

COVENTRY HEALTH CARE OF DELAWARE, INC.
2751 Centerville Road
Suite 400
Wilmington, DE 19808

STANDARD PACKAGE COST SHARING

GROUP MASTER CONTRACT

THIS CONTRACT is made by and between Coventry Health Care of Delaware, Inc. (hereinafter referred to as "Health Plan") and the employer (hereinafter referred to as "Small Employer" or "Group") as specified on the Application. "Small Employer" means any person, sole proprietor, firm, corporation, partnership or association (including an entity that leases employees from a professional employer organization, co-employer, or other organization engaged in employee leasing), actively engaged in business if, on at least fifty percent (50%) of its working days during the preceding calendar quarter, employed at least two (or, in the case of a nonprofit organization as described below, one) but no more than fifty (50) Eligible Employees and the majority of these Eligible Employees are employed within the State of Maryland. NOTE: If a Small Employer did not exist during the preceding calendar year, it shall, during its first year employ on at least fifty percent (50%) of its working days at least two (or, in the case of a nonprofit organization as described below, one) but no more than fifty (50) Eligible Employees.

Small Employer includes companies which are affiliated companies or which are eligible to file a consolidated federal income tax return under the Internal Revenue Code, and the following local government entities: a charter county; a code county; a board of county commissioners; and a municipal corporation. Small Employer also includes a nonprofit organization, which has been determined by the Internal Revenue Service to be exempt from taxation under section 501(c) (3), (4), or (6) of the Internal Revenue Code, with at least one Eligible Employee.

A person is considered to continue to be a Small Employer if the person met the conditions specified in the paragraph above and purchased this health benefit plan in accordance with Maryland law, and subsequently eliminated all but one employee. Maryland law protects employers who previously met the definition of Small Employer and who cease being Small Employers based solely on the newest definition of Small Employer. Those protected employers may renew coverage for as long as they continue to meet the definition of Small Employer in effect on the date they applied for the coverage.

IN CONSIDERATION of timely payment of the periodic premium by the Small Employer, the Health Plan agrees to provide and/or arrange for hospital and medical services to enrolled Members in accordance with the terms, provisions, exclusions and limitations of the Application, HMO Membership Handbook and Group Membership Agreement, Standard Package Cost Sharing, any Benefit Endorsements, any Amendments, and this Group Master Contract, and made a part hereof (hereinafter collectively referred to as the "Contract"). The applicable Group Enrollment Forms are also incorporated and made fully a part of this Contract.

IT IS AGREED:

1. This Contract shall be effective on the date specified on the Application and shall be renewed automatically on the Anniversary Date shown on the Application from year to year for additional twelve (12) month periods, unless terminated by either party as provided herein.
2. For employees who become Eligible Employees after the contract effective date and their dependents, if any, who are qualified to enroll hereunder, coverage shall be effective upon meeting the Small Employer's eligibility requirements as specified herein and on the Application.
3. The additional benefit Endorsements purchased by Group shall be as specified on the Application.
4. The monthly premiums, participation requirement(s), and the Open Enrollment Period shall be as specified on the Application.

ARTICLE 1 - PARTICIPATION

- 1.1 We will not impose a minimum participation requirement for a Small Employer that is greater than 75% of Eligible Employees of the Small Employer. In applying minimum participation requirements with respect to a Small Employer to determine whether the applicable percentage of participation is met, We will not consider Eligible Employees or Dependents that have group spousal coverage under a public or private health insurance plan or other health benefits arrangement including Medicare, Medicaid, and CHAMPUS, that provides benefits similar to or exceeding the benefits provided under this Contract.
- 1.2 In determining the number of Eligible Employees, companies which are affiliated companies or which are eligible to file a consolidated federal income tax return shall be considered one employer. Additionally, a part-time employee may not be counted.

ARTICLE 2 - ELIGIBILITY

- 2.1 Employees of the Small Employer and their Dependents who are eligible for the health benefits program established by the Small Employer, and who comply with any waiting period as specified on the Application or other requirements established by the Small Employer and with the terms and provisions of this Contract are eligible to be enrolled hereunder so long as they enroll within thirty (30) days from the date of their eligibility.

If husband and wife are both employed by the Group, then one shall be considered a dependent of the other for purposes of obtaining insurance, unless both are the only employees of the Group.

- 2.2 "Eligible Employee" means
- A. an individual who
 - (1) is an employee, sole proprietor, partner of a partnership, or independent contractor who is included as an employee under a health benefit plan; and
 - (2) works on a full-time basis and has a normal work week of at least thirty (30) hours; or
 - B. a sole employee of a nonprofit organization that has been determined by the Internal Revenue Service to be exempt from taxation under Section 501(c)(3), (4) or (6) of the Internal Revenue Code who:
 - (1) has a normal work week of at least 20 hours; and
 - (2) is not covered under a public or private plan for health insurance or other health benefit arrangement.

