immediately below, to compensate ODS for administration of the Plan.
- D. ODS reserves the right to exclude from any aggregate or specific Stop Loss coverage in force, those claims not eligible for benefits under the Plan but paid at the request of Client.

SECTION 5: FEES AND PREMIUM

- A. Client shall pay to ODS within two business days of receipt of each bill an administrative charge equal to the sum of:

**City Core Plans M148 & M149 / High Deductible Plan N990 & N991 /
Seasonal Maintenance Workers N997**

- i. \$20.54 per employee per month for medical administration.
- ii. \$4.20 per employee per month for PPO access fee (M149, N990, N997)
- iii. \$3.95 per employee per month for Other Healthcare Services Package

Police Fire and Disability Fund M107

- i. \$14.40 per claim.

Medicare Supplement Plan M106

- i. \$20.54 per employee per month for medical administration.
- B. If paid in full up to the date of termination of this Agreement, the administrative charge shall cover services performed by ODS in paying claims after the termination date of this Agreement (whose date of service is prior to the termination of this Agreement). However, in no event will ODS be required to process claims received more than 12 months after the date of termination. ODS shall process such claims received after termination of this Agreement only if requested in writing by Client to do so. The administrative rate charged for processing such claims will be that amount agreed upon by the parties at time of termination.
- C. If any governmental unit imposes any new tax or assessment not now in effect, that is measured directly by the payments made to ODS by Client pursuant to this Agreement, or similar payments by others, or in the event that the rate of any such tax or assessment now in effect should hereafter be increased, the amount to be paid to ODS under this Agreement shall be increased by the amount of such new tax or assessment which is directly applicable to the amounts paid ODS by Client under this Agreement, and by the additional amounts directly applicable to such payments by Client that result from any such increase in an existing tax or assessment.
- D. In event of termination or non-payment of claims and administrative costs by Client, ODS will be responsible for processing only those claims whose date of service was prior to the end of the last month for which payments in full were received from Client.
- E. The administrative fee payable by Client under this Agreement is based upon 100 percent of the number of covered employees contained in the Application for Medical Coverage. In the event that the number of covered employees reported in any month by Client to ODS varies by more than 10% from either the number of covered employees contained in the Application or the number of covered employees reported to ODS to be eligible on the month prior to the last renewal date, ODS reserves the right to review the current and renewal administrative fees and propose to Client an adjustment in the administrative fee, benefits, and/or copayments in order to remedy adverse underwriting results. If within 30 calendar days of the proposed adjustment, Client notifies ODS of its acceptance of the adjusted fees, benefits and/or copayments, the adjustments shall go into effect the first day of the following month. If Client does not so notify ODS within 30 calendar days, this Agreement shall terminate effective the first day of the month following expiration of the thirty-day period.

SECTION 6: STOP LOSS COVERAGE

Individual and aggregate Stop Loss coverage is not included under this Agreement.

SECTION 7: INDEMNIFICATION

- A. ODS agrees to indemnify and hold Client (including its directors, officers, employees, contractors and agents) harmless against any and all loss, damage, expense and other liability to third parties resulting from or arising out of the dishonesty, fraud, criminal acts, malfeasance, or sole negligence of ODS, its officers, agents, employees, subsidiaries or affiliates in administering the Plan, whether acting alone or in collusion with others. ODS shall defend, settle or otherwise dispose of any third party suit or other proceeding arising from any such acts or conduct described herein at its sole expense, and Client agrees to cooperate promptly and fully with such defense. In any such event, Client shall have the right to participate in the defense of any such suit or proceeding through counsel of its own choosing and at its own expense. This indemnification obligation does not apply to the dollar amount of any contractual liability of Client for benefits under this Agreement that Client would have in any event absent the conduct of ODS giving rise to the obligation to indemnify.
- B. With the exception of acts attributable solely to ODS (including its directors, officers, employees, contractors and agents) as set forth under subsection A immediately above, Client agrees to indemnify and hold ODS harmless against any and all loss, liability, damage, expense, penalties, fines, or other cost or obligation to third parties resulting from and arising out of claims, demands, regulatory proceedings, or lawsuits related to (1) the administration of this Agreement, (2) the recovery of benefits under this Agreement, (3) the release and transfer of claims payment information to Client, and (4) the terms of or provisions for coverage or benefits under this Agreement. Client shall defend, settle, or otherwise dispose of any such third party suit or other such proceeding at its sole expense, and ODS agrees to cooperate promptly and fully with such defense. In any such event, ODS shall have the right to participate in the defense of any such suit or proceeding through counsel of its own choosing and at its own expense.

