
Lennox School District

ADMINISTRATIVE SERVICE AGREEMENT

ADOPTED FROM
LENNOX SCHOOL DISTRICT
EFFECTIVE SEPTEMBER 1, 2014

ADMINISTRATIVE SERVICES AGREEMENT

This Administrative Services Agreement is entered into by and between Lennox School District, (Client) a/an CA corporation with its principal place of business located at 10319 S. Firmona Ave., Lennox, CA 90304 considered the Plan Sponsor under Health Reimbursement Arrangement and Benefit Coordinators, Inc. a SC corporation with its principal place of business located at PO Box 210546, Columbia, SC 29221, referred to in this document as Plan Service Provider.

Lennox School District has requested Benefit Coordinators, Inc. to act as its agent when paying plan benefits and furnishing plan services.

Lennox School District and Benefit Coordinators, Inc. agree to the provisions as set forth in this agreement.

PLAN

As used in this agreement, plan means the partially self-funded welfare benefit plan set forth in Lennox School District's Health Reimbursement Arrangement Plan Document (Exhibit A).

EFFECTIVE DATE

The effective date of this agreement is September 1, 2014.

PLAN BENEFITS UNDER THIS AGREEMENT

The plan benefits subject to this agreement are detailed in Lennox School District's Health Insurance Plan as incorporated through the provisions in Lennox School District's Health Reimbursement Arrangement Plan Document.

RESPONSIBILITIES OF PLAN SPONSOR

Lennox School District retains the final authority and responsibility for the plan and its operation. Lennox School District gives Benefit Coordinators, Inc. the authority to act on behalf of Lennox School District in connection with the plan, but only as expressly stated in this agreement or as mutually agreed in writing by Lennox School District and Benefit Coordinators, Inc.

Lennox School District will perform the following tasks:

- Review with counsel and adopt the Health Reimbursement Arrangement Plan prior to the plan effective date.
- Report plan changes, additions, and terminations on a timely basis.
- Distribute various other reports to retirees.
- Upon notice, take action required to bring the plan into compliance if the plan becomes discriminatory.

- Copy and distribute Summary Plan Description to participants.
- Ensure compliance with Section 105 Non-Discrimination requirements.

Lennox School District will also:

- Pay Benefit Coordinators, Inc. fees as set forth in this agreement.
- Provide funds for the payment of plan benefits as set forth in this agreement.
- Furnish the information needed by Benefit Coordinators, Inc. to perform its functions under this agreement. Information regarding the plan includes any information concerning the eligibility and entitlement of persons to receive plan benefits.
- Indemnify Benefit Coordinators, Inc. and save it harmless from and against all loss, damage, expense or other obligation resulting from or arising out of claims, demands, or lawsuits against Benefit Coordinators, Inc. in connection with benefit payments or services performed under this agreement.
- Indemnify Benefit Coordinators, Inc. and save Benefit Coordinators, Inc. harmless against any liability, expenses demand, or other obligation resulting from or arising out of any tax or similar assessment (federal or state) which: (a) Benefit Coordinators, Inc. may incur with respect to plan benefits which are the obligation and liability of Lennox School District; or (b) would have been levied on any charges or fees payable by Lennox School District to Benefit Coordinators, Inc. under this agreement.
- Review Appeals of benefit denials as required by ERISA.

RESPONSIBILITIES OF PLAN SERVICE PROVIDER

Benefit Coordinators, Inc. will provide consultation services to Lennox School District regarding plan analysis and design features, initially and in connection with plan revisions. Service and assistance will include:

- Estimates of initial plan costs,
- Cost projections of any proposed plan revisions, and
- Advice regarding the preparation of Summary Plan Descriptions.

Benefit Coordinators, Inc., as agent of Lennox School District, will also:

- Process plan benefits in its usual and customary manner subject to and in accordance with this agreement to or on behalf of plan participants (persons entitled to receive plan benefits);
- Notify any plan participant denied plan benefits of the reasons for the denial and the plan participant's right to have the denial reviewed. The notification will be in a manner agreed upon by Lennox School District and Benefit Coordinators, Inc. Lennox School District is responsible for the review of any appealed benefit denial; and

- Maintain, for the duration of this agreement, adequate records of all transactions between Lennox School District, Benefit Coordinators, Inc. and plan participants. These records will be the property of Lennox School District, even though Benefit Coordinators, Inc. will store these records throughout the plan year. After the grace period of the following year, Company will present the files to Lennox School District for archival. Lennox School District should archive these records for an additional two years or a total of three years after the applicable plan year.

Benefit Coordinators, Inc. will refer to Lennox School District for determination, any:

- Claim or class of claims specified by Lennox School District;
- Disputed claim,
- Claim involving any question of eligibility or entitlement of the claimant for plan coverage,
- Questions about amount of payment due; or
- Other questions.

