

**HCA Contract #3010-000754
Amendment 1**

**INTERLOCAL AGREEMENT
BETWEEN
WASHINGTON STATE HEALTH CARE AUTHORITY (hereinafter referred to as HCA)
AND
PUGET SOUND CLEAN AIR AGENCY (hereinafter referred to as Contractor)
Agency Number 900 B88**

WHEREAS, THE HCA administers the medical, dental, life, and disability insurance coverage for the employees of the state of Washington, as set forth in chapter 41.05 RCW; and

WHEREAS, THE GOVERNING BODY of Contractor certifies that it has authority to purchase benefits on behalf of its employees and that it meets the criteria for purchasing benefits on behalf of its employees as provided by RCW chapter 41.05, RCW 41.04.205, chapter 182-08 WAC, and chapter 182-12, and as determined by the Health Care Authority;

THIS AGREEMENT is made and entered into by and between the Washington State Health Care Authority and Contractor to provide insurance for Contractor's eligible employees and their dependants enrolled through the HCA in the Public Employees Benefits Board (PEBB) program. This Agreement is issued pursuant to the Interlocal Cooperation Act, chapter 39.34 RCW.

THEREFORE, IT IS MUTUALLY AGREED THAT:

1. OBLIGATIONS OF CONTRACTOR

1.1 Responsibility For Enrollment Data

- 1.1.1 Contractor shall determine an applicant's eligibility for PEBB coverage in accordance with Title 182 WAC.
- 1.1.2 Contractor shall furnish HCA with current enrollment information.
- 1.1.3 Contractor shall cooperate with any HCA requests to verify the accuracy of enrollment information.
- 1.1.4 Contractor shall supplement and update enrollment information promptly after any changes occur. Changes in enrollment status submitted to HCA after the 20th of each month may not be reflected in HCA's enrollment data and monthly invoice until the subsequent month.
- 1.1.5 Changes submitted more than one month late must be accompanied by a full explanation of the circumstances of the late notification.

1.2 Remittance

In consideration of providing insurance coverage to Contractor's employees and their dependents, Contractor shall remit the Monthly Fee invoiced by HCA no later than the 20th of the month of coverage. Partial payment will be considered nonpayment by Contractor. Contractor is solely responsible for collecting any employee share of the premium. Contractor is solely responsible for refunding any employee share paid by the employee to Contractor and not remitted to the HCA.

1.3 Enrollment Discrepancies

If Contractor determines that an invoiced amount does not reconcile with Contractor's records, the remittance may be adjusted if the remittance is accompanied by a Payment Discrepancy Reporting Form (Exhibit A). Contractor must submit an Insurance Eligibility System Adjustment Form (Exhibit B) for employee insurance termination and salary changes. Contractor shall be solely responsible for the completeness and accuracy of all forms sent to HCA for reconciliation purposes.

1.4 Contract Manager

Contractor agrees to provide HCA the name, address, and telephone number of a contract manager authorized to communicate with HCA on behalf of Contractor regarding this contract and issues which may arise regarding performance of this contract. The named contract manager must have authority to act on behalf of Contractor for purposes of participation in the PEBB program and must have access to information regarding Contractor's PEBB enrollees. Contractor shall update this contact information within 30 days of any change in the assigned contract manager or contact information.

1.5 Benefits Limitations

Contractor agrees to comply with and be limited by the benefits contracts procured by the PEBB program. Contractor will not attempt to buy increased or additional benefits from PEBB-contracted benefits providers under PEBB contracts. Contractor is not precluded from purchasing additional benefits for its employees separate from PEBB contract. Contractor will not pay its employees' additional premiums for optional LTD or Life benefits purchased from PEBB-contracted Life and LTD benefits providers under PEBB contracts.

1.6 Certification of Eligibility

Contractor hereby certifies that all employees and their dependants who are or will be enrolled in PEBB coverage pursuant to this agreement meet PEBB eligibility requirements.

1.7 Employer Group Scope

The group of employees to be provided benefits coverage pursuant to this agreement is defined as all employees of Puget Sound Clean Air Agency. Contractor may not extend eligibility to any person outside of the defined group of employees without mutual consent of the parties made in writing pursuant to Section 7 of this agreement. All eligible employees of Contractor's group(s) must transfer to PEBB insurance coverage as a unit.

