

SALES AGREEMENT

(50 ELIGIBLE EMPLOYEES OR FEWER)

This Agreement (the "Agreement") is entered into this _____ day of _____, _____ by and between Blue Cross & Blue Shield of Rhode Island (BCBSRI) and the Company (hereinafter, "Company") indicated below.

I. GENERAL ACCOUNT INFORMATION

Company Name _____
 DBA (if applicable) _____
 Federal ID# _____
 Address (legal notices) _____
 City _____ State _____ ZIP _____
 Phone _____ Fax _____
 Billing Address (if different) _____
 City _____ State _____ ZIP _____
 Phone _____ Fax _____
 Contact Person (Administrator) _____
 Business Type Partnership Corporation Association
 Sole Proprietorship Other _____
 Business SIC# _____
 Requested Effective Date __ / __ / __
 Total # Eligible Employees _____
 Estimated # Employees Enrolling _____

Federal Disclosure Month (list month) _____
 Are employees represented by a Union? YES NO
 If yes, provide Union Name/Number/Contact Information _____
 Does the Company offer a Pension Plan? YES NO
 Does the Company offer (select) FSA HSA HRA
 If Yes, provide Vendor Name _____

Affiliate Information:

Are Affiliates Included? YES NO
 If yes, complete the following:
 Affiliate Name _____
 Address _____
 City _____ State _____ ZIP _____
 Date Business/Affiliate Started __ / __ / __
 Estimated # of Eligible Employees at Affiliate _____

II. ELIGIBILITY AND CONTRIBUTION INFORMATION

Minimum participation requirement is 75% of Eligible Employees.

1. Are Retirees eligible for coverage? YES NO
 If yes, how many? _____
 2. Specify percentage or dollar amount of the monthly premium paid by the employer for each affiliate group (if applicable):
 Enrollee _____ Enrollee & Spouse _____
 Enrollee & Children _____
 Enrollee, Spouse, & Children _____
 3. Employee Probationary Period (New Hires)
Medical: 1st of month following:
 Date of Hire 30 days 60 days Other _____
Dental: 1st of month following:
 Date of Hire 30 days 60 days Other _____
 3a. Does Company have an alternative Probationary Period?
 YES NO If yes, complete the following:
 Affected Eligible Employees: Management Other, describe:

 Alternative probationary period (select from pre-defined periods in 3 or define) _____

4. Does Company offer any other medical/dental plans? YES NO
 If yes, list insurance Company or administrator name and type of plan:

 5. Are any employees or dependents currently covered by Medicare?
 YES NO If yes, please attach a list of employees/dependents.
 6. Name of Worker's Compensation Carrier

 7. Are any employees not covered by Worker's Compensation?
 YES NO
 If yes, please attach a list of employees and job classification(s).
 8. Is Company replacing existing group insurance?
 YES NO
 8a. If yes, please indicate type of group insurance and name of group insurance Company to be replaced
 Health _____
 Dental _____
 8b. Termination date of current group insurance: __ / __ / __

FOR BCBSRI USE ONLY Account # if presently enrolled _____ New Account # _____
 Group Type Local National (Alpha prefix determined by BCBSA)
 Open Enrollment Start __ / __ (day/month) Open Enrollment End __ / __ (day/month)

III. BENEFITS - Complete the box(es) below. Refer to Subscriber Agreement(s), incorporated herein by reference, for benefit details.

MONTHLY PREMIUM RATES PER SUBSCRIBER*

BENEFIT LEVELS PURCHASED AND MONTHLY PREMIUM RATES GUARANTEED FOR THE PERIOD FROM: _ / _ / _ through _ / _ / _ (Health) _ / _ / _ through _ / _ / _ (Dental)			ENROLLEE ONLY	ENROLLEE & SPOUSE	ENROLLEE & CHILDREN	ENROLLEE, SPOUSE, & CHILDREN
Group Number(s):	Product Name (Form#):	Description:				
			\$	\$	\$	\$
			\$	\$	\$	\$
			\$	\$	\$	\$
			\$	\$	\$	\$
			\$	\$	\$	\$
			\$	\$	\$	\$

*Final rates to be determined by BCBSRI. BCBSRI may require that certain other documents, such as current financial statements and detailed claims experience, be provided before coverage may be initiated.