"Eligible Employee" does not include an individual who works:

- (1) on a temporary or substitute basis; or
- (2) except for an individual described in paragraph B.(2) above, for less than 30 hours in a normal work week.

- 2.3 Eligible Dependents of Eligible Employees are as follows:

- A. Lawful Spouse.
- B. Dependent child of the Subscriber, including: a biological child; a stepchild; a foster child; a lawfully adopted child, or a child in the process of being adopted from the date of placement; a child for whom the Subscriber has been granted legal custody, including custody as a result of a guardianship, other than a temporary guardianship of less than 12 months duration, granted by a court or testamentary appointment; a grandchild who is in the court ordered custody of the Subscriber or his/her spouse; or a child for whom the Subscriber has the legal obligation to provide coverage pursuant to court order, court-approved agreement, or testamentary appointment. Such Dependent child must be:

- (1) under nineteen (19) years of age; or
- (2) under twenty-three (23) years of age and a full-time student at a recognized college, university or trade school; or
- (3) nineteen (19) years of age or older, incapable of self-support by reason of mental or physical incapacity, either of which had commenced prior to the Limiting Age, and chiefly dependent on the Eligible Employee for support. Proof of such incapacity and dependency must be furnished to the Health Plan within thirty-one (31) days of the date that coverage would otherwise terminate for such child due to reaching the Limiting Age, and each birthday thereafter. "Limiting Age" means nineteen (19) years of age, except for full-time students at a recognized college, university or trade school, the Limiting Age means twenty-three (23) years of age.

ARTICLE 3 - ENROLLMENT

3.1 Initial Enrollment Period

Eligible Employees, on behalf of themselves and their Dependents, must apply for coverage during the thirty (30) day period beginning with the date the employee becomes an Eligible Employee:

- A. For Eligible Employees who enroll on behalf of themselves or their Dependents during the Initial Enrollment Period and who are Eligible Employees as of the effective date of the Group Master Contract, coverage will become effective on the effective date of the Group Master Contract.
- B. For those employees of the Group who become eligible after the effective date of the Group Master Contract, coverage will become effective on the first day of the month following the date the employee meets the requirements of an Eligible Employee. Any changes to the effective date and information about the eligibility waiting period, if any, are as specified in the Application

Eligible Employees, on behalf of themselves and their Dependents, who are not enrolled within the Initial Enrollment Period are considered to be Late Enrollees except as specified in Section 3.2 below:

3.2 Special Enrollment Period

Eligible Employees and their dependents may enroll for coverage during a Special Enrollment Period when there is a change in family status (i.e., marriage, birth, adoption) or when the Employee or dependent lost coverage under a prior plan. A special Enrollee may enroll for coverage as specified in Article 6.2 of the Group Membership Agreement.

3.3 Late Enrollment Period

An Employee or Family Dependent is a Late Enrollee if he or she did not enroll when the Employee was first eligible, when there was a change in family status (i.e., marriage, birth, adoption), or when the Employee lost coverage under a prior plan. A late Enrollee may enroll for coverage as specified in Article 6.2 of the Group Membership Agreement.

3.4 The Small Employer will offer coverage under this Contract to all Eligible Employees on terms and conditions no less favorable than those for any other medical insurance program or alternative health care plan it makes available.

3.5 There shall be an annual Open Enrollment Period, as specified on the Application, during which all Eligible Employees are offered a choice to become covered under this Contract or any alternative health care plan available through the Small Employer.

3.6 The Small Employer agrees that each Eligible Employee shall receive pertinent Open Enrollment information which shall include literature supplied by the Health Plan. Every Eligible Employee shall be given a fair opportunity to elect one health care plan over another and shall not be penalized by the Small Employer as a result of such election.

ARTICLE 4 - EFFECTIVE DATE OF COVERAGE

- 4.1 Subject to receipt by the Health Plan of the applicable monthly premiums and completed enrollment applications for each prospective Member, coverage will become effective on the date stated on the Application for employees who are Eligible Employees on the contract effective date and enroll themselves and their Dependents within thirty (30) days of first becoming eligible. For employees who become Eligible Employees after the contract effective date stated on the Application, coverage will become effective as provided in Article 6 of the HMO Membership Handbook and Group Membership Agreement.

