Healthcare Risk Management Proposal

For

Reid Hospital & Health Care Services

Administrative Services Agent:  Group Resources®

Consultant:  Gregory & Appel

Effective Date:  March 1, 2007  Proposal Valid Until:  March 10, 2007
Integrated Third-Party Administration That Cares, Connects and Controls Costs.

Whether you’re a public corporation or a privately held company, a hospital, a municipality or a school district, you’ll find Group Resources® to be a third-party administrator in which you can have complete confidence. At Group Resources, our goal is to provide each of our clients with superior benefit and claims management services that lead to “healthier employees and healthier businesses.”

What this means for you is a highly personalized and flexible employee health benefit plan that is designed to produce quality healthcare at a competitive rate...enabling your health plan to maintain financial stability while creating unparalleled satisfaction among your plan participants.


In 1981, when Thomas S. Byrd, RHU, established Group Resources, he wanted to create a third-party administrator that was dedicated to providing sound plans and solid performance for clients and their employees. Today, as one of the most highly respected and largest privately held third-party administrators in the country, it is still our goal to provide you a superior product and unparalleled service.

To that end, we invest in our two most important resources: our people and our technology. We value your confidence and work hard to earn it, applying exceptionally high corporate standards of quality, knowledge and innovation. We work exclusively through highly respected agents, brokers and consulting firms. And, because great relationships are vital to your success and ours, we demonstrate dedication, fairness and respect for our clients, brokers and employees.

For plans that protect your company and your employees, all you need to know is our name: Group Resources.

For Healthier Employees and Healthier Businesses
What Buyers Look for in TPAs *

- Experienced adjusters
- Accurate Claims Adjudication
- Strong Regional Capabilities
- Claims Information Systems

* According to Business Insurance - March 20, 2006

What Group Resources® Offers

- Experienced claims analysts
- Accurate Claims Adjudication
- Strong Regional and National Capabilities
- Claims Information Systems
- Proactive Claims Management

What differentiates Group Resources® from Other TPAs?

Group Resources:

- Has been committed to providing superior products and services for our clients for more than 25 years;
- Is staffed with experienced healthcare benefit administration specialists;
- Utilizes leading-edge benefit systems;
- Has access to premier benefit partners such as PHCS, Intracorp, LabOne, many Pharmacy Benefit Management companies (PBMs) and numerous reinsurance markets;
- Provides personalized service including:
  - Dedicated Benefit Advisor(s)/Team assigned to each client;
  - Employees speak directly to the Benefit Advisor that processes their claims;
  - Clients can have their own toll free numbers; and
  - Employees and clients have direct e-mail access to all of their service team members.
- Manages claims and health care costs thru:
  - Disease detection and management – including AWAC™;
  - The utilization of managed healthcare networks;
  - Negotiating discounts for out of network claims;
  - Controlling outpatient lab costs;
  - Controlling outpatient imaging and testing costs;
  - Utilization review/ demand management; and

For Healthier Employees and Healthier Businesses
- Pharmacy Benefit Management.
- Provides employers, employees, and providers 24/7 access to claims, benefits, and eligibility information via the Web.

**Our Business Unit Structure**

Within the business unit, the structure is:

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For Healthier Employees and Healthier Businesses
About Your Benefits

This proposal is based on a duplication of the current schedule of benefits. Schedules of Benefits for both the Medical and Dental programs follow:

How the Plan Works

Group Resources® will administer claims based on your Plan Document. Claims will be paid from a claims fund that you establish at your bank. Reid Hospital will deposit funds into their claims account based upon the maximum claims liability. Funds are then used when covered claims are processed by Group Resources. When changing from a fully insured plan to a partially self funded plan, the normal claims “lag time” can generate a substantial amount of cash – immediately
Identify and Manage Catastrophic Illnesses with AWAC™

Just as early detection of catastrophic illness is vital to a claimant’s health, it’s also critical in managing and containing your plan costs. Our industry-leading AWAC™ technology is like a defense system that protects your plan assets.

- AWAC™ screens pre-certifications, prescription drug utilization and adjudicated claims data from our system.
- It then utilizes over 67,000 physician-produced algorithms to identify at-risk claimants before they become catastrophic.
- This early detection helps us utilize appropriate resources to assure optimum care at negotiated prices.

We Help You Balance Quality Care and Managed Care

You want your employees to have the best medical benefits possible. Yet, in the real world of rising medical costs, it’s not easy for your business to maintain its equilibrium, balancing what is best for employees against what is best for the company.