REQUIRED DOCUMENTATION

- State of Rhode Island Employer's Quarterly Tax and Wage Report or current payroll statement
- Current Financial Statement (where applicable)
- Applicable Business Forms: Sole Proprietorship – copy of first page of 1040 and copy of Schedule C; S Corporation – 1120S and all K-1s; Partnership – All K-1s
- Group Risk Appraisal (where applicable)
- Certificate of Employer Size and accompanying documentation
- Detailed Claims experience (where applicable)

Company hereby verifies that the above information is accurate and can be confirmed through payroll and tax records. Company acknowledges and understands that this Agreement authorizes payment of commission to the undersigned Broker. Company authorizes BCBSRI to release the Company's de-identified information, summary health information, and/or enrollment/disenrollment information to the undersigned Broker until this authorization is revoked in writing. Company, through its authorized representatives, employees, and/or agents has read and accepts the Terms and Conditions in Section IV of this Agreement.

Company Officer	Title	Company Officer Signature	Date
Broker	BCBSRI ID#	Broker Signature / %	Date
Broker	BCBSRI ID#	Broker Signature / %	Date
General Agent Officer	BCBSRI ID#	General Agent Signature / %	Date
BCBSRI Representative	Rep. ID#	BCBSRI Representative	Date

**This Agreement is not binding until signed by an officer of BCBSRI.
Signed copies of this Agreement will be sent to Company, Broker, and General Agent.**

BCBSRI OFFICER:			
_____ Signature	Thomas A. Boyd BCBSRI Officer	Executive Vice President Title	_____ Date

IV. TERMS AND CONDITIONS

1. DEFINITIONS.

Whenever used in this Agreement, the following terms shall have the respective meanings set forth below unless otherwise expressly provided herein: (a) “Eligible Employee” means (i) an active employee of Company for whom Company pays for or provides fringe benefits, in addition to wages and salaries, including contribution in whole or in part for premium charges for health care benefits hereunder; (ii) who works on a full-time basis with a normal work week of thirty (30) or more hours. At Company’s sole discretion, an Eligible Employee can also include all full-time employees who work a normal work week anywhere between seventeen and one-half (17.5) and thirty (30) hours, as long as you apply the same eligibility criteria to all employees and without regard to any health status related factor; or (iii) an employee or former employee for whom Company is obligated to provide coverage under the Consolidated Omnibus Budget Reconciliation Act of 1986, as amended from time to time (“COBRA”). An Eligible Employee must also live or work in the BlueCHiP service area, which includes the entire State of Rhode Island, to enroll in a BlueCHiP Health Plan (BlueCHiP). (b) “Eligible Dependent” means an individual who, by virtue of such individual’s relationship to the Eligible Employee, is eligible for coverage under this Agreement according to the terms of the applicable Subscriber Agreement(s), including coverage under COBRA. (c) “Enrolled Member” means an Eligible Employee or an Eligible Dependent identified to BCBSRI by Company as an individual who shall receive Health Care Coverage under this Agreement. (d) “Health Care Coverage,” if Company has selected dental coverage, means both medical and dental coverage unless otherwise specified. (e) “Subscriber” means an Eligible Employee who also is an Enrolled Member.

2. TERM AND TERMINATION.

A. Term and Extension of Agreement. This Agreement shall have an initial term of one (1) year (“Initial Term”), and shall thereafter be automatically extended for successive twelve (12) month periods (each a “Rating Period”) unless terminated in accordance with the terms of this Agreement. The financial terms for each subsequent Rating Period hereunder shall change at the beginning of each Rating Period. Any such change to the financial terms including premiums pursuant to this section shall be communicated to Company in a writing approved by an officer of BCBSRI and signed by BCBSRI, which writing shall constitute an amendment to this Agreement. During any such extension, this Agreement and all of its terms and conditions shall remain in full force and effect, except as otherwise amended or modified in writing. Any change to the terms and conditions of this Agreement, other than a decrease in benefits or a change in the financial terms as described above or in Section IV (3) (A), shall be communicated to Company in a writing approved by an officer of BCBSRI and signed by the parties hereto, which writing shall constitute an amendment to this Agreement.

