

RHODE ISLAND INTERLOCAL



Employee Benefits

Membership Participation Agreement

for

The Trust Health Pool

and/or

The Trust Dental Pool

for the

City of Central Falls

as of

July 1, 2015

**Rhode Island Interlocal Risk Management Trust
Employee Benefits
Membership Participation Agreement
for
The Trust Health Pool and/or The Trust Dental Pool**

Article 1. Authority and Purpose

This Membership Participation Agreement is made by and between the Rhode Island Interlocal Risk Management Trust (hereinafter "The Trust"), represented herein by its undersigned officer duly authorized, and the undersigned agent of the City of Central Falls, (hereinafter The "Member"), possessing actual authority to bind The Trust Member. Pursuant to this Agreement, and in consideration of the mutual promises contained herein, The Trust and the Member agree to be bound by the provisions set forth below.

Article 2. Definitions

"Agreement" or "Membership Participation Agreement" means The Trust's Employee Benefits Pool Membership Participation Agreement for the Health Pool and/or Dental Pool, as set forth herein.

"Board of Trustees" or "Trustees" are the representatives of Trust Members who govern The Trust under the Bylaws.

"Bylaws" means the Bylaws of The Trust (as may be amended from time to time).

"Dental Pool" is that risk-sharing pool within The Trust by which The Trust will offer Members a fully insured dental insurance plan.

"Director", "Executive Director" and/or "President" shall mean the President and Executive Director of The Trust, who has all of the powers enumerated in the Bylaws.

"Earned Equity" with respect to the Health Pool only shall mean that amount earned and attributable to the Member in the manner specified in the Health Pool Equity Allocation Policy as may be amended from time to time.

"Health Pool" is that risk-sharing pool within The Trust by which The Trust will offer Members a fully insured health insurance plan.

"Member" is an entity that signs this Employee Benefits Pool Membership Participation Agreement and participates in either the Health Pool, the Dental Pool, or both.

"Plan Document" means the applicable Summary Plan Description and/or the Subscriber Agreement.

"Premium" is the amount(s) specified by The Trust to be paid by the Member on a monthly basis.

"Subscriber" and/or "Member Enrollee" shall mean any individual who participates in the Health Pool or Dental Pool by virtue of that individual's relationship with the Member. This term is

intended to represent the Member's employee only, and does not extend to that employee's spouse or dependents.

"Third Party Administrator" means that entity employed by or appointed by The Trust to provide health coverage programs and products, or dental coverage programs and products, and related administrative services.

Article 3. Term of Agreement and Participation

A. Duration

This Agreement is for the period commencing July 1, 2015 and ending June 30, 2016; however, it will automatically be renewed annually unless the Trust Member requests otherwise; and the Trust Member agrees to give The Trust written notice of non-renewal or intent to withdraw from participation no later than May 1st or two (2) months prior to the policy expiration date, whichever date is earlier.

B. Withdrawal of a Member

1) A Member may withdraw from participation in the Health Pool or the Dental Pool at its discretion, but a withdrawal may only be effective on June 30th of any year. As set forth above, any election by a Member to terminate its participation in the Health Pool or Dental Pool requires written notification to The Trust of such intent to withdraw no later than May 1st or two (2) months prior to the policy expiration date, whichever date is earlier. Such notice of termination may be rescinded by a Member at any time prior to the end of the coverage period in which such notice was given.

2) The only exceptions to the requirements of this Article 3(B)(1) are that a Member may withdraw from the Health Pool or Dental Pool if such withdrawal is mandated by any enacted legislative act that requires the Member to participate in another State, municipal, or school department sponsored health insurance program or dental insurance program, or if the Member is permitted to withdraw by an Order of a Court of competent jurisdiction resulting from a Motion made by any person or commission granted the authority to make such Motion pursuant to Chapter 9 of Title 45 of the Rhode Island General Laws.

3) If a Member withdraws from participation in the Health Pool and/or the Dental Pool, it shall be responsible for any and all unpaid billings and/or premiums which have accrued but have not been paid during the term of the Member's participation in the Health Pool or Dental Pool. This shall include all such sums that are due and owing pursuant to the then-applicable Late Fee Interest Policy For Health and Dental Pool Delinquent Payment of Amounts Due. In addition, other than for the reasons set forth in Article 3(B)2 above, if the withdrawal results in the Member having participated in the Health Pool for fewer than thirty-six (36) months, the Member shall be required to reimburse The Trust for liquidated damages for early termination as set forth in Article 6 below.

C. Termination of a Member by The Trust

It is the responsibility of the Member to remit the premium due as billed in a timely manner, according to a payment timetable and provisions as set by The Trust. Coverage may be cancelled by The Trust if the Member fails to remit premium when due. In

addition, payments not received by The Trust by prescribed due dates will be subject to a late payment charge as set forth in the then-applicable Late Fee Interest Policy For Health and Dental Pool Delinquent Payment of Amounts Due.

