



**FUNDING PROVISIONS**  
**MINIMUM PREMIUM**  
with  
**WEEKLY BANK TRANSFER AND CLAIMS LIABILITY LIMIT**  
between  
**ANTHEM BLUE CROSS**  
and  
**SAN JOAQUIN VALLEY INSURANCE AUTHORITY**  
**(CITY OF CERES)**  
(the Group)

**SECTION I: BASIC FACTS**

Group Benefit Agreement SF275341-C (R-0217) (the "Agreement") currently in effect between the Group and Anthem Blue Cross ("Anthem") is subject to the Funding Provisions of this endorsement.

Effective January 1, 2017, these Funding Provisions are made a part of the Agreement. All other provisions of the Agreement which are not inconsistent with this endorsement remain in effect.

With respect to these Funding Provisions, the Agreement Year will begin on the effective date of this endorsement and will end on December 31, 2017. Each subsequent Agreement Year will be a period of twelve (12) consecutive calendar months, beginning on January 1. Any Agreement Year will end, however, upon termination of the Agreement.

**SECTION II: PRINCIPAL RESOLUTION**

- A. The Group agrees to reimburse Anthem according to the terms of these Funding Provisions for Non-Capitated Claims paid by Anthem on or after the effective date.
- B. Anthem will provide the Group with coverage for Non-Capitated Claims in excess of the Pooling Limit and Claims Liability Limit, as specified in these Funding Provisions.
- C. The Group agrees to pay Anthem applicable Subscription Charges, consisting of Retention Charges, Pooling Charges and Capitation Expense, as set forth in the **Schedule**.
- D. Upon completion of the first three months of each Agreement Year, Anthem will make an evaluation of the Capitation Expense charged to the Group for that three-month period. Anthem reserves the right to reconcile such Capitation Expense, in accordance with the terms set forth in **Section X: Review and Reconciliation of Capitation Expense**, if it is determined that the amount charged for the three-month period was inadequate or excessive.
- E. The Group agrees to pay Anthem applicable Administrative Fees for the use of the BlueCard Program, as set forth in the **Schedule**.

## **FUNDING PROVISIONS**

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### **SECTION III: DEFINITIONS**

The following terms, when capitalized throughout this endorsement, shall have the meanings set forth below.

**Capitation** is a method of payment for health services in which a Physician or Hospital is paid a fixed amount for each person served regardless of the number or nature of services provided to each person.

**Capitation Expense** is the monthly fixed amount determined by Anthem which is due and payable to Anthem by the Group for each enrolled Member. Capitation Expense includes actual Capitation charges plus all related Capitation costs paid by Anthem to participating medical groups and independent practice associations to cover professional and other capitated health care services including, but not limited to, contributions to shared risk funds and provider incentive pools calculated in accordance with Anthem corporate policy.

**Claims Liability Limit** shall mean the maximum amount of Non-Capitated Claims for which the Group is liable during an Agreement Year, subject to the terms and conditions set forth in **Section VI**.

**Contract Type** means the category of enrollment, as designated in the **Schedule**, used to determine the monthly attachment point factor and the monthly Subscription Charges.

**Non-Capitated Claims** represent all claims incurred under the Plan for services or supplies which are not subject to Capitation.

**Plan Benefits** shall mean those benefits for which coverage is described under the Plan, including any extension of such coverage.

**Pooling Limit** is the dollar limit for which the Group is liable for Non-Capitated Claims paid on behalf of any one Member during an Agreement Year. The Pooling Limit is specified in the **Schedule**.

**Retention** means the amount charged by Anthem for expenses, commissions, taxes and risk. Retention Charges are shown in the **Schedule**.

**Subscription Charges** refers to the charges for Retention, Pooling and Capitation Expense calculated in accordance with these Funding Provisions, and subject to annual accounting. The Subscription Charges are specified in the **Schedule**.

**Surplus.** Surpluses on the Plan are determined by annual accounting performed by Anthem, as set forth in **Section VII: Annual Settlement**.

### **SECTION IV: REIMBURSEMENT OF NON-CAPITATED CLAIMS**

On the first working day of every week, Anthem will telephone to the Group the total amount of Non-Capitated Claims paid during the preceding week. The Group will immediately deposit this amount via wire transfer to a designated Anthem bank account. On the same day, Anthem will mail a written version of the request to the Group, together with a listing of Non-Capitated Claims.