1.8 Appeal Rights

If Contractor denies any employee coverage in whole or in part, it shall provide a process for that employee to appeal that determination and shall provide the employee timely notice of the opportunity to appeal. Employee appeals arising from alleged errors in Long-Term Disability (LTD) or Life benefits shall be referred to the PEBB Program.

2. OBLIGATIONS OF HCA

2.1 Provision of Benefits

In consideration of Contractor's payment of Monthly Fees to be made to HCA and Contractor's agreement to the terms and conditions of PEBB participation set forth in this Agreement, HCA agrees to provide PEBB insurance coverage to Contractor's PEBB enrollees. Specifically, HCA will provide Health Benefits, Life, LTD, and Dental.

2.2 Invoicing

At least twenty (20) days before the premium due date, the HCA will invoice Contractor. The invoice of premium due will be based upon the enrollment information provided by Contractor.

3. PERIOD OF PERFORMANCE

The terms of this agreement shall begin the date of the last signature and shall remain in effect until modifications are deemed necessary by either Party, and mutually acceptable changes are negotiated. Modification shall not be binding unless they are in writing and signed by authorized personnel of the respective Parties. Renewal of the agreement shall occur automatically unless, upon review, modifications are deemed necessary by one of the Parties. Contractor agrees to maintain its PEBB insurance coverage participation for a minimum of one full year.

4. RECORDS MAINTENANCE

The parties to this Agreement shall each maintain books, records, documents, and other evidence which sufficiently and properly reflect all direct and indirect costs expended by either party in the performance of the service(s) described herein. These records shall be subject to inspection, review, or audit by personnel of both parties, and other personnel duly authorized by law. All books, records, documents, and other material relevant to this Agreement will be retained for six (6) years after expiration and the Office of the State Auditor, federal auditors, and any persons duly authorized by the parties shall have full access and the right to examine any of these materials during this period.

Records and other documents, in any medium, furnished by one party to this Agreement to the other party will remain the property of the furnishing party, unless otherwise agreed. The receiving party will not disclose or make available this material to any third parties without first giving notice to the furnishing party and giving it reasonable opportunity to respond. Each party will utilize reasonable security procedures and protections to assure that records and documents provided by the other party are not erroneously disclosed to third parties.

5. KEYING IN DATA

Contractor agrees that, if its enrollment in PEBB benefits exceeds 75 enrolled participants, Contractor will assume responsibility for "keying in" enrollee data upon the request of HCA. "Keying in" is the process by which employers enter enrollee data directly into the HCA/PEBB computer system. HCA agrees to provide training to Contractor's designated employees on "keying in" enrollee data. Further, HCA agrees to provide ongoing training and support to Contractor in its "keying in" functions. Contractor may not assign its "keying in" tasks to a third-party contractor without the written consent of HCA.

6. INDEPENDENT CAPACITY

The employees or agents of each party who are engaged in the performance of this agreement, shall continue to be employees or agents of that party and shall not be considered for any purpose to be employees or agents of the other party.

7. AGREEMENT ALTERATIONS AND AMENDMENTS

This Agreement may be amended by mutual agreement of the parties. Such amendments shall not be binding unless they are in writing and signed by personnel authorized to bind each of the parties.

8. TERMINATION

8.1 Voluntary Termination

Contractor agrees to maintain its PEBB insurance coverage participation for a minimum of one full year. Contractor may end its participation only at the end of a plan year. The legislative body or board of directors which governs Contractor must give the HCA written notice of its intent to terminate PEBB plan participation no later than 60 days prior to the effective date of termination. If this Agreement is so terminated, the parties shall be liable only for performance rendered or costs incurred in accordance with the terms of this Agreement prior to the effective date of termination.

8.2 Involuntary Termination for Cause

Nonpayment of the full premium when due will subject Contractor to disenrollment from PEBB coverage and termination from PEBB coverage of each employee of the group. Prior to termination for nonpayment of premium, HCA shall send written notice of the overdue premium to Contractor. The notice will provide a one-month grace period for payment of all overdue premiums. If Contractor does not remit the entirety of its overdue premium no later than the last day of the grace period, Contractor and each member of Contractor's group may be disenrolled effective the last day of the last month for which premium was paid in full. Upon disenrollment, HCA will send notification to both Contractor and each affected employee. Any partial payment made by Contractor for the month of termination shall be refunded by HCA to Contractor. Claims incurred by employees of the group after disenrollment of the group will not be covered.