Benefit Coordinators, Inc. will furnish Lennox School District the following items:

- Administrative forms, including the initial supply of the Summary Plan Descriptions (but not subsequent reprints), needed for the performance of Lennox School District's duties under this agreement; and
- Administrative reports during the plan year.

Benefit Coordinators, Inc. will indemnify Lennox School District with respect to this agreement resulting from or arising out of the gross negligence or the dishonest, fraudulent or criminal acts of Benefit Coordinators, Inc. or its employees, acting alone or in collusion with others.

PLAN BENEFIT PAYMENTS

Lennox School District authorizes Benefit Coordinators, Inc. to prepare checks to pay for plan benefits. Benefit Coordinators, Inc. will invoice Lennox School District for plan benefits and then release those payments to the participants or providers once funds have been received.

LENNOX SCHOOL DISTRICT'S LIABILITY

Benefit Coordinators, Inc. does not insure nor underwrite the liability of Lennox School District under the plan. Lennox School District retains the ultimate responsibility for claims made under the plan. Lennox School District is responsible for all expenses incident to the plan except expenses specifically assumed by Benefit Coordinators, Inc. in this agreement.

BENEFIT COORDINATORS, INC.'S LIABILITY

Benefit Coordinators, Inc. will use reasonable care and due diligence in the exercise of its powers in the performance of its duties under this agreement. Benefit Coordinators, Inc. will not be liable for any mistake of judgment or other actions taken in good faith. In the event Benefit Coordinators, Inc. makes an incorrect payment under this agreement which is a result of the failure of Benefit Coordinators, Inc. to exercise reasonable care in making the payment (such as, clerical error in the issuance of a draft), Benefit Coordinators, Inc. will make a diligent effort to

recover any incorrect excess payment made. Benefit Coordinators, Inc. is not required to institute any court proceedings.

BENEFIT COORDINATORS, INC.'S COMPENSATION

For Benefit Coordinators, Inc. services provided under this agreement, Lennox School District will pay Benefit Coordinators, Inc. the charges described as follows:

- An initial plan setup fee of \$250.00 is due and payable on the effective date of this agreement.
- A monthly maintenance fee as determined by multiplying the number of retirees covered by the Plan on the first day of each month during this agreement's continuance by \$5.00. The monthly maintenance charge is due and payable on the first day of each month during the continuance of this agreement. There is a minimum monthly fee of \$100.00.
- A base annual fee of \$100.00 is due and payable on the plan anniversary date each year.

Benefit Coordinators, Inc. has the right to change the fee rates. Benefit Coordinators, Inc. will give Lennox School District written notice of the change. The notice will state the new rates and the effective date of the new rate. The notice will be made no less than sixty (60) days before the effective date of the change. The fee rates in use at the time of the notice must be in effect at least twelve (12) months before a change can be made. Benefit Coordinators, Inc. also reserves the right to change the monthly maintenance fees either on the date:

- a change is made in the plan, or
- the number of retirees covered by the plan has changed by twenty-five percent (25%) or more since the date the current charges became effective.

A grace period of thirty (30) days without interest will be allowed for the payment of every charge due and payable after the effective date. This subsection does not apply to the initial charge. Failure of Lennox School District to pay any charge within the grace period will result in this agreement's termination at the end of the grace period. Nevertheless, Lennox School District will be liable to Benefit Coordinators, Inc. for charges due and unpaid on the termination date.

SEVERABILITY

If any provision of this agreement is held invalid by law or by a court of law, the invalidity will not affect any other provision of this agreement. This agreement's provisions are severable. It is provided, however, that the basic purposes of this agreement must be achieved through the remaining valid provisions.

LIMITATIONS OF CAPTIONS AND HEADINGS

The captions and headings throughout this agreement are for convenience and reference only. The words of the captions and headings will in no way be held or deemed to define, describe, explain, modify or limit the meaning of any provision, or the scope or the intent of this agreement.

TRADEMARKS AND SYMBOLS

Lennox School District and Benefit Coordinators, Inc. agree not to use words, symbols, trademarks, service marks or other devices including the corporate name of the other in advertising, promotional materials or otherwise without the prior written consent of the other. Lennox School District and Benefit Coordinators, Inc. will cease any previously approved usage immediately upon termination of the agreement.

CONTRACT COMPLIANCE-NONWAIVER

Failure by Lennox School District, Benefit Coordinators, Inc. or both to insist upon compliance with any term or provision of this agreement at any time or under any set of circumstances will not waive or modify that provision or render it unenforceable at any other time whether or not the circumstances are the same. No waiver of any of the terms or provisions of this agreement will be valid or of any force or effect unless in each instance the waiver or modification is contained in a written memorandum expressing such alteration or modification and executed by the Lennox School District and Benefit Coordinators, Inc..

ASSIