

Ordinance No. 120244

Council Bill No. 113533

AN ORDINANCE relating to active and retired City police officers entitled to benefits under the 'LEOFF' Act (Ch. 41.26 RCW); authorizing an execution of a Contract Administration Agreement with Premera Blue Cross regarding certain medical care coverage to be provided such individuals.

CF No. _____

Date Introduced:	JAN 16 2001		
Date 1st Referred:	JAN 16 2001	To: (committee)	Finance, Budget & Economic Development Committee
Date Re - Referred:		To: (committee)	
Date Re - Referred:		To: (committee)	
Date of Final Passage:	1-22-01	Full Council Vote:	8-0
Date Presented to Mayor:	1-23-01	Date Approved:	1-25-01
Date Returned to City Clerk:	1-26-01	Date Published:	2 p.p.
Date Vetoes by Mayor:		Date Veto Published:	
Date Passed Over Veto:		Veto Sustained:	

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The City of Seattle - Legislative Department
Council Bill/Ordinance sponsored by: _____

Committee Action

1/17/01

Do pass 3-0

1-22-01 Passed 8-0 (Excused:)

This file is complete and ready for presentation to Full Council.

Law Department

Law Dept. Review

OMP
Review

City Clerk
Review

The City of Seattle - Legislative Department

Council Bill/Ordinance sponsored by:

San Diego
Councilmember

Councilmember

Committee Action:

1/17/01

Do pass 30

Drago

McIver

Lenin

1-22-01 Passed 8-D (Excused: Stembrock)

This file is complete and ready for presentation to Full Council.

Committee:

(initial/date)

Law Department

Law Dept. Review

OMP Review

City Clerk Review

Electronic Copy Loaded

Indexed

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ORDINANCE 120244

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3 AN ORDINANCE relating to active and retired City police officers entitled to benefits under the
4 'LEOFF' Act (Ch. 41.26 RCW); authorizing an execution of a Contract Administration
5 Agreement with Premera Blue Cross regarding certain medical care coverage to be provided
6 such individuals.

7 WHEREAS, certain medical and hospital expenses of active and retired police officers entitled to such
8 benefits under the "LEOFF" Act (Ch. 41.26 RCW) are to be paid by the City pursuant to RCW
9 41.26.150(a), and the City is authorized by RCW 41.26.150(4) to contract with regularly
10 constituted insurance carriers or with health care contractors as defined in Chapter 48.44 RCW
11 for the provision of such benefits; Now, Therefore;

12 BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS

13 Section 1. As requested by the Board of Trustees of the Relief and Pension Fund of the Seattle
14 Police Department and recommended by the Mayor, the Mayor is authorized to execute, for and on
15 behalf of The City of Seattle, and the Police Relief and Pension Fund, an agreement with Premera Blue
16 Cross, substantially in the form of the document attached hereto and labeled "Premera Blue Cross
17 Administrative Service Agreement for 2001," pursuant to which certain health care benefits shall be
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1 provided to active and retired police as defined in said agreement, and certain benefits management
2 services shall be provided to the City, all by Premera Blue Cross, beginning January 1, 2001.

3 Section 2. The execution of the agreement authorized in Section 1 of this ordinance and any
4 other acts made consistent with the authority and prior to the effective date of this ordinance are hereby
5 ratified and confirmed.

6 Section 3. This ordinance shall take effect and be in force thirty (30) days from and after its
7 approval by the Mayor, but if not approved and returned by the Mayor within ten (10) days after
8 presentation, it shall take effect as provided by Municipal Code Section 1.04.020.

9 Passed by the City Council the 22nd day of January, 2001, and signed by me in open
10 session in authentication of its passage this 22nd day of January, 2001.

11 Margaret E. Pugh
12 President _____ of the City Council

13 Approved by me this 25th day of JANUARY, 2001.

14 Paul Schley
15 Mayor

16 Filed by me this 26th day of January, 2001.

17 Joith E. Pugh
18 City Clerk

19
20 (Seal)

21 Attachment:

22 Premera Blue Cross Administrative Service Agreement for 2001
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**PREMERA BLUE CROSS
ADMINISTRATIVE SERVICE AGREEMENT**

This Agreement is effective this first day of January 2001, by and between the City of Seattle (hereinafter referred to as the "Plan Sponsor"), and Premera Blue Cross (hereinafter referred to as the "Claims Administrator").

WHEREAS, the Plan Sponsor has established a statutory entitlement plan in accordance with RCW 41.20, 41.26 and 41.26.150 (2)(hereinafter referred to as the "Benefit Program") which provides for payment of certain welfare benefits to and for certain eligible individuals as defined by the Master Plan Document, such individuals being hereinafter referred to as "Plan Participants"; and,

WHEREAS, the Plan Sponsor has chosen to self-insure the benefits provided under the Benefit Program; and

WHEREAS, the Plan Sponsor desires to engage the services of the Claims Administrator to provide administration services for the Benefit Program;

NOW THEREFORE, in consideration of the mutual covenants and conditions as contained herein the parties hereto agree as follows:

SECTION I

DUTIES AND RESPONSIBILITIES OF THE PLAN SPONSOR

- 1.01 The Plan Sponsor shall have final authority in determining benefit provisions and Benefit Program language describing such benefit provisions as outlined in the Master Plan Document and Benefit Booklet.
- 1.02 The Plan Sponsor shall have final authority in determining the eligibility of claims to be paid by the Benefit Program.
- 1.03 The Plan Sponsor shall conduct the claims appeal process.
- 1.04 The Plan Sponsor shall be responsible for taking the following actions to facilitate the proper administration of the Benefit Program by the Claims Administrator:
 - a. provide the Claims Administrator a complete and accurate list of all individuals eligible for benefits under the Benefit Program and who are enrolled in the Benefit Program;
 - b. notify the Claims Administrator on a monthly basis of any changes in eligibility and participation;
 - c. distribute (and return to the Claims Administrator when necessary) to all eligible Plan Participants: all appropriate and necessary materials and documents, including but not limited to, summary plan descriptions, Benefit Program language amendments, identification cards, enrollment forms, application and notice forms as may be