B. Termination by Company. Company may terminate all or part of this Agreement by providing BCBSRI with no less than thirty (30) days prior written notice (“Notice Period”) of its intent to terminate. Such termination shall be effective no earlier than the first day of the month following the end of the Notice Period. Company may terminate all or part of this Agreement at the end of any Rating Period by providing BCBSRI with written notice of its intention not to renew.

C. Termination by BCBSRI.

(i) Medical Coverage. BCBSRI may terminate or refuse to renew the medical coverage offered hereunder as permitted by R.I. Gen. Laws § 27-50-6(a), or any other applicable law, as amended from time to time.

(ii) Dental Coverage. The dental care benefits offered hereunder may be terminated by BCBSRI for cause, “cause” being defined as the failure of Company to comply with any material term or condition of the Agreement; provided, however, that Company shall have at least sixty (60) days’ prior written notice of such termination, which notice shall identify the specific areas of claimed non-performance or non-compliance with the Agreement, with the right of Company to cure any alleged breach or failure to comply with such material term or condition of the Agreement within thirty (30) days. BCBSRI also shall have the right to terminate the dental care benefits offered hereunder effective as of the end of the Initial Term, or the end of any Rating Period subsequent to the Initial Term by providing Company with no less than thirty (30) days’ prior written notice of its intention not to renew.

(iii) Medical or Dental Coverage. Notwithstanding the foregoing, in the event that Company shall materially fail to comply with Section IV (3)(A) hereof entitled “Financial Terms” with respect to either the medical or dental coverage offered hereunder, BCBSRI shall have the right to terminate this Agreement upon thirty-one (31) days’ written notice, with the right of Company to cure such non-compliance within said thirty-one (31) day grace period.

D. Effect of Termination. Upon the termination by either party of the medical coverage hereunder, each type of medical benefits furnished under this Agreement and identified in the applicable Subscriber Agreement(s) shall be terminated. Upon the termination by either party of the dental coverage hereunder, each type of dental benefits furnished under this Agreement and identified in the applicable Subscriber Agreement(s) shall be terminated.

E. Notice. Any notice required to be given under this Agreement shall be given by certified mail, return receipt requested, postage prepaid or overnight carrier which requires a receipt, and shall be deemed given upon receipt. Notice shall be given to BCBSRI, addressed to Vice President, Sales and Marketing Services, Blue Cross & Blue Shield of Rhode Island, 444 Westminster Street, Providence, Rhode Island 02903-3279; and given to Company, addressed to Company at the address (legal notices) indicated in Section I hereof.

3. OBLIGATIONS OF COMPANY.

A. Financial Terms. Company shall be billed a monthly premium by BCBSRI and shall remit payment to BCBSRI no later than the first day of each month while this Agreement is in effect. The Monthly Premium for the initial Rating Period shall be as set forth in Section III hereof. The Monthly Premium may be changed by BCBSRI during a Rating Period if: (1) a change in benefits at the request of the Company or a change required by law occurs; or (2) a change in family composition; or (3) a significant change in enrollment. Any changes to the financial terms determined by BCBSRI in accordance with this Section will be communicated to the Company in a writing approved by an officer of BCBSRI and signed by BCBSRI, which writing shall constitute an amendment to this Agreement. Any monthly premium payments not made by Company within thirty-one (31) days of the due date will be subject to a late payment charge at an annual rate of twelve percent (12%) for each day after said thirty-one (31) day grace period until payment is received by BCBSRI. In the event of a dispute, Company shall pay, when due, the contested amount which otherwise would have been payable absent the dispute. If such dispute is resolved in whole or in part in favor of Company, BCBSRI shall return the appropriate amount with interest calculated in the same manner as the late payment charge described above. In addition to interest, Company shall pay all costs of collection incurred by BCBSRI in recovering unpaid premiums, including reasonable attorneys' fees and court costs. A one-year waiting period shall be imposed on any group cancelled by BCBSRI for non-payment.