D. Obligations of Member Upon Withdrawal or Termination

It is in the best interest of the Member for The Trust to retain a stable membership group and for all Members to share equitably in the prudent and actuarially sound capitalization of The Trust. In addition, Rhode Island General Laws section 45-5-20.1(b) requires Members to make contributions to The Trust on an actuarially sound basis; and therefore, if the Member elects to leave the Health Pool and/or the Dental pool, or if it is terminated from the Health Pool and/or the Dental Pool, it agrees to remain liable for all premiums due and payable by the Member for the coverage period in which the termination or cancellation occurs. With respect to withdrawal or termination from the Health Pool only, the Member shall also be responsible for all amounts due and owing pursuant to Article 6 below. Furthermore, those who evidence the greatest commitment to The Trust are entitled to the financial rewards for so doing, and therefore, the Member forfeits any future right to participate in the distribution of fund balance if it leaves The Trust, other than as specified in the Equity Allocation Policy, which is attached hereto as Exhibit A and as may be amended from time to time. In addition, in the event that a Member is terminated from participation in the Health Pool, or withdraws, except for the reasons set forth in Article 3(B)2 above, and has been a Member of the Health Pool for fewer than thirty-six (36) months, the Member forfeits any rights it may have to any Earned Equity in the Health Pool.

Article 4. General Obligations of the Member

A. Payments by Members

The Member agrees to remit the premium and other contributions due in a timely manner, according to a payment timetable as set by The Trust.

B. Capital Contribution

There shall be no requirement that an entity entering the Health Pool or Dental Pool make any Capital Contribution or pay any type of entry capitalization fee. For Members of record of the Health Pool and/or Dental Pool as of July 1, 2013, to the extent that the Member has made such a Capital Contribution or paid an entry capitalization fee, all such sums paid shall be returned to the Member, together with accrued interest from the date of such payment, in the first quarter of the Policy Year beginning July 1, 2013.

C. Distribution of Information

The Member agrees to communicate benefit and other information to its employees participating in the Health Pool and/or the Dental Pool in a timely manner upon the request of The Trust, and as required by law.

D. Member Information

The Member agrees to supply The Trust, at least annually, with updated enrollment and other underwriting information as directed by Trust staff.

E. Exclusivity

The Member agrees to offer to its employees only health and dental insurance plans provided through The Trust's Health and Dental Pools. However, with the approval of the Board of Trustees, after consultation with its Employee Benefits Committee, other plans covering less than 10% of the eligible enrollee population, including retirees, may be allowed.

Article 5. Determination of Contributions to The Trust's Health Pool and Dental Pool

A. Development of Premiums

Consistent with the provisions of Article V of The Trust's Bylaws, the President and Executive Director, or his or her designee, shall determine the monthly funding rates or contributions payable by each Member for participation in the Health Pool and/or the Dental Pool. The methodology for developing the monthly rates or contributions shall be made after review and conferral with the Employee Benefits Committee, the Underwriting Committee and upon final approval by the Board of Trustees. Those rates shall be set at amounts which, in the aggregate, will fully satisfy the funding requirements of the Health Pool or Dental Pool as applicable.

Article 6. Liability Following Withdrawal or Termination From the Health Pool Only

A. Member's Liability

A Member shall have no liability for contributions and assessments for any period following the effective date of termination of its participation in the Health Pool under this Agreement, except for any assessment that may be imposed by the Board of Trustees relative to any period in which the Member participated in the Health Pool.

However, in the event that a Member is terminated from participation in the Health Pool, or withdraws, except for the reasons set forth in Article 3(B)2 above, and has been a Member of the Health Pool for fewer than thirty-six (36) months, the Member forfeits any rights it may have to any Earned Equity in the Health Pool and the Member shall be required to reimburse The Trust for liquidated damages in an amount equal to one (1) month's premium payment. The Trust and the Member acknowledge that this amount is both reasonable and necessary to accommodate the Member's departure from the Health Pool.

Any monies owed to the Member based on its proportionate share of a certified surplus in the Health Pool as of the effective date of its withdrawal or termination from Health Pool participation shall be paid to the Member as specified in the Equity Allocation Policy, which is attached hereto as Exhibit A and as may be amended from time to time.

Any payment owed by the withdrawing or terminated Member of the Health Pool to The Trust for any assessment directed by the Board of Trustees shall be paid as directed by the Board of Trustees.

B. Liability of The Trust after Withdrawal or Termination of a Member

Member acknowledges that if it withdraws or is terminated from the Health Pool, then coverage for its Member Enrollees may be cancelled and/or suspended.

In no event, however, shall The Trust have liability for coverage for benefits received by a Member Enrollee of a terminated or withdrawn Member after the date of termination or withdrawal, except as may be required by State or Federal law, or as may be provided in the Plan Document.