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necessary for the operation of the Benefit program or to satisfy the requirements of state or federal laws or regulations;

- d. provide the Claims Administrator with any additional information incidental to the Benefit Program as may be requested by the Claims Administrator from time to time;
- e. maintain adequate funds from which the total cost of all claims for each preceding week will be paid to the Claims Administrator by electronic/wire transfer. Funds must be provided within seventy-two (72) hours of phone notification by the Claims Administrator to a person designated by the Plan Sponsor.

- 1.05 The Plan Sponsor shall be responsible for all taxes, including premium taxes or fees which may be assessed with respect to benefit payments that the Claims Administrator makes on behalf of the Plan Sponsor. The Plan Sponsor is also responsible for all licenses and fees levied, if any, by any local, state or federal authority in connection with the Claims Administrator's duties pursuant to this Agreement
- 1.06 The Plan Sponsor shall be responsible for the Plan's continuing compliance with federal, state and local laws and regulations, including but not limited to the Internal Revenue Code, the Employee Retirement Income Security Act of 1974 (ERISA), the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA), and the Health Insurance Portability and Accountability Act of 1996 (HIPAA). In addition, if yours is a retiree program, you are also subject to the notice requirements of the Balanced Budget Act of 1997. The Plan Sponsor, and not the Claims Administrator, is the "plan administrator" for purposes of 29 USC Section 1002(16) (a) and 26 USC Section 4980B(g) (3) and the "plan sponsor" for purposes of 29 USC Section 1161, et seq.
- 1.07 The Plan Sponsor shall be responsible for determining whether it is subject to COBRA and for notifying Participants of their COBRA rights both initially and upon the occurrence of a qualifying event, for calculating and collecting premiums for COBRA continuation of coverage and for promptly notifying the Claims Administrator when an individual is no longer eligible for COBRA continuation of coverage.
- 1.08 The Plan Sponsor shall be responsible for defense of any legal action involving a claim for benefits under the Benefit Program by or on behalf of any Plan Participant, fiduciary or other party, including selection and payment of counsel.
- Notwithstanding the provisions of this Section 1.08, the Plan Sponsor shall not settle any legal action or claim without the consent of the Claims Administrator if the action or claim could result in the liability of the Claims Administrator either directly to a claimant or indirectly for contribution and/or indemnification to the Plan Sponsor or other third party.
- 1.09 In the event the Claims Administrator does not have adequate information to complete the Certificate of Group Health Coverage as required by HIPAA, the Plan Sponsor shall be responsible for completing the missing information on the Certificate and forwarding it to the Plan Participant upon

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their termination from the Benefit Program or upon request within 24 months of termination.

SECTION II

DUTIES AND RESPONSIBILITIES OF THE CLAIMS ADMINISTRATOR

2.01

The Claims Administrator agrees to perform the following administrative services for the Plan Sponsor:

- (a) reasonably assist in the preparation and printing of the Master Plan Document, Benefit Booklet, identification cards and other material necessary to the operation of the Benefit Program such as claim forms;
- (b) process all claims physically presented for payment for claims incurred during the term of this agreement established in Section IV and for any hospital claims incurred prior to the Effective Date as defined in Section 8.01, including but not limited to, reasonable investigatory work in determining claim eligibility pursuant to the Benefit Program, coordination of benefits with other benefit plans, noticing initial subrogation intervention, and preparing and distributing benefit checks or drafts to employees and/or service providers;
- (c) perform reasonable internal audits;
- (d) answer inquiries from the Plan Sponsor, Plan Participants, and service providers concerning requirements, procedures or benefits of the Benefit Program;
- (e) prepare and provide to the Plan Sponsor monthly reports of claims paid under the Benefit Program and claims turnaround;
- (f) provide the Plan Sponsor with a report of the operations of its Benefit Program once a year;
- (g) assist the Plan Sponsor in preparing reports required by any local, state or federal government pertaining to the operation of the Benefit Program; and
- (h) maintain a network of hospital and professional providers who deliver cost-effective care (this includes access to the Premier Blue Cross Preferred Provider Network, on a passive basis.)
- (i) provide a Certificate of Group Health Coverage to Plan Participants when their coverage under this Benefit Program terminates or upon their request within 24 months of termination. In the event the Claims Administrator does not have adequate information to complete the Certificate, the Plan Sponsor will be responsible for completing the missing information on the Certificate and forwarding it to the Plan Participant.



SECTION III

FEES OF THE CLAIMS ADMINISTRATOR

- 3.01 The Claims Administrator shall receive consideration in accordance with Schedule A incorporated herein by reference.
- 3.02 If the Plan Sponsor, for any reason whatsoever, fails to make a required administration fee payment or remit necessary funds for claim payment as requested by the Claims Administrator on a timely basis, the Claims Administrator may suspend the performance of its services to the Plan Sponsor until such time as the Plan Sponsor makes the proper remittance. The Claims Administrator also reserves the right to terminate this Agreement pursuant to Section 9.04.
- 3.03 Upon the termination of this Agreement for any reason, the Claims Administrator and Plan Sponsor agree to have the Claims Administrator continue to process claims incurred prior to termination but unpaid for a period of twelve (12) months at the administrative rate established pursuant to Schedule A.