SECTION 8: DEFINITIONS, CONFIDENTIALITY AND SECURITY OBLIGATIONS

A. DEFINITIONS

1. Business Associate: a person or entity providing certain functions, activities or services on behalf of Client involving the use and/or disclosure of Protected Health Information (PHI).

2. Individual: as defined in 45 CFR 160.103, including a person who qualifies as a personal representative in accordance with 45 CFR 164.502(g).
3. Privacy Rule: the Standards for Privacy of Individually Identifiable Health Information at 45 CFR part 160 and part 164, subparts A and E.
4. Protected Health Information (PHI): Individually Identifiable Health Information that is or has been maintained in any form or medium.
5. Security Rule: "Security Rule" shall mean the Security Standards at 45 CFR part 160 and part 164, subparts A and C.
6. Terms used but not otherwise defined in Section 8 of this Agreement shall have the same meaning as those terms in 45 CFR part 160 and part 164.

SECTION 9. TERMINATION

A. Termination Without Cause.

1. Either party may terminate this Agreement without cause upon 90 calendar days written notice to the other party.

B. Termination with Cause

1. If Client fails to remit any sums (claim payments or administrative rates) due hereunder within 20 calendar days after ODS provides written demand therefore, ODS may terminate this Agreement effective immediately and without any further demand or notice.
2. Client may terminate this Agreement upon material breach by ODS, provided, however, that Client shall provide written notice to ODS describing the breach and allowing ODS not less than fourteen (14) calendar days following written notice to cure the breach. If ODS does not cure the breach within this period, Client shall thereafter provide ODS written notice of termination, and such termination shall take effect seven (7) business days following such notice.

C. Effect of Termination

1. Termination of this Agreement shall not relieve either Client or ODS of liability to the other for payment of obligations that arose while this Agreement was in effect.

2. ODS shall provide Client with the status of claims under investigation for subrogation, Medicare as a primary payor, or other sources of third party funds and take no further action regarding such claims.

SECTION 10: MISCELLANEOUS

- A. All changes to this Agreement must be in writing and signed by an authorized employee of ODS and Client to be valid.
- B. This Agreement shall be governed by and construed in accordance with the laws of the State of Oregon without regard to conflict of laws principles.
- C. If any part of this Agreement is held unenforceable, the rest of this Agreement shall remain in full force and effect.
- D. No waiver, alteration or cancellation of any of the provisions of this Agreement shall be binding unless made in writing and signed by the party to be bound. Any such waiver, alteration or cancellation shall not operate as, or be deemed to be, a waiver of any prior or future performance or enforcement of that provision or any other provision.
- E. This Agreement and the member handbook attached are together referred to as the Plan Document, represent the entire agreement of the parties with respect to the subject matter herein and supersede all prior agreements and understandings, whether written, oral or implied. In the event of any conflict between the Plan Document and any other communication, representation or agreement, whether written, oral or implied, between ODS and a member or a covered dependent, the Plan Document shall govern.
- F. Any legal action arising out of this Agreement must be filed in a court of competent jurisdiction in the State of Oregon.

ADOPTED AND AGREED:

ODS Health Plan, Inc.
601 S.W. Second Avenue
Portland, Oregon 97204

City of Portland

Jonathan L. Jurevic

Jonathan L. Jurevic

Senior Vice-President & CFO

(Date)

By: _____

(Authorized Signature)

(Title)

(Date)

Organization Name

Attachment A**REPORTS: Standard and Nonstandard not containing Personal Health Information**

1. Quarterly Report Summary including a Large Claim List which shall contain an accrued listing of all claims over \$20,000 and a distribution of charges report which shall contain a summary of the dollar amount of claims incurred per general category of medical services and supplies.

Format:

Frequency: Quarterly

Delivery:

Attachment B

REPORTS: Standard and Nonstandard Reports Including PROTECTED HEALTH INFORMATION

None

1. Monthly Paid Claims List furnished within 30 calendar days following the end of each claim payment month. This report shall contain a listing of those persons for whom claims have been paid during the preceding month and a listing of the claims paid for each such person.

