

SAMARITAN HEALTH PLANS, INC.

MASTER SMALL GROUP POLICY APPLICATION ADDENDUM

This Master Small Group Policy (the “Policy”) together with the documents described in Section 2.1 below, form the contract (the “Contract”) entered into between Samaritan Health Plans, Inc., an Oregon nonprofit corporation (“SHP”), and the group (the “Group”) applying for coverage under Samaritan Small Group Benefit Plans (the “Plan”) which has been approved by the Oregon Insurance Commissioner.

RECITALS:

- A. SHP is an authorized health care service contractor in the State of Oregon. SHP arranges for the provision of medical and hospital benefits to employees and their dependents enrolled through Group as members (“Members”) on a prepaid and direct service basis through the Plan.
- B. Group is a Small Employer Group (defined in Section 2.11), as identified in the Application submitted to SHP.
- C. Group desires to make available medical, pharmacy and hospital benefits to eligible Members who participate in the Plan.

NOW THEREFORE, for good and valuable consideration, SHP and Group agree as follows:

- 1. Recitals. The recitals set forth above are incorporated as a material part of this Contract.
- 2. Definitions. The following terms, when used in this Policy, are defined as follows:

2.1 “Contract” (sometimes referred to as the “Group Policy”) means the Group’s Group Policy Application, this Master Group Policy, and Member Certificates incorporated herein by reference, and any amendments, exhibits, supplements, addenda, attachments, endorsements, applications, vision plans, or other coverage riders, and any information submitted as part of the Application for this Contract or for membership under this Contract. The Contract serves as the written memorialization of the services that will be provided by SHP to the Group and responsibilities between SHP and Group.

2.2 “Application” means the signed Group Policy Application and Contract made by Group and delivered to SHP by the Group’s Broker, which includes, but is not limited to: enrollment forms and/or enrollment data, census data, proof of employment, and any other documents or information that may be required by Samaritan in accordance with its policies and procedures.

2.3 “Certificate” or “Member Certificate” means the certificate that describes the medical, surgical, pharmacy and hospital benefits or vision coverage provided by SHP to the Members of the Group. The Member Certificate forms part of the Contract.

2.4 “Effective Date” is the date described in Section 5 under the Group Policy.

2.5 “Eligible Employee” means an individual who works a minimum number of hours per week, as specified by Group, at the business of Group, and who has a bona fide employer/employee relationship with the Group, and who is eligible to participate in the Plan under the terms prescribed by the Group. An “Eligible Employee” may also mean a partner, owner, or other self-employed individual who is treated as an employee of the Group as described in Code Section 401(c)(1). The Group must have at least one common-law employee who is covered under the Plan. The term “Eligible Employee” excludes leased employees and independent contractors.

2.6 “ERISA” means the Employee Retirement Income Security Act of 1974, as amended from time to time.

2.7 “Group” means the entity as defined in the Application, and that has met any applicable standards prescribed by SHP for underwriting. An Application for coverage must be accepted and approved by SHP before an entity, of any type, may be considered a Group.

2.8 “Member” means any Eligible Employee of Group, and any eligible family member of the Eligible Employee as prescribed under the Member Certificate, who satisfies all of the requirements of this Contract and the Member Certificate, who has been enrolled by Group, and for whom the current monthly premium has been received by SHP.

2.9 “Participating Provider” (sometimes referred to as a “In-Network Provider”) means an appropriately licensed physician, health professional, hospital, home health agency, pharmacy, or other licensed or certified entity or person who has entered into a contract or other arrangement with SHP to provide health care services to Members of this Plan with an expectation of receiving payment, other than deductibles, coinsurance, and copayments, directly or indirectly from SHP and such contract or other arrangement is in effect at the time such services are rendered.

2.10 “Plan” is the name of the insurance product purchased by Group and offered to its Eligible Employees. For Small Employer Groups, the Plan name is the “Samaritan Small Group Benefit Plans”, “Samaritan” or “SHP” herein.

2.11 “Small Employer” or “Small Employer Group” means for a Plan year an employer who employed an average of at least 1 but not more than 50 full-time employees on business days during the preceding calendar year ending prior to the Plan year and who employs at least 1 full-time equivalent employee on the first day of the Plan year determined in accordance with a methodology prescribed by the Department of Consumer and Business Services by rule.

Example: Employer is a Small Employer.