SECTION IV

LIMITS OF THE CLAIMS ADMINISTRATOR'S RESPONSIBILITY

- 4.01 The Claims Administrator shall have no responsibility, risk, liability or obligation for the funding of the Benefit Program. As between the Claims Administrator and the Plan Sponsor, the responsibility and obligation for funding the Benefit Program shall be solely and totally the responsibility of the Plan Sponsor.
- 4.02 If a claim adjudication error should be discovered during the course of an internal audit by the Claims Administrator or by a Plan Sponsor's audit pursuant to Section VI of this Agreement, the Claims Administrator shall use diligent efforts toward the recovery of any loss therefrom, but shall only be liable for such errors which are the result of gross negligence or willful misconduct.
- 4.03 It is understood and agreed that the Claims Administrator is and shall remain an independent contractor with respect to the services being performed by the Claims Administrator pursuant to this Agreement and shall not for any purpose be deemed an employee of the Plan sponsor.
- 4.04 It is understood and agreed that the parties do not intend the Claims Administrator to be a fiduciary to the Plan Sponsor. Notwithstanding anything in this Agreement to the contrary, any delegation of authority or duties pursuant to this Agreement construed by a court of law or governmental agency to make the Claims Administrator a fiduciary shall be null and void, and all such duties are hereby retained by the Plan Sponsor.
- 4.05 It is understood and agreed that this agreement is between the Claims Administrator and the Plan Sponsor and does not create rights or legal relationships between the Claims Administrator and any Plan Participant.
- 4.06 Except as noted in Section 2.01(b), claims incurred prior to the Effective Date of this Agreement, as defined in Section 8.01, are the responsibility of the Plan Sponsor and shall not be processed under this Agreement. The

Plan Sponsor shall be liable upon termination of this Agreement for benefit payment and administration of any total disability claims.

SECTION V

OUT-OF-AREA PROGRAM

5.01

BlueCard* Access Fees

Blue Cross/Blue Shield Plans outside of the Washington and Alaska service area may charge the Claims Administrator a fee (referred to as an access fee) for making their discounted rates and the resulting savings available on claims incurred by the Plan Sponsor's Plan Participants. The access fee, if one is charged, is up to 10 percent (but not to exceed \$2,000 for any claim) of the discount the local Blue Cross/Blue Shield Plan has obtained from its providers. The access fee may be charged only if that Plan's arrangement with the provider prohibits billing enrollees for amounts in excess of the discounted rate. However, providers may bill for deductibles, coinsurance, amounts in excess of stated benefit maximums, and charges for noncovered services. In the event a participating provider discount cannot be passed along to the Plan Participant, no discount or access fee will apply.

5.02

How Access Fees Affect The Plan

When the Claims Administrator is charged an access fee, it will be charged to the Plan as a claims expense. If the Claims Administrator receives an access fee credit, it will be given to the Plan as a claims expense credit. Access fees are considered a claims expense because they represent claims dollars the Plan is unable to, or in the case of a credit, avoid paying.

Instances may occur in which the Claims Administrator does not pay a claim (or pays only a small amount) because the amounts eligible for payment were applied to the deductible and/or coinsurance. If the local Blue Cross/Blue Shield Plan's arrangement with its providers allows the discounted payment rate to apply when the amount is fully or mostly a patient obligation, the Claims Administrator will pay access fee and pass it along to the Plan as a claims expense even though little or none of the claim was paid.

*The BlueCard is a program name established by the Blue Cross and Blue Shield Association.

SECTION VI

AUDIT

6.01

The Claims Administrator shall within thirty (30) days written notice from the Plan Sponsor allow an authorized agent(s) of the Plan Sponsor to inspect or audit all records and files maintained by the Claims Administrator which are directly pertinent to this Agreement or Benefit Program. Such documents shall be made available at the administrative office of the Claims Administrator during normal business hours. The Plan Sponsor shall be liable for any and all fees charged by the auditor. Any such agent or auditor that has access to the records and files maintained by the Claims Administrator shall agree not to disclose any proprietary or confidential information used in the business of the Claims Administrator.

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SECTION VII

DISCLOSURE

- 7.01 It is recognized and understood by the Plan Sponsor that the Claims Administrator is not an insurance company.
- 7.02 It is recognized and understood by the Plan Sponsor that the Claims Administrator is subject to all laws and regulations applicable to Claims Administrators and health care service contractors.
- 7.03 It is recognized and understood by the Plan Sponsor that the Claims Administrator is not providing stop-loss insurance.

SECTION VIII

TERM OF AGREEMENT

- 8.01 The term of this Agreement shall be the period from 12:01 a.m. on January 1, 2001, to midnight on December 31, 2003, except as noted in Schedule A, Part A.
- 8.02 Subject to Section 8.03 below, the terms and conditions of this Agreement and the fee schedule stated in Schedule A are established for the period of thirty-six (36) months beginning on January 1, 2001. Either party shall notify the other in writing (90) days prior to an Anniversary Date of proposed alterations in the terms, conditions, or fee schedule.
- 8.03 The Plan Sponsor acknowledges that the fee schedule and scope of services provided in this Agreement are based upon the terms of the Benefit Program and enrollment as they exist on the Effective Date of this Agreement. Any substantial change in the Benefit Program, enrollment, or coverage, whether required by law or otherwise, may require that the Claims Administrator develop additional materials, devote additional personnel to servicing the Benefit Program or incur other additional expenses. The parties agree that any substantial change, as determined by the Claims Administrator, shall result in an alteration of the fee schedule even if the alteration is during the course of a term of this Agreement.
- For the purpose of this agreement, the phrase "any substantial change" shall mean:
- (a) a 10 percent fluctuation in enrollment under the Benefit Program at any time during the term of this Agreement; and/or
 - (b) any change(s) in the terms of the Benefit Program or coverage thereunder during the term of this Agreement.