Format:

Frequency: Monthly

Delivery:

2. Monthly Activity Report furnished within 30 calendar days of the end of the month. This report shall list claims and administration amounts received and credited as of the end of the claim payment month.

Format:

Frequency: Monthly

Delivery:

Attachment C
(if necessary -to support Section 3: ODS Responsibilities)

**INFORMATION PROVIDED TO ODS FROM APPLICANT that includes
PHI**

Attachment E

RESERVED FOR FUTURE USE

Attachment F

CLAIMS MANAGEMENT (CM²) SERVICES

The terms and provisions of this Exhibit ("Exhibit F"), entered into May 1, 2004 ("Exhibit F Effective Date") by the City of Portland ("Client") for the medical self-insured plans and ODS Health Plan, Inc. ("ODS"), are incorporated into and made a part of the Administrative Services Agreement between ODS and Client, dated December 1, 1999 (the "ASO Agreement"):

ODS provides Client the next generation in Claims Management Services ("CM²") that reduce healthcare cost on a savings-shared basis described herein;

Client has requested ODS to process and apply CM² services and rates, as applicable, to its claims ("Client Bills") administered by ODS. Therefore, the parties agree as follows:

1. Services

ODS will provide the CM² services listed herein through third party vendors with respect to healthcare claims processed by ODS. Such services shall include:

1.1 Provider Integrity Program ("PIP") – Prospective detection and investigation services that assist in identifying potential health care claims overpayments from potentially abusive or fraudulent billing practices.

1.2 Claims Payment Protection Services – Claims coding technology that includes, but is not limited to, the detection of duplicate claims, un-bundling of inappropriate charges, visit code level adjustments, and CPT add-on codes as sourced and documented by industry coding standards.

1.3 Payment Repricing Services – Out of Network Claim Discounts provided through a combination of the following: (a) Contracted Supplemental Networks which offer discounts through various healthcare providers; (b) proprietary Hospital Repricing and (c) Professional Negotiations Services ("PNS").

1.4 Overpayment Identification & Recovery Services – Identification and recovery of overpayments via on-site provider credit balance audits and/or data mining services.

2. Limited Warranty

ODS agrees that the services to be performed under this Exhibit will be performed with that standard of care, skill and diligence normally provided by a professional organization in the performance of similar services. **THE FOREGOING IS THE SOLE WARRANTY, EXPRESS OR IMPLIED, GIVEN BY ODS UNDER THIS EXHIBIT AND UNDER THE ASO AGREEMENT, AS IT APPLIES TO THIS EXHIBIT. ODS DISCLAIMS ALL OTHER WARRANTIES, INCLUDING WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.**

3. Fees.

Fees are a percentage of any amounts saved or recovered per services described in section one (1) above.

The fee for savings incurred is charged as a claims cost and will be reflected on Client's paid claims bill. In the event a provider successfully contests a discount and a reduction in Client's savings occurs, Client will receive a credit in the next month's paid claims bill equal to the amount of the resulting excess fee. In this scenario, the original claim will be reprocessed and Client will be charged the full cost of the claim with the next month's paid claim bill. Fees outlined in sections 3.1 through 3.3 of this Exhibit will be passed from ODS to outside vendor. However, ODS will retain a small portion of the fee to cover ODS administrative costs. Fees outlined in section 3.4 of this Exhibit will be passed directly to the vendor with no additional fee being retained by ODS for these services.

3.1 Provider Integrity Program

"PIP Savings" shall be defined as the difference between the Maximum Plan Allowable ("MPA") and the utilized recommended payment by the vendor performing this service. Fees shall be equal to 24% of the savings.

3.2 Claims Payment Protection Services

"Claims Payment Protection Services Savings" shall be defined as the difference between the MPA and the utilized recommended payment amount by the vendor performing this service. Fees shall be equal to 24% of the savings.

3.3 Payment Repricing Services (Supplemental Networks, Hospital Repricer, & PNS) "Supplemental Networks, Hospital Repricer, and PNS Savings" shall be defined as the difference between (A) the lesser of (1) the original billed amount, or (2) ODS' Maximum Plan Allowable ("MPA") or other contracted or customary rate, and (B) the repriced amount of the charges by the vendor performing this service. There shall be no repricing fees with regard to claims or charges disallowed by ODS under the terms of the relevant health benefit plan. In the event a savings amount is successfully appealed by the provider and a reduction in ODS' savings occurs ("Discount Reduction"), Client will receive a credit in the next months invoice equal to the fees charged for the Discount Reduction. Repricing fees shall be equal to 24% of the savings.

