

HEALTH PLAN PURCHASING CONSORTIUM AGREEMENT

This Health Plan Purchasing Consortium Agreement (the "Agreement") is entered into between Dexter Community Schools, Lincoln Consolidated Schools, Manchester Community Schools, Saline Area Schools, and Whitmore Lake Public Schools, (the "Districts") whose signatures are affixed below (each individually a "Member" and collectively the "Consortium"), for the collective purchase of public employee health benefits and related services as more particularly described herein.

WHEREAS, the members of the Consortium are legally authorized to create a purchasing coalition and to enter into and implement the terms of this Agreement pursuant to Sections 5(1c) and 5(3) of the Public Employees Health Benefit Act ("PEHBA"), MCL 124.75, as well as pursuant to Sections 11a, of the Revised School Code, MCL 380.1; and

WHEREAS, the purpose of the Consortium is to create a mechanism for collectively purchasing insured medical benefits and coverage as well as health care plan services and related administrative services in order to achieve efficiencies and cost reductions in health care expenditures; and

NOW THEREFORE, in consideration of the mutual covenants contained herein, the parties hereto agree as follows:

1. GENERAL PURPOSES OF CONSORTIUM

- 1.1 PEHBA authorizes the Members of the Consortium to participate in a shared purchasing arrangement or coalition to procure insured medical, optical, and dental benefits including, but not limited to, hospital and physician services, prescription drugs and related benefits, as well as health care plan services or administrative services (collectively, "Services").
- 1.2 The Members of the Consortium desire to create a purchasing coalition to: (a) increase their purchasing power and efficiency; (b) reduce the expenditure of internal and external administrative resources; (c) provide a mechanism to monitor the cost, efficiency and quality of the Services; (d) aggregate their insured employees for the purpose of acquiring, comparing, and utilizing obtainable claims utilization data; and (e) develop, maintain and modify, as appropriate, operational plans to carry out and further the purposes of this Agreement.
- 1.3 The Consortium is not a "public employer pooled plan," as that term is defined in Section 3(f) of PEHBA, MCL 124.73(f). The Consortium is not intended to and shall not operate as a third party administrator under the provisions of the Third Party Administrator Act, MCL 550.901, et seq.
- 1.4 The Consortium is constituted as and shall be operated as a legal entity separate and distinct from its individual Members.

2. ACQUISITION OF AND PARTICIPATION IN SERVICES

- 2.1** The Consortium, through approval of its Governing Board, shall determine the Services which the Consortium will endeavor to obtain as participation opportunities for the Consortium Members. Without approval of its Governing Board, the Consortium shall not make available any Services to its Members where the aggregate level of participation in any individual Service is less than five hundred (500) employees.

In ascertaining and developing specifications for the Services, the Consortium may obtain the services of licensed insurance counselors, consultants and other entities or individuals possessing expertise in the areas of the Consortium's operation and functioning. The cost of such Services shall be paid by the Consortium pro rata based upon the extent of the employee participation for each of the Members of the Consortium.

- 2.2** Any final commitment by a Member to participate in any Service available through the Consortium shall be accomplished only by approval of that Member's Board of Education and the Association serving as the exclusive bargaining representative. This process shall include a review of the bid solicitations required by this Agreement and by PEHBA and any responses to those solicitations.
- 2.3** Members shall be able to procure Services for any of their employees or employee groups, as determined by the Member, and subject to the conditions of Section 9.5. Any Member who participates in a Service made available through the Consortium shall be bound by and required to comply with the terms of any applicable insurance contract or policy issued for the Service, and shall not be permitted to withdraw from participation in that Service during the term of the applicable insurance contract or policy without written approval of the carrier and the Consortium's Governing Board.
- 2.4** After receipt of a final quote for Services and a final commitment to participate in a Service by Members, the Consortium shall negotiate and enter into such contract(s) with insurance carriers, third party administrators or other providers as are reasonable and necessary for acquisition of the Services. Individual Member payments for the Services in which the Member has elected to participate shall be made in accordance with Section 7 of this Agreement.
- 2.5** A Member of the Consortium that elects to participate in a Service made available through the Consortium shall enter into a participation agreement with the Consortium, in a form approved by the Consortium's Governing Board, as a condition to participating in that Service. The participation agreement shall include, but shall not be limited to: provisions pertaining to implementation of the Service(s) as specified in Section 6.5 of this Agreement; and provisions obligating the Member to make timely payment of premium and other allocable costs to the Fiscal Agent for administrative services; provisions for disbursement to the insurance carrier(s) or other provider(s) of the Service(s) in which the Member has elected to participate; and provisions for access to claims utilization and cost information data.
- 2.6** Any contract entered into by the Consortium with insurance carriers, third party administrators or other providers shall provide that those Consortium Members having 100 or more employees in a medical benefit plan shall either be designated as a policyholder for the medical benefit plan(s) and will at all times have access by

electronic means to at least all the claims utilization and cost information data described in Section 15 of PEHBA, or that within 10 business days after making a written request, the Consortium Member (with 100 or more employees in a medical benefit plan) will be given access by electronic means to at least all of that claims utilization and cost information.