HCA reserves the right to recover from Contractor any expenses incurred by HCA as a result of Contractor's nonpayment of Monthly Fees.

HCA may take remedial action or terminate this agreement for cause upon, but not limited to, any of the following actions by Contractor:

- Provision of false information in the application process;
- Failure to timely update eligibility information;
- Failure to determine employee and dependant eligibility pursuant to law and rule or HCA direction;
- Failure to implement an HCA eligibility determination following appeal;
- Untimely reconciliation of enrollment discrepancies.

8.3 Termination for Convenience

Except as otherwise provided in this Agreement, the HCA may, by 10 days written notice, beginning on the second day after the mailing, terminate this contract, in whole

or in part. If this contract is so terminated, the HCA shall be liable only for services rendered prior to the effective date of termination.

Upon Termination for any reason, Contractor assumes all responsibilities for maintaining coverage for its employees and retirees as may be required by legal or contractual obligations Contractor may have to those employees. Such obligations may include, but shall not be limited to, COBRA and/or Collective Bargaining Agreements, et al.

9. DISPUTES

In the event that a dispute arises under this Agreement, a Dispute Board shall determine it in the following manner:

Each Party to this agreement shall appoint one member to the Dispute Board. The members so appointed shall jointly appoint an additional member to the Dispute Board. The Dispute Board shall review the facts, contract terms, and applicable statutes and rules, and make a determination of the dispute. The determination of the Dispute Board shall be final and binding on the Parties. As an alternative to this process, either of the Parties may request intervention by the Governor, as provided by RCW 43.17.330, in which event the Governor's process will control.

10. GOVERNANCE

This Agreement is entered into pursuant to and under the authority granted by the laws of the state of Washington and any applicable federal laws. The provisions of this Agreement shall be construed to conform to those laws.

In the event of an inconsistency in the terms of this Agreement, or between its terms and any applicable statute or rule, the inconsistency shall be resolved by giving precedence in the following order:

- a. Applicable federal law;
- b. Applicable Washington State law;
- c. Obligations of Contractor (Section 1) and Obligations of the HCA (Section 2); and
- d. Any other provisions of the Agreement, including materials incorporated by reference.

11. ASSIGNMENT

The work to be provided under this Agreement, and any claim arising hereunder, is not assignable or delegable by either party in whole or in part, without the express prior written consent of the other party, which consent shall not be unreasonably withheld.

12. WAIVER

A failure by either party to exercise its rights under this Agreement shall not preclude that party from subsequent exercise of such rights, and shall not constitute a waiver of any other rights under this Agreement unless stated to be such in writing, signed by an authorized representative of the party, and attached to the original Agreement.

13. SEVERABILITY

If any provision of this Agreement or any provision of any document incorporated by reference shall be held invalid, such invalidity shall not affect the other provisions of this Agreement which can be given effect without the invalid provision, if such remainder

conforms to the requirements of applicable law and the fundamental purpose of this Agreement, and to this end the provisions of this Agreement are declared to be severable.

14. ALL WRITINGS CONTAINED HEREIN

This Agreement contains all the terms and conditions agreed to by the parties. No other understanding, oral or otherwise, regarding the subject matter of this Agreement shall be deemed to exist or to bind the parties hereto.

15. CONTRACT MANAGEMENT

The contract manager for each of the Parties shall be responsible for and shall be the contact person for all communications regarding the performance of this agreement.

The Contract Manager for HCA is:

Name: Steve Norsen
Title: Outreach and Training Manager
Address: 676 Woodland Square Loop SE
PO Box 42684
Olympia WA 98504-2684
Phone: (360) 412-4201

The Contract Manager for PUGET SOUND CLEAN AIR AGENCY is:

Name: Maryann G. Renzi
Title: Director
Address: 1904 3rd AVE STE 105
Seattle WA 98101
Phone: (206) 689-4013

Each Party shall inform the other of any changes of contract manager or changes in the contract manager's contact information within 30 days after such change occurs.