3.4 Overpayment Identification & Recovery Services

"Overpayment Identification and Recovery Services Savings" shall be defined as a percentage of any overpayments recovered. Fees may vary by vendor, type of recovery and/or length of recovery process. ODS will negotiate fees on Client's behalf.

4. Term

The initial term of this Exhibit shall commence on the Exhibit H Effective Date and continue until the then-current termination date of the ASO Agreement. Thereafter, except as described in the following sentence, the term of this Exhibit shall be consistent with the termination of the existing ASO Agreement. In addition to the

termination provided in the ASO Agreement, either party may terminate this Exhibit, in whole or in part, with respect to any of the specific services described herein, at any time during the term of this Agreement upon ninety (90) days' prior written notice to the other Party.

5. Coordination with ASO Agreement

Except as specifically modified by this Exhibit, all other terms and provisions of the ASO Agreement remain in effect and also apply to this Exhibit.

**The parties have accepted and agreed to terms of this
Exhibit as of the Effective Date.**

ORDINANCE No. 182449

*Authorize and amend contracts to extend the health and welfare contracts administered by the Bureau of Human Resources, Benefits and Wellness Office (Ordinance; amend Contracts)

The City of Portland ordains:

Section 1. The Council finds:

1. The Office of Management and Finance, Bureau of Human Resources requires the continuing provision of employee health and welfare administration.
2. In order to maintain employee health and welfare administrative service agreements during the transition from IBIS to SAP, it is deemed appropriate and necessary to amend the following contract termination dates as an interim step to ensure proper payments can be made to health and welfare vendors.
 - a. Healthways Contract 51203, Termination Date, February 28, 2009.
 - b. Kaiser Permanente Northwest (HMO medical, dental and vision services), Contract 27686, Termination Date June 30, 2009.
 - c. Vision Service Plan, Contract 18003, Termination Date June 30, 2009.
 - d. ODS Companies (Third Party Administrative Services and Insured Medical Plans for PPA and FSA Administration), Contract 51231, Termination Date June 30, 2009.
 - e. ODS Companies (Insured Dental Plan Services) Contract 18220, Termination Date June 30, 2009.
 - f. United Behavioral Health (UBH) (formerly LifeEra), Contract 52683, Termination Date June 30, 2010.
 - g. Aliquant Corporation, Contract 35136, Termination Date June 30, 2010.
 - h. Managed HealthCare Northwest, former Contract 51197, new Contract requested effective July 1, 2008 and terminating June 30, 2013.
 - i. Standard Insurance, former Contract number 34929, new Contract requested effective July 1, 2008 and terminating June 30, 2013.
3. The extensions will be advantageous to the City providing appropriate time to update and renegotiate vendor agreements as provided under PCC Section 5.33.220.
4. The Health Fund Budgets for FY 2008-09 include appropriations in support of the benefit related contracts listed above.

NOW, THEREFORE, the Council directs:

- a. The Mayor or the Director of Human Resources is hereby authorized to execute the contract amendments, attached substantially similar hereto as Exhibit A.
- b. The Mayor and the Auditor are hereby authorized to draw and deliver warrants not to exceed over the full term of the contract.

Section 2. The Council declares that an emergency exists in order to avoid undue and costly delay in providing benefits to plan participants; therefore, this ordinance shall be in full force and effect from and after its passage by Council.

Passed by the Council:

Mayor Tom Potter

Prepared by: Yvonne L. Deckard

Date Prepared: December 3, 2008

GARY BLACKMER
Auditor of the City of Portland
By

Deputy

June 11, 2009

Theresa Barney
The ODS Companies
ODS Tower
601 SW Second Avenue
Portland, OR 97204-3156

**RE: CITY OF PORTLAND
MEDICAL PLAN ADMINISTRATION, NETWORK SERVICES, STOP-LOSS,
MEDICAL MANAGEMENT, AND FULLY INSURED MEDICAL
JULY 1, 2009 RENEWAL CONFIRMATION**

Dear Theresa:

This letter is to confirm the City of Portland renewal rates and fees with ODS for medical plan administration, Network services, Stop-Loss, Medical Management, and fully insured Medical effective July 1, 2009.