3. REQUESTS FOR CLAIMS AND COST INFORMATION DATA

- 3.1 The Consortium will, on behalf of its Members, obtain claims utilization and cost information data available under PEHBA or otherwise as is necessary or desirable to compare, analyze, and negotiate the cost for Services. All Members that participate, or that sign a letter of intent to participate, in the acquisition of a particular Service shall be deemed to be in an arrangement to aggregate employees for purposes of obtaining claims utilization and cost information data required to be disclosed under PEHBA.
- 3.2 Nothing herein shall be deemed to eliminate or diminish the right of an individual Member to obtain its own claims utilization data as authorized under PEHBA or otherwise.
- 3.3 The Consortium shall submit claims utilization data it has secured to insurance carriers third party administrators or other providers which it solicits to provide benefits or administrative services for any Service which the Consortium seeks to make available to its Members, as well as upon request to any carrier, third party administrator or other provider that requests the opportunity to submit a proposal to provide benefits or administrative services at the time of a request for bids. This information shall also be made available by the Consortium to employee representatives of those employees of Members who are enrolled in the Services.

4. OTHER CONSORTIUM OBLIGATIONS AND AUTHORITY

- 4.1 The Consortium shall have the authority to undertake any other lawful actions deemed necessary or appropriate by its Governing Board to further the purposes of this Agreement.
- 4.2 Each Member of the Consortium shall be responsible for proper accounting of the Services performed pursuant to this Agreement and for maintaining appropriate records of solicitations and quotes for Services, claims data, participation information, and contracts for Services, invoices, payment information, and other similar documentation deemed necessary or desirable.
- 4.3 Nothing in this Agreement has the purpose or effect of empowering the Consortium, its governing Board, its Fiscal Agent, or any Member of the Consortium to process insurance claims or to provide administrative services pursuant to a service contract or to otherwise function as a third party administrator under the Third Party Administrator Act, MCL 550.901, et seq.

5. GOVERNING BOARD

- 5.1 The Consortium shall be under the direction and control of a Governing Board. The Governing Board shall consist of one (1) voting member for each school Member board and one (1) local education association (EA) representative from each Member school district participating in the Consortium.
- 5.2 Except as otherwise set forth in this Agreement, the affirmative vote of a simple two thirds (2/3) majority of the voting Members who are present shall be required to take action, so long as a quorum exists. Quorum is achieved at an attendance of two thirds (2/3) participation of Governing Board members
- 5.3 The Governing Board shall meet at a minimum on a quarterly basis, but may meet on any other reasonable date and time with sufficient written notice to all Members. A quorum of voting Members shall be present to transact business. Minutes of all meetings of the Governing Board shall be approved and maintained as public records.
- 5.4 The Governing Board shall be solely responsible for overall direction of the Consortium, including, but not limited to, setting strategic direction regarding quotations solicited, obtaining Services in accordance with this Agreement, requesting claims data for purposes of obtaining quotes, and appointing any Fiscal Agent serving subsequent to the Fiscal Agent designated in Section 6.7.
- 5.5 The Governing Board may also create and utilize such other advisory and use committees and/or groups as it deems reasonably desirable or necessary for the efficient and effective performance of this Agreement. The identity, composition and scope of authority of any such committees and/or groups shall be determined by the Governing Board.

6. FISCAL AGENT

- 6.1 The Fiscal Agent shall act as depository with custody of all Consortium funds from whatever source pertinent to carrying out the terms of this Agreement. The Fiscal Agent shall receive funds from Members of the Consortium which represent the premium amounts attributable to the participation of that Member in a specific Service under this Agreement.

The Fiscal Agent shall be responsible for disbursing to the appropriate insurance carrier or third party administrator all sums transferred to it by Members of the Consortium which are attributable to their participation in any Service made available through the Consortium. The Fiscal Agent shall not be responsible for transmitting payment or funds on behalf of any Member which is allocable to the participation of that Member where such amounts are delinquent or in arrears.

The Fiscal Agent shall have no role in the processing, payment or adjudication of any claims for the underlying insurance products or plans.