SECTION IX

TERMINATION

- 9.01 It is understood and agreed that either party shall have the right to terminate this Agreement on any Anniversary Date by:
- (a) the Plan Sponsor giving the Claims Administrator not less than thirty (30) days advance written notice of termination.

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- (b) the Claims Administrator giving the Plan Sponsor not less than thirty (30) days advance written notice of termination.

9.02 It is understood and agreed that either party may immediately terminate this Agreement by written notice to the other and may regard the other party in default of this Agreement if the other party becomes insolvent, makes a general assignment for the benefit of creditors, files a voluntary petition of bankruptcy, suffers or permits the appointment of a receiver for its business or assets, or becomes subject to any proceeding under any bankruptcy or insolvency law, whether domestic or foreign, and such event is not cured or proceeding dismissed within sixty (60) days of the happening of the event.

9.03 If loss of service is caused by, or if either party is unable to perform any of its obligations under this Agreement or to enjoy any of its benefits because of, natural disaster, action or decrees of governmental bodies or communication failure not the fault of the affected party, the loss or failure shall not be deemed a breach. The party who has been so affected shall immediately give notice to the other party and shall do everything possible to resume performance. Upon receipt of such notice, all obligations under this Agreement shall be immediately suspended. If the period of nonperformance exceeds thirty (30) days from the receipt of the notice, the party whose performance has not been so affected may, as its sole remedy, terminate this Agreement by written notice to the other party.

9.04 The Claims Administrator may, at its sole discretion, terminate this Agreement in the event that the Plan Sponsor fails to make the required administration fee payments or remit funds for the claims payment when due. In event of termination pursuant to this paragraph which is not reinstated, the Plan Sponsor shall remain liable to the Claims Administrator for all delinquent sums. Further, the Plan Sponsor shall remain liable for the run-out fee and claims costs pursuant to Section 3.03 above and subsection C of Schedule A.

9.05 Upon termination by either party, the Claims Administrator shall within one hundred twenty (120) days deliver to the Plan Sponsor an interim accounting and within fifteen (15) months deliver to the Plan Sponsor a complete and final accounting of the status of the Benefit Program. Upon the tender of this material, the Plan Sponsor agrees to indemnify and hold harmless the Claims Administrator from any claim, liability, loss or damage arising out of the Claims Administrator's performance of the administrative duties specified hereunder for the benefit of the Plan Sponsor, except for any such claim, liability, loss, or damage arising out of the Claims Administrator's gross negligence or intentional misconduct. The Plan Sponsor further understands and agrees that upon receipt of this material, and except where there has been gross negligence or willful misconduct the Claims Administrator is forever released from all liability, loss or damage discovered in any subsequent audit.

SECTION X

LAWS GOVERNING AGREEMENT

10.01 This agreement shall be construed and enforced according to the laws of the State of Washington.

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10.02

Fair Contracting Practices - The Claims Administrator will not discriminate against any employee or applicant for employment because of race, religion, creed, color, sex, marital status, sexual orientation, gender identity, political ideology, ancestry, national origin or the presence of any sensory, mental or physical handicap, unless based upon a bona fide occupational qualification. The Claims Administrator will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their creed, religion, race, age, color, sex, national origin, marital status, political ideology, ancestry, sexual orientation, gender identity, or the presence of any sensory, mental or physical handicap. Such action shall include, but not be limited to the following: employment, upgrading, demotion, or transfer, recruitment, or recruitment advertising, layoff or termination rates of pay or other forms of compensation, and selection for training, including apprenticeship. The Claims Administrator agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the Plan Sponsor setting forth the provisions of this nondiscrimination clause.

The Claims Administrator will, prior to commencement and during the term of this Administrative Service Agreement, furnish to the Executive Services Director (as used herein Executive Services Director means the Executive Services Director or his/her designee or functional successor), upon his/her request (or the request of his or her designee) and on such form as may be provided by the Executive Services Director therefore, a report of the affirmative action taken by the Claims Administrator in implementing the terms of these provisions, and will permit access to the Claims Administrator's records of employment, employment advertisements, application forms, and other pertinent data and records requested by the Executive Services Director for the purposes of investigation to determine compliance with this provision.

If, upon investigation, the Executive Services Director finds probable cause to believe that the Claims Administrator has failed to comply with any of the terms of these provisions, the Claims Administrator and the Plan Sponsor shall be so notified in writing. The Plan Sponsor shall give the Claims Administrator an opportunity to be heard, after ten (10) days notice. If the Plan Sponsor concurs in the findings of the Executive Services Director, it may suspend the Administrative Service Agreement and/or withhold any funds due or to become due to the Claims Administrator, pending compliance by the Claims Administrator with the terms of these provisions.

Failure to comply with any of the terms of these provisions shall be a material breach of this Administrative Service Agreement.

The foregoing provisions will be inserted in all subcontracts for work covered by this Administrative Service Agreement.

10.03

Women and Minority Business Enterprise Requirements:

- a. **General** Notwithstanding any other provision in reference to this Administrative Service Agreement, the Plan Sponsor utilization requirements for Women and Minority Business Enterprises ("WMBEs") shall not apply to this Administrative Service Agreement. No minimum level of WMBE subcontractor participation shall be

required as a condition of receiving award of the contract and no preference will be given to the Claims Administrator for its WMBE utilization or WMBE status. Provided, however, that any affirmative action requirements set forth in any federal regulations or statutes included or referenced in the Agreement will continue to apply.