RATES / FEES:

Administrative services fees are guaranteed by ODS as follows:

**NON-PPA (CITYCORE MEDICAL / M148, M149 / HIGH DEDUCTIBLE & SEASONAL MAINTENANCE
WORKERS' PLANS / N990, N991, N997)**

ODS Administration:

July 1, 2009-June 30, 2010 \$21.46

Medical Management (Utilization Review/Pre-certification/Case Management/Disease Management/Healthy Mother Baby) service fees are guaranteed by ODS as follows:

July 1, 2009-June 30, 2010 \$3.95 PEPM

(Fee includes \$3.45 for Utilization Review/Pre-certification/Case Management, \$.20 for Disease Management, and \$.30 for Healthy Mother/Baby program.)

The combined network access fees for ODS Plus/PHCS guaranteed by ODS are outlined below:

July 1, 2009-June 30, 2010 \$4.40

Network fees are not charged to Medicare Supplement participants or to employees who choose the MHN network.

The following are the rates and features of the stop-loss:

Specific Stop-Loss:

\$350,000 stop-loss deductible

12/15 (Incurred in 12 months and paid in 15 months) contract basis

Rates:

July 1, 2009-June 30, 2010 \$22.09

NON-PPA (MEDICARE SUPPLEMENT PLAN / M106)

ODS Administration:

July 1, 2009-June 30, 2010 \$21.46

NON-PPA (POLICE FIRE AND DISABILITY FUND / M107)

ODS Administration:

July 1, 2009-June 30, 2010 \$15.12 per claim

ODS PLUS ALTERNATIVE CARE NETWORK

Members on MHN Network \$1.50

Members on ODS Plus Network \$0.00

PPA (MEDICAL RATES / N994, N995 / JULY 1, 2009-JUNE 30, 2010)

Employee Only (188) \$ 483.71

Employee + One (209) \$ 975.79

Employee + Two or More (415) \$1319.75

BENEFIT CHANGES DUE TO STATE MANDATES (N994, N995)

General Exclusion:

Revise the exclusion for court-ordered services.

Only chemical dependency treatment related to Driving under the influence of Intoxicants should be excluded.

BENEFIT CHANGES DUE TO FEDERAL LEGISLATION (N994, N995)

Summary of Benefits – Maximum Lifetime Benefit:

An enrollee's aggregate lifetime maximum will only accrue under the medical health plan sponsored by the group.

Benefit Description and General Exclusions:

June 11, 2009
Theresa Barney
Page 3

This will be changed to comply with 2009 Federal Mental Health Parity.

HANDBOOK LANGUAGE CHANGES (N994, N995)

Care Coordination:

Revised section, including description of a Care Coordinator.

Benefit Description:

Revised colonoscopy section to clarify how benefits are paid.

Revised Orthopedic shoes language.

Prescription Drug Expense Benefit (for groups with Prescription coverage):

Revised Prescription Drug Expense Benefit Section.

Eligibility, Enrollment and Continuation of Health Coverage Sections:

Revised registered domestic partner language.

PPA (FULLY INSURED MEDICARE SUPPLEMENT PLAN / N996 / JULY 1, 2009-JUNE 30, 2010)

Employee Only (20)	\$163.16
Employee + One (12)	\$326.30

The City will pay the OMIP assessment directly for the Non-PPA plans, so please make sure that they are not charged for this cost in the stop-loss purchased. Please confirm that the OMIP fees are not included in the fees charged to the City.

Also note, the City does not buy stop-loss on either the PPA or Non-PPA Medicare Supplement plans.

Theresa, please let us know if you need any additional information or have any questions regarding this renewal.

Sincerely,



Paige R. Sipes-Metzler, DPA, MS, RN
Assistant Vice President

cc: Scott Strauss, City of Portland
Cathy Bless, City of Portland
Linda Jefferson, FPD&R
Damon Rutherford, Aon Consulting



June 26, 2008

Theresa Barney
The ODS Companies
ODS Tower
601 SW Second Avenue
Portland, OR 97204-3156

RE: **City of Portland
Medical Plan Administration, Network Services, Stop-Loss, Medical
Management, and Fully Insured Medical
July 1, 2008 Renewal Confirmation**

Dear Theresa:

This letter is to confirm the City of Portland renewal rates and fees with ODS for medical plan administration, Network services, Stop-Loss, Medical Management, and fully insured Medical effective July 1, 2008.