- Company X has 40 full-time employees (i.e., employees who complete 120 or more hours per month) for each calendar month during 2018.
- Company X also has 15 part-time employees for each calendar month during 2018, each of whom have 60 hours of service per month.
- When combined, the hours of service of the part-time employees for a month totals 900 [15 x 60 = 900].
- Dividing the combined hours of service of the part-time employees by 120 equals 7.5 [900 / 120 = 7.5]. This number, 7.5, represents the number of Company X's full-time equivalent employees for each month during 2018.
- Company X adds up the total number of full-time employees for each calendar month of 2018, which is 480 [40 x 12 = 480].
- Company X adds up the total number of full-time equivalent employees for each calendar month of 2018, which is 90 [7.5 x 12 = 90].
- Company X adds those two numbers together and divides the total by 12, which equals 47.5. [(480 + 90) / 12 = 47.5].
- Because the result is not a whole number, it is rounded to the next lowest whole number, so 47 is the result.
- So, although Company X has 55 employees in total [40 full-time and 15 part-time] for each month of 2018, it has 47 full-time employees (including full-time equivalent employees) for purposes of determining group size.
- Because 47 is less than 50, Company X is a small employer.

The Group hereby represents that it is a Small Employer Group as prescribed above.

### 3. Relationship of Parties Affected by this Contract.

3.1 SHP and Group. The relationship of SHP in regard to the Group is that of independent contractors. SHP and Group are not employees, agents, partners, or joint ventures of or with each other.

3.2 Group and Members. Group is the agent of the Members for all purposes under this Contract, and not the agent of SHP. Any action taken by Group will be binding on the Members. Members are entitled to health care benefits pursuant to this Contract between SHP and Group. Group agrees to act as agent for Members in acknowledging their agreement to the terms, provisions, limitations and exclusions contained in this Contract and the Plan.

3.3 SHP and Providers. The relationship between SHP and Participating Providers is that of independent contractors. None of the Participating Providers are employees or agents of SHP. Participating Providers make their own medical decisions, and provide services to entities and patients other than SHP and Members.

3.4 SHP Non-Liability as a Health Care Provider. Group and each Member agree that SHP is not a health care provider. SHP is not liable or responsible for the negligence or

conduct of any Participating Providers or any other persons or entities providing medical or hospital services to Members or Group. SHP cannot guarantee any results or outcomes of care.

4. Monthly Payments (Premiums).

4.1 The monthly premium rate is set forth on the rate notification provided to the Group. In general, the premium is not pro-rated and there are no partial months of coverage. However, if agreed upon by the parties, if coverage will be issued starting on the 16<sup>th</sup> calendar day of the month or later, then premium for that month will be pro-rated. If for a group renewal, or the State of Oregon or any other taxing authority imposes upon SHP any new or additional tax or license fee which is levied upon or measured by premium, by SHP's gross receipts, or by any portion of either, then SHP may amend this Contract to increase the premium by an amount sufficient to cover all such taxes or license fees rounded to the nearest cent, effective as of the date stated in a notice sent to Group. The effective date of such a premium increase shall not be earlier than the date of the imposition of such tax or license fee increase. SHP shall also have the right to change the premium as of any date that the extent or nature of the risk under this Contract is changed by amendment to this Contract or by reason of any change mandated by law of regulation.

4.2 Premiums are due in full as billed by SHP to Group on the first day of each month. Each monthly premium shall be calculated on the basis of SHP's records reflecting the number of Members in each coverage classification, as set forth in the Application, at the time of calculation and at the premium rate then in effect. Any adjustments will be made in the following billing statement. Group shall submit to SHP, on behalf of each Member, the entire amount due, on or before the first day of the month for which coverage is provided. If a payment is rejected by the financial institution on which it is drawn, premium is not considered paid until the payment, or an alternate payment, is honored by the issuing financial institution. SHP may charge a fee for any payment that is returned as unfunded. Group assumes responsibility for collection of the contributory portion of the premium, if any, from each Member.

4.3 If the Group does not pay the premium in full as billed for the Group or any Member by the premium due date, SHP will send the Group a notice that the premium is overdue. Notices are sent by the 10<sup>th</sup> of the month. If the Group does not pay SHP by the terms outlined in the late notice, the Group's coverage may be put on a claims pay hold beginning on the last day of the monthly period through which premiums are paid. If termination for nonpayment of premiums is effective later than the last date for which premium has been received by SHP, SHP shall be entitled to collect premium for the period between the last date through which premium was paid and the effective date of termination.