At the end of each month, Anthem will mail a written summary of the Non-Capitated Claims billed to the Group and the amounts requested from the Group during the month. Adjustments of any discrepancies will be made at such time.

## **FUNDING PROVISIONS**

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### **SECTION V: POOLING LIMIT**

The Group is liable for the accumulated paid Non-Capitated Claims of a Subscriber or Family Member up to the Pooling Limit, as set forth in the **Schedule**. Accumulation toward this Limit takes place over a period of twelve consecutive months, starting at the beginning of each Agreement Year.

If, in any Agreement Year, the accumulated paid Non-Capitated Claims for a Subscriber or Family Member equal the Pooling Limit for that Agreement Year, the Group shall continue to be responsible for funding any further Non-Capitated Claims paid for that Subscriber or Family Member for that month and each subsequent month during the remainder of that Agreement Year. However, Anthem shall reimburse the Group in the amount of such further paid Non-Capitated Claims during the month immediately following the month in which the Non-Capitated Claims are paid.

Anthem shall notify the Group when the Pooling Limit has been exceeded for a Subscriber or Family Member. Such notification shall be made one month following the month in which such Limit has been exceeded.

Non-Capitated Claims incurred but not paid during an Agreement Year will accumulate toward the Pooling Limit for the subsequent Agreement Year.

On the date the Agreement terminates, this Limit shall no longer apply. However, Non-Capitated Claims paid and applied to the Pooling Limit may be adjusted after the Agreement Year if Anthem recovers any overpayments, workers' compensation or third party liability liens, as specified in **Section XII**. Anthem will recalculate the Non-Capitated Claims applied to the Pooling Limit and the Group will reimburse Anthem for any adjustments made over the Pooling Limit.

**Note.** The Pooling Limit does not apply to Dental Benefits or Prescription Drug Benefits, nor will Non-Capitated Claims paid on these benefits be applied toward that Limit.

### **SECTION VI: CLAIMS LIABILITY LIMIT**

The Claims Liability Limit is the maximum amount of Non-Capitated Claims for which the Group is liable during an Agreement Year. The Claims Liability Limit is 125% of the projected paid Non-Capitated Claims for the Agreement Year.

The number of Subscribers per Contract Type which will be used to determine the Claims Liability Limit for the first three months of the first Agreement Year, shall be the number of such Subscribers covered on the first day of the first month of that Agreement Year.

Thereafter, the number of Subscribers per Contract Type to be used shall be the number of such Subscribers covered on the first day of the second preceding calendar month; however, if in any given month the number of Subscribers falls below 90% of the Initial Monthly Attachment Point, the number of Subscribers used to determine the Claims Liability Limit shall be equal to 90% of such Initial Monthly Attachment Point.

Non-Capitated Claims will be applied to the Claims Liability Limit. If the accumulated Non-Capitated Claims exceeds the Claims Liability Limit, the Group will no longer be responsible for any Non-Capitated Claims incurred after the Claims Liability Limit is reached.

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## FUNDING PROVISIONS

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### **SECTION VII: ANNUAL SETTLEMENT**

Within 120 days after the end of each Agreement Year, Anthem will perform an annual accounting in which the total Non-Capitated Claims paid under the Plan during the Agreement Year (excluding Non-Capitated Claims which exceed the Pooling Limit) are compared to the Claims Liability Limit.

- If the total amount of such Non-Capitated Claims paid for the Agreement Year exceeds the Claims Liability Limit, the excess will be refunded to the Group.
- If the Claims Liability Limit is greater than the amount of such Non-Capitated Claims paid during the Agreement Year, the difference between the two amounts is the amount of the Surplus on the Plan for the Agreement Year.

### **SECTION VIII: SUBSCRIPTION CHARGES**

Anthem will bill the Group each month for Subscription Charges, as specified in the **Schedule**. The first payment is due on the Agreement Effective Date. The Agreement remains in effect for the term of one month from that date. Succeeding Subscription Charges are due on the first day of each following month. This day is the Subscription Charge Due Date.