RATES | FEES:

Administrative services fees are guaranteed by ODS as follows:

Non-PPA (City Core Medical M148, M149 / High Deductible Plan N990, N991)

ODS Administration:

July 1, 2008 – June 30, 2009	\$20.54 PEPM
July 1, 2009 – June 30, 2010	not more than a 4.5% increase

Medical Management (Utilization Review/Precertification/Case Management/Disease Management/Healthy Mother Baby) service fees are guaranteed by ODS as follows:

July 1, 2008 – June 30, 2009	\$3.95 PEPM
July 1, 2009 – June 30, 2010	not more than a 5.0% increase

(Fee includes \$3.45 for Utilization Review/Precertification/Case Management, \$.20 for Disease Management, and \$.30 for Healthy Mother/Baby program.)

The combined network access fees for ODS/PHCS guaranteed by ODS are outlined below:

July 1, 2008 – June 30, 2009	\$4.20 PEPM
July 1, 2009 – June 30, 2010	not guaranteed

Network fees are not charged to Medicare Supplement participants or to employees who choose the MHN network.

The following are the rates and features of the stop-loss:

Specific Stop-loss:

\$250,000 stop-loss deductible
12/15 (Incurred in 12 months and paid in 15 months) contract basis

Rates:

July 1, 2008 – June 30, 2009	\$28.58 PEPM
July 1, 2009 – June 30, 2010	not guaranteed

Non-PPA (Medicare Supplement Plan M106)

ODS Administration:

July 1, 2008 – June 30, 2009	\$20.54 PEPM
July 1, 2009 – June 30, 2010	not more than a 4.5% increase

Non-PPA (Police Fire and Disability Fund M107)

ODS Administration:

\$14.40 per claim

PPA (Medical Rates / 2008 – 2009 / N994, N995)

Employee Only (188)	\$ 418.67
Employee + One (209)	\$ 844.59
Employee + Two or More (415)	\$1142.30



June 26, 2008
Theresa Barney
Page 3

Benefit Changes Due to State Mandates (N994, N995)

Claims Administration and Payment – Submission and Payment of Claim:

Extend claims submission by Medicaid to 3 years.

Other Legislation (N994, N995)

Definitions, Eligibility, Enrollment, Loss of Coverage, Continuation – Domestic Partners:

Registered same sex domestic partners have same enrollment and state continuation rights as a spouse.

Policy Changes (N994, N995)

Policy Information:

Move language in “contribution” which also references “participation” to the participation section and vice versa.

Continuation:

Added sections clarifying when COBRA rights apply and what the group's responsibility is in COBRA administration, as well as Continuation for spouses and Partner age 55 and over.

General Provisions:

Add warranties and Governing Law and Forum. Change “Rights of Parties” to “No Waiver”. Added Notice by personal delivery, email or fax.

New Benefit (N994, N995)

Summary of Benefits – Periodic Health Exams

One exam per calendar year for all age groups, 2 years and above.

PPA (Fully Insured Med Sup / 2008 – 2009 / N996)

Employee Only (20)	\$141.22
Employee + One (12)	\$282.43



June 26, 2008
Theresa Barney
Page 4

The City will pay the OMIP assessment directly for the Non-PPA plans, so please make sure that they are not charged for this cost in the stop-loss purchased. Please confirm that the OMIP fees are not included in the fees charged to the City.

Also note, the City does not buy stop-loss on either the PPA or Non-PPA Medicare Supplement plans.

Theresa, please let us know if you need any additional information or have any questions regarding this renewal.

Sincerely,

A handwritten signature in black ink, appearing to read "Paige R. Sipes-Metzler".

Paige R. Sipes-Metzler, DPA, MS, RN
Assistant Vice President

cc: Peggy Anet, City of Portland
Cathy Bless, City of Portland
Linda Jefferson, FPD&R
Damon Rutherford, Aon Consulting

ADMINISTRATIVE SERVICES
GUARANTEES OF EXCELLENCE

ODS Health Plan (ODS) administrative services on the City of Portland account will be according to the standards set forth in this Appendix. Unless otherwise specifically noted, these standards, Guarantees of Excellence, are effective for the period beginning December 1, 1999 and ending June 30, 2004. There will be no changes, unless this provision is amended by mutual agreement of the City of Portland and ODS.