In the event the Contract ends for nonpayment of premium, it may be reinstated at SHP's choice and only by SHP's written Contract. Unless reinstated, this Contract shall remain terminated regardless of the fact that after the termination date SHP sends monthly billing statements to the Group or, for security purposes, deposit payments received from the Group.

Subject to the provisions of this Contract, no person shall be entitled to coverage under this Contract during any period of time for which payment of the required premium on his or her behalf has not been made. Payment in full of any outstanding balance is required before a Group may be reinstated to active coverage. Individual Members receiving coverage under the Plan may not make payments on their own, personal coverage; in the event SHP receives any such payments, they will be returned.

4.4 The total amount paid monthly under this Contract may change from time to time to reflect any change in the status of a Member or any change in the type of membership applicable to the Member (employee, employee/spouse, employee/child(ren), or family) or any change in state or federal benefit mandates.

4.5 Group shall provide SHP with notice of changes in eligibility and enrollment for any Member as soon as possible, but in no circumstances later than within the 30<sup>th</sup> calendar day starting on the date a Member becomes eligible for enrollment. Those changes not reflected in SHP's records at the time the monthly premium is calculated by SHP will not be adjusted until the following month. In no event shall SHP refund to Group any premiums paid for a Member by Group if the request for such refund is made later than 60 days after SHP's receipt of payment for said retroactively terminated Member. Newborn additions, and all legally defined qualifying events, will be adjusted retrospectively based on date of occurrence.

4.6 Change in Premiums. SHP reserves the right to change the premium rates under this Contract at any time but no more than once in a 12-month period. Written notice of premium rate change, or renewal notice will be given to Group at least 30 days prior to the effective date of the change.

4.7 Refunds of Premiums. If premiums are paid for an individual who is not eligible for coverage, SHP will refund the amount paid in error, less the cost of any claims paid on that individual's behalf.

4.8 Refund of Premiums in Event of Termination. In the event this Contract is terminated, SHP shall refund any unearned premiums to the Group. In the event this Contract is terminated because of material misrepresentation, SHP shall refund to the Group any unearned premiums less the amount of paid claims.

4.9 Premium Rebates. If state or federal law requires SHP to rebate premiums from this or any earlier contract year and SHP rebates premiums to Group, Group represents that Group will use that rebate for the benefit of Members, in a manner consistent with the requirements of the Public Health Service Act, the Affordable Care Act, and the obligations of a fiduciary under ERISA.

4.10 Inspection of Records. SHP shall have the right, at reasonable times, to examine the records of the Group and Group's subcontractors, including payroll records, with respect to eligibility and monthly premiums under this Contract. Group shall have the right,

at reasonable times, to examine SHP's records pertaining to Group with respect only to enrollment, eligibility and receipt of monthly premiums under this Contract.

5. Effective Date. This Contract becomes effective as of the requested Effective Date set forth in the Application contingent upon both of the following occurring: (1) the Application is signed by Group, and (2) the Application is received and approved by SHP. Coverage under this Contract will be effective as of the first of the month following the date that premiums are paid to SHP or otherwise agreed to by SHP.

6. Term of Contract; Renewal. The term of this Contract shall be ongoing and applicable notices regarding rates and benefits will be provided commencing on the Effective Date prescribed in Section 5 above, or unless this Contract is terminated as provided herein. Any renewal of this Contract for another year shall be accomplished by SHP's issuance of a new rate summary (based on current enrollment shown in SHP's enrollment system) for this Contract, executed by SHP and Group. The Contract will remain in effect upon any renewal until the next renewal unless this Contract is terminated as provided herein.

7. Renewability of this Contract. This Contract is guaranteed renewable and will not be terminated due to claims experience, health status, or length of time in force, except that SHP may discontinue or non-renew this Contract or coverage for a Member on any premium due date with written notice and/or re-rate and collect any additional funds from the Group as follows:

7.1 For the Group's failure to pay the required premiums by the end of the grace period in Section 4.3;

7.2 For fraud or intentional misrepresentation of material fact by the Group or as prohibited under the terms of the Plan;

7.3 For the Group's failure to provide SHP with annual census information or failure to respond to SHP's written request for current status information including group size, participation and contribution, as requested;

7.4 For the Group's failure to comply with SHP's minimum participation requirements or employer contribution requirements. SHP may continue to enforce reasonable employer participation and contribution requirements on Small Employers. However, participation and contribution requirements shall be applied uniformly among all Small Employer Groups with the same number of eligible employees applying for coverage or receiving coverage from SHP. In determining minimum participation requirements, SHP shall count only Eligible Employees who are not covered by an existing group health benefit plan, an individual health benefit plan, Medicaid, Medicare, TRICARE, Indian Health Service, plans of a state, the U.S., a foreign country or a political subdivision of one of these, or any publicly sponsored or subsidized health plan, including but not limited to the medical assistance program under ORS chapter 414. The Group agrees that SHP has the right to examine employee records for purposes of confirming any Member's employment status.

