

Contract Provisions

Group Master Contract



**Blue Cross and Blue Shield
of New Mexico**

A Division of Health Care Service Corporation, a Mutual Legal Reserve Company,
an Independent Licensee of the Blue Cross and Blue Shield Association.



Group Master Contract

The signatures of the authorized representatives of the parties on the group master application constitutes acceptance of the terms and conditions set forth below. The group master application, this contract, and the applicable Membership Certificate or benefit booklet contain the entire agreement of the parties.

Agreement of BCBSNM

For and in consideration of the payment of premiums by Employer Group and other consideration, and so long as premium payments are current, Blue Cross and Blue Shield of New Mexico (“BCBSNM”), a Division of Health Care Service Corporation, a Mutual Legal Reserve Company, an Independent Licensee of the Blue Cross and Blue Shield Association, will provide benefits to members designated by Employer Group. For the purposes of this agreement, “benefits” will consist of payments to or on behalf of members in accordance with the provisions of the Membership Certificate(s) or benefit booklet(s) issued to the members. For the purposes of this agreement, “members” includes employees, former employees and dependents under the terms and conditions set forth in a Membership Certificate or benefit booklet, with any options determined by Employer Group and set forth in the group master application.

For and in consideration of the premium paid by Employer Group, BCBSNM will make available to eligible members, as set forth in a Membership Certificate (benefit booklet) or in accordance with law, a right of conversion to a nongroup health care plan. Monthly premiums for the nongroup health care plan will be the responsibility of the member upon conversion to the nongroup health care plan.

BCBSNM shall provide a Certification of Coverage as required under the Health Insurance Portability and Accountability Act of 1996 (HIPAA) to each member whose enrollment in the Employer Group plan terminates.

If the Employer is obliged to provide coverage for former Group members pursuant to federal law (under the Consolidated Omnibus Budget Reconciliation Act of 1985, commonly referred to as “COBRA”), the Employer shall execute an addendum to this Agreement in which the Employer selects a third party as the Group’s COBRA administrator or chooses to administer COBRA itself. BCBSNM shall have no obligation to administer COBRA under this agreement.

Agreement of Employer Group

For and in consideration of the foregoing, Employer Group agrees to pay premiums. Premiums are due on the first day of the month and, if not paid within 30 days following the first day of the month, Employer Group is in default and this agreement will be subject to immediate termination at the option of BCBSNM.

Monthly premiums will be based upon enrollment as may be revised from time to time pursuant to instructions provided by BCBSNM to Employer Group. Employer Group agrees and understands that any payment of premiums is subject to acceptance of payment by BCBSNM and that negotiation or deposit of Employer Group's check does not constitute acceptance. Retroactive adjustment to enrollment may be agreed to by BCBSNM at its discretion but in no event will an adjustment be made for a period exceeding three months.

Employer Group warrants and agrees that the information concerning members upon which the premium is based shall be true and correct to the best of its knowledge. Employer Group agrees to provide verification in the form of government filings upon request of BCBSNM. Intentional misrepresentation of eligibility or the submission of other false information by Employer Group will constitute an act of default and subject this agreement to immediate termination at the option of BCBSNM. Employer Group understands and agrees that it must maintain enrollment of a percentage of eligible members as agreed upon in this group master application and that failure to maintain the agreed upon percentage will constitute an act of default by Employer Group and subject this agreement to termination by BCBSNM.

Waiver of Default by BCBSNM

It is agreed and understood that the waiver by BCBSNM of an act of default by Employer Group will not constitute a course of dealing between the parties and will not prevent the declaration of a default by BCBSNM for subsequent acts of default by Employer Group. It is expressly agreed and understood that negotiation or deposit of a check by BCBSNM after a default shall not constitute a waiver of default.

Assignment

This agreement may not be assigned by Employer Group without the prior written consent of BCBSNM. BCBSNM may assign this agreement to a successor organization resulting from an acquisition or merger and may assign this agreement as a part of the transfer of a substantial portion of its assets to an entity licensed to provide health care benefits.

Disputes

Any dispute or controversy between Employer Group and BCBSNM arising out of or in connection with the performance of either party pursuant to this agreement will be settled by arbitration administered by the American Arbitration Association under its Commercial Arbitration Rules, and judgment on the award rendered by the arbitrators may be entered in any court having jurisdiction.