ODS will meet the standards set forth in this Appendix. If performance is below these standards, ODS agrees to pay the outlined assessments to the City of Portland.

1. STAFFING

Guarantees of Excellence: ODS will maintain, at all times, 100% staffing for claims processing and customer service activities as set forth in its successful proposal.

Measurement and source of information: ODS is required to report changes in agreed-upon staffing whenever they become aware of changes. ODS agrees to verification by client on-site visits by City of Portland staff.

Penalty: Failure to maintain agreed-upon staffing, or to report any changes to agreed-upon staffing, \$2,000 plus \$200 per day for each day the staffing is not maintained. Penalty may be waived if advance notification is given to City of changes to agreed-upon staffing.

2. ELIGIBILITY

Processing Monthly Eligibility Updates

Guarantees of Excellence: All eligibility updates or enrollment records will be made within (5) business days after the information is received by ODS.

Measurement: ODS will confirm processing of the updates, to the City, within five (5) business days after completion. The City will audit for compliance.

Penalty: \$1,000 for each day of delay.

Reconciliation of Eligibility Files

Guarantees of Excellence: ODS will perform a semi-annual reconciliation of the eligibility files showing all covered plan participants (members and dependents), and will report the results to the City within ten (10) business days of completion of the reconciliation.

Measurement and source of information: Comparison of ODS' current eligibility files against the City's files to identify discrepancies. Each discrepancy is to be investigated and corrected within ten (10) business days after confirmation of correct member (or dependent) status by the City.

Penalty: \$50 per day for each day any report is late. \$1,000 for any six-month period in which such reconciliation is not performed. \$100 per day for each day a correction is not made within ten (10) business days after the City's confirmation of correct member or dependent status. Also, reimbursement to the City for all claims paid on account of any individual whose coverage should have been terminated pursuant to timely notice of termination of coverage by the City. Conversely, reimbursement will be made to the City for any additional costs the City incurs as a result of claims with late payments, when said late payments would have been timely had eligibility additions and updates been made within ten (10) business days of receipt of said information from the City.

3. CUSTOMER SERVICE

Telephone Call Availability

Guarantees of Excellence: ODS agrees to the following:

- A. Maintain a toll-free 800 telephone number for both participants and providers.

- B. Have customer service representatives available from 7:30 a.m. to 5:30 p.m. Pacific Time each business day to respond to inquiries.
- C. On average, to answer all telephone calls within 45 seconds.
- D. An abandonment rate of no greater than 3%.
- E. Answer calls on-hold (in queue) within 3 minutes.
- F. Internal audits of telephone system.

Measurement and source of information: (A & B) Random checks by City and feedback from participants and providers. (C, D & E) Quarterly reports of ODS' automated telephone system to determine response time, abandonment rate, and on-hold time confirmed by random checks by the City. (F) Quarterly reports from ODS that are generated by their telephone provider. ODS' report will include any corrective action plans when performance does not meet the performance standards.

Penalty: (A, B, C, D & E) \$1,000 per month during which standards are not met. (F) \$50 per day for each day any report is late. \$500 per month for any quarter in which any self-audit is not performed. \$1,000 when any self-audit report shows three (3) consecutive months of failure to meet performance standards. \$1,000 per month thereafter if the corrective action plan is not implemented.

Complaint Resolution

Guarantees of Excellence: Complete absence of plan participants or providers who failed to resolve a complaint with ODS because the complaint was ignored or improperly resolved by ODS, and who then registered a complaint with the City.

Measurement and source of information: The City's complaint log evidencing a complaint that turns out to have been ignored or improperly resolved by the vendor.

Penalty: \$250 per incident when the client learns of the complaint from a participant or provider. (Penalty will be waived during the first 90 days of this contract).

4. CLAIMS PROCESSING

Payment Accuracy

Guarantees of Excellence: ODS will have a minimum of 98% of claims processed will be paid accurately.

Measurement and source of information: The total of all overpayments and underpayments are subtracted from the dollar amount audited and then divided by the total paid dollars audited to determine the level of payment accuracy. Payments caused by the participant's failure to provide adequate information that are corrected upon submission of the missing information shall not be counted as errors for the purpose of determining financial accuracy performance.