That’s why, at Group Resources, we make use of the most advanced tools and the highest-quality partners, to give your employees the health care they deserve, while helping you keep a tight rein on your bottom line. No matter how small or unique your operation, we can design and maintain a low-cost healthcare solution that rivals those of Fortune 500 firms.
iHEALTH™ will do the following:

- Provide health maintenance guidelines for all employees and their dependents
- Provide guidelines for the prevention and early detection of the most common cancers (breast, colon, lung, prostate)
- Employees and their dependents will receive the quarterly/semi-annual iHEALTH™ newsletter with important seasonal health information
- Early intervention and management for patients identified with specific diseases -- Select monitoring for patients with diabetes, hypertension, asthma and emphysema and coronary artery disease
- Provide on site health information and screening programs such as hypertension, diabetes, and cholesterol screening

For Healthier Employees and Healthier Businesses
We Take the Pain Out of Managed Care

All too often, it seems, managed care produces a plethora of painful choices. But, with Group Resources®, you can increase your comfort level, thanks to partnering with managed healthcare networks and a host of comprehensive, leading-edge management tools.

The managed healthcare networks we partner with deliver both significant preferred provider discounts and substantial network access. PPO network evaluation tools, including PPO discount evaluation and utilization reporting, ensure that your plan is accessing the most appropriate PPO.

To further ensure that you and your employees are getting the most for every healthcare dollar, our relationships with proven Utilization Review partners incorporate pre-admission certification, continued stay review, case management and other claims management services.

Utilization Management:

- Pre-admission certification insures that elective and emergency hospitalizations are screened to determine medical necessity and setting appropriateness.
- In Continued stay review, a patient’s condition and treatment plan are evaluated, to determine medical need for continued hospitalization and consider more cost-effective treatment settings, without sacrificing quality care.
- High-risk pregnancies are monitored to ensure that the appropriate level of care is delivered.
- Inpatient and outpatient mental health/substance abuse cases are reviewed to determine appropriateness of setting and treatment.
Case Management:

- Nurses manage patient care through assessment, planning, implementation, coordination, monitoring and evaluation of appropriate cost-effective treatment.
- Caring, compassionate and directed case management works in the best interest of patients affected by serious accidents and illnesses, chronic care, high-risk pregnancy and neonatal conditions, and mental health/substance abuse cases, including medication management.

Out-of-Network Claims Negotiation:

- Negotiated discounts with out-of-network providers result in significant savings in areas such as: high-dollar non-PPO facilities; multiple surgery billings; and chronic use items (DME, injectables, dialysis, orthotics and infusion therapy).
- Partnership with national PPO networks allows us to access premier national networks on a "percentage-of-savings" basis, for best possible discounts when they are not the primary PPO.
- Access to direct negotiation and out-of-network direct contracting on a "percentage-of-savings" basis.

Pharmacy Benefit Management (PBM):

- Choose from a number of PBM arrangements offered through multiple vendors.
- Regular negotiation of PBM contracts ensures quality service and discounts, using prescription drug cards and mail-order pharmacies.
- Agreements with several preferred vendors combine cost-conscious formulary with deep discounts off average wholesale price (AWP).
You will be billed monthly for the Fixed Cost (minimum cost) of your Plan as shown below. Costs are expressed in terms of per employee per month.

<table>
<thead>
<tr>
<th>Service Description</th>
<th>SINGLE</th>
<th>FAMILY</th>
<th>(EE &amp; DEP.)</th>
</tr>
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<tbody>
<tr>
<td>GROUP RESOURCES - Medical Benefit Administration</td>
<td>$ 16.00</td>
<td>$ 16.00</td>
<td></td>
</tr>
<tr>
<td>GROUP RESOURCES - Dental Benefit Administration (incl w/ Medical)</td>
<td>$ 0.00</td>
<td>$ 0.00</td>
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<tr>
<td>Cost for Pharmacy Interface, Network Interface, Stop Loss Integration, Direct Access (web-based capabilities) and NYHCRA Reporting are included within the above administration fees.</td>
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<tr>
<td>This administration fee is guaranteed for a two-year period (through February 28, 2009). The administration fee as of March 1, 2009 will increase by no more than $1.15 per employee per month.</td>
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<tr>
<td>There is a $2,500 implementation fee. This includes ID cards and preparation of the Plan Document. ID cards will be mailed to the employer.</td>
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**Optional Services**

<table>
<thead>
<tr>
<th>Service Description</th>
<th>SINGLE</th>
<th>FAMILY</th>
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</thead>
<tbody>
<tr>
<td>iHealth - Disease Management</td>
<td>$ 4.00</td>
<td>$ 4.00</td>
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<tr>
<td>Utilization Review - iProCert</td>
<td>$ 2.00</td>
<td>$ 2.00</td>
</tr>
<tr>
<td>Pre-Admission Certification and Continued Stay Review</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Flexible Spending Account Administration - FBG</td>
<td>$ 4.00</td>
<td>$ 4.00</td>
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Large Case management fees are billed at the rate of $135 per hour. Subrogation recoveries are billed at 25% of recovered amounts. Out of Network Discount Negotiation is billed at 35% of savings.

Printing for booklets will be billed on a pass-through basis.

Travel expenses incurred by Group Resources will be reimbursed by client.