- 6.2 The Consortium requires strict accountability of all funds. Subject to the approval of the Governing Board, the Fiscal Agent shall contract for an annual fiscal year audit of all financial records and information pertinent to Consortium operation. The

Consortium shall absorb the cost of this audit (equal shares), the results of which shall be provided in written or electronic form to each Member upon completion of the audit. In addition, any Member shall have the right and authority to audit Consortium records at any time to ascertain compliance with this Agreement and the purposes and policies of the Consortium.

- 6.3 The Fiscal Agent shall maintain all records of the Consortium, including Governing Board minutes, in accordance with the policies, resolutions and direction of the Governing Board.
- 6.4 The Fiscal Agent shall make available to any Member of the Consortium, available financial and other operating records of the Consortium in order to promote transparency of the Consortium's operations. However, the Consortium shall not disclose such information where to do so would be contrary to state or federal law, or where such disclosure would constitute an unwarranted invasion of the privacy rights of any individual (or their dependents) enrolled in any Services of the Consortium.
- 6.5 Each Member of the Consortium shall remain exclusively responsible for implementation of the Services within and for their individual institutions. These implementation responsibilities shall include, but shall not be limited to: (a) enrollment of employees/dependents; (b) all matters pertaining to claims processing; (c) distribution of plan membership/identification cards, claims forms and related materials; (d) distribution of claims appeal procedures; (e) responding to employee/dependent inquiries regarding the procedures for submitting claims or the adjudication of claims; (f) distribution of plan documents and summary plan descriptions; (g) issuance of COBRA and any other notices relevant to employee continuation of insurance; (h) collection of any and all amounts which employees are required to contribute by payroll deduction or otherwise for participation in any of the Services.

Nothing herein shall require the Fiscal Agent to undertake additional work outside of the scope of this Agreement without additional compensation, subject to the approval of the Governing Board for required administrative services.

- 6.6 The Fiscal Agent shall perform all function in accordance with the requirements of law and the policies and direction of the Governing Board.
- 6.7 Manchester Community Schools ("MCS ") shall serve as Fiscal Agent to the Consortium until such time as it voluntarily relinquishes that position in writing or at such time that the Governing Board votes by 2/3 majority to replace MCS as Fiscal Agent.

7. ADMINISTRATION

- 7.1 Member payments shall be made electronically to the Fiscal Agent not less than four (4) business days prior to the premium due date established by the underlying insurance carrier, third party administrator or other entity through which the Services are obtained. The Fiscal Agent shall provide, and each participating Member shall comply with, reasonable payment instructions, including the provisions for electronic transfer.

In the event that a Member is delinquent or in arrears on remittance of premium payments for more than ten (10) business days after the premium due date for a Service, the Fiscal Agent shall immediately contact the insurance carrier, third party administrator or other entity through which the Service has been obtained to cancel the participation of the Member and the employees/dependents enrolled in the Service by that Member. The Member shall remain responsible for all premiums allocable and due, up to and including the effective date of termination. Further, a Member for whom a Service has been discontinued in the manner described immediately above shall be ineligible to renew the discontinued Service or to participate in any newly offered Services through the Consortium for a period of two (2) years from the effective date of discontinuation or cancellation.

- 7.2 If a Member fails to make timely payment to the Fiscal Agent, as described in Section 7.1, the Member shall pay a late fee equal to one percent (1%) per month on the unpaid amount of the premium, starting on the initial premium due date and continuing until the premium is paid in full. Any payment received will be applied first to payment of the late fee, and then to payment of the premium amount for the oldest invoiced amount due.

Nothing in this provision shall limit the right of the Consortium upon a 2/3 majority vote, to cancel the participation in the Service(s) of any Member in arrears with respect to any payment owed to the Consortium for any Service in which that Member has elected to participate, as described in Section 7.1.

8. INSURANCE AND LIABILITIES.

- 8.1 The Consortium shall obtain insurance for its operation, in the types and amounts of coverage deemed necessary or desirable by the Governing Board, including, but not limited to, errors and omissions insurance and a fidelity bond for the services of the Fiscal Agent. The premiums for such insurance policies shall be paid pro rata based upon the extent of the employee participation for each of the individual Members of the Consortium.
- 8.2 In the event of an uninsured financial liability imposed upon the Consortium as a result of or by virtue of the Consortium's operation, including judgments and any related legal fees against the Consortium, all Members participating in the Service(s) from which the liability arises shall share in such liability pro rata based upon the extent of the employee participation for each of the individual Members in the Service(s) from which the liability arose.
- 8.3 In the event of an uninsured financial liability which does not arise from a specific Service or Services, responsibility for such liability shall be apportioned among the Members pro rata, based upon the extent of the employee participation of each individual Member in any Services provided by the Consortium at the time that such claim arose.