Article 7. Liability Following Withdrawal or Termination From the Dental Pool Only

A. Member's Liability

A Member shall have no liability for contributions and assessments for any period following the effective date of termination of its participation in the Dental Pool under this Agreement, except for any assessment that may be imposed by the Board of Trustees relative to any period in which the Member participated in the Dental Pool.

Any payment owed by the withdrawing or terminated Member of the Dental Pool to The Trust for any assessment directed by the Board of Trustees shall be paid as directed by the Board of Trustees.

B. Liability of The Trust after Withdrawal or Termination of a Member

Member acknowledges that if it withdraws or is terminated from the Dental Pool, then coverage for its Member Enrollees may be cancelled and/or suspended.

In no event, however, shall The Trust have liability for coverage for benefits received by a Member Enrollee of a terminated or withdrawn Member after the date of termination or withdrawal, except as may be required by State or Federal law, or as may be provided in the Plan Document.

Article 8. Autonomy of Member in Collective Bargaining and Eligibility Determination

A. Collective Bargaining

Notwithstanding any other provisions of this Agreement, a Member maintains its autonomy and responsibility for collective bargaining with its employees over the terms and conditions of health and dental insurance coverage. Each Member shall determine the level of contribution that it will make towards benefits provided to its employees/retirees through this Agreement; provided, however, it is understood that the foregoing does not alter the Member's obligation to make premium payments and contributions to The Trust Health Pool and/or Dental Pool, as applicable.

B. Eligibility Determination

Nothing contained in this Agreement shall, in any way, limit the authority of a Member to determine that a person is eligible for participation pursuant to the applicable health coverage program documents and/or dental coverage program documents. Unless The Trust specifically assumes responsibility with regard to notification of eligibility, including notification to and from affected parties of eligibility rights under the Consolidated Omnibus Reconciliation Act (COBRA) of 1985, and any other applicable federal and state statutes, these functions and tasks, as well as employee direct billing, shall be the responsibility of and determined by the Member. Notwithstanding the above, significant modification of plus or minus 10% to the overall enrollment of the Member may result in revised claims projections and therefore monthly premium requirements.

AS TO THE HEALTH POOL

CITY OF CENTRAL FALLS



Signature

James A. Diossa

Name

Mayor

Title

7/15/2015

Date

**RHODE ISLAND INTERLOCAL
RISK MANAGEMENT TRUST**



Ian C. Ridlon, Esq.
President and Executive Director

Date

7/8/15

AS TO THE DENTAL POOL

CITY OF CENTRAL FALLS



Signature

James A. Diossa

Name

Mayor

Title

7/15/2015

Date

**RHODE ISLAND INTERLOCAL
RISK MANAGEMENT TRUST**



Ian C. Ridlon, Esq.
President and Executive Director

Date

7/8/15

Approved as to form and correctness



City Solicitor

Reviewed per F.S.A.



7/14/15
Leonard Morganis
Administration & Finance Officer



RHODE ISLAND INTERLOCAL RISK MANAGEMENT TRUST HEALTH POOL EQUITY ALLOCATION POLICY

This Equity Allocation Policy applies only to the Health Pool of The Rhode Island Interlocal Risk Management Trust (“The Trust”), and recognizes that the Health Pool’s equity is owned by its Members in a manner that is different than the ownership arrangement for Members’ Equity in the other Trust risk-sharing pools.

This document sets forth the governing provisions for the allocation and distribution of this equity among the Health Pool’s Member groups, which are comprised of: existing Members at the beginning and end of a fiscal year, new entrants to the Health Pool at the beginning of a fiscal year, and Members that terminate their relationship with the Health Pool at the end of a fiscal year.

SECTION 1: MEMBER EQUITY SHARE

Each Member's allocation of the equity of the Health Pool is a direct function of the number of months that a Member has been part of the Health Pool times the number of Subscribers for that Member for each corresponding month relative to the total Subscriber months for all Members combined. Equity is allocated to each Member on a fiscal year basis. Each Member's share of total Health Pool Equity at the end of a fiscal year is defined as follows:

Equity at end of year equals Member share of equity at beginning of year carried over from prior year (for a new Member, this amount is \$-0-)
plus Member share of operating gains or losses during the year
minus Surplus distribution (if any) to Member during the year

A Member's equity at the end of a fiscal year is the accumulation of the values for each year since the Member's initial participation in the Health Pool, computed using the formula above.

Every Member has an equity account balance computed as described above as of June 30th of each fiscal year, and during the fiscal year, every Member shares in the operating gains or losses of the program during the year as described above.

Members departing the Health Pool for any reason share in the Pool’s gains or losses in the same manner as other Members in the year they depart.