16. SYSTEM REPLACEMENT

The parties to this Agreement recognize that HCA is in the process of replacing its benefits administration and insurance accounting system. This is a technology system designed to administer PEBB benefits among other tasks. HCA anticipates that system replacement will simplify the process of "keying in" and updating PEBB enrollee data, allowing employers and participants to update their information directly into its system rather than through HCA employees. Contractor agrees to participate in training offered by HCA regarding implementation of any new system. HCA agrees to provide training, including training on the process of directly "keying in" enrollee data. Further, HCA agrees to provide ongoing training and support to Contractor in implementing and using its new system. Contractor agrees to assume responsibility for "keying in" data regarding its own employees following implementation of the new system.

17. CONFIDENTIALITY/SAFEGUARDING OF INFORMATION

The use or disclosure by either party, either verbally or in writing, of any Confidential Information shall be subject to Chapter 42.56 RCW and Chapter 70.02 RCW, as well as other applicable federal and state laws and administrative rules governing confidentiality. Specifically, Contractor agrees to limit access to Confidential Information to the minimum amount of information necessary, the fewest number of people, for the least amount of time required to do the work. The obligation set forth in this clause shall survive completion, cancellation, expiration, or termination of this Agreement.

The parties to this Agreement shall maintain a HIPAA "business associate" agreement to govern any use of Personal Health Information which may be exchanged between the parties in furtherance of this Agreement.

18. CHANGE IN STATUS

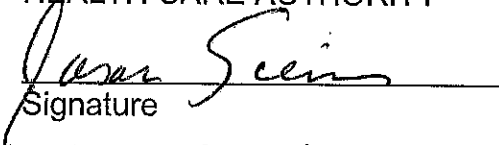
In the event of substantive change in the legal status or organizational structure of Contractor, Contractor agrees to notify HCA of the change. Contractor shall provide notice as soon as practicable, but no later than thirty days after such a change takes effect.

19. INDEMNIFICATION

Each party to this agreement shall be responsible for its own acts and/or omissions and those of its officers, employees, and agents. No part to this agreement shall be responsible for the acts and/or omissions of entities or individuals not a party to this Agreement.

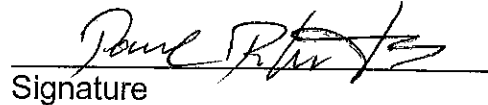
IN WITNESS WHEREOF, the parties have executed this Agreement.

