



Adopted: March 7, 2003
Amended: June 1, 2003
Amended: December 12, 2005
Amended: June 27, 2007

MEMORANDUM OF UNDERSTANDING EIAHEALTH PROGRAM

This Memorandum of Understanding (hereinafter "MEMORANDUM") is entered into by and between the CSAC Excess Insurance Authority (hereafter "AUTHORITY") and the participating entities (hereafter MEMBERS) that are signatories to this MEMORANDUM.

1. **CREATION OF THE PROGRAM.** There is hereby created by this MEMORANDUM the EIAHealth Program (hereafter "PROGRAM").
2. **JOINT POWERS AGREEMENT.** Except as otherwise provided herein, all terms used shall be as defined in Article 1 of the Joint Powers Agreement Creating the CSAC Excess Insurance Authority (hereafter "AGREEMENT"), and all other provisions of the AGREEMENT not in conflict with this MEMORANDUM shall be applicable.
3. **PURPOSE.** The PROGRAM is formed for the purpose of providing its MEMBERS with health insurance benefits in the most cost-effective manner possible.
4. **PROGRAM COMMITTEE.** There is hereby established an EIAHealth Committee (hereinafter referred to as "COMMITTEE") comprised of seven (7) members. Except as otherwise provided herein, said COMMITTEE shall have full authority to determine all matters affecting the PROGRAM and its MEMBERS, including, but not limited to, approval of new members, and premium/rate setting.

The Executive Committee of the AUTHORITY shall appoint the COMMITTEE members, to be selected from MEMBERS in the PROGRAM. One seat on the Committee shall be designated for a Public Entity representative appointed by the Executive Committee. If there are no Public Entity nominations from the Program membership for the Public Entity seat, the Executive Committee shall appoint the Committee member from counties participating in the Program.

If at any time there are less than seven (7) MEMBERS in the PROGRAM, then the number of members on the COMMITTEE shall equal the number of MEMBERS in the PROGRAM. Upon the PROGRAM having seven (7) or more members, the COMMITTEE membership shall be established as provided for herein.

The terms of the members of the COMMITTEE shall be for two (2) years, except for the Public Entity representative whose term shall be for one (1) year. The expiration dates of the two-year appointments shall be

staggered so that terms of no more than four (4) members will expire at any one time. The Committee will annually, at its first meeting of the calendar year, select its officers, consisting of a Chair and Vice-Chair.

The COMMITTEE, when necessary to fulfill the purposes of this MEMORANDUM, shall meet at the call of the Chair of the COMMITTEE as provided in Article 12 of the AGREEMENT and Article VI of the Bylaws of the AUTHORITY (hereinafter referred to as the "Bylaws").

A majority of the members of the COMMITTEE shall constitute a quorum for the transaction of business. Except as otherwise provided herein, all actions of the COMMITTEE shall require the affirmative vote of a majority of the members of the COMMITTEE.

Except as otherwise provided herein, the COMMITTEE shall be authorized to do such acts as are reasonably necessary to further the purposes of this agreement and implement its provisions.

Any meeting of the COMMITTEE shall be subject to the applicable provisions of Government Code §54950 et seq., commonly known as the "Brown Act."

5. **PREMIUMS.** The COMMITTEE shall establish premiums for the PROGRAM. MEMBERS that will remit monthly premiums based upon rates established for each category of employee and the census of covered employees, dependents, and retirees.

Rates for each category of employee will be determined by the COMMITTEE based upon advice from consultants and/or a consulting Benefits Actuary and insurance carriers. Rates may vary depending upon factors including, but not limited to, demographic characteristics, loss experience of the MEMBER, loss experience of all MEMBERS, and differences in benefits provided (plan design), if any.

Billing and eligibility determinations will be done by a third party administrator(s) selected by the COMMITTEE. Billing dates, payment due dates, and any late fees and/or penalties will be set by the Committee. All member entities will receive separate notification of any changes in due dates and/or penalty fees at least 30 days prior to effective date of change.

Notification of termination of benefits for a covered employee must be received by the 15th of the current month to terminate at the end of the month. Otherwise (i.e. notification after the 15th), termination will be as of the end of the following month.

6. **ASSESSMENTS.** Should the PROGRAM not be adequately funded for any reason, pro-rata assessments to the MEMBERS may be utilized to ensure the approved funding level for applicable policy periods. Any assessments, which are deemed necessary to ensure approved funding levels, shall be made upon the determination and approval of the COMMITTEE in accordance the following:

Assessments/dividends will be used sparingly. Generally, any over/under funding will be factored into renewal rates.

If a dividend/assessment is declared, allocation will be based upon each MEMBER'S proportional share of total premium paid for the preceding 3 years. MEMBERS must be current participants to receive a dividend except upon termination of the PROGRAM and distribution of assets.