However, in the event that a Member is terminated from participation in the Health Pool, or withdraws, except for the reasons set forth in Article 3(B)2 of the Membership Participation Agreement, and has been a Member of the Health Pool for fewer than thirty-six (36) months, the Member forfeits the right to withdraw any equity allocated to it.

SECTION 2: RETURNS AND PAYMENTS TO MEMBER UPON WITHDRAWAL

For a departing Member which has maintained continuous coverage for thirty-six (36) months or for a departing Member whose withdrawal was for the reasons set forth in Article 3(B)2 of the Membership Participation Agreement, a Withdrawn Equity Allotment (“WEA”) shall be computed.

For all other departing Members, no WEA will be computed and the departing Member is not entitled to withdraw any equity.

The WEA shall be paid in three (3) equal installments occurring on or about the first December 31st following the fiscal year in which the Member last participated in the Health Pool (i.e. 6 months post departure), the second December 31st following the fiscal year in which the Member last participated in the Health Pool (i.e. 18 months post departure), and the third December 31st following the fiscal year in which the Member last participated in the Health Pool (i.e. 30 months post departure).

The amount of the WEA shall be computed in a two (2) step process:

Step 1: Fifty percent (50%) of the Member’s proportionate share of the Health Pool’s equity shall be calculated as of June 30th of the year in which the Member departs, based on the Health Pool’s audited Financial Statements for that year.

For the purpose of this calculation, equity shall be defined as total Health Pool equity, including accumulated interest, for all Members, including the departing Member.

Step 2: The amount determined per Step 1 shall be multiplied by a percentage, not to exceed one-hundred (100%) percent. That percentage shall be calculated as follows:

- The Surplus Equity Amount, if any, shall be computed by subtracting the amount of Health Pool equity necessary to achieve a Risk Based Capital level of two-hundred (200%) from total Health Pool equity.
- The Surplus Equity Amount, if any, shall next be divided by the amount of Health Pool equity at the two-hundred (200%) Risk Based Capital Ratio. The resultant percentage, not to exceed one-hundred (100%), shall then be multiplied by the amount calculated in Step 1 to determine the amount the Member may withdraw.

The Risk-Based Capital calculation shall follow the then current formulation specified by the National Association of Insurance Commissioners (“NAIC”). Should the NAIC cease to promulgate Risk-Based Capital criteria, the Board of Trustees may elect to use the latest NAIC formulation or it may employ a different formulation certified by an actuary as one providing similar financial solvency tests.

For the purpose of this Step 2 calculation of the Risk Based Capital percentage level, total Health Pool equity shall be based on the audited Financial Statements of the fiscal year of the Member's departure and it shall not include any Surplus distribution such as a dividend that the Board of Trustees may declare and thus have established as a liability against that year as payable to Members.

SECTION 3: OTHER WITHDRAWAL AND TERMINATION PROVISIONS

Notwithstanding the above schedule in Section 2 for payment of the WEA, the Board of Trustees may delay actual payment until after final settlement calculations for the year have been performed and approved by the Board of Trustees.

The payment provisions specified in Section 2 apply regardless of whether the Member voluntarily elects to withdraw from the Health Pool, withdraws for the reasons set forth in Article 3(B)2 of the Membership Participation Agreement, or its participation as a Member of the Health Pool is terminated by The Trust.

The Trust may terminate its Health Pool relationship with a Member at any time during the fiscal year due to non-payment. In the event a Member's relationship is terminated during the fiscal year, the Earned Equity and Withdrawn Equity Allotment will be calculated after the end of the fiscal year once the gain or loss has been determined for that year and in accordance with the provisions of Section 2.

The departed or terminated Health Pool Member shall have deducted from payments due it pursuant to Section 2, any delinquent fees, interest charges, damages or other payments owed to The Trust.

SECTION 4: SUSPENSION OF RETURNS AND PAYMENTS TO MEMBERS

In the event that the payment of a WEA, whether made by The Trust on behalf of one departed Member or combined with similar returns or payments to other departed Members in the same fiscal year, would cause the total Health Pool Equity to fall below zero (\$0), then the Board of Trustees shall have the power to suspend temporarily all, or a portion of, such returns and payments until such time as the financial condition of the Health Pool allows WEAs to be paid to departed Members without jeopardizing the financial stability of the Health Pool. The Board of Trustees shall have the sole power to determine whether the Health Pool's financial stability remains in jeopardy subsequent to such suspension, and to determine the dates, amounts or proportions applicable to the resumption of WEA payments to departed Members.

SECTION 5: RE-ENTRY OF DEPARTED MEMBERS

A local governmental entity which was formerly a Member of the Health Pool, but wishes again to participate in the Health Pool, shall be treated as a new Member. The returning Member entity shall have no call or claim upon any equity it forfeited at the time of its prior departure (or departures in the case of an entity departing and returning on multiple occasions).