

**INTERLOCAL AGREEMENT
BETWEEN
WASHINGTON STATE HEALTH CARE AUTHORITY (hereinafter referred to as HCA)
AND
Ben Franklin Transit (hereinafter referred to as Contractor)
Agency Number 900 B89**

WHEREAS, THE HCA, administers the medical, dental, life, and disability insurance coverage for the employees of the state of Washington, as set forth in chapter 41.05 RCW; and

WHEREAS THE GOVERNING BODY representing Contractor certifies that all employees and members of the Governing Body enrolled are eligible for insurance coverage pursuant to chapter 41.05 RCW, RCW 41.04.205, chapter 182-08 WAC, and chapter 182-12 WAC;

THIS AGREEMENT is made and entered into by and between the Washington State Health Care Authority and Contractor to provide insurance for Contractor's eligible employees and their dependents enrolled through the HCA in the Public Employees Benefits Board (PEBB) program. This Agreement is issued pursuant to the Interlocal Cooperation Act, chapter 39.34 RCW.

THEREFORE, IT IS MUTUALLY AGREED THAT:

1. STATEMENT OF WORK

In consideration of Contractor's payment of Monthly Fees to be made to HCA and Contractor's agreement to the terms and conditions of PEBB participation set forth in this Agreement and WAC 182-12-230, HCA agrees to provide PEBB insurance coverage to Contractor's PEBB enrollees.

2. PERIOD OF PERFORMANCE

Subject to its other provisions, the period of performance of this Agreement shall commence on January 1, 2003 and shall remain in effect until terminated by HCA or the Contractor as provided herein.

3. MONTHLY FEE

3.1 Billing Procedure and Remittance

HCA shall rely on its most recent enrollment data to invoice Contractor prior to the coverage month. Contractor is responsible for timely reconciliation of enrollment discrepancies. In consideration of providing insurance coverage to Contractor's employees and their dependents, Contractor agrees to remit the Monthly Fee invoiced by HCA no later than the 20th of the month of coverage. Subject to provisions of 3.3 of this Agreement, partial payment will be considered nonpayment by Contractor.



3.2 Responsibility For Enrollment Data

Contractor shall determine an applicant's eligibility for PEBB coverage in accordance with chapter 41.05 RCW and Title 182 WAC. Contractor shall furnish HCA with current enrollment information, upon which HCA may rely without further verification. Changes in enrollment status submitted to HCA after the 20th of each month may not be reflected in HCA's enrollment data and monthly invoice until the subsequent month.

3.3 Enrollment Discrepancies

If Contractor determines that an invoiced amount does not reconcile with Contractor's records, the remittance may be adjusted if the remittance is accompanied by a Payment Discrepancy Reporting Form (Exhibit A). The Contractor must submit an Insurance Eligibility System Adjustment Form (Exhibit B) for employee insurance termination and salary changes. Contractor shall be solely responsible for the completeness and accuracy of all forms sent to HCA for reconciliation purposes.

4. RECORDS MAINTENANCE

The parties to this Agreement shall each maintain books, records, documents, and other evidence which sufficiently and properly reflect all direct and indirect costs expended by either party in the performance of the service(s) described herein. These records shall be subject to inspection, review or audit by personnel of both parties, other personnel duly authorized by law. All books, records, documents, and other material relevant to this Agreement will be retained for six (6) years after expiration and the Office of the State Auditor, federal auditors, and any persons duly authorized by the parties shall have full access and the right to examine any of these materials during this period.

Records and other documents, in any medium, furnished by one party to this Agreement to the other party will remain the property of the furnishing party, unless otherwise agreed. The receiving party will not disclose or make available this material to any third parties without first giving notice to the furnishing party and giving it reasonable opportunity to respond. Each party will utilize reasonable security procedures and protections to assure that records and documents provided by the other party are not erroneously disclosed to third parties.

5. RIGHTS IN DATA

Unless otherwise provided, data which originates from this Agreement shall be "works for hire"

7. AGREEMENT ALTERATIONS AND AMENDMENTS

This Agreement may be amended by written agreement of the parties. Such amendments shall not be binding unless they are in writing and signed by personnel authorized to bind each of the parties.

8. TERMINATION

8.1 Voluntary Termination

Pursuant to WAC 182-12-111, Contractor agrees to maintain its PEBB plan participation for a minimum of one full year, and then through the end of the plan year. The legislative authority or the board of directors shall provide the HCA written notice of its intent to terminate PEBB plan participation no later than 30 days prior to the effective date of termination. If this Agreement is so terminated, the parties shall be liable only for performance rendered or costs incurred in accordance with the terms of this Agreement prior to the effective date of termination.