**HIPAA administration:** Included w/ COBRA

**COBRA administration:** $1.50 per termination
REPORTING

In addition to managing claims and supporting 24/7 access for you and your employees, your dedicated Group Resources® team regularly analyzes your current benefit plan’s performance, reviewing diagnoses, services and utilization patterns and looking for opportunities for improvement. Our benefitInformatics™ BenefitAnalyzer and BenefitPlanner (benefit plan modeling) makes use of leading-edge technology to develop and analyze both your current plan and multiple other plan scenarios, to determine which plan is best suited for your business, your employees and your goals.

In addition to a user-defined summary and drill-down options, benefitInformatics™ capabilities include:

- Utilization & cost analysis by provider, procedure or diagnosis;
- Information on key health-service groups;
- Expenditures by time period;
- Prescription drug utilization by classes & specific drug;
- Benchmark comparisons;
- Trend analysis by diagnosis or age group;
- Flexible data queries;
- Graphical tools; and
- the ability to export to spreadsheets or database files

We’ll also issue monthly claims management reports, including:

- Aggregate claim reports;
- Experience summaries by employee & dependent, as well as by type of coverage;
- Utilization reports;
- Check registers;
- Shock claim reports; and
- Customized ad hoc reports
DIRECT ACCESS

Direct Access and Personal Contact.
Your employees will speak directly with the Benefit Advisor who processes their claims and they can access claims status via a touch-tone phone. What’s more, with GRI Direct Access, you, your employees, and providers will have 24/7 web-based access to vital information.

Key Features

- **BENEFIT INFORMATION** – If you enter an employee’s identification number, this section will contain his/her plan booklet, pre-certification information, and links to the applicable PPO and pharmacy vendors.
- **DOWNLOADABLE FORMS** -- This section contains our standard medical and dental claim forms as well as a Claims Identification Record form. We can add other forms which are specific to your company. Please contact your Account Manager with any requests.
- **MEMBER CLAIMS INQUIRY** – This section shows processed claims. You can search for particular claims or view all claims for a specific time period. You can also view and print EOBs which are suitable for filing with secondary insurance carriers. We will be adding the ability to view pended and in-process claims soon. Benefit, PPO, pre-cert and PBM information is also available here.
- **MEMBER ELIGIBILITY INQUIRY** – This section shows coverage information on your employees and lists their dependents. It will soon contain accumulator information as well. Benefit, PPO, pre-cert and PBM information is also available here.
- **ONLINE CUSTOMER SERVICE** – This section is where you will make changes and ask questions.
IMPLEMENTATION FEE Includes:

- Plan Document preparation
- Initial Summary Plan Descriptions
- Provider Connection
- Employer Connection
- Initial ID cards
- Plan loading
- Carrier and/or Vendor set-up
- Enrollment materials
- Enrollment meetings
- Load history and accumulators
- Ongoing regulatory compliance
- Scheduled reports
- Ad hoc reports
- Industry updates
- Benefit Plan analysis and design
- AT&T Language Line Services:
  - 135 Languages available

ADMINISTRATION FEE Includes:

- Payment of claims
- Review of paid claims
- Eligibility updates
- Additional ID cards
- Quarterly meetings
- Review of plan design
- AWAC
- Dedicated outside Service Rep – to aid with enrollment questions and concerns
- Dedicated Business Unit
- Dedicated Benefits Advisor
- Re-enrollment forms
- Service Team
- PPO geo-searches
- 24/7 Voice response claims status
- Monthly aggregate reports
- Specific Reimbursement Filing and Audit
- Aggregate Reimbursement Filing and Audit
- Monthly audits
- Vendor/Client liaison
- PPO provider solicitation
- Customized SPDs and ID cards
- Check register on disk
- Quarterly newsletter
- Healthy Directions (optional)
- Lab One (optional)
- 24/7 Direct Web access for Employers, Employees and Providers
Plan of Action for Implementation

1. Review current plan and discuss any revisions in the plan.

2. Execute our Administrative Services Agreement, PBM, PPO, and other vendor applications, if applicable.

3. Complete Sold Case Abstract.

4. Receive Set-up Fee and first month Administration Fee and Premiums.

5. Enroll Group.

6. Prepare Identification Cards after completed enrollment cards are received.


8. Review Plan Document with Client and note any revisions they desire.


11. Prepare Summary Plan Descriptions

12. Review all Administrative and Claim Procedures with Client.

13. Obtain Banking Information (Bank Specification Sheet which should include); a) Name of Bank b) Account Number c) Bank ID Number d) Check Starting Number

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Our other locations:

**Atlanta Headquarters**
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Duluth, GA  30097-4904  
770.623.8383  
770.623.4022 fax

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Houston, TX  77056  
713.439.0882  
713.439.0256 fax

**Dallas Office**
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Suite 830  
Dallas, TX  75201  
214.922.8880  
214.922.9802 fax

**Nashville Office**
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Suite 100  
Nashville, TN  37211  
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615.781.4269 fax

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