SHP may not deny a Small Employer's application for coverage under a health benefit plan based on participation or contribution requirements, but may require Small Employers that do not meet participation or contribution requirements to enroll during the open enrollment period beginning November 15 and ending December 15, as a January 1 effective date.

Except as provided in this Section, SHP may not increase any requirement for minimum employee participation or any requirement for minimum employer contribution applicable to a Small Employer Group except at the Group's Plan anniversary. At the Plan anniversary, SHP may increase the requirements only to the extent those requirements are applicable to all other Small Employer Groups of the same size. At the Group's Plan anniversary or at any time other than the anniversary, SHP may consider the existing Group as a new group for purposes of coverage if the eligibility requirements applicable to the Group are changed by the employer.

7.5 SHP discontinues offering or renewing, all of its small group health benefit plans in Oregon or in a specified service area in Oregon, as provided in ORS 743B.013.

8. Termination of this Contract. This Contract may be terminated or modified for any of the following reasons:

8.1 Upon SHP's receipt of written notice of termination from the Group, provided that SHP receives the notice at least 30 days in advance of the proposed termination date and the termination date is the end of the month. Group shall continue to be liable for Plan premiums for all Members enrolled in Plan through Group through the requested and agreed upon termination date.

8.2 Upon failure of Group to pay any Premium by the due date as described in this Contract.

8.3 Upon failure of Group to comply with any provision of this Contract, including without limitation the definition of Eligible Employee, Member, or Group. The termination shall be effective on the date specified in the notice from SHP to Group.

8.4 Upon the failure of Group to satisfy at any time the minimum group qualifications specified in the Contract. The termination shall be effective on the earlier of the next Group Contract anniversary date or the end of the last month in which Members are enrolled.

8.5 Upon SHP's discovery of fraud or misrepresentation of or by the Group. The termination shall be effective on the date specified in the notice from SHP to the Group. This date shall not be earlier than the date of the fraud or misrepresentation.

8.6 For noncompliance with the Group employer contribution requirements contained in the Contract.

8.7 When SHP ceases to offer or elect not to renew all small health benefit plans in Oregon or in a specified service area in Oregon, as provided in ORS 743B.013.

8.8 When SHP is ordered by the Oregon Insurance Commissioner to discontinue coverage in accordance with procedures specified or approved by the Commissioner upon finding that the continuation of the coverage would not be in the best interests of Members or would impair SHP's ability to meet contractual obligations.

8.9 In the case of a Group Contract that delivers covered services through a network of participating providers, when SHP no longer has any Members living, residing or working in the service area.

9. Notice of Termination. In the event this Contract is terminated and coverage is not replaced by the Group, SHP will mail to the Group a notice of termination. It is then the duty of the Group to send each Member a notice of the termination. The notice will explain the Member's rights to continuation of coverage under federal and/or state law. SHP's notice to the Group will be mailed within 10 working days of the Contract termination date or, in the event of termination due to nonpayment of premium, under this Contract. If SHP fails to give notice as required in this provision, SHP will waive the premiums and the Contract will continue in full force and effect from the end of the 10-day period to the date notice is received by the Group. In this case, the period in which a Member has to enroll in continuation will begin on the date the Group receives notice.

10. No Reinstatement By Acceptance Of Payment. If this Contract is terminated for any reason, SHP's acceptance of premium after notice of the termination shall not guarantee a reinstatement of this Contract. Any reinstatement must be agreed to by both SHP and the Group. SHP shall refund any payment accepted, less any outstanding balance, to the Group upon discovery that the payment was accepted without mutual agreement to reinstate.