ARTICLE 5 - PREMIUM PAYMENTS

- 5.1 The Small Employer shall pay to the Health Plan on behalf of each Subscriber and Dependent the monthly premiums specified on the Application. This premium is due on or before the first (1st) day of the month. If such premium payment is not made in full by Group on or prior to the premium due date, a thirty-one (31) day grace period shall be granted to Group for payment. This Contract shall remain in force during the grace period. If payment is not received by the expiration of the grace period, then this Contract may be terminated by the Health Plan pursuant to Article 7 herein. If a Member's enrollment status changes during the course of the year, Small Employer's premium on behalf of such Member shall change accordingly.
- 5.2 Because total Premium payments are based on the number of Members enrolled, it is the responsibility of the Group to notify the Health Plan of an enrollment or disenrollment of a Member by submitting a Group Enrollment Form to the Health Plan within thirty-one (31) days of the enrollment or disenrollment. The Health Plan will not retroactively enroll or disenroll a Member beyond the thirty-one (31) days.
- 5.3 The Health Plan will bill the Small Employer and the Small Employer shall pay the required total monthly premium for additions and terminations of Members during any month as follows:
- A. If a Member's coverage is effective in the first fifteen (15) days of the month, the full monthly premium will be due for such Member. If a Member's coverage is effective after the fifteenth (15th) day of the month, no premium payment will be due for such Member for that month.
 - B. If a Member's coverage terminates as of the first fifteen (15) days of the month, no monthly premium payment shall be due for such Member for that month. If the Member's coverage terminates effective after the fifteenth (15th) day of the month, the total monthly premium for such Member shall be due.

Alternatively, at the time of Application, the Small Employer can choose to have the Health Plan pro-rate the premium payment from the date the Member becomes effective for coverage. The same pro-ration method will apply at the time of termination of coverage of the Member.

- 5.4 The Health Plan may change the monthly premium rate schedule by giving sixty (60) days prior written notice to the Small Employer. The monthly premium rate schedule shall not be revised more often than once in any contract year. In addition, however, if a change in this Contract is required by statute or regulation which increases the Health Plan's risk under this Contract, the Health Plan may change the monthly premium rate schedule upon sixty (60) days prior written notice to the Small Employer.
- 5.5 If a Member ceases to remain eligible to receive coverage under this Contract as a result of failing to satisfy the eligibility requirements shown herein and on the Application, and if the Small Employer has made any premium payments for such Member after the date eligibility ceases, the Small Employer will receive credit for any monthly payments made on behalf of such Member provided the Health Plan is notified in writing by the Small Employer within sixty (60) days from the date the Member's eligibility ceased or such additional period of time as set forth in a written notice by the Health Plan to Small Employer.
- 5.6 The Health Plan currently calculates the monthly premium rates based on the average age of the Members. If the age of a Member on the original census used to develop the monthly premium rate

is misstated, the Health Plan will recalculate the monthly premium rate based on the corrected age. If the result requires an adjustment to the monthly premium rate, such adjustment will reflect what the rate would have been had the age been correct on the original census and will be retroactive to the beginning of the current contract period.

- 5.7 The Small Employer is liable for paying premium until notice of termination is received by the Health Plan pursuant to Article 7 herein.

ARTICLE 6 - LIMITATIONS

- 6.1 To the extent that a national disaster, riot, civil insurrection, epidemic or any other emergency or similar event not within the Health Plan's control results in the Health Plan facilities, personnel or resources being unavailable to provide or arrange for the care and services it has agreed to provide in this Contract, the Health Plan is required only to make a good faith effort to provide or arrange for such care and services, taking in account the impact of the event. In such event, the Health Plan will be liable for reimbursement of the expenses necessarily incurred in the procurement of such care and services as a Health Plan Participating Physician determines were Medically Necessary and covered under this Contract to the extent prescribed by the Insurance Commissioner of the state in which this Contract was issued. For the purposes of this section, an event is not within the Health Plan's contract if the Health Plan cannot exercise influence or domain over its occurrence.