- b. Non-Discrimination The Claims Administrator shall not create barriers to open and fair opportunities for WMBEs to participate in all Plan Sponsor contracts and to obtain or compete for contracts and subcontracts as sources of supplies, equipment, construction and services. In considering offers from and doing business with contractors and suppliers, the Claims Administrator shall not discriminate on the basis of race, color, creed, religion, sex, age, nationality, marital status, sexual orientation or the presence of any mental or physical disability in an otherwise qualified disabled person.
- c. Record-Keeping The Claims Administrator shall maintain, for at least 12 months after the expiration or earlier termination of this Administrative Service Agreement, relevant records and information necessary to document the Claims Administrator's utilization of WMBEs and other businesses as contractors and supplies under this Administrative Service Agreement and in its overall public and private business activities. The Claims Administrator shall also maintain all written quotes, bids, estimates, or proposals submitted to the Claims Administrator by all businesses seeking to participate as contractors or suppliers under this Agreement. The Plan Sponsor shall have the right to inspect and copy such records. If this Administrative Service Agreement involves federal funds, the Claims Administrator shall comply with all record-keeping requirements set forth in any federal rules, regulations or statutes included or referenced in the Administrative Service Agreement.
- d. Affirmative Efforts To Utilize WMBEs The Plan Sponsor encourages the utilization of Minority Business Enterprises ("MBEs") and Women's Business Enterprises ("WBEs") (collectively, "WMBEs"), in all Plan Sponsor contracts. The Plan Sponsor encourages the following practices to open competitive opportunities for WMBEs:
1. Attending a pre-solicitation conference, if scheduled by the Plan Sponsor, to provide project information and to inform WMBEs of Claims Administrator contracting and subcontracting opportunities.
 2. Placing all qualified WMBEs attempting to do business in The City of Seattle on solicitation lists, and providing written notice of contracting opportunities to WMBEs capable of performing the work, including without limitation all businesses on any list provided by The City of Seattle, in sufficient time to allow such businesses to respond to the written solicitations.
 3. Breaking down total requirements into smaller tasks or quantities, where economically feasible, in order to permit maximum participation by small businesses including WMBEs.
 4. Establishing delivery schedules, where the requirements of this Administrative Service Agreement permit, that encourage participation by WMBEs.
 5. Providing WMBEs that express interest with adequate and timely information about plans, specifications, and requirements of this Administrative Service Agreement.



6. Utilizing the services of available minority community organizations, minority contractor groups, local minority assistance offices, The City of Seattle, and other organizations that provide assistance in the recruitment and placement of WMBEs.

e. Sanctions for Violation Any violation of the mandatory requirements of the provisions of Subsection 10.03 b. or 10.03 c. shall be a material breach of contract for which the Claims Administrator may be subject to damages and sanctions provided for by the Service Administration Agreement and by applicable law.

SECTION XI

OTHER PROVISIONS

11.01

Choice of Law

The validity, interpretation, and performance of this Agreement shall be controlled by and construed under the laws of the State of Washington, unless federal law applies. Any and all disputes concerning this Agreement shall be resolved in King County Superior Court. The party substantially prevailing shall be entitled to recover its reasonable costs, including attorneys' fees.

11.02

Trademarks

The Claims Administrator reserves the right to, and control of, the use of the words "Premera Blue Cross" and all symbols, trademarks, and service marks presently existing or hereafter established. The Plan Sponsor shall not use such words, symbols, trademarks or service marks in advertising, promotional materials, materials supplied to Plan Participants, or otherwise without the Claims Administrator's prior written consent; such consent shall not be unreasonably withheld.

11.03

Independent Corporation

The Plan Sponsor hereby expressly acknowledges, on behalf of itself and all of its eligible employees and their eligible dependents, its understanding that this Administrative Service Agreement constitutes an Agreement solely between the Plan Sponsor and the Claims Administrator, that the Claims Administrator is an independent corporation operating under a license with the Blue Cross and Blue Shield Association, an association of independent Blue Cross and Blue Shield Plans (the "Association") permitting the Claims Administrator to use the Blue Cross Service Mark in the States of Washington and Alaska, and that the Claims Administrator is not contracting as the agent of the Association.

The Plan Sponsor further acknowledges and agrees that it has not entered into this Administrative Service Agreement based upon representations by any person other than the Claims Administrator, and that no person, entity or organization other than the Claims Administrator shall be held accountable or liable to the Plan Sponsor for any of the Claims Administrator's obligations to the Plan Sponsor created under this Administrative Service Agreement. This provision shall not create any additional obligations whatsoever on the Claims Administrator's part other than those obligations created under other provisions of this Administrative Service Agreement.



11.04

Year 2000 Compliance

The Group and Premier Blue Cross, referred to hereafter as the "parties," shall exchange all electronic data in compliance with the data transfer specifications described below. If data transmitted by either party (each referred to as "Data Transmitter" or "Data Receiver" as appropriate) are not in compliance with such data transfer specifications, the Data Transmitter shall, at its sole cost and expense, promptly generate and resubmit data in compliance with the data transfer specifications, in a manner that minimizes interruption of the Data Receiver's business processes, with time being of the essence.

For all transmissions of electronic data on and after July 1, 1999, the parties shall use the electronic data translators, or formats ("Permitted Data Formats") described in the table below. The Permitted Data Formats require Patient Date of Birth to be transmitted in a 4 digit form (e.g. mm/dd/yyyy).