### **SECTION IX: BLUECARD PROGRAM**

Anthem is a member of the Blue Cross Blue Shield Association. The Blue Cross Blue Shield Association has a program (called the "BlueCard Program") which allows our Members who are traveling outside of California to have the reciprocal use of participating providers contracted under other states' Blue Cross Blue Shield plans. There are fees associated with the reciprocal use of such providers by Members and are determined in accordance with the applicable rules of the Blue Cross Blue Shield Association which will be charged back to the Group. These fees are:

- A. **Access Fees.** Access fees are a percentage of the savings generated by the discounts between the Blue Cross Blue Shield Plan and the provider. Some plans may charge up to 7.75% of savings generated by their discounts, up to \$2,000 per claim, as a network access charge. If there are no savings from the discounts, there will be no access fee charged.
- B. **Administrative Fees.** Administrative fees are fees charged for each claim payment. There is a charge for each institutional and professional claim paid under this program, and an additional charge for each transaction. There is an electronics claims routing process fee for all non-participating provider claims. The charges are specified in the **Schedule**.

These fees are subject to change in accordance with the applicable rules of the Blue Cross Blue Shield Association and will be included in the Group's claims experience and will be charged to the Group as Non-Capitated Claims.

### **SECTION X: REVIEW AND RECONCILIATION OF CAPITATION EXPENSE**

A review of Capitation Expense by Anthem will take place 90 days after the initial effective date of these Funding Provisions and, subsequently, 90 days after the end of each Agreement Year, to verify the adequacy of the amount charged by Anthem to the Group. In this review, the Capitation Expense charged to the Group for the first three months of the Agreement Year will be compared to the actual Capitation Expense incurred, based on actual enrollment figures for that three-month period.

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If it is determined by Anthem that the Capitation Expense charged for such three-month period was inadequate or excessive, Anthem may, at its sole discretion, reconcile that Capitation Expense to more accurately reflect the actual enrollment figures, plus any deficit attributable to the prior Agreement Year. Any such reconciliation of the Capitation Expense shall be reflected in the monthly billing to the Group during the remaining months of the Agreement Year. In such case, these Funding Provisions shall be reissued, notwithstanding any prior authorization thereof by the parties to this endorsement, to reflect the appropriate adjustment to Capitation Expense.

### **SECTION XI: MODIFICATION OF FUNDING PROVISIONS**

A. **Amendment of Terms.** Anthem may amend the terms of these Funding Provisions as follows:

1. At the beginning of any month or upon annual renewal of the Agreement, provided Anthem gives the Group thirty (30) days written notice;
2. Any time the provisions of the Agreement are changed; or
3. Any time there is a ten (10) percent or greater change in the number of Subscribers enrolled under the Agreement during the preceding three months, from the number of Subscribers enrolled at the start of the Agreement Year; or.
4. As specified in **Section X: Review and Reconciliation of Capitation Expense.**

B. **Adjustment of Retention.** Anthem may adjust the charge for Retention-as follows:

1. On the date Anthem, at the Group's request, begins to perform additional administrative services relating to the Agreement;
2. On the effective date of any legislation or governmental regulations which impose additional administrative duties on Anthem relating to the Agreement;
3. On the effective date that any tax, which is based on Income, is imposed upon Anthem by the state or any other taxing authority. In such case, Anthem will increase the charge for Retention by an amount sufficient to cover the tax; or
4. As provided under items 1, 2 and 3 of paragraph A, **Amendment of Terms.**

C. **Adjustment of Attachment Point Factors.** Anthem reserves the right to change the monthly attachment point factors and the post-termination attachment point factors:

1. On the first day of any month after these Funding Provisions have been in effect for 12 months;
2. Whenever the terms of these Funding Provisions are changed;
3. On the effective date of any law or regulation which affects Anthem's liability under the Agreement;
4. Whenever benefits are changed under the Agreement; or
5. As provided under items 1, 2 and 3 of paragraph A, **Amendment of Terms.**

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## FUNDING PROVISIONS

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### **SECTION XII: RECOVERY PROVISIONS**