B. Enrollment and Eligibility. Company agrees to enroll its Eligible Employees and to make changes in enrollment in accordance with BCBSRI eligibility and enrollment guidelines. Only eligible employees and their dependents meeting the definition of eligible person under the applicable Subscriber Agreement(s) shall be eligible for Health Care Coverage under this Agreement. Company shall notify BCBSRI of the names of Eligible Members, who shall continue to be covered until BCBSRI is notified by Company that they are no longer eligible for coverage. Any changes in eligibility, including additions or cancellations, must be given upon discovery to BCBSRI by telefax or electronically. Enrollment changes shall be effective on the first day of a calendar month. Requested enrollment changes shall be effective no earlier than the first day of the calendar month in which the request is received. Retroactive enrollment changes not received within the preceding timeframes will not be honored by BCBSRI except as required by applicable law. Company agrees that retroactive enrollment changes will be requested only to correct administrative oversights and enroll or terminate employees and dependents on the date that they should have been enrolled or terminated according to the terms of the applicable Subscriber Agreement(s), in the absence of such administrative oversights. Without limiting the general applicability of the foregoing, such retroactive changes shall not be used to enroll an employee or dependent who had previously declined to enroll when first eligible. Any retroactive cancellations will not be considered and/or agreed to by BCBSRI under the preceding terms until it is first confirmed that no claims have been incurred subsequent to the requested retroactive cancellation effective date, including any and all incurred claims not yet received and/or paid by BCBSRI at the time of notification by Company of such requested retroactive cancellations. Regarding any and all amounts owed by Company as a result of any retroactive adjustment(s), upon billing of Company by BCBSRI, Company agrees to pay the monthly premium owed to BCBSRI on behalf of an Eligible Employee or Eligible Dependent enrolled and then determined not to be eligible to receive Health Care Coverage, following the confirmed date of ineligibility. Company further agrees that BCBSRI shall have no liability to Company for health care services rendered to such Enrolled Member on or after the confirmed date of ineligibility.

C. Coverage Under COBRA. If Company has twenty (20) or more employees as defined in the Consolidated Omnibus Budget Reconciliation Act of 1986 ("COBRA"), Company shall notify BCBSRI on a timely basis, of any "qualifying events" as defined in COBRA, and shall also notify BCBSRI, on a timely basis, of any election to continue coverage under COBRA. BCBSRI will terminate coverage upon notice of a qualifying event and retroactively reinstate coverage following election to continue coverage under COBRA, unless specifically notified to the contrary by Company. BCBSRI will continue the COBRA coverage for such Enrolled Members until notified of their termination in accordance with BCBSRI enrollment and eligibility guidelines.

D. Distribution of Documents. Company shall distribute to Subscribers such documents as Subscriber Agreements, participating provider directories, and any other materials required to be distributed to Subscribers.

4. OBLIGATIONS OF BCBSRI.

In consideration of payment of the Monthly Premium, BCBSRI shall provide such Health Care Coverage as selected in Section III to Enrolled Members for claims incurred during the Rating Period in accordance with the Subscriber Agreement(s), which correspond to the selected product(s). The Subscriber Agreement(s), a copy of which BCBSRI shall provide to Company and which Company shall distribute to its Subscribers, are incorporated herein by reference.

5. RIGHT TO EXAMINE RECORDS.

BCBSRI and/or its authorized representatives shall be entitled to examine all books and accounts of Company which are reasonably necessary to confirm Company's performance of its obligations under this Agreement, including without limitation, records necessary to confirm eligibility and enrollment. All records shall be available during normal business hours for review by authorized representatives of BCBSRI.