8.2 Involuntary Termination for Cause

If Contractor fails to remit the Monthly Fees in a timely and proper manner under this Agreement, and Contractor's outstanding balance is more than 60 days past due, HCA shall give Contractor and Contractor's PEBB enrollee's written notice of such failure. Such written notice will include notice of termination of PEBB coverage if full remittance is not made within 30 calendar days. The effective date of termination of PEBB coverage shall be retroactive to the date of such non-payment or partial payment. Any partial payment made by Contractor for the month of termination shall be refunded by HCA to Contractor.

HCA reserves the right to recover from Contractor any expenses incurred by HCA as a result of Contractor's nonpayment of Monthly Fees. This reimbursable expense shall be in addition to any other provision of this Agreement.

8.3 Termination For Convenience

Except as otherwise provided in this Agreement, the HCA may, by 10 days written notice, beginning on the second day after the mailing, terminate this contract, in whole or in part. If this contract is so terminated, the HCA shall be liable only for services rendered prior to the effective date of termination.

9. DISPUTES

In the event that a dispute arises under this Agreement, it shall be determined by a Dispute Board in the following manner: Each party to this Agreement shall appoint one member to the Dispute Board. The members so appointed shall jointly appoint an additional member to the Dispute Board. The Dispute Board shall review the facts, Agreement terms and applicable statutes and rules and make a determination of the dispute. The determination of the Dispute Board shall be final and binding on the parties hereto. As an alternative to this process, either of the parties may request intervention by the Governor, as provided by RCW 43.17.330, in which event the Governor's process will control.



10. GOVERNANCE

This Agreement is entered into pursuant to and under the authority granted by the laws of the state of Washington and any applicable federal laws. The provisions of this Agreement shall be construed to conform to those laws.

In the event of an inconsistency in the terms of this Agreement, or between its terms and any applicable statute or rule, the inconsistency shall be resolved by giving precedence in the following order:

- a. Applicable state law and federal statutes and rules;
- b. Statement of work; and
- c. Any other provisions of the Agreement, including materials incorporated by reference.

11. ASSIGNMENT

The work to be provided under this Agreement, and any claim arising thereunder, is not assignable or delegable by either party in whole or in part, without the express prior written consent of the other party, which consent shall not be unreasonably withheld.

12. WAIVER

A failure by either party to exercise its rights under this Agreement shall not preclude that party from subsequent exercise of such rights and shall not constitute a waiver of any other rights under this Agreement unless stated to be such in a writing signed by an authorized representative of the party and attached to the original Agreement.

13. SEVERABILITY

If any provision of this Agreement or any provision of any document incorporated by reference shall be held invalid, such invalidity shall not affect the other provisions of this Agreement which can be given effect without the invalid provision, if such remainder conforms to the requirements of applicable law and the fundamental purpose of this Agreement, and to this end the provisions of this Agreement are declared to be severable.

14. ALL WRITINGS CONTAINED HEREIN

This Agreement contains all the terms and conditions agreed to by the parties. No other understandings, oral or otherwise, regarding the subject matter of this Agreement shall be deemed to exist or to bind the parties hereto.



15. CONTRACT MANAGEMENT

The Public Employees Benefits Board (PEBB) Assistant Administrator (or his/her designee or successor) shall be responsible for and shall be the contact person for all communications regarding the performance of this Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement.

STATE OF WASHINGTON STATE
HEALTH CARE AUTHORITY

CONTRACTOR:

Melodie Banker
Signature
Director, Legal and Contract
Services 8/24/02
Title Date

[Signature]
Signature
General Manager August 9 2002
Title Date

Approved as to Form
By Attorney General



Exhibit A

PAYMENT DISCREPANCY REPORTING FORM

This form is to be used to report differences between the amount billed by the Health Care Authority (HCA) and the amount paid by your agency for the designated coverage period. If your premium payment does not match the billed amount exactly, this form must be submitted with your payment for use by the HCA Accounts Receivable Section to reconcile your agency's account. *If your agency does not key it's own eligibility changes, you must also submit the appropriate eligibility adjustment forms and/or enrollment/change forms to the HCA Benefits Section.*

| Agency/Subagency | Agency Name | | Coverage Period (MM/YY) |
|------------------|---------------|-----------------|-------------------------|
| Employee SSN | Employee Name | Reason for Adj. | Amount of Adj. |
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Total of all Adjustments: \$ _____ +

Payment (check) Amount: \$ _____ =

Billed Amount: \$ _____

Adjusted Total: \$ _____

(Billed Amount and Adjusted Total must be equal)

Completed By: _____ Phone: _____

Please keep a copy for your records



INSURANCE ELIGIBILITY SYSTEM ADJUSTMENT FORM

(For Employee Termination & Salary Changes ONLY)

Exhibit B

| Agency/Sub Agency: | Agency Name: | | Date: | |
|-----------------------------|--------------|-------------------------------|---------------|---------------|
| EMPLOYEE NAME (Last, First) | EMPLOYEE SSN | INSURANCE TERMINATION DATE | SALARY CHANGE | |
| | | | Date | Gross Mo. Inc |
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Prepared By _____ Phone Number _____

Please keep a copy for your files