ARTICLE 7 - TERMINATIONS

- 7.1 The health benefit plan is renewable with respect to all Eligible Employees at the option of the Small Employer, except:
- A. for nonpayment of the required premiums by the Small Employer;
 - B. for fraud or intentional misrepresentation of material fact on the part of the small employer under the terms of the coverage;
 - C. when the Small Employer violates a material plan provision relating to the employer contributions or group participation rules;
 - D. when the Health Plan elects not to renew all of its health benefit plans issued to Small Employers in the State of Maryland;
 - E. when the Health Plan elects not to renew or issue all of a particular type of coverage or policy forms. The Health Plan will offer to each affected Small Employer the option to purchase any other coverage plan currently being offered by the Health Plan. The Health Plan shall act uniformly without regard to the claims experience of any affected Small Employer or any health status-related factor of any affected Member. (Health status-related factor means a factor related to health status, medical condition, claims experience, receipt of health care, medical history, genetic information, evidence of insurability including conditions arising out of acts of domestic violence, or disability.)
- 7.2 This Contract shall be effective through the Anniversary Date and from year to year thereafter, unless terminated:
- A. by the Health Plan for the reasons listed in Article 7.1.A, B or C above by a written thirty (30) day notice;
 - B. by the Health Plan for the reason given in Article 7.1.D above by written notice, at least 210 days to the Insurance Commissioner and at least 180 days to the Small Employer and to each Subscriber, prior to the effective date of nonrenewal;
 - C. by the Health Plan for the reason given in Article 7.1.E above by notice to the Small Employer and to each Subscriber at least ninety (90) days prior to the effective date of nonrenewal; or
 - D. by the Small Employer by written notice given at least thirty (30) days prior to the next Anniversary Date.

In the event of such termination, the Member will be provided an opportunity to convert to non-group coverage as described in the HMO Membership Handbook and Group Membership Agreement.

- 7.3** The Health Plan may terminate this Contract upon (10) days notice to the Small Employer if any payment required to be made by the Small Employer is not received within the thirty-one (31) day grace period. The Small Employer shall be liable for all premium payments due prior to the effective date of termination. In the event of such termination, Members will be provided an opportunity to convert to individual coverage as described in the HMO Membership Handbook and Group Membership Agreement.
- 7.4** Termination of a Subscriber's or Dependent's coverage due to loss of eligibility is as specified on the Application and as described in the HMO Membership Handbook and Group Membership Agreement.

ARTICLE 8 - NOTICE

- 8.1** Any notice hereunder to be given to the Small Employer shall be addressed as shown on the Application.
- 8.2** Any notice hereunder to be given to the Health Plan shall be addressed to:

Coventry Health Care of Delaware, Inc.
Attn: Marketing Department
2751 Centerville Road, Suite 400
Wilmington, DE 19808

ARTICLE 9 - MISCELLANEOUS

- 9.1** This Contract shall be subject to amendment, modification or termination in accordance with any provisions hereof, or by mutual agreement between the Health Plan and the Small Employer, without the consent of the Members.
- 9.2** Clerical error, by either the Health Plan or the Small Employer in keeping any record pertaining to the coverage under this Contract will not invalidate coverage otherwise validly in force or continue coverage otherwise validly terminated.
- 9.3** The Health Plan may adopt reasonable policies, procedures, rules and interpretations to promote orderly and efficient administration of this Contract and the Small Employer agrees to cooperate with the Health Plan in administering such rules and regulations.
- 9.4** No agent or other person, except the President of the Health Plan or his designee has authority to waive any conditions or restrictions of this Contract, to extend the time for making a payment or to bind the Health Plan by making any promise or representation or by giving or receiving any information. No change in this Contract shall be valid unless evidenced by an endorsement on it signed by an authorized officer of the Health Plan.
- 9.5** The Small Employer must furnish the Health Plan with any data required by the Health Plan for coverage of Members under this Contract. In addition, the Small Employer must provide timely notification to the Health Plan of any changes in membership, such as family status, a child ceasing to be a dependent, a divorce or a death.
- 9.6** The contract may not be contested, except for nonpayment of premiums, after it has been in force for two (2) years from it's date of issue. A statement made by a Member covered under the contract relating to insurability may not be used in contesting the validity of the coverage with respect to which the statement was made after the coverage has been in force before the contest for a period of two (2) years during the Member's lifetime. Absent fraud, each statement made by an applicant, group contract holder, or Member is considered to be a representation and not a warranty. A statement made to effectuate coverage may not be used to avoid the coverage or reduce benefits under the contract unless the statement is contained in a written instrument signed by the group contract holder or Member, and a copy of the statement is given to the group contract holder or

Member. This provision does not preclude the assertion at any time of defenses based upon the person's ineligibility for coverage under the contract or upon other provisions in the contract.

9.7 The Small Employer has the option of entering binding arbitration to settle a dispute with Us.

Acceptance of the Contract. The Group may accept this Contract either by execution of the acceptance provided below or by making premium payment to the Health Plan, and such acceptance renders all terms and provisions hereof binding on the Health Plan and the Group.

IN WITNESS WHEREOF, the parties hereto have caused this Contract to be executed by duly authorized representatives this _____ day of _____, 20_____.

Group

COVENTRY HEALTH CARE OF DELAWARE,
INC.

Little Falls Center II
2751 Centerville Road, Suite 400
Wilmington, DE 19808-1627

By: _____

By: _____

(Date Signed)

(Date Signed)