



NOTICE: PMHIC AGREEMENT AMENDMENT

October 1, 2019

Dear PMHIC Member:

As a member of Pennsylvania Municipal Health Insurance Cooperative (PMHIC), you executed and signed a Member Agreement when you joined the Cooperative. In Article IX Section 1, it states “Any decision to modify, amend, or terminate this Agreement shall require the approval of two-thirds of all voting members. Following approval of any amendments, all interested parties shall be bound thereby...”

During this past year, the Board of Directors of PMHIC reviewed the Agreement and are recommending two amendments to the current Agreement, which are outlined below: Note: New additional language is **bolded** with an explanation:

Article VI Section 1:

1. Each Member shall certify to the Cooperative each employee and dependent who shall become entitled to coverage in accordance with the terms of the Agreement, Member's Plan of Benefits, and/or the Member's Summary Plan Documents. Members are obligated to provide the General Administrator accurate and timely information on new enrollees to the benefit plan and provide accurate and timely information on terminations from said plan.

In the event the Cooperative pays or provides, by insurance or otherwise, benefits authorized hereunder for an ineligible employee or an ineligible dependent designated as eligible by the Member, the Member shall be responsible therefore and shall reimburse the Cooperative for all payments or provisions made for the employee or dependent. If litigation arises as a result of such an error by a Member, the responsible Member shall indemnify and hold harmless the Cooperative from any and all judgments, costs, settlements and reasonable attorney's fees incurred by the Cooperative as a result thereof.

Pennsylvania Municipal Health Insurance Cooperative

Mailing Address: PO Box 5406 Lancaster, PA 17606-5406 • Phone: 717.723.4600 or 888.400.4647
Physical Address: 201 E. Oregon Road, Lititz, PA 17543 • Fax: 888.977.2901

Explanation: Although the current language states that employers are responsible to provide accurate enrollment data, it was felt by the Board of Directors that additional clarification was necessary to assure that the Cooperative expenses would not be responsible to pay for an employee and/or dependent who is found to be ineligible for benefits. The language clarifies that the Member (employer) has the responsibility for accurate enrollment and if a person is found to be ineligible, it is the employer's responsibility to pay the claims.

Article VII Section 1:

1. Each Member agrees to pay Premiums established by the Cooperative to cover the cost to the Cooperative for providing benefits to the Members. The Premiums **are intended** to include sufficient funds to pay (1) claim costs, claim administration fees, reinsurance, and all other reasonable and necessary expenses of the Cooperative together with such reserve funds as the Cooperative shall deem reasonable and prudent and, (2) sufficient funds to cover similar costs incurred by the Cooperative for any self-funded claims incurred while a Member of the Cooperative but paid after the Member's withdrawal from the Cooperative as specified in Article VI. **This paragraph states the goal of the Agreement but shall not be interpreted to modify or limit any Member Obligations set forth in Article VI.**

Explanation: This is a minor wording clarification on payment of premiums. The new wording is to clarify that each Member has the responsibility to pay all obligations billed to them while a Member of the Cooperative.

By accepting and agreeing to these two amendments, these amendments will go into effect (assuming two-thirds of the PMHIC Members approve) on January 1, 2020. At that time, you will receive a new copy of the complete PMHIC Agreement.

Enclosed is a signature page agreeing to the two amendments outlined above.

Fredrick M. Bean
Vice President, Program Management

Enclosure



**Pennsylvania Municipal Health Insurance Cooperative (PMHIC)
Agreement Amendment**

Effective January 1, 2020

I hereby approve the amendment to the PMHIC Agreement Article VI Section 1 and Article VII Section 1.

Article VI Section 1:

1. Each Member shall certify to the Cooperative each employee and dependent who shall become entitled to coverage in accordance with the terms of the Agreement, Member's Plan of Benefits, and/or the Member's Summary Plan Documents. Members are obligated to provide the General Administrator accurate and timely information on new enrollees to the benefit plan and provide accurate and timely information on terminations from said plan.

In the event the Cooperative pays or provides, by insurance or otherwise, benefits authorized hereunder for an ineligible employee or an ineligible dependent designated as eligible by the Member, the Member shall be responsible therefore and shall reimburse the Cooperative for all payments or provisions made for the employee or dependent. If litigation arises as a result of such an error by a Member, the responsible Member shall indemnify and hold harmless the Cooperative from any and all judgments, costs, settlements and reasonable attorney's fees incurred by the Cooperative as a result thereof.

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PMHIC Employer Name Printed: _____

PMHIC Authorized Representative Name Printed: _____

Signature: _____ Date: _____