- A. **Recovery of Overpayments.** If it is determined that any payment has been made under this Agreement to an ineligible person, or if it is determined that more or less than a correct amount has been paid by Anthem, Anthem shall make a reasonable effort to recover any such overpayment made or to adjust the payment, subject to the following:
1. Anthem, at its discretion, may use the services of subcontractors (collection agencies and bill audit firms) to identify and recover overpayments. Any expenses which Anthem incurs for such services are included in the retention.
  2. Anthem will not be required to initiate court proceeding for any such recovery.
- B. **Recovery of Liens.** Subject to the following, Anthem agrees to use reasonable diligence to identify and seek to recover third-party liability liens or workers' compensation liens:
1. In pursuing these recoveries, Anthem reserves the right to use its discretion in negotiating and compromising recoveries from third parties.
  2. Anthem may engage the services of subcontractors to assist in the recovery process. Expenses which Anthem incurs for such services are included in the retention.
  3. The Group will fully cooperate with Anthem in such recoveries and advise Anthem of any potential recoveries of which it becomes aware.
  4. Anthem will not be required to initiate court proceeding for any such recovery.
  5. Anthem will submit monthly reports to the Group listing all cases identified as subject to third party liens or workers' compensation liens, the amount of claims paid, the current status of collection efforts and a report of all amounts collected and waived. The Group will advise Anthem of those cases which, in the Group's determination, shall warrant recovery.

### **SECTION XIII: AUDIT**

- A. **Authorization of Audits.** Anthem may authorize audits, subject to certain limitations, to be performed by auditors employed by the Group. The Group shall have the right to select an auditor of its choice, except that the auditor shall not be involved in, or be subsidiary to, a business engaged in activities competitive to Anthem or to subsidiaries or affiliates of Anthem. Such audits will be conducted in accordance with, and subject to, the auditing standards of the American Institute of Certified Public Accountants and the written audit policy of Anthem, a copy of which shall be provided to the auditor.
- B. **Confidential and Proprietary Information.** Anthem shall make available such records as may be reasonably necessary for a valid audit. Access by the Group, or any third party acting on behalf of the Group, to Anthem's confidential and proprietary information shall be restricted to only such information as deemed necessary by Anthem to accomplish the audit. The Group and the Group's auditor shall agree in writing (by a separate "Audit Agreement") regarding the auditor's conduct, and to maintain the confidentiality of any trade secret or proprietary information of which it may become aware during the course of the audit.

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- C. **Reimbursement of Anthem for Expense.** The Group agrees to reimburse Anthem for all expense incurred by Anthem in support of the audit. Any such expense will be billed to the Group and the Group will remit the amount billed to Anthem within 15 days from the date of the bill. Failure of the Group to pay such bill by the end of that 15 day period shall be deemed reason for cancellation of the Agreement by Anthem.

### **SECTION XIV: TERMINATION PROVISIONS**

- A. Either Anthem or the Group may terminate these Funding Provisions by giving written notice to the other party at least 31 days prior to the effective date of such termination.
- B. Anthem may terminate these Funding Provisions upon thirty-one (31) days advance written notice to the Group, if enrollment under the Agreement falls below 100 Subscribers for a period of three consecutive months. In the event of such termination, the account will be converted to a non-refunding arrangement. Beginning with the effective date of such termination, the Group shall pay to Anthem the monthly Non-Refunding Subscription Charges specified in the Group Benefit Agreement for the remainder of the Agreement Year.
- C. These Funding Provisions or the Agreement, at Anthem's election, shall terminate upon written notice to the Group:
1. If Anthem determines that the continuance of these Funding Provisions is prohibited by the enactment, amendment or construction of a law or regulation of any state or other jurisdiction. These Funding Provisions shall terminate as of the date such law, regulation, amendment or construction is determined by Anthem to be effective.
  2. If the Group fails to comply with any of the terms or conditions of these Funding Provisions or otherwise breaches or defaults in its obligations hereunder. Any waiver of a right to terminate these Funding Provisions or the Agreement for cause shall be as to the particular default only and shall not waive any rights or remedies with respect to any subsequent default.
- D. Upon termination of the Agreement, these Funding Provisions shall also terminate.

Notwithstanding the provisions set forth in paragraphs A., B., C. and D. above, the terms and conditions of the **Post-Termination Provisions** set forth in **Section XV** shall survive the termination of the Agreement or these Funding Provisions thereof.

