

## **PHS ADMINISTRATIVE PROVISIONS FOR HEALTHCARE SOLUTIONS PLANS ISSUED IN THE STATE OF NEW YORK**

The purpose of this document is to describe administrative arrangements and notice provisions between The Guardian Life Insurance Company of America ("The Guardian"), Physicians Health Services of New York, Inc. ("PHS") and the Employer which will facilitate the delivery of health care benefits to bona-fide, eligible employees and their eligible dependent(s) who elect coverage. All benefits and services are subject to the terms and conditions of associated plan documents that are referred to below.

### **FORWARD**

The Guardian & PHS Healthcare Solutions is a joint marketing and services arrangement between The Guardian and PHS.

The Guardian is licensed as an insurance company to provide a full range of group medical, life, dental and disability plans. PHS is a federally qualified, comprehensive, prepaid health plan, or health maintenance organization (HMO), which is offered on a group basis.

The Guardian underwrites coverage for indemnity plans and the out of network portion of point of service plans offered in conjunction with Healthcare Solutions. PHS underwrites and provides coverage for HMO plans and the in-network portion of point of service plans offered in conjunction with Healthcare Solutions.

The Guardian will perform a variety of administrative services on behalf of PHS, including premium billing, reconciliation and collection of premium payments, the intake and processing of group applications for coverage and the intake and processing of all enrollment transactions. The Guardian will assume responsibility for transmitting enrollment information to PHS on a timely basis.

The Guardian will publish and make available the identification cards and plan documents related to indemnity coverage, and plan documents that apply to the out-of-network portion of the PHS point of service plan. PHS will publish and make available identification cards and plan documents related to Health Maintenance Organization (HMO) coverage and plan documents that apply to the in-network portion of the POS plan. PHS will produce and distribute identification cards that apply to both the in-network and out-of-network portions of the point of service plan.

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**1. GROUP/EMPLOYER AND EMPLOYEE ELIGIBILITY**

- A. A group formed strictly for the purposes of obtaining insurance will not be considered eligible.
- B. Groups/Employers with two (2) to fifty (50) eligible employees must have a minimum of one (1) eligible employee enrolled in a Healthcare Solutions plan. Groups/Employers with more than 50 eligible employees must have a minimum of 75% of all eligible employees enrolled in Healthcare Solutions plans.
- C. For Groups/Employers with two (2) to fifty (50) eligible employees, employees must work a minimum of twenty (20) hours per week to be considered eligible for medical benefits. For Groups/Employers with over fifty (50) eligible employees, employees must work a minimum of thirty (30) hours per week to be considered eligible for medical benefits.
- D. All eligible employees must be covered by a Workers Compensation insurance plan.
- E. The Employer agrees to supply The Guardian and PHS with timely and accurate information with respect to the work status of Employees who are eligible for Medicare coverage, Parts A and B, and other information as may be necessary to determine if Medicare will be the primary or secondary payer.

**2. ENROLLMENT AND TERMINATION**

- A. An annual open enrollment period shall be held prior to the Employer's Contract Anniversary Date or other date mutually agreed to by The Guardian, PHS and the Employer. During the open enrollment period any and all plans selected by the Employer will be offered to all eligible employees, at which time they may renew their current plan or make a new plan election.
- B. As a condition of enrollment, employees shall complete and submit to The Guardian such forms as The Guardian may reasonably request for purposes of enrollment, change in dependents, change of coverage or termination of coverage.
- C. The Guardian must receive written notice on a form they have supplied or approved of the enrollment of new hires and newly eligible employees. There will be a thirty-one (31) day grace period from the date of the event allowed for receipt of such written notice.

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- D. The Guardian must receive written notice on a form supplied or approved by them of the enrollment of newly eligible spouses and dependent children . There will be a thirty-one (31) day grace period from the date of the event allowed for receipt of such written notice.
- E. Employees, spouses and dependent children who were eligible for coverage but did not enroll within 31 days of the original date of eligibility are considered to be "late entrants", and may only elect coverage when there has been a loss of alternate coverage through the spouse, a life status change event, or during the annual open enrollment period.
- F. The Guardian must receive written notice on a form supplied or approved by them of the cancellation of Employees and/or dependents within thirty-one (31) days of the proposed coverage termination date.
- G. Terminations of coverage when dependent children reach the maximum age or cease to be full time students will take effect as of the last day of the month in which the event occurs.
- H. In the event of a new plan election resulting from a family status change, The Guardian must receive written notification of such election on a form supplied or approved by them within thirty-one (31) days of the status change.
- I. For those written notices as described above that do not meet the established criteria, the form will be returned to the Employer for completion or revision. If timely notice is not given because of Employer administrative error, The Guardian may, at its sole option, allow enrollment or cancellation of the enrollee upon special and unique circumstances.
- J. The Guardian and PHS may establish reasonable requirements for proof of eligibility. The Guardian and PHS reserve the right to periodically examine the Employer's records (including payroll records), with respect to verifying eligibility, contribution levels and premium payments under the terms of this Agreement, The Guardian Employer Rider, The Guardian Certificate of Coverage and the PHS Subscriber Agreement. The Guardian and PHS agree to preserve the confidentiality of such records.