6. RIGHTS AND RESPONSIBILITIES UNDER FEDERAL AND STATE PRIVACY LAWS.

A. Federal and State Privacy Laws. Each of Company and BCBSRI shall comply with their respective obligations under the Health Insurance Portability and Accountability Act of 1996 and its implementing regulations (45 CFR Parts 160-164, collectively “HIPAA”), as applicable; the Gramm-Leach-Bliley Financial Modernization Act (15 U.S.C. 6801-6908), as applicable; and any other applicable federal privacy laws and regulations in effect from time to time. Company shall only be entitled to receive (i) De-Identified Information as defined by HIPAA or (ii) Summary Health Information as defined by HIPAA for purposes of soliciting premium bids or amending, modifying, or terminating a group health plan, or (iii) enrollment/disenrollment information. Company shall not be entitled to receive Protected Health Information as defined by HIPAA from BCBSRI. Nothing herein shall be construed as requiring BCBSRI to make available Protected Health Information to Company except as otherwise provided under this Agreement and permitted under applicable law. In addition to complying with requirements under HIPAA and any other applicable federal privacy laws, Company and BCBSRI also shall comply with Rhode Island law governing the privacy of medical records to the extent applicable, including but not limited to the Rhode Island Confidentiality of Health Care Communications and Information Act (R.I. Gen. Laws 5-37.3 et seq., as amended from time to time).

B. Obligations Under COBRA or Other Laws. Company and BCBSRI agree that BCBSRI is not the plan administrator of Company’s health care plan for the purposes of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”) or the Consolidated Omnibus Budget Reconciliation Act of 1986 (“COBRA”), or any other applicable Federal or State statute or regulation and BCBSRI shall not have any reporting or other responsibilities there under.

7. BCBSRI AND BLUE SHIELD ASSOCIATION.

A. BCBSRI and Blue Shield Association. Company expressly acknowledges the understanding that this Agreement constitutes an agreement between Company and BCBSRI and that BCBSRI is an independent corporation operating under a license from the Blue Cross and Blue Shield Association (“Association”), an association of independent Blue Cross and Blue Shield plans. The Association permits BCBSRI to use the Blue Cross and Blue Shield service marks in the State of Rhode Island, and BCBSRI is not contracting as the agent of the Association. Company further acknowledges and agrees that it has not entered into this Agreement based upon representations by any person other than BCBSRI, and that no person, entity, or organization other than BCBSRI shall be held accountable or liable to Company for any of BCBSRI’s obligations to Company created under this Agreement.

B. BlueCard Subscriber Liability Disclosure.

(i) BlueCard. Like all Blue Cross and Blue Shield Licensees, BCBSRI participates in a program called “BlueCard.” Whenever members access health care services outside the geographic area BCBSRI serves, the claims for those services may be processed through BlueCard and presented to BCBSRI for payment in conformity with network access rules of the BlueCard Policies then in effect (“Policies”). Under BlueCard, when members receive covered health care services within the geographic area served by another Blue Cross and/or Blue Shield Licensee (“Host Blue”), BCBSRI will remain responsible to the Company for fulfilling BCBSRI’s contract obligations. However, the Host Blue will be responsible, in accordance with applicable BlueCard Policies, if any, for providing such services as contracting with its participating providers and handling all interaction with its participating providers. The financial terms of BlueCard are described generally below. The BlueCard program does not apply to dental coverage.

(ii) Liability Calculation Method Per Claim. The calculation of a member’s liability, if any, on claims for covered health care services incurred outside the geographic area BCBSRI serves and processed through BlueCard will be based on the lower of the provider’s billed charges or the negotiated price BCBSRI pays the Host Blue. The methods employed by a Host Blue to determine a negotiated price will vary among Host Blues based on the terms of each Host Blue’s provider contracts. The negotiated price paid to a Host Blue by BCBSRI on a claim for health care services processed through BlueCard may represent: (a) the actual price paid on the claim by the Host Blue to the health care provider (“Actual Price”), or (b) an estimated price, determined by the Host Blue in accordance with BlueCard Policies, based on the Actual Price increased or reduced to reflect aggregate payments expected to result from settlements, withholds, any other contingent payment arrangements and non-claims transactions with all of the Host Blue’s health care providers or one or more particular providers (“Estimated Price”), or (c) an average price, determined by the Host Blue in accordance with BlueCard Policies, based on a billed charges discount representing the Host Blue’s average savings expected after settlements, withholds, any other contingent payment arrangements and non-claims transactions for all of its providers or for a specified group of providers (“Average Price”). An Average Price may result in greater variation to the member from the Actual Price than would an Estimated Price. Host Blues using either the Estimated Price or Average Price will, in accordance with BlueCard Policies, prospectively increase or reduce the Estimated Price or Average Price to correct for over- or underestimation of past prices. However, the amount paid by the member is a final price and will not be affected by such prospective adjustment. Statutes in a small number of states may require a Host Blue either (y) to use a basis for calculating member liability for covered health care services that does not reflect the entire savings realized, or expected to be realized, on a particular claim or (z) to add a surcharge. Should any state statutes mandate liability calculation methods that differ from the negotiated price methodology or require a surcharge, the Host Blue would then calculate member liability for any covered health care services in accordance with the applicable state statute in effect at the time the member received those services.

