

RESOLUTION NO. 292

WHEREAS, the Board of Trustees has fee arrangements with various health care providers relative to the medical and hospital expenses it must pay for those Members of the Fire and Police Disability, Retirement and Death Benefit Plan (Plan) experiencing a service-connected or occupational injury or illness, and

WHEREAS, the Board of Trustees has no such agreements with two of the major providers in the metropolitan area, and

WHEREAS, ETHIX Pacific, Inc. has indicated that it has discount agreements with the two major providers which have no agreements with the Board and that it is willing and able to extend those agreements to Members of the Plan, and

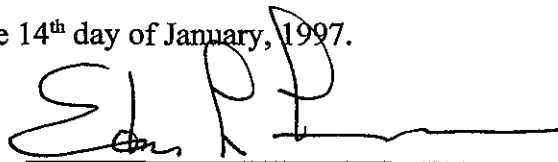
WHEREAS, ETHIX Pacific, Inc. is the only organization who has such discount agreements that it willing to extend the discounts to Plan Members, and

WHEREAS, the Board of Trustees is desirous of obtaining the discounted medical services available through ETHIX Pacific, Inc., and

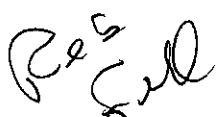
WHEREAS, an appropriate form of agreement between the Board of Trustees and ETHIX Pacific, Inc. is attached hereto as Attachment "A."

NOW, THEREFORE, BE IT RESOLVED by the Board of Trustees of the Fire and Police Disability and Retirement Fund, that the Fund Administrator be and hereby is authorized to execute an agreement substantially in accordance with the agreement which is attached hereto as Attachment "A."

ADOPTED by the Board of Trustees on the 14th day of January, 1997.



Edwin L. Freeman
Fund Administrator



ETHIX PACIFIC, INC.
PARTICIPATION AGREEMENT

FOR

FIRE AND POLICE DISABILITY, RETIREMENT AND DEATH BENEFIT PLAN

This Agreement is made and entered into by and between ETHIX Pacific, Inc. an Oregon corporation and the Board of Trustees of the Fire and Police Disability and Retirement Fund (Board of Trustees), an agency of the City of Portland, Oregon.

A. RECITAL OF FACTS

WHEREAS, ETHIX Pacific, Inc. has entered into Agreements with certain hospitals, physicians and other healthcare providers to accept agreed upon fees or give discounts for medical services; and

WHEREAS, these providers have agreed to accept these fees for services and supplies provided to Members of ETHIX Pacific, Inc. and extend those discounts through the administration of ETHIX Pacific, Inc.; to the Members of the Fire and Police Disability, Retirement and Death Benefit Plan (Plan); and

WHEREAS, ETHIX Pacific, Inc. desires to make these programs available to employees of the Bureau of Fire and Bureau of Police to the extent permitted by law; and

WHEREAS, the system of medical facilities, providers, and program, and the use of the Agreements constitute a program also known as ETHIX Pacific, Inc.; and

WHEREAS, the Board of Trustees administers the Plan and desires to make available the program of ETHIX Pacific, Inc. to Members of the Plan.

NOW THEREFORE, ETHIX Pacific, Inc. and the Board of Trustees hereby agree as follows:

B. RESPONSIBILITIES OF ETHIX PACIFIC, INC.

ETHIX Pacific, Inc. will have the following responsibilities in conjunction with this Agreement.

1. ETHIX Pacific, Inc. shall enter into Agreements with Healthcare Providers for the purpose of providing Healthcare Services to Plan Members. If any Healthcare Provider should allow any discount of their charges for Healthcare Services rendered, ETHIX Pacific, Inc. shall arrange to pass such discounts on to Members of the Plan, in determining the benefits payable under the terms and conditions of the Plan.
2. ETHIX Pacific, Inc. shall use its best efforts to maintain a network of sufficient numbers of

contracted Healthcare Providers which are capable of providing convenient access to a full range of Healthcare Services. Final acceptance into the ETHIX Pacific, Inc. network shall remain with ETHIX Pacific, Inc.