11. Confidentiality Of Protected Health Information. In accordance with the federal privacy requirements of the Health Insurance Portability and Accountability Act (HIPAA), SHP will not disclose a Member's protected health information (PHI) to the Group (employer) or any agent of the Group unless requested by an authorized representative and unless SHP determines that such disclosure is:

11.1 Necessary and appropriate to the Group obtaining bids from SHP or from other health plans for further health coverage or to the Group modifying, amending, or terminating any benefit under the health plan;

11.2 Necessary as part of the Member's treatment, payment for the Member's treatment and SHP's business operations. SHP may share the Member's information with physicians or hospitals to help them provide medical care to the Member;

11.3 Necessary to help manage the Member's health care;

11.4 In compliance with the applicable provisions of HIPAA; and

11.5 Consistent with the HIPAA privacy protections that are contained in the Group's group health Plan documents, as certified in writing to SHP by the Group, under which the Group agrees to limit further disclosures to those permitted by law, to ensure that any person with whom the PHI is disclosed makes similar agreements not to use PHI for employment-related actions or decisions, not to use PHI for purposes related to any other benefits, to report to SHP any violations of these principles, to provide access to individuals to their PHI except as limited by law, to amend erroneous PHI as provided by law, to account for disclosures of PHI as provided by law, to be audited by the U.S. Department of Health & Human Services as to its handling of PHI, to return all PHI to SHP when no longer required, and to separate employees not necessary to using the PHI from the functions for which the PHI is required.

12. Indemnification; Standard of Care.

12.1 Group agrees to indemnify and hold SHP and its directors, officers, employees, and affiliates harmless from and against any loss and all claims, lawsuits, settlements, judgments, costs, penalties, and expenses including attorneys' fees resulting from or arising out of the willful misconduct or dishonest, fraudulent, reckless, unlawful, or negligent acts or omissions of the Group, any of its directors, officers, or employees or any Members enrolled under this Contract, except to the extent that such losses, claims, lawsuits, settlements, judgments, costs, penalties, or expenses result from the misconduct or dishonest, negligent, unlawful, reckless, or fraudulent act on the part of SHP or any of SHP's directors, officers, employees, parent, subsidiary, or otherwise affiliated entities.

12.2 SHP agrees to indemnify and hold harmless the Group, its directors, officers, and employees from and against any loss and all claims, lawsuits, settlements, judgments, costs, penalties, and expenses including attorneys' fees resulting from or arising out of the willful misconduct or dishonest, fraudulent, reckless, unlawful or negligent acts or omissions of SHP or any of SHP's directors, officers, or employees, parent, subsidiary, or other affiliated entities except to the extent that such losses, claims, lawsuits, settlements, judgments, costs, penalties and expenses result from the misconduct or dishonest, fraudulent, reckless, negligent or unlawful acts or omissions of the Group, its directors, officers or employees enrolled under this Contract.

12.3 SHP shall use ordinary care in the exercise of SHP's power and in the performance of SHP's obligations under this Contract.

13. Group Eligibility. Group must continuously satisfy the requirements of this Section, this Contract and the Group's Application in order to become enrolled and remain enrolled under this Contract.

13.1 Group Qualification. In order to qualify as an employer and to maintain eligibility for this employer group health plan, the Group must be a bona fide person (including sole proprietors or self-employed individuals), firm, corporation (including limited liability

companies, or LLCs), partnership (including limited liability partnerships (LLPs)), labor union or political subdivision. In addition, the Group must:

13.1.1 accept billing on a consolidated basis and collect any required employee contributions via payroll deductions;

13.1.2 be actively engaged in a business activity that is not illegal;

13.1.3 be licensed to conduct business in the state and obtain other business licenses as required by law;

13.1.4 cover at least one common-law Eligible Employee who is not an owner; and

13.1.5 have a status as a legal entity with authority to contract for health insurance coverage and not be formed primarily for the purposes of buying health insurance.

13.2 Workers' Compensation Benefits. Benefits are not available under the Contract for any services or supplies provided in connection with an occupational sickness or an injury sustained in the scope of and in the course of any employment whether or not benefits are, or could upon proper claim be, provided under the Workers' Compensation law.

14. When Employee Only Coverage Applies. If the benefits of the Contract apply only to employees, an "Employee Only" designation will appear on the cover of the Certificate, and eligibility for coverage under this Contract is limited to employees only. In that case, dependents are not eligible to enroll or receive benefits, all references to dependents in this Contract are deleted, and Member is changed to mean Eligible Employee.

15. Group Responsibilities. The Group agrees that it shall undertake the responsibilities below.

15.1 Handle and distribute enrollment materials in a timely manner and promptly provide to SHP the information necessary to administer this Contract. There is an understanding and agreement that the Group's failure to provide information in a timely manner may substantially delay and/or jeopardize the enrollment of eligible Members.