(iii) Return of Overpayments. Under BlueCard, recoveries from a Host Blue or from participating providers of a Host Blue can arise in several ways, including, but not limited to, anti-fraud and abuse audits, provider/hospital audits, credit balance audits, utilization review refunds, and unsolicited refunds. In some cases, the Host Blue will engage third parties to assist in discovery or collection of recovery amounts. The fees of such third parties are netted against the recovery. Recovery amounts, net of fees, if any, will be applied in accordance with applicable BlueCard Policies, which generally require correction on a claim-by-claim or prospective basis.

8. GENERAL PROVISIONS.

A. Assignment. This Agreement shall bind and inure to the benefit of and be enforceable by the parties hereto and their respective successors and permitted assigns. Neither this Agreement nor any of the rights or obligations of Company hereunder may be assigned or transferred by Company without the prior written consent of BCBSRI. BCBSRI may assign or transfer this Agreement and/or its rights or obligations hereunder to an affiliate of BCBSRI by providing written notice to Company.

B. Waiver. The failure of any party to insist upon strict performance of a covenant or representation hereunder or of any obligation hereunder, irrespective of the length of time for which such failure continues, shall not be a waiver of such party's right to demand strict compliance in the future. No consent or waiver, express or implied, to or of any breach or default in the performance of any obligation hereunder, shall constitute a consent or waiver to or of any other breach or default in the performance of the same or any obligation hereunder. No term or provision of the Agreement may be waived unless such waiver is in writing and signed by the party against whom such waiver is sought to be enforced.

C. Applicable Law. This Agreement shall be governed by the laws of the State of Rhode Island.

D. Entire Agreement; Severability. If any provision of this Agreement is illegal, invalid or unenforceable under any present or future law, the remainder of this Agreement shall not be affected thereby. The parties hereto shall work in good faith to replace any such provision with a valid, legal, and enforceable provision as similar in terms to the original provision as is possible. This Agreement constitutes the entire understanding between the parties hereto with respect to the transactions contemplated herein. Except as provided herein, this Agreement shall not be modified except in a writing executed by all parties hereto.

E. Third Party Beneficiaries. This Agreement is entered into solely between, and may be enforced only by, BCBSRI and Company, and the provisions of this Agreement shall not be deemed to create any rights in third parties, including employees, third party vendors, and customers of BCBSRI or Company, or to create any obligations of BCBSRI or Company to any such third parties. Provided, however, that nothing herein shall limit the rights of an Eligible Member from seeking to enforce his/her rights pursuant to the applicable Subscriber Agreement.

9. REGULATORY COMPLIANCE.

This Agreement is intended to comply with Rhode Island Insurance Regulation 23 ("Regulation 23"), as amended from time to time.

The following provisions are included in order to be compliant with Regulation 23:

A. The validity of this Agreement shall not be contested after it has been in force for two (2) years from its date of issue except for non-payment of premiums and other amounts due.

B. A copy of the application and/or Risk Appraisal, if any, made by Company to obtain coverage under this Agreement shall be attached to this Agreement. All statements made by Company in this Agreement shall be deemed to be representations and not warranties.

C. All benefits payable under this Agreement shall be paid not later than sixty (60) days after receipt of proof of loss.

D. No statement made by any Eligible Employee or Eligible Dependent shall be used to avoid insurance or reduce benefits unless: (1) such insurance has been in force for a period of less than two (2) years during such individual's lifetime; (2) such statement was contained in a written instrument signed by the individual making the statement; and (3) a copy of the written instrument was provided to the individual.