PERMITTED DATA FORMATS	DATA FIELDS REQUIRING 4 DIGIT YEARS
NSF Institutional-vs 4.0 and up Professional-vs 1.04 and up	Patient Date of Birth
Ansi x12 - DCDS 837 vs 3041	Patient Date of Birth
COB - vs 3.0 and up	Patient Date of Birth
ITS release 8	Patient Date of Birth
ECC - Revised 6/01/1998	Patient Date of Birth
Envoy - vs 2.1 and up	Patient Date of Birth

11.05

Confidentiality Of Participant And Dependent Information

No employee, agent, or other representative of the Claims Administrator will provide to the Plan Sponsor any personal health information pertaining to Participants or their Dependents that is either implicitly or explicitly identifiable. In addition, the Plan Sponsor will not ask or direct any employee, agent, or other representative of the Claims Administrator to divulge such information. However, this provision shall not apply if the Plan Sponsor has signed and delivered to the Claims Administrator the required non-disclosure/confidentiality agreement that protects personal health information against use in any action or decision affecting or relating to a Participant or Dependent.

SECTION XIINOTICE

12.01

Except for the notice given pursuant to section 1.04, e., any notice required or permitted to be given by this Agreement shall be deemed delivered if addressed to the other party at the addresses shown below and sent by Certified Mail, return receipt requested. The addresses may be changed by written notice to the other party.

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE IT IS DUE TO THE QUALITY OF THE DOCUMENT.

Claims Administrator: Premera Blue Cross
P.O. Box 327
Seattle, Washington 98111-0327

Plan Sponsor: City of Seattle
Attn: Seattle Police Relief and
Pension Fund
Suite 230 Arctic Building
700 3rd Avenue
Seattle, Washington 98104-1809

SECTION XIII **ATTACHMENTS TO THE ADMINISTRATIVE SERVICE AGREEMENT**

13.01 The following Schedule attaches to and becomes part of the body of this Agreement and is herein incorporated by reference when selected by the Plan Sponsor as part of the administrative services to be performed by the Claims Administrator.

Schedule A - Administrator's Fees	Yes <u>X</u>	No <u> </u>
Attachment B - Performance Guarantees	Yes <u>X</u>	No <u> </u>

13.02 The Master Plan Document which describes the coverage provided under the Benefit Program attaches to and becomes part of the body of this Agreement and is herein incorporated by reference.

SECTION XIV **DISPUTES**

14.01 Any and all disputes shall be resolved in King County Superior Court. The party substantially prevailing shall be entitled to recover its reasonable costs including attorney's fees.

SECTION XV **ENTIRE AGREEMENT**

15.01 This document, together with the incorporated attachments and exhibits, constitutes the entire agreement of the parties. No other oral or written agreements or understandings will be admissible to vary the terms or conditions hereof. This contract may not be modified without the written consent of both parties.

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IN WITNESS THEREOF the parties hereto sign their names as duly authorized officers and have executed this Agreement.

CITY OF SEATTLE

BY: _____ DATE: _____

Paul Schell, Mayor City of Seattle

BY: Michael R. Germann DATE: November 28, 2000

Michael R. Germann, Executive Secretary of the Seattle Police
Pension Board and duly authorized designee of the Seattle Police
Pension Fund
PREMERA BLUE CROSS

BY: _____

H. R. Brereton Barlow

DATE: November 21, 2000

H. R. Brereton Barlow
President and Chief Operating Officer
Title

ADDRESS: 7001-220th Street SW
Mountlake Terrace, WA 98043

NOTICE: IF THE DOCUMENT IN THIS FRAME IS LESS CLEAR THAN THIS NOTICE
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SCHEDULE A
CLAIMS ADMINISTRATOR'S FEES

Pursuant to the Administrative Service Agreement, the Plan Sponsor shall pay the Claims Administrator a fee, as set forth below, for administrative services.

A. Administration Fees*:

If no changes are made to current administrative services the following fees apply:

First Year - January 1, 2001 through December 31, 2001

Group No. 00210, 00213, 13260	\$27.52 per employee per month
Group No. 13509, 13510	\$ 8.07 per employee per month

\$1.17 per claim for prescription drug benefits is included in the above rate.

Second Year - January 1, 2002 through December 31, 2002

Group No. 00210, 00213, 13260	\$31.91 per employee per month
Group No. 13509, 13510	\$ 8.79 per employee per month

\$1.17 per claim for prescription drug benefits is included in the above rate.

Third Year - January 1, 2003 through December 31, 2003

Group No. 00210, 00213, 13260	\$37.05 per employee per month
Group No. 13509, 13510	\$ 9.49 per employee per month

\$1.17 per claim for prescription drug benefits is included in the above rate.

The Plan Sponsor shall pay the administration fee to the Claims Administrator by the first of each month.

*These fees include the cost of member access to the Premiera Blue Cross Preferred Provider Network. These fees do not include any care management services.

Premiera Blue Cross assures that implementation of the Preferred Provider Network, effective January 1, 1998, will not impact the manner in which members currently access care, nor will implementation of the network impact the quality of care currently received by members, through actions by Premiera Blue Cross.

B. Advance Deposit:

The advance deposit is \$0. This level is based on a weekly wire transfer.

C. Run-out Fee in the Event of Termination:

The Plan Sponsor shall pay, on a weekly basis, a run-out fee equal to 8.0% of the paid claims amount for claims incurred prior to termination but submitted after termination. Payment of the run-out fee plus claims costs for the preceding week must be made to the Claims Administrator by check within 11 days of the date the bill was issued from the Claims Administrator.