15.2 Restrict enrollment and payment of premiums through the Group to eligible Members.

15.3 Make payroll deductions for and verify with SHP the eligibility of any Member on a temporary leave of absence.

15.4 Remit premiums for a terminating Member through the end of the monthly coverage period in which the Member terminates, unless otherwise agreed in advance in writing.

15.5 Notify SHP of any Member terminations, loss of eligibility, or dis-enrollments within 30 days and as part of the administrative record-keeping process that occurs in the

normal course of business. The Group further agrees that any refund shall be made only if claims have not been paid, and only where Group incorrectly paid those amounts for an ineligible individual. SHP will refund the premium less any paid claims.

15.6 Provide each Member 30 days prior written notice of termination of this Contract, including any termination due to the Group's failure to pay premiums.

15.7 Notify each Member of any right(s) that may exist to continue coverage upon termination, as provided by any applicable law or as otherwise described under the plan, and collect and forward associated timely enrollment forms and premiums, unless otherwise agreed on between SHP and the Group.

15.8 Provide notices and disclosures, in a timely manner, that a group health plan is required by law to provide (e.g. special enrollment rights provisions), unless otherwise agreed on between SHP and the Group. The Group agrees to indemnify and hold SHP harmless from and against any damages, loss, action, claim or suit (including court costs and attorney's fees) arising from or related to its failure to provide such legally required notices.

15.9 Report monthly the names of new Members, cancelled Members and Members electing any statutory continuance of coverage by the 10<sup>th</sup> day of the month, and as required by applicable law.

15.10 Maintain Group eligibility in accordance with the minimum standards of applicable statutory continuances of coverage, unless SHP has agreed in advance and in writing to the Group's use of standards more generous to Members.

15.11 If SHP provides its enrollment and/or change forms ("Forms") and/or any benefit summaries and/or comparison sheets ("Documents") in an electronic medium for inclusion on the Group's internal intranet or by similar means, Group agrees that:

- electronic access shall be limited to the Group's enrolling employees and covered employees and be restricted to a "read-only" or similar basis;
- Group will replace any hard-copy Forms that have been modified by SHP;
- the hard-copy documents on file with SHP shall control in the event of any discrepancy; and
- the Group remains solely responsible for the content of the documents and all other legal requirements pertaining to them (e.g., distribution).

15.12 If applicable, provide COBRA notice and election forms, and collect and remit contributions from former employees and other COBRA beneficiaries, in accordance with applicable provisions of COBRA.

15.13 Take all other actions necessary to maintain and operate the group health benefits program insured by the Contract in compliance with applicable provisions of the

Affordable Care Act, ERISA, HIPAA, the Internal Revenue Code and all other applicable state and federal laws and regulations.

16. Funding. The Group shall adopt policies and procedures regarding the funding of the Group's payment obligations under this Contract. This includes the withholding of premiums by payroll deduction from Member's wages and/or the payment of the Group's contributions from the general assets of the Group.

17. Exclusive Purpose. Amounts paid (either directly or withheld by payroll deduction) by Members for benefits under Samaritan shall be used for the exclusive benefit of the Members, and in no event will the Group divert such amounts for any purpose other than for the payment of the Group's obligations hereunder.

18. Group's Bankruptcy. If bankruptcy, receivership or liquidation proceedings are commenced with respect to the Group, and if this Contract has not otherwise been terminated, then SHP may suspend all further performance of this Contract pursuant to Section 365 of the Bankruptcy Code (11 U.S.C. § 365) or any similar or successor provision of federal or state law. Any such suspension of further performance by SHP pending the assumption or rejection of the Contract shall not be deemed a breach of the Contract and shall not affect SHP's right to pursue or enforce any of the rights under this Contract or otherwise.

19. SHP Receivership or Liquidation. If receivership or liquidation proceedings are commenced with respect to SHP, and if this Contract has not otherwise been terminated, then the Group may suspend all further performance of this Contract pursuant to any applicable provisions of federal or state law. Any such suspension or further performance by the Group pending the assumption or rejection of the Contract shall not be deemed a breach of the Contract and shall not affect the Group's right to pursue or enforce any of the rights under this agreement or otherwise.