9. MEMBERSHIP ELIGIBILITY, RIGHTS AND OBLIGATIONS

- 9.1 New Members may join the Consortium upon a unanimous vote of the Steering Committee and the express obligation to be bound by the terms of this Agreement, as

may be modified from time to time. New membership eligibility will be offered throughout the calendar year. Applications for membership should be made at least sixty (60) days before the effective date. Effective dates for admittance of new Members shall occur annually on both July 1st and January 1st. Existing Members may withdraw from the Consortium in accordance with Section 9.2 below. A withdrawing Member forfeits any right to a distribution of Consortium assets or funds upon termination and dissolution, which right shall revert to the remaining and non-withdrawing Members.

If a new Member is admitted to the Consortium, under the procedures specified above, the expiration of its initial commitment to membership shall coincide with the expiration of the membership interval for other Members of the Consortium as is specified in Section 9.2.

- 9.2 Each Member shall commit to maintain membership in the Consortium for no less than the dates as indicated in this Agreement. At the conclusion of the Agreement, a Member's commitment to maintain membership shall be automatically renewed for a twelve (12) month period unless written notice of withdrawal is provided. However, a Member may withdraw from membership at any time by giving Governing Board and Fiscal Agent not less than sixty (60) days written notice of withdrawal.

Notwithstanding any other provision of this Agreement, membership in the Consortium must be maintained for the duration of any Services in which the Member has elected to participate.

No resignation or withdrawal by a Member from the Consortium shall operate to annul this Agreement, to terminate the existence of the Consortium, or to relieve the withdrawing Member from liability for participation in any Services in which the Member elected to participate through the Consortium for the duration of said Services.

- 9.3 A Member purchasing Services through the Consortium shall be required to enter into participation agreements with the Consortium, as set forth in Section 2.5 of this Agreement.
- 9.4 Each Member recognizes and acknowledges its obligation to comply with the terms of the Public Employment Relations Act (PERA) insofar as that Member's participation in any Services through the Consortium is regulated by the rights and obligations imposed by that enactment.
- 9.5 Consortium Members will be solely responsible for securing any necessary commitments from the exclusive collective bargaining representatives of their employees or employee groups that are consistent with any decisions or commitment of that Member to participate in one or more Services through the Consortium. Where a Member seeks to obtain a Service through the Consortium for any of its employees who are exclusively represented by the labor organization, that Member, as a condition to participation in the service, shall furnish the Consortium with evidence of a collective bargaining agreement provision or a ratified Letter of Agreement with each such exclusive representative confirming an agreement to participate in the service for the duration of that Service.

- 9.6 For so long as each Member remains a Member of the Consortium, that Member shall be entitled to procure Services in accordance with applicable quotes obtained by the Consortium subject to any underwriting or actuarial restrictions imposed by insurance carriers or other providers of Services. However, no Member shall be required to purchase any or all of the Services for which quotes are obtained by the Consortium. Each Member shall retain the right and prerogative to determine locally the Services to be procured for that Member and to determine which employees and employee groups of the Member will participate in Consortium services, subject to the conditions of Section 9.5.
- 9.7 Each Member shall have access to the Consortium's books and records at any time with reasonable prior notice.
- 9.8 Each Member shall have the right and authority to attend and provide comments at every meeting of the Governing Board.

10. TERM, TERMINATION AND DISSOLUTION

- 10.1 This agreement shall become effective as to each individual Member upon its execution thereof.
- 10.2 This Agreement shall terminate and expire upon a 2/3 vote of the Governing Board, subject to the performance of any then existing and enforceable obligations and/or contracts for Services.
- 10.3 Upon termination of this Agreement and dissolution of the Consortium, the Fiscal Agent shall return to any Member any funds then held by the Fiscal Agent which have been remitted by that Member to the Fiscal Agent but which have not been remitted by the Fiscal Agent to the insurance carrier, third party administrator or other provider of Services in which the Member is then participating. It is understood that the Member remains responsible to the insurance carrier, third party administrator or other provider of Services for any amounts for which that Member is indebted to that entity and that the Member indemnifies the Fiscal Agent from responsibility for all such amount.
- 10.4 Upon termination and dissolution of the Consortium:
 - (a) The Consortium shall carry on no business except for the purpose of closing up its affairs;
 - (b) The Governing Board shall proceed to close up the affairs of the Consortium and all of the powers of the Governing Board under this agreement shall continue until the affairs of the Consortium have been closed; and
 - (c) After paying or adequately providing for the payment of all outstanding liabilities and upon receipt of such releases, indemnities and refunding agreements as the Governing Board deems necessary for protection of the Consortium, the Governing Board shall direct the distribution of any remaining Consortium property, in cash or in kind, among the Members, prorated in accordance with the number of the Member's employees

participating in the Services at the time of dissolution of the Consortium and the termination of this Consortium Agreement.