Monthly administrative reporting of total claim payments will be the source used for acquiring this information. The report will provide a detailed listing of overpayments, underpayments and the cause of the error. If statistically valid independent audit indicates a greater level of claim payment inaccuracy, the results of the audit will determine liability for penalties.

Penalty:

<u>Error as a % of Paid Claims</u>	<u>Reduction in Monthly Fee</u>
2.0% to less than 2.5%	[2%]
2.5% to less than 3.0%	[4%]
3.0% to less than 3.5%	[6%]
3.5% to less than 4.0%	[8%]
4% or more	[10%]

The applicability of these penalties shall not affect ODS' liability to reimburse the City for all non-recovered overpayment.

Claims Processing Accuracy

Guarantees of Excellence: ODS guarantees that a minimum of 96% of claims will be processed accurately. Accurate processing includes data entry; coding; systems programming; correct interpretation of plan provisions; current eligibility, provider updates and UCR records.

Measurement and source of Information: Every claim that has a processing error shall be subtracted from the total number of claims audited each month and divided by the total number of claims audited to determine the percentage of claim processing accuracy.

Monthly administrative internal audit reports confirmed through a statistically valid independent audit. If such an independent audit indicate a greater level of processing inaccuracy, the results of the audit will determine appropriateness of penalties.

Penalty:

<u>Error as a % of Paid Claims</u>	<u>Reduction in Monthly Fee</u>
4.0% to less than 4.5%	[1%]
4.5% to less than 5.0%	[2%]
5.0% to less than 5.5%	[3%]
5.5% to less than 6.0%	[4%]
6.0 or more	[5%]

Processing Turnaround Time

Guarantees of Excellence: Pursuant to Section 1, a 1, b, 15 (a-d), ODS guarantees a minimum of 90% of claims will be processed within ten (10) business days (14 calendar days).

Measurement and source of information: For the purposes of this provision, terms are defines as:

- A claim is a request for payment of a plan benefit by a plan participant or health care provider.
- A claim is deemed to have been received when it has been time-stamped by ODS, assigned a claim number, and entered into the claim system.
- Processing a claim will be completed when it has been approved for payment, denied or pended with a request for further information.

ODS will provide the "Claims Turnaround" (TAT) report to the City which shows time periods for claims processing and payments applicable to the City's claims. The TAT report measures turnaround time and will be produced on a quarterly basis.

Penalty:

The following penalties are to be applied when monthly claims turnaround times fail to meet the established processing standards:

<u>Average Monthly TAT</u>	<u>Reduction to Monthly Fee</u>
11 – 15 business days	[2%]
16 – 20 business days	[4%]
21 or more business days	[6%]

Internal Self Audit

Guarantees of Excellence: ODS agrees to conduct monthly self-audits to determine claim processing turn-around time; financial accuracy of claims; claims processing accuracy; and to provide the City with regular reports of results and any corrective action plans.

Measurement and sources of information: A statistically significant volume of randomly selected City claims, processed by the team handling the City's account, is to be examined and measured against the performance standards in this document. Reports are to include the measurement of performance as indicated in this document and an explanation of proposed corrective action plans when standard is not met.

Penalty: None other than that stated in specific in individual area of performance.

5. CLIENT SERVICES

Guarantees of Excellence: ODS will respond to the telephone calls from City Benefits Staff in a timely manner. Specifically, calls will be returned within one (1) business day.

Measurement and source of information: City Benefits Staff will maintain logs and will make note of untimely responses.

Penalty: \$200 per incident of untimely response by ODS.

6. Reports

Timely Delivery

Guarantees of Excellence: Report type and frequency, as outlined in Section 1, K, 1 and 2 of the Agreement of Services, will be provided in a timely manner. Unless otherwise stated, ODS agrees to provide standard reports, once standard report types have been established, to the City by the 20th day of the month following the close of the reporting period.

Measurement and source of information: The City's date-stamp of receipt.

Penalty: \$50 per day for each day a report is late.

Report Accuracy

Guarantee of Excellence: Each report the ODS provides will be accurate.

Measurement and source of information: The City's will review and reconciliation of reports received.

Penalty: \$500 for each report, which contains inaccurate data which could affect the City's operations and/or decisions.