20. Representations Are Not Warranties. In the absence of fraud, all statements made in an application by the Group or an enrollment form by a Member shall be deemed representations and not warranties. No statement made for the purpose of obtaining coverage shall void such coverage or reduce benefits unless contained in a written document signed by the Group or the Member, a copy of which has been furnished to the Group or the Member.

21. Member Certificates. SHP will issue a Member Certificate to the Group, and the Group will be responsible for delivery of the certificate to each Member. If family members are enrolled, only one Member Certificate is required for each family unit.

22. Delegation of Responsibility.

22.1 It is understood and agreed that SHP is neither the "plan administrator" or the "plan sponsor" of the group's health benefit programs as described under applicable law, including under ERISA, and that the Group retains complete authority and responsibility for such group health programs. SHP is empowered to act on behalf of the Group only to the extent expressly stated in the Contract or as agreed to in writing by the Group and SHP.

22.2 The Group and SHP agree that with respect to ERISA, SHP will be the "appropriate named fiduciary" of the Plan solely for the purpose of reviewing claims and the appeals of any denied claims under the Plan. In exercising this responsibility, SHP shall have the discretionary authority to determine entitlement to Plan benefits as determined by the Member Certificate and other governing documents for each claim received, and to construe the terms of the Member Certificate and other documents.

22.3 The Group has the sole and complete authority to determine eligibility of persons to participate in the Plan.

22.4 SHP has no other fiduciary responsibilities with respect to the Group or the Plan.

23. Utilization review.

23.1 Group hereby delegates and vests with SHP the authority to determine, in SHP's discretion, whether a treatment, procedure, or other type of health care that has met the Plan's definition of medical necessity or is otherwise covered under the terms of the Plan. A Member has the right to file an appeal with SHP in accordance with the terms of the Member Certificate if dissatisfied with a determination.

23.2 An Oregon licensed doctor of medicine or osteopathy shall be responsible for all final recommendations regarding the necessity of appropriateness of services or the facility where they will be provided and shall consult as appropriate with medical and mental health specialists in making such recommendations per Oregon Revised Statutes 743B.422(2), as may be amended or renumbered from time to time.

24. Amendment. This Contract may be amended in any of the following circumstances:

24.1 This Contract may be amended, modified, or terminated at any time by mutual agreement between SHP and Group without the consent or concurrence of any Member. Any modification or amendment must be in writing and signed by SHP.

24.2 SHP may modify or amend this Contract at the time of coverage renewal. Any modification or amendment must be in writing and signed by SHP.

24.3 SHP may amend this Contract at any time by giving written notice to Group, on order to: (a) address any law or regulatory requirement; (b) reduce or expand the SHP service area; or (c) when SHP implements a uniform modification of coverage upon renewal for all employers in accordance with standards adopted by the Oregon Department of Consumer and Business Services, upon not less than 30 days prior written notice to Group.

25. Administration of Contract. SHP may adopt policies, procedures, rules, and interpretations to promote efficient administration of this Contract.

26. Assignment.

26.1 SHP may assign this Contract. In addition, SHP reserves the right to contract with other corporations, associations, partnerships, limited liability companies, professional corporations, other entities, and individuals to provide services and supplies described in this Contract. This Contract shall be binding on the successors and permitted assignees of SHP and Group.

26.2 Group may not assign this Contract or any of the rights, interests, claims for money due, benefits, or obligations hereunder without SHP's prior written consent. Any sale, transfer or assignment in violation of this provision shall be void and of no effect.

27. Attorney Fees and Costs. If SHP or Group institutes arbitration against the other to collect any sums owed under this Contract, the party that substantially prevails will be reimbursed for its reasonable costs of collection, including attorneys' fees at any arbitration, by the other party.

28. Governing Law. Except as preempted by federal law, this Contract will be governed in accord with Oregon law and any provision that is required to be in this Contract by state or federal law shall bind Group and SHP regardless of whether that provision is set forth in this Contract.

29. Entire Contract. This Contract, as defined in Section 2.1, constitutes the entire contract of insurance and agreement of the parties. There are no promises, terms, conditions or obligations other than those contained in the Contract. This Contract shall supersede all other communications, representations, or agreements, either verbal or written, between the parties.

30. Not an Indemnity Contract. It is agreed by the parties that this is not an indemnity health insurance contract but is an agreement to provide Members with health care benefits as specified by this Contract. All interpretations of this Contract shall be guided by such nature of this Contract.