STATE OF WASHINGTON
HEALTH CARE AUTHORITY


Signature

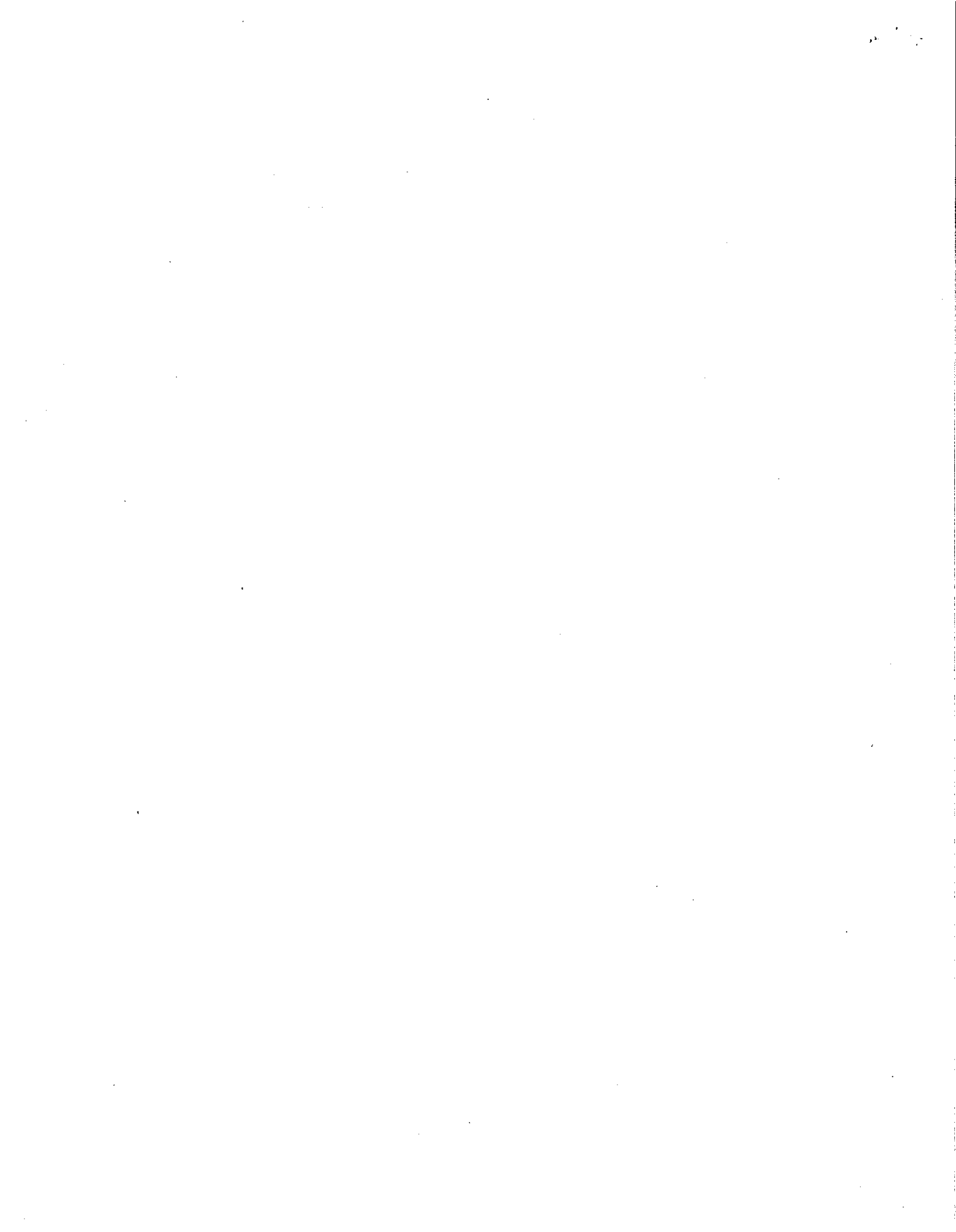
Legal Services Manager 12-9-11
Title Date

PUGET SOUND CLEAN AIR AGENCY
Federal Tax ID No. _____


Signature

Title 12/4/2011
Date

Approved as to Form
By Attorney General



ATTACHMENT A

PAYMENT DISCREPANCY REPORTING FORM

This form is to be used to report differences between the amount billed by the Health Care Authority (HCA) and the amount paid by your agency for the designated coverage period. If your premium payment does not match the billed amount exactly, this form must be submitted with your payment for use by the HCA Accounts Receivable Section to reconcile your agency's account. If your agency does not key its own eligibility changes, you must also submit the appropriate eligibility adjustment forms and/or enrollment/change forms to the HCA Benefits Section.

| Agency/Subagency #900 B88 | Agency Name PUGET SOUND CLEAN AIR AGENCY | Coverage Period (MM/YY) |
|------------------------------|---|-------------------------|
| Employee SSN | Employee Name | Reason for Adj. |
| | | Amount of Adj. |
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Billed Amount: \$ _____
 Total of all Adjustments: \$ _____ +
 Payment (check) Amount: \$ _____ =
 Adjusted Total: \$ _____

(Billed Amount and Adjusted Total must be equal)

Completed By: _____ Phone: _____

Please keep a copy for your records



Attachment B

INSURANCE ELIGIBILITY SYSTEM ADJUSTMENT FORM
(For Employee Termination & Salary Changes ONLY)

| Agency/Sub Agency: Agency #900 B88 | Agency Name: PUGET SOUND CLEAN AIR AGENCY | Date: | | |
|---------------------------------------|--|-------------------------------|-----------------------|--------------------------------|
| EMPLOYEE NAME (Last, First) | EMPLOYEE SSN | INSURANCE TERMINATION DATE | SALARY CHANGE Date | SALARY CHANGE Gross Mo. Inc |
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Prepared By _____ Phone Number _____
Please keep a copy for your files