### **SECTION XV: POST-TERMINATION PROVISIONS**

- A. In the event of termination of the Agreement, the procedures and obligations described in this endorsement will, to the extent applicable, survive such termination and remain in effect while the Group remains liable. The Group will continue to reimburse Anthem for the Group's liability in accordance with the provisions of **Section IV: Reimbursement of Non-Capitated Claims** and, subject to the **Post-Termination Claims Liability Limit** provision below, the Group will be liable for and pay to Anthem:
1. Non-Capitated Claims which are incurred prior to, but paid after the termination date;
  2. Non-Capitated Claims which are incurred after the termination date and are payable under the Extension of Benefits provision of the Plan; and

## FUNDING PROVISIONS

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3. Post-Termination Administrative Charges for the administration of Non-Capitated Claims paid following the termination date. The amount of these charges will be based on a percentage of paid Non-Capitated Claims, as set forth in the **Schedule**. These charges will continue as long as Non-Capitated Claims are being paid under these Post-Termination Provisions. Post-Termination Administrative Charges do not apply toward the Post-Termination Claims Liability Limit.
  4. Administrative Fees for the use of the BlueCard Program, as set forth in the **Schedule**. These Fees do not apply toward the Post-Termination Claims Liability Limit.
  5. Post-Termination Capitation Expense, as determined by Anthem based on actual Capitation charges being incurred at the time of termination for individuals covered under the Extension of Benefits provision of the Agreement. Post-Termination Capitation Expense does not apply toward the Post-Termination Claims Liability Limit.
- B. In the event that the funding arrangement described in this endorsement terminates while the Agreement remains in effect, subsection A immediately above will apply and, in addition, the Group shall also be liable for and pay to Anthem:
1. Non-Capitated Claims incurred during a confinement in a hospital, skilled nursing facility or hospice, which confinement began prior to the termination of this funding arrangement; and
  2. Non-Capitated Claims incurred for ongoing services received from a home health agency, visiting nurse association or day treatment center, if the first date of service for the course of treatment giving rise to such Claims is prior to the termination of this funding arrangement.
- C. **Post-Termination Claims Liability Limit\***. The Group's liability for Non-Capitated Claims, as determined in accordance with the subsection A above (other than items 3, 4 and 5 of such provision), shall not exceed the sum of items 1 and 2 below.
1. An amount equal to the sum of the products obtained by multiplying the number of Subscribers per Contract Type for the three months immediately prior to the termination of these Funding Provisions, by the appropriate Post-Termination Claims Liability Factors set forth in the **Schedule**; plus
  2. The amount of the Surplus, if any, at the end of the Agreement Year.
- \*Note.** Post-Termination Administrative Charges, Administrative Fees charged for the use of the BlueCard Program, and Post-Termination Capitation Expense do not apply toward the Post-Termination Claims Liability Limit.
- Exception to "item 1" above.** If the number of Subscribers per Contract Type for any of the three months immediately prior to the termination of these Funding Provisions was less than "90% of the Initial Enrollment", the number of Subscribers per Contract Type which will be used to determine the Post-Termination Claims Liability Limit shall be "90% of the Initial Enrollment".
- The **Initial Enrollment** is the number of Subscribers per Contract Type covered on the first day of the first month of the Agreement Year.
- Exception to "item 2" above.** If the term of the last Agreement Year is less than 12 months, item 2. above shall read: "An amount equal to the sum of the Surpluses for (a) the last Agreement Year, and (b) the Agreement Year immediately preceding that Year."
- D. **Pooling Limit.** The liability of the Group under this section will not be subject to or limited by the Pooling Limit provisions of this endorsement.



## **FUNDING PROVISIONS**

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- E. **Cancellation of Funding Arrangement.** If the Agreement remains in force after the funding arrangement described in this endorsement terminates, the Group shall pay Subscription Charges to Anthem for continued coverage under the Agreement. Unless Anthem and the Group otherwise agree in writing, the amounts of the Subscription Charges will be determined by Anthem at its discretion.
- F. **Final Settlement.** Subsequently, Anthem will perform a final settlement of all accounts in accordance with the following terms and conditions:
1. The final settlement will take place on a date determined by Anthem; however, in no event will such final settlement occur later than 24 months after the termination date.
  2. Upon completion of the final settlement, Anthem will remit to the Group any unused amounts held in the Minimum Claims Deposit, subject to the Group's endorsement of the "Acknowledgment of Receipt and Release of Claim".
  3. In the event that any Non-Capitated Claims incurred under the Agreement prior to the termination date are paid by Anthem after the final settlement, the Group will reimburse Anthem for the amount of such Non-Capitated Claims, plus Post-Termination Administrative Charges.
- G. Anthem will not be responsible for the Group's use of any payment made by Anthem under the terms of these Funding Provisions.