31. Conformity with State and Federal Statutes. This Contract is issued and delivered in the State of Oregon and is governed by the laws of the State of Oregon, except to the extent preempted by federal law. In the event any provision of the Contract or any amendment is deemed to be in conflict with applicable state or federal laws or regulations, upon discovery of such conflict the Contract will be administered in conformance with the requirements of such laws and regulations as of their effective date.

32. Resolution of Any Conflicts in Documents. To the extent this Contract conflicts with the Application, the Plan, the Member Certificate or any exhibits, supplements, addenda, attachments, endorsements, or riders, this Contract shall supersede such documents. SHP will determine the contractual provisions relating to coverage of the Members, including without limitation procedures, exclusions, and limitations, and the Plan will govern in the event of conflict with any benefits comparison, summary, or other description of the coverage.

33. Notices. Any notice under this Contract shall be given by the U.S. Mail, postage prepaid, addressed as follows:

To SHP: Chief Executive Officer, Samaritan Health Plans, Inc., 2300 NW Walnut Boulevard, Corvallis Oregon 97330.

To Group: at the address indicated on the Application by Group.

Either party may at any time change or amend the address for notification purposes, by mailing a notice as required hereinabove, stating the change and setting forth the new address. The new address shall be effective on the date specified in such notice (which date shall not be sooner than ten days after the date the other party receives notice), or if the date is not specified, on the tenth (10<sup>th</sup>) day following the date such notice is received.

Notwithstanding the above, the parties agree to communicate with each other in carrying out the terms of this Contract by the most practical means available, which may include fax, telephone or electronic mail with reasonable measures taken to protect confidentiality and to comply with applicable federal, state, and other laws to protect the privacy of health care records.

34. Arbitration. In the event any controversy, claim, or dispute arising out of or relating to this Contract, or the breach thereof, or to the performance or the interpretation of any of the terms of this Contract, all such matters shall be submitted to arbitration in accordance with Oregon Revised Statutes and the commercial arbitration rules of the Arbitration Service of Portland, Inc. Judgment on the arbitration award may be entered in any court having jurisdiction over the subject matter of the controversy, claim, or dispute. The arbitrator shall have authority to assess attorneys' fees and costs in favor of the prevailing party and make it part of the award. All arbitration proceedings shall take place at an agreed upon Oregon location which will be decided at the time of dispute.

If any Member or former Member (or person claiming to be a Member or former Member) makes any claim or brings any action or proceeding arising out of or relating to this Contract to which SHP or Group become a party, SHP and Group agree to cooperate in the defense of such claim, action or proceeding and to resolve any controversy or claim between SHP and Group through arbitration under this Section only after the resolution of the Member's (or alleged Member's) claim.

35. Confidential/Proprietary Information. SHP and Group shall not, at any time during the term of this Contract, or after the termination thereof, divulge or convey any confidential information, trade secrets, business plans, proprietary information, knowledge, data or property related to either party or any of its affiliates other than that which is in the public domain, unless authorized by the other party in writing. In the event of any violation or threatened violation of this subparagraph by either party, the other party shall be entitled to immediate injunctive or other equitable relief in addition to any other remedies to which the other party may be entitled under law.

36. No Waiver. The failure or refusal of either party to demand strict performance of this Contract or to enforce any provision will not act as or be construed as a waiver of that party's right to later demand its performance or to enforce that provision. No provision of this Contract will be

deemed waived by SHP unless such waiver is reduced to writing and signed by one of SHP's authorized officers.

37. Force Majeure. To the extent that a natural disaster, war, riot, civil insurrection, epidemic, or any other emergency or similar event not within SHP's control results in SHP or its contract facilities, personnel, providers, or financial resources being unavailable to provide or arrange for the provision of a basic or supplemental health service in accordance with the requirements of the Plan, SHP is required only to make a good faith effort to provide or arrange for the provision of the service, taking into account the impact of the event. For purposes of this Section 37, an event is not within SHP's control if SHP cannot exercise influence or dominion over its occurrence.

38. Time Essence. Time is of the essence in the payment and performance of this Contract.

39. Headings. The Section headings used herein are for reference and convenience only and shall not enter into the interpretation of this Contract. Any exhibits, tables, schedules, endorsements or riders referred to and/or attached or to be attached hereto are incorporated to the same extent as if set forth in full herein.

40. Severability. If any term, provision, covenant, or condition of this Contract is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remainder of the provisions and the Contract shall remain in force and effect, and in no way shall be affected, impaired, or invalidated.