3. ETHIX Pacific, Inc. Providers, through their Participation Agreement with ETHIX Pacific, Inc. shall be required to file claims for Healthcare Services rendered to Plan Members with the Board of Trustees. Claims from ETHIX Pacific, Inc. Providers will only be paid if approved by the Board. ETHIX Pacific, Inc. shall also provide through its Provider Participation Agreements that the payments accepted by ETHIX Pacific, Inc. Providers, including any charges paid directly by a Plan Member or any amounts received from a third party, shall not exceed the amounts negotiated by ETHIX Pacific, Inc.
4. Claims received by the Board of Trustees will be forwarded by the Board of Trustees to ETHIX Pacific, Inc. which shall evaluate the charges and where the billed charges are in excess of the negotiated formats, ETHIX Pacific, Inc. shall reprice them in accordance with the agreed upon rates and/or fee schedule. After ETHIX Pacific, Inc. has determined the appropriate charge, it shall forward such charge to the Board of Trustees. ETHIX Pacific, Inc. shall use its best efforts to transmit the appropriate charges to the Board within three business days of receipt and in a format acceptable to the parties.
5. ETHIX Pacific, Inc. shall on an annual basis provide to the Board of Trustees or its designee reports as described in Exhibit 1, which is attached to and hereby made a part of this Agreement.
6. Upon request, ETHIX Pacific, Inc. shall assist in the training and education of Plan Members with regard to use of ETHIX Pacific, Inc. Providers.

C. RESPONSIBILITIES OF THE BOARD OF TRUSTEES

The Board of Trustees will have the following responsibilities in conjunction with this Agreement.

1. The Board of Trustees shall produce all necessary promotional materials for Plan Members using ETHIX Pacific, Inc. Providers. The content of all marketing materials which refer to ETHIX Pacific, Inc. shall, for purposes of this section, be subject to prior approval of ETHIX Pacific, Inc.
2. The Board of Trustees shall forward or cause to be forwarded all payments due to ETHIX Pacific, Inc. Providers within sixty (60) days following receipt of an undisputed, properly completed claim. Documentation of all amounts paid to ETHIX Pacific, Inc. Providers shall be in a format of an Explanation of Benefits (EOB). Such EOB's shall contain, at the minimum, information regarding ETHIX Pacific's Providers charge, ETHIX Pacific's allowable fee, what has been paid, what amount, if any, is the Plan Member's responsibility, and clearly reflecting that a ETHIX Pacific, Inc. fee schedule was applied. A copy of the EOB shall be submitted to the Plan Member when the EOB is issued to the ETHIX Pacific, Inc. Provider.

3. The Board of Trustees shall cooperate with ETHIX Pacific, Inc. to resolve problems with ETHIX Pacific, Inc. Provider claims as quickly as possible.

D. COMPENSATION

1. ETHIX Pacific, Inc. shall be compensated in accordance with the fee structure outlined in Appendix A of this Agreement. These rates include all ETHIX Pacific, Inc. responsibilities under the terms of this Agreement.
2. ETHIX Pacific's compensation rates specified in Appendix A shall be effective for no less than one year from the effective date of this Agreement. After that period has elapsed, the compensation rates shall be negotiated to terms which are acceptable to both parties.

E. TERM/TERMINATION

1. Term. The term of this Agreement shall be for a period of time of one (1) year commencing on February 1, 1997 and shall automatically renew on a year to year basis unless written notice of termination is provided pursuant to Paragraph E.2 of this Agreement.
2. Termination. Either party has the option of not renewing or terminating this agreement during the term thereof with or without cause upon sixty (60) days written notice to the other party. Either party may terminate this Agreement on thirty (30) days written notice to the other party if the party to whom such notice is given is in breach of any material provision of the Agreement. The party claiming the right to terminate hereunder shall set forth in the notice of intended termination the facts underlying its claim that the other party is in breach.

This Agreement may be terminated immediately and without notice if either party becomes insolvent. Insolvency is defined as 1) the filing of any voluntary or involuntary petition of bankruptcy, reorganization, receivership, or liquidation; 2) making an assignment for the benefits of creditors; or 3) an adjudication of bankruptcy or insolvency. Notice as required under this section shall be delivered in person or sent by certified mail to the attention of the individual signatory set forth below in Paragraph F.9.

F. GENERAL PROVISIONS

1. Confidential Information. The parties agree to keep confidential all information and records pursuant to this Agreement and to comply with all Federal and State laws now in effect or which may be thereafter enacted concerning confidentiality of such information and records. ETHIX Pacific, Inc. further agrees that all information acquired by it in the exercise of its duties and functions will be held in confidence, except that ETHIX Pacific, Inc. may develop aggregate statistical information and release that information to any interested party, so long as the identities of the patients, providers or facilities are not disclosed.
2. Services Limitation. It is understood by both parties that ETHIX Pacific, Inc. is serving merely as a service provider to assist in minimizing the healthcare expenses for those employees who are Members of the Plan administered by the Board of Trustees. ETHIX

Pacific, Inc. is not directly or indirectly a provider of medical services or supplies. ETHIX Pacific, Inc. makes no representation or warranties as to the care or quality of care rendered by any provider.