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CITY OF SEATTLE

BY: _____ DATE: _____
Paul Schell, Mayor City of Seattle

BY: Michael R. Germann DATE: November 28, 2000
Michael R. Germann, Executive Secretary of the Seattle Police Pension Board
and duly authorized designee of the Seattle Police Relief & Pension Fund
PREMERA BLUE CROSS

BY: H. R. Brereton Barlow DATE: November 21, 2000
H. R. Brereton Barlow
President and Chief Operating Officer
Title

Address: 7001-220th Street SW
Mountlake Terrace, WA 98043

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Attachment B
Performance Guarantees

Administration Fees set forth in Attachment D are subject to the following performance guarantees and penalties:

Payment Incidence Accuracy

The percentage of claims processed without payment error. Calculated as the total number of audited claims minus the number of claims processed with "payment" error, divided by the total number of audited claims. Definition of "error" includes any type of error (e.g., coding, procedural, system, payment, etc.), that results in a payment error. Each type of error is counted as one full error and no more than one error can be assigned to one claim. Performance is tracked based on all claims processed within the assigned Operating Unit.

Guarantee	> 96.0%
Penalty for not reaching guarantee	1.0% of Administration Fee

Financial Payment Accuracy

The percentage of claim dollars paid accurately. Calculated as total audited paid dollars minus the absolute value of over- and underpayments, divided by total audited paid dollars. Performance is tracked based on all claims processed within the assigned Operating Unit.

Guarantee	> 97.0%
Penalty for not reaching guarantee	1.0% of Administration Fee

Turnaround Time (TAT)

The percentage of all claims processed within a specified number of calendar days. TAT is measured from the date the claim is received by Administrator to the date it is processed (i.e., paid, denied, or pending for external information). Performance is tracked based on all claims processed within the assigned Team.

Guarantee	> 82.4% processed within 0-14 days
Penalty for not reaching guarantee	1.0% of Administration Fee

Telephone Response Time (ASA)

The amount of time which elapses between the time a call is received into the phone system to the time answered by a representative (live voice answer). Performance is tracked based on all calls received within the assigned Team.

Guarantee	Average: <46 seconds
Penalty for not reaching guarantee	1.0% of Administration Fee

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Abandonment Rate

Percentage of calls that are unanswered calls (i.e., caller hangs up). Performance is tracked based on all calls received within the assigned Team.

Guarantee	< 5.0%
Penalty for not reaching guarantee	1.0% of Administration Fee

The Plan Administrator's performance will be evaluated annually and reflected in the Plan Administrator's annual report to the Plan Sponsor.

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City of Seattle

Paul Schell, Mayor

Seattle Police Pension Fund

Michael R. Germann, Executive Secretary

December 1, 2000

The Honorable Margaret Pageler, President
Seattle City Council

via: Mayor Paul Schell
attn: Mark Sidran, City Attorney
Gary Keese, Legal Advisor to the Seattle Police Pension Board

Dear Council President Pageler:

The Seattle Police Relief and Pension Fund Board of Trustees requests that you authorize the Mayor to execute, for and on behalf of the City of Seattle Police Relief and Pension Fund, an agreement with Premera Blue Cross, substantially in the form of the agreement attached here, the "administrative service agreement." As you are aware, the Police Pension Board pays for the medical benefits for all active and retired LEOFF I Seattle Police Officers and pre-LEOFF I officers. This agreement provides for the third party administration of such medical benefit payments, with significant discounts.

This particular agreement is the product of an extensive negotiation process by the Police Pension Board and is unique in its application by providing traditional medical benefit services at preferred provider (PPO) rates. We call it a "passive provider network" which features nationwide medical coverage at discounted rates, with no diminishment of traditional services heretofore provided.

Premera Blue Cross will administer the program and will be paid a fee for administrative services. The administration amount will begin at approximately \$229,000 annually from January 1, 2001 through December 31, 2003, depending on the number of members enrolled in the plan.

It is the Board's recommendation and request that this agreement with Premera Blue Cross be approved by the City Council at your earliest convenience. Contract compliance and equal benefits issues have been addressed.

Very truly yours,

Michael R. Germann
Executive Secretary

on behalf of the Seattle Police Pension Board

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700 Third Avenue, Suite 230, Seattle, WA 98104-1809
Tel: (206) 386-1286, Fax: (206) 386-9075

An equal employment opportunity, affirmative action employer. Accommodations for people with disabilities provided upon request.



STATE OF WASHINGTON - KING COUNTY

--SS.

127246
City of Seattle, Clerk's Office

No. ORD.TITLES

Affidavit of Publication

The undersigned, on oath states that he is an authorized representative of The Daily Journal of Commerce, a daily newspaper, which newspaper is a legal newspaper of general circulation and it is now and has been for more than six months prior to the date of publication hereinafter referred to, published in the English language continuously as a daily newspaper in Seattle, King County, Washington, and it is now and during all of said time was printed in an office maintained at the aforesaid place of publication of this newspaper. The Daily Journal of Commerce was on the 12th day of June, 1941, approved as a legal newspaper by the Superior Court of King County.

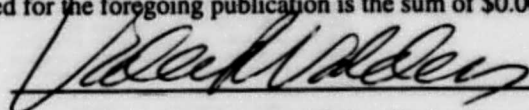
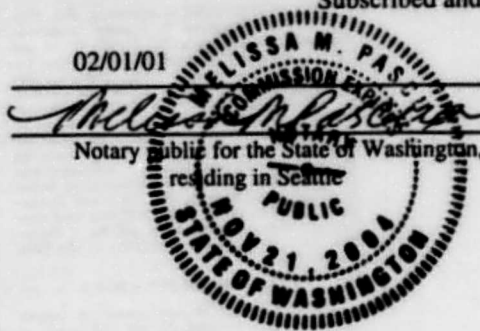
The notice in the exact form annexed, was published in regular issues of The Daily Journal of Commerce, which was regularly distributed to its subscribers during the below stated period. The annexed notice, a

CTOT:120238-120246

was published on

02/01/01

The amount of the fee charged for the foregoing publication is the sum of \$0.00, which amount has been paid in full.