MEMBERS will be liable for assessments for 12 months following withdrawal from the PROGRAM.

Fund equity will be evaluated on a total program-wide basis as opposed to each year standing on its own.

7. **PERIOD OF COMMITMENT.** Any entity wishing to become a MEMBER of the PROGRAM at its inception shall be required to agree to a commitment to remain in the PROGRAM for a period of at least three (3) years. Any entity which enters the PROGRAM after the date of its inception shall also be required to enter into a three (3) year commitment agreement, however, such MEMBER may be released from such commitment if the PROGRAM'S annual premium drops by 50% or more as compared to the premium in the MEMBER'S first year of participation.
8. **MAINTENANCE OF EFFORT.** The PROGRAM is designed to provide a total healthcare solution to all stakeholders of the MEMBER including active and retired employees and dependents. MEMBERS are not permitted to reduce the amount contributed toward retiree health cost upon joining the PROGRAM. During the initial commitment period, MEMBERS must contribute the same or more toward the cost of retiree health coverage than was contributed immediately prior to becoming a MEMBER.
9. **APPLICATION TO THE PROGRAM.** Any public entity that is a member of the Authority wishing to become a member of the PROGRAM shall make application to and be approved by the COMMITTEE in a manner prescribed by them.
10. **BENEFITS.** Benefits provided to MEMBERS' employees shall be as set forth in the MEMBERS' Plan Summary and as agreed upon between the MEMBER and its recognized employee organizations as applicable.

11. **COVERAGE DOCUMENTS.** The AUTHORITY shall issue MEMBERS a Participation Agreement outlining the coverage provided, including terms and conditions of coverage. Except as otherwise provided herein, coverage documents are controlling with respect to the PROGRAM.
12. **PROGRAM FUNDING.** It is the intent of this MEMORANDUM to provide for a fully funded PROGRAM by any or all of the following: pooling risk; purchasing individual stop loss coverage to protect the pool from large claims; and purchasing aggregate stop loss coverage.
13. **CLAIMS ADMINISTRATION.** The COMMITTEE will authorize the retention of the services of a claims administrator to provide claims services for the PROGRAM.
14. **WITHDRAWAL.** Members shall notify the PROGRAM in writing of their intent to withdraw no later than 180 days prior to their actual termination date. The Member may rescind its notice of intent to withdraw unless otherwise barred by the applicable provisions of Article 20 of the AGREEMENT.
15. **Late Payments.** Notwithstanding any other provisions to the contrary regarding late payment of invoices or cancellation from a Program, at the discretion of the Executive Committee, any member that fails to pay an invoice when due may be given a ten (10) day written notice of cancellation.
16. **LIAISON WITH THE AUTHORITY.** Each MEMBER shall maintain staff to act as liaison with the AUTHORITY and between the MEMBER and the AUTHORITY's designated claims representative.
17. **DISPUTES.** The COMMITTEE shall first determine any question or dispute with respect to the rights and obligations of the parties to this Memorandum, however, all final determinations shall be in accordance with Article 31 of the AGREEMENT.
18. **ADMINISTRATION COSTS.** The AUTHORITY shall be entitled to assess annual administration costs associated with the PROGRAM as determined by the COMMITTEE and approved by the Executive Committee.
19. **COMPLETE AGREEMENT.** Except as otherwise provided herein, this MEMORANDUM constitutes the full and complete agreement of the MEMBERS.
20. **SEVERABILITY.** Should any provision of this MEMORANDUM be judicially determined to be void or unenforceable, such determination shall not affect any remaining provision.
21. **AMENDMENT OF MEMORANDUM.** This MEMORANDUM may be amended by a majority vote of the COMMITTEE and signature on the MEMORANDUM by the MEMBER's designated representative, or alternate who shall have authority to

execute this MEMORANDUM. Any MEMBER who fails or refuses to execute an amendment to this MEMORANDUM shall be deemed to have withdrawn from the PROGRAM on the next annual renewal date that is beyond any commitment required by paragraph 5.

22. **EFFECTIVE DATE.** This MEMORANDUM shall become effective on the first effective date of coverage for the MEMBER and upon approval by the COMMITTEE and the signing of this agreement by the MEMBERS and General Manager/Secretary/Treasurer of the AUTHORITY.
23. **EXECUTION IN COUNTERPARTS.** This MEMORANDUM may be executed in several counterparts, each of which shall be an original, all of which shall constitute but one and the same instrument.

In Witness Whereof, the undersigned have executed the MEMORANDUM as of the date set forth below.

Dated: _____

CSAC Excess Insurance Authority
Michael D. Fleming, Chief Executive Officer

Dated: _____

Name: _____

Member Entity _____