### **SECTION XVI: RESPONSIBILITIES OF THE GROUP**

- A. **Payments Made in Connection with a Judgment or Settlement.** The Group agrees to pay the amount of benefit payments included in any judgment or settlement to the extent of its Claims Liability Limit. Benefit payments made in accordance with the terms of any judgment or settlement shall be considered benefits paid under the Plan for the month in which such judgment or settlement is satisfied.
- B. **Reimbursement of Benefits to a Person or Organization.** If any person or organization pays any amount of benefits which is an obligation of the Group, the Group shall reimburse such person or organization to the extent of such payment, plus any reasonable costs or charges in connection with such payment. In no event shall any such payment by either party to these Funding Provisions, or by any person or organization, be construed as obliging such party, person or organization for payment of benefits.
- C. **Notice to Subscribers.** The Group shall furnish to covered Subscribers a written "Notice to Subscribers" advising that the Group is liable for payment of a portion of the benefits under the Plan and that this portion will not be insured by Anthem. The Group agrees to indemnify Anthem and hold Anthem harmless against any and all loss, damage and expense sustained by Anthem as a result of any failure by the Group to provide such notice.
- D. **Notification of Required Information.** The Group shall notify Anthem immediately as to any modification or termination of the Plan. Anthem will not be responsible for any delay or non-performance of its functions under these Funding Provisions which is caused or contributed to in whole or in part by the failure of the Group to furnish any required information on a timely basis.
- E. **Maintenance and Audit of Records.** The Group agrees to maintain and to permit Anthem to audit, at all reasonable times, all records required by Anthem for the administration of these Funding Provisions.

## **FUNDING PROVISIONS**

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- F. **Minimum Claims Deposit.** The Group agrees to provide, within two weeks after the effective date of these Funding Provisions, a Minimum Claims Deposit in an amount determined by Anthem. The Group agrees to maintain such Minimum Claims Deposit at Anthem for the term of the Agreement Year. The amount of the Minimum Claims Deposit is specified in the **Schedule**.

Anthem may change the amount of the Minimum Claims Deposit with prior written notice, as specified in **Section XI: Modification of Funding Provisions**. If Anthem decreases the amount of the Deposit required, Anthem will, upon the written request of the Group, refund the excess to the Group. If Anthem increases the amount of the Deposit required, the Group will, prior to the effective date of the change, remit to Anthem the additional amount required.

### **SECTION XVII: ANTHEM DUTIES AS AGENT**

Anthem as agent for and on behalf of the Group, shall:

- A. Make final determination of the amount of benefits, if any, payable with respect to each Non-Capitated Claim for benefits under the Plan, in accordance with the terms and conditions described in the Agreement;
- B. Undertake the defense of any suit brought with respect to any Non-Capitated Claim for benefits under the Plan and settle any such suit when in its judgment it appears expedient to do so; and
- C. Make final determination of the amount of Plan Benefits payable from Group funds.

Anthem will use ordinary care and reasonable diligence in the exercise of its powers and the performance of its duties hereunder.

### **SECTION XVIII: INDEMNIFICATION**

- A. Anthem agrees to indemnify the Group and hold the Group harmless against any and all loss, damage, and expense with respect to these Funding Provisions to the extent that such loss, damage and expense result from or arise out of negligent, dishonest, fraudulent, or criminal acts of Anthem employees, acting alone or in collusion with others, unless such collusion is with an employee of the Group, in which case Anthem shall be relieved of any obligations under this paragraph.
- B. Except as provided in paragraph A above, the Group agrees to indemnify and hold Anthem harmless against any loss, expense, or other cost or obligation, resulting from or arising out of claims, assessments or taxes, including premium taxes, or resulting from the action of any government body.
- C. If either Anthem or the Group has paid any benefits which were the responsibility of the other party, appropriate reimbursement will be made.

### **SECTION XIX: FINANCIAL ARRANGEMENTS WITH PROVIDERS**

Anthem or an affiliate has contracts with certain health care providers and suppliers (hereafter referred to together as "Providers") for the provision of and payment for health care services rendered to its Subscribers and Members/Insured Persons entitled to health care benefits under individual certificates and group policies or contracts to which Anthem or an affiliate is a party, including all persons covered under the Agreement.