**3. RATES AND PAYMENT**

- A. A grace period of thirty-one (31) days, without interest charge, will be allowed for the payment of the premium due for PHS coverage on any due date other than the initial one. If any premium with respect to the Employees of a participating Employer is not

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paid before the expiration of the grace period, this Agreement and any policy issued pursuant to this Agreement shall automatically terminate upon the expiration of the grace period. If the Employer shall have given The Guardian written notice, in advance, of an earlier date of termination during the grace period, this Agreement, and any policy issued pursuant to this Agreement shall be terminated as of such earlier date, except that, in no case shall the effective date of termination precede the date on which the grace period began. The Employer shall be liable for all unpaid premiums with respect to the covered Employees for the period (including a pro-rata premium for the grace period or a portion thereof) during which the policy was in force with regard to such Employees.

- B. Unless otherwise agreed to in writing, changes in rates from year to year under this Agreement will take effect on the Employer's Contract Anniversary Date. The Guardian shall give written notice to the Employer of rate changes at least thirty (30) days prior to the Employer's Contract Anniversary Date.
- C. Only PHS enrollees for whom The Guardian receives the applicable premium payment are entitled to benefits. Coverage is only for the period to which the payment applies. The Guardian may effect a termination of eligibility under indemnity, HMO or POS plans at any time for nonpayment of premium as set forth in paragraph A.

**4. COORDINATION OF BENEFITS**

- A. PHS maintains a policy of coordinating benefits for covered services with other insurers that may also be liable for benefits available to insureds of The Guardian or enrollees of PHS. The rules governing the procedures for coordinating benefits are set forth in plan documents. The Employer agrees to cooperate fully with The Guardian and PHS in identifying and processing claims for coordination of benefits and to furnish such information as The Guardian or PHS may request to aid in the identification or processing of such a claim.

**5. RELATIONS AMONG PARTIES AFFECTED BY AGREEMENT**

- A. The relationship between PHS and the Employer during the term of this Agreement shall be that of insurer (PHS) and purchaser (the Employer) of health care benefits. Each party is and shall continue to be an independent entity. Neither party is the employer, representative, or agent of the other, nor shall either party have the express or implied right or authority to assume or create any obligation on behalf of, or in the name of, the other party through its actions omissions or representations.

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- B. The relationship of PHS to the physicians or other health care providers of services is governed by separate agreements. They are independent contractors and they are not authorized to modify these administrative provisions or assume or create any obligation for PHS. PHS is not liable for representations concerning these provisions, by them, their employees or their agents. PHS also is not liable for any action, failure to act, conduct or negligence of such providers.
- C. The Employer understands that it has no rights under any contract between PHS and a physician or provider of service that may describe benefits or other matters in a manner different from this document.

**6. NOTICE**

- 1. Any notice to the Employer regarding changes to these administrative provisions may be given by United States mail, postage prepaid, to the last address given to The Guardian. Any notice to PHS under this Agreement may be addressed to The Guardian, as administrator for Healthcare Solutions plans, and given by United States mail, postage prepaid, to:

The Guardian  
3900 Burgess Place  
Bethlehem, PA 18017

**7. TERMINATION AND AMENDMENT PROVISIONS**

- A. Either The Guardian, PHS or the Employer may terminate this Agreement, but only upon giving written notice to the other party at least thirty (30) days prior to the Contract Anniversary Date, provided that if PHS ceases operation or, in PHS's judgment, they become unable to provide the benefits set forth in the plan documents, then The Guardian or PHS may terminate this Agreement upon giving the Employer prompt written notice, either directly or through The Guardian as administrator for Healthcare Solutions plans. The termination shall become effective in accordance with the written notice. All rights to health care benefits under the terms of the Guardian Employer Rider and the PHS Subscriber Agreement shall terminate as of the termination date specified in the notice.
- B. This Agreement may also be terminated as set forth in sections 3.A. and 3.C. hereof.
- C. In the event that circumstances beyond the control of PHS including, but not limited to, war, civil insurrection, acts of God, riot, epidemic, public emergency, natural disaster, the partial or complete destruction of the facilities of PHS, the administrative offices for Healthcare Solutions plans at The Guardian, or offices and facilities of its contracted physicians or providers of services, or the disability of their personnel

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delays or makes The Guardian or PHS unable to arrange for the benefits set forth in the plan documents, The Guardian shall refund a pro rata amount of the prepaid subscription rate to the Employer for the period in which arrangements for benefits set forth in this Agreement were unable to be made.

- D. In the event of termination of any coverages under PHS, the Employer shall have the obligation to notify affected employees and dependents of the termination and about continuation of benefits and conversion rights available under COBRA or any other applicable federal and state law.
- E. In the event of termination of this Agreement or any policy issued pursuant to this Agreement, the Employer shall remain liable for premium that applies to the period prior to the effective date of the termination.
- F. PHS reserves the right to amend the terms of the Group Contract upon the approval of the New York State Department of Insurance and the New York State Department of Health, and in response to statute or law.

Any amendment to this Agreement shall be effective only if it is evidenced in writing and signed by an officer of PHS and an authorized officer of the Employer.

Agreed to for the Employer:

Company Name: \_\_\_\_\_

Plan Number (if available at time of signature): \_\_\_\_\_

by:

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Agreed to for PHS by:

Signature: 

Name: Dennis G. Wilson

Title: Vice President, Northeast Commercial Sales

Date: \_\_\_\_\_