3. Payment Determination. The Board of Trustees has sole authority for payment or denial of claims in accordance with the terms of the Plan. ETHIX Pacific, Inc. has no authority to make any final determinations or representations as to the benefits which may or may not be payable under the Plan.
4. Provider - Patient Relationship. It is understood that ETHIX Pacific, Inc. Providers shall maintain a provider-patient relationship with Plan Members and shall be solely responsible to the Plan Members for Healthcare Services. It is further understood that ETHIX Pacific, Inc. Providers are independent contractors and ETHIX Pacific, Inc. shall have no dominion or control over ETHIX Pacific, Inc. Providers, the provider-patient relationship or the provider's personnel or facilities.
5. Proprietary Information. The Board of Trustees may not use any name, logotype, image, trademark, promotional material, stationary, letterhead or any other related materials necessary for ETHIX Pacific, Inc. to perform its responsibilities under this Agreement except as expressly authorized in writing by ETHIX Pacific, Inc.

The Board of Trustees further acknowledges that ETHIX Pacific, Inc. shall retain ownership of the forms, methods, systems, procedures, data format, computer software and hardware, and all printed material furnished or developed by ETHIX Pacific, Inc. for the performance of the terms and conditions of this Agreement.

6. Access to Books and Records. To assure proper functioning of ETHIX Pacific, Inc., ETHIX Pacific, Inc. shall have the ability to audit records of claims for which the Board of Trustees pays benefits, directly or indirectly, to ETHIX Pacific, Inc. Providers. In turn, the Board of Trustees, if required for its own audits or under compulsion of law, shall have the ability to audit ETHIX Pacific, Inc. records related to Plan Members. Any such audit by one party shall be conducted during normal business hours and with reasonable prior notice to the other party.
7. Arbitration. Both parties agree to meet and confer in good faith on all matters of common interest which materially affect this Agreement. In the event the parties hereto shall be unable to resolve any dispute arising under or in connection with the provisions of this Agreement, such dispute shall be submitted to binding arbitration in the City of Portland, Oregon, pursuant to the provisions of the American Arbitration Association, but not necessarily in front of the Association. All arbitrators shall have familiarity with the area of managed healthcare. The decisions of the arbitrators shall be final and binding upon the parties.
8. Severability. If any provision in this Agreement is held to be invalid, void or unenforceable, the remaining provisions shall nevertheless continue in full force and effect without being impaired or invalidated in any way.

9. Notice. Any written notice required under this Agreement shall be deemed to have been given if sent to the following addresses:

A. ETHIX Pacific, Inc.

Sally LaFollette
Director
Columbia Square
111 S.W. Columbia
Suite 1060
Portland, Oregon 97201

B. Board of Trustees
Fire and Police Disability and Retirement Fund

Administrator
Fire and Police Disability and
Retirement Fund
1800 S.W. First Avenue, Suite 450
Portland, Oregon 97201

Each of the forgoing shall be entitled to specify a different address of addressee by giving written notice to the other party.

10. Amendment. This Agreement may be amended only upon the mutual written consent of the parties.
11. Incorporation of Exhibits. All exhibits and appendixes attached hereto are incorporated by reference and are made a part of this Agreement as though fully set forth herein.
12. Choice of Law. The Agreement shall be governed by and construed in accordance with the laws of the State of Oregon.
13. Independent Contractor. No agency relationship or relationship of employer or employee is created by this Agreement, it being understood that ETHIX Pacific, Inc. will act thereunder as an independent contractor.
14. Assignment. The obligations and duties as outlined in this Agreement may be assigned by ETHIX Pacific, Inc. upon the prior written consent of the Board of Trustees, which consent shall not be unreasonably withheld.
15. Entire Agreement. This document contains the entire agreement between the parties hereto relative to the subject matter referred to herein and contains all the covenants and agreements between them. Each party acknowledges that no representation, inducement, promise, or agreement, orally or otherwise, has been made by any party or anyone acting on behalf of any party which is not embodied herein.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the date shown below.

FOR:

BOARD OF TRUSTEES
FIRE AND POLICE DISABILITY AND RETIREMENT FUND

By: Ed A. [Signature]

Title: Fund Administrator

Date: 1.14.97

FOR:

ETHIX PACIFIC, INC.

By: _____

Title: _____

Date: _____