Notice to Employees and Dependents

Employer Group warrants and agrees that it shall take all necessary steps to communicate necessary information concerning benefits provided pursuant to this agreement to its eligible members in accordance with instructions and materials provided by BCBSNM. At its option, BCBSNM may communicate directly with members of Employer Group.

Amendments

Except as otherwise provided by law, BCBSNM may alter the terms and conditions of this agreement, including the premium rate to be paid by Employer Group, upon thirty days' written notice to Employer Group.

Except as provided in this paragraph, no change or modification to this agreement shall be valid unless it is in writing and signed by the parties.

During the initial annual term or any renewal annual term of the agreement, the provisions of this agreement may be amended at any time by an endorsement signed only by a duly authorized officer of BCBSNM. When the endorsement has been so signed, the endorsement shall be deemed a part of the agreement, effective as of the date specified by the endorsement.

Any amendment resulting from state or federal law, or regulation, or ruling or approval by the Superintendent of Insurance of the State of New Mexico may be made at any time by endorsement to the agreement signed only by a duly authorized officer of BCBSNM and shall become effective as of the effective date of such law, regulation, ruling, or approval.

Term and Termination

Except as otherwise provided by law, this agreement is effective from the date shown on the group master application and shall continue from year to year until terminated.

Except as otherwise provided by law, either party may terminate this agreement upon thirty days' prior written notice. If the Employer terminates this agreement in the middle of an agreement year and does not provide thirty days' notice prior to the termination date, the Employer shall be liable for payment of an additional month's premium, other provisions in the agreement notwithstanding.

Notice pursuant to this provision or for any purpose under this agreement will be effective upon deposit in the United States mail, postage prepaid, addressed to Employer Group at the address listed on the group master application form or to an agent designated by Employer Group.

Employer Group specifically warrants that, in the event of termination or cancellation of the agreement by BCBSNM, Employer Group will deliver a copy of the notice of termination promptly to its enrolled group members and, if

requested by BCBSNM, furnish proof of such delivery to BCBSNM.

Contracting Party

Employer Group, on behalf of itself and its members, hereby expressly acknowledges its understanding that this agreement constitutes an agreement solely between Employer Group and BCBSNM, which is an independent corporation operating under a license from the Blue Cross and Blue Shield Association, an association of independent Blue Cross and Blue Shield Plans, (the “Association”), permitting BCBSNM to use the Blue Cross and Blue Shield Service Marks in the State of New Mexico, and that BCBSNM is not contracting as the agent of the Association. Employer Group, on behalf of itself and its members, further acknowledges and agrees that it has not entered into this agreement based upon representations by any person other than BCBSNM, and that no person, entity, or organization other than BCBSNM shall be held accountable or liable to Employer Group for any BCBSNM obligations to Employer Group created under this agreement. This provision shall not create any additional obligation whatsoever on the part of BCBSNM other than those obligations created under the provisions of this agreement.

Confidential Information

In the event that it becomes necessary to provide Employer Group with claims data to evaluate the payment of benefits pursuant to this agreement, Employer Group understands and agrees that all such data shall be kept confidential. Employer Group shall hold BCBSNM harmless and indemnify BCBSNM against any and all claims, damages, and expenses arising out of or in connection with the furnishing of such confidential information to Employer Group or disclosure of the information by Employer Group.

Other Provisions

When Employer Group members incur claims outside the geographic area BCBSNM serves and if such claims are processed through the BlueCard Program by the Blue Cross and/or Blue Shield plan in that state, then the member’s liability for such claims may be calculated according to the state statutes applicable to that Blue Cross and/or Blue Shield plan. The negotiated rate paid by BCBSNM to the on-site Blue Cross and/or Blue Shield plan for health care services provided through the BlueCard Program may represent either: (i) the actual price paid on the claim, or (ii) an estimated price that reflects adjusted aggregate payments expected to result from settlements with all of the onsite plan’s health care providers or one or more particular providers, or (iii) a discount from billed charges representing the on-site plan’s expected average savings for all of its providers or for a specified group of providers. In a small number of states, statutes require the Blue Cross and/or Blue Shield plan to use a basis for calculating member liability that does not reflect the entire savings realized or expected to be realized on a particular claim.

Governing Laws

This contract is made and delivered in the State of New Mexico, and will be interpreted and enforced so as to remain in compliance with New Mexico statutes and regulations. Nothing contained herein shall be interpreted to mean that Corporation is doing business in any other state or jurisdiction. Any legal action against BCBSNM must be brought in the city of Albuquerque and county of Bernalillo, New Mexico.



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