## FUNDING PROVISIONS

Under the above-referenced contracts between Providers and Anthem or an affiliate, the negotiated rates paid for certain medical services provided to persons covered under the Agreement may differ from the rates paid for persons covered by other types of products or programs offered by Anthem or an affiliate for the same medical services. In negotiating the terms of the Agreement, the Group was aware that Anthem or its affiliates offer several types of products and programs. The Subscribers, Family Members and the Group are entitled to receive the benefits of only those discounts, payments, settlements, incentives, adjustments and/or allowances specifically set forth in the Agreement.

Also, under arrangements with some Providers certain discounts, payments, rebates, settlements, incentives, adjustments and/or allowances, including, but not limited to, pharmacy rebates, may be based on aggregate payments made by Anthem or an affiliate in respect to all health care services rendered to all persons who have coverage through a program provided or administered by Anthem or an affiliate. They are not attributed to specific claims or plans and do not inure to the benefit of any covered individual or group, but may be considered by Anthem or an affiliate in determining its fees or subscription charges or premiums.

### SECTION XX: TERMINATION PROVISION

Any amounts due to Anthem under this funding arrangement are subscription charges under the Group Benefit Agreement to which these Funding Provisions are made a part. Any failure by the group to pay such additional subscription charges when due may result in, at Anthem' option either: (a) termination of these funding provisions and recalculation of the subscription charges under the Group Benefit Agreement; or (b) in accordance with the Group Benefit Agreement's Cancellation provisions, termination for failure to pay subscription charges as they become due.

### AUTHORIZATION

Authorized officers of Anthem and of the Group have approved this endorsement as of its effective date.

#### **FOR ANTHEM BLUE CROSS**

by:   
\_\_\_\_\_ J. Brian Ternan  
Title: \_\_\_\_\_ President

by: \_\_\_\_\_  
\_\_\_\_\_ Kathy Kiefer  
Title: \_\_\_\_\_ Secretary

#### **FOR THE GROUP**

by: \_\_\_\_\_  
Title: \_\_\_\_\_

by: \_\_\_\_\_  
Title: \_\_\_\_\_

<b>SCHEDULE CITY OF CERES</b>
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**EFFECTIVE DATE**

This Schedule reflects the Funding Provisions which become effective on January 1, 2017.

**MINIMUM CLAIMS DEPOSIT**

The amount of the Minimum Claims Deposit to be maintained for the term of the Agreement Year is \$86,148.

**POOLING LIMIT**

The Pooling Limit for the Agreement Year is \$400,000.00\*.

\*This Limit does not apply to Dental Benefits or Prescription Drug Benefits, nor will claims paid on these benefits be applied toward the Pooling Limit.

**MONTHLY ATTACHMENT POINT FACTORS**

<b>Contract Types</b>	<b>Monthly Attachment Point Factors</b>	<b>Post-Termination Attachment Point Factors</b>
Composite Rate (per Subscriber)	\$ 664.65	\$ 609.26

**SUBSCRIPTION CHARGES**

The monthly Subscription Charges during the Agreement Year is \$374.04.

**BREAKDOWN OF SUBSCRIPTION CHARGES:**

The following is a breakdown of the above Subscription Charges:

**Retention Charges**

The monthly Retention Charges during the Agreement Year is \$45.34 per Subscriber.

**Pooling Charges**

The monthly Pooling Charges during the Agreement Year is \$27.69 per Subscriber.

**Capitation Expense**

The monthly charges for Capitation Expense during the Agreement Year is \$301.01 per Subscriber.

**SCHEDULE  
CITY OF CERES**

**BLUECARD PROGRAM**

The Group will pay to Anthem the following Administrative Fees determined in accordance with the applicable rules of the Blue Cross Blue Shield Association for the use of Out-of-California Providers under the BlueCard Program:

<b>Administrative Fees</b>	<b>Per Claim</b>
Institutional Claims .....	\$ 11.00
Professional Claims.....	\$ 5.00
Central Financial Agency Fee .....	\$ .20
Charge per transaction.....	\$ .05
Electronic Claims Routing Process (ECRP) (non-participating provider claims) .....	\$ 1.00

These fees are subject to change in accordance with the applicable rules of the Blue Cross Blue Shield Association.

**POST-TERMINATION ADMINISTRATIVE CHARGES**

The monthly Post-Termination Administrative Charge is 0.0% of paid Non-Capitated Claims.