12. EFFECTIVENESS OF AMENDMENTS

Any amendment or alteration of this Agreement shall be effective only upon the execution of the amendment or an amended agreement approved by 2/3 of the Governing Board of the Consortium. This agreement cannot be modified except in a written amendment approved and signed by not less than 2/3 of the Governing Board.

13. NOTICES

All notices or other communications which are required or permitted herein shall be in writing and sufficient if delivered personally, sent by facsimile transmission followed by another form of written notification which is capable of providing proof of delivery, sent by prepaid overnight mail, or sent by registered or certified mail, postage prepaid, return receipt requested, to the address of the central administrative offices of the party to be notified or to such other address as the party to whom notice is to be given may be furnished to the other parties, in writing. Any such communications shall be deemed to have been given when delivered if personally delivered, on the same day as facsimile transmission (or the first business day thereafter if faxed on a Saturday, Sunday or legal holiday), on the business day after dispatch if sent by overnight mail, or on the third business day after posting if sent by regular mail.

14. GOVERNING LAW

This agreement shall be governed by and construed in accordance with the laws of the State of Michigan.

15. RULES OF CONSTRUCTION

The captions or headings in this agreement are strictly for convenience and shall not be considered as interpreting it or as amplifying or limiting any of its content.

16. SUCCESSORS AND ASSIGNS

The terms of this Agreement shall be binding upon and inure to the benefit of the successors and assigns of the parties hereto. Notwithstanding the foregoing, no party shall assign any portion of this Agreement without the written approval of the Governing Board.

17. ENTIRE AGREEMENT

This Agreement constitutes the entire agreement among the parties with respect to the subject matter herein and supersedes any and all prior or contemporaneous agreements whether written or oral.

18. SEVERABILITY

If any provision of this Agreement is found contrary to law or unenforceable by any court, the remaining provisions shall be severable and enforceable in accordance with their terms, unless such unlawful or unenforceable provision is material to the transactions contemplated hereby, in which case the Members shall negotiate in good faith a substitute provision.

19. REPRESENTATIONS AND WARRANTIES

Each party represents and warrants that (a) it has the full right and authority to enter into, execute and deliver this Agreement, (b) it has taken all requisite action to approve the execution, delivery and performance of this Agreement, (c) this Agreement constitutes a legal, valid and binding obligation enforceable against such party in accordance with its terms, and (d) its execution of and performance under this Agreement shall not violate any applicable existing regulations, rules, statutes, or court orders of any local, state or federal government agency, court, or body.

20. COUNTERPARTS

This Agreement may be executed in one or more counterparts, including facsimile transmissions, all of which taken together shall constitute one and the same instrument.

21. OTHER INFORMATION

The parties agree to perform such additional acts and execute such additional documents as are reasonably necessary to carry out the terms of this Agreement.

22. EFFECTIVE DATE

The Effective Date of this Agreement shall be November 1, 2018. This agreement shall be in effect until district/s request to leave the Consortium, or amendments are necessary.

IN WITNESS WHEREOF, the parties have executed this Agreement on the respective dates indicated below.

**Dexter Community Schools
Board of Education**

By: [Signature]
Its: Superintendent
Dated: 9/14/18

EA Representative

By: [Signature]
Its: President
Dated: 9-11-18

**Lincoln Consolidated Schools
Board of Education**

By: [Signature]
Its: Director of Human Resources
Dated: 9/11/18

EA Representative

By: [Signature]
Its: Lincoln EA President
Dated: 9-11-18

**Manchester Community Schools
Board of Education**

By: [Signature]
Its: Superintendent
Dated: 9/11/18

EA Representative

By: [Signature]
Its: Manchester EA Representative
Dated: 9/11/18

Saline Area Schools
Board of Education

By: [Signature]
Its: Supt.
Dated: 9/14/18

EA Representative

By: [Signature]
Its: E.A. PRESIDENT
Dated: 9/11/2018

Whitmore Lake Public Schools
Board of Education

By: [Signature]
Its: Supt.
Dated: 9/14/2018

EA Representative

By: Patricia Klobch
Its: EA President
Date 9/14/18