Subscribed and sworn to before me on
02/01/01

Notary Public for the State of Washington,
residing in Seattle

Affidavit of Publication

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State of Washington, King County

City of Seattle

TITLE-ONLY PUBLICATION

The full text of the following ordinances, passed by the City Council on January 23, 2001, and published here by title only, will be mailed upon request, or can be accessed electronically at <http://clerk.ci.seattle.wa.us>. For further information, contact the Seattle City Clerk at 206-465-7000.

ORDINANCE NO. 120230

AN ORDINANCE relating to the Executive Services Department; authorizing a sale of real property at fair market value to the abutting property owners, Rodger and Karen Rogers and Marlen Kaiser; authorizing execution of Quiet Claim Deeds; and designating the disposition of sales proceeds.

ORDINANCE NO. 120231

AN ORDINANCE authorizing an expenditure from the Judgment/Claims Fund to be reimbursed by the Light Fund to settle the claim of Sheila Warnick (C-00186), all by a two-thirds vote of the City Council.

ORDINANCE NO. 120240

AN ORDINANCE authorizing the addition of a full-time equivalent position to coordinate the Citywide Career Quest Program, by a majority vote of the City Council.

ORDINANCE NO. 120241

AN ORDINANCE authorizing the Director of Seattle Public Utilities to execute agreement with Rabanco, Ltd., and Waste Management of Washington, Inc. for collection of commercial solid waste.

ORDINANCE NO. 120242

AN ORDINANCE authorizing the Director of Seattle Public Utilities to execute an agreement with Cedar Grove Composting, Inc. for processing of yard waste.

ORDINANCE NO. 120243

AN ORDINANCE authorizing the Director of Seattle Public Utilities to execute an amendment to an agreement with Washington Waste Systems Inc. for transportation and disposal of waste.

ORDINANCE NO. 120244

AN ORDINANCE relating to active and retired City police officers entitled to benefits under the 'LEOFF' Act (Ch. 41.26 RCW); authorizing an execution of a Contract Administration Agreement with Promera Blue Cross regarding certain medical care coverage to be provided such individuals.

ORDINANCE NO. 120245

AN ORDINANCE concerning the Elevated Transportation Company; transferring and reappropriating funds from the 2001 budget for Finance General to the Initiative 53 Planning Fund; directing the transfer of such funds to a bank account of the ETC acceptable to the Mayor; authorizing and directing the Director of Finance to develop a program of reports and other information to be submitted to the City by the Elevated Transportation Company; authorizing the Director of Finance to enter into agreements with the Elevated Transportation Company; and ratifying and confirming certain prior acts; all by a three-fourths vote of all the members of the City Council.

ORDINANCE NO. 120246

AN ORDINANCE appropriating money to pay certain audited claims and ordering the payment thereof.

Publication ordered by JUDITH PIPPIN, City Clerk.

Date of official publication in Daily Journal of Commerce, Seattle, February 1, 2001.
2/1(127346C1)

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Fiscal Note

Each piece of legislation that is financial in nature requires a fiscal note. The fiscal note should be drafted by department staff and should identify operating, capital, revenue, and FTE impacts of the legislation. After preparation by departmental staff, the City Budget Office will review and make necessary revisions before transmittal to Council.

Department: Police Relief & Pension Fund	Contact Person/Phone: Michael R. Germann 386-1289	CBO Analyst/ Phone Thomas Dunlap 386-9120
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Legislation Title:

AN ORDINANCE relating to active and retired City police officers entitled to benefits under the 'LEOFF' Act (Ch. 41.26 RCW); authorizing an execution of a Contract Administration Agreement with Premier Blue Cross regarding certain medical care coverage to be provided such individuals.

Summary of the Legislation:

This legislation would authorize the Mayor, on behalf of the City of Seattle (as plan sponsor), to enter into a three year agreement (2001-2003) with Premier Blue Cross to serve as Plan Claims Administrator for the medical benefits of certain active and retired police officers.

Background (Include justification for the legislation and funding history, if applicable):

This is a renewal of a contract between the City and the Claims Administrator originally entered into in 1998. The motivation of the Fire Pension Board for entering into the agreement at that time was to gain access to the advantages of preferred provider discounts for its enrollees, which depending on the procedure, offers discount in excess of 20 percent.

Public Private Partnership Review Status:

Does not apply

Is the legislation subject to public hearing requirements?

Beyond referral to a Council Committee meeting agenda, none

Fiscal Sustainability Issues (related to grant awards):

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No grant proceeds support the proposed expenditures.

Estimated Expenditure Impacts:

FUND	2001	2002	2003
RP60400	\$228,701	\$262,896	\$302,356
TOTAL			

One-time \$ _____ On-going \$228,701, escalating as indicated above

Estimated Revenue Impacts: None

FUND (List # and/or Account)	2001	2002	2003
TOTAL			

One-time \$ _____ On-going \$ _____

Estimated FTE Impacts: None

FUND	2000	2001	2002
TOTAL			

Full Time: 0 # Part Time: 0 TES: 0

Do positions sunset in the future? If yes, identify sunset date?

Does not apply

Other Issues (including long-term implications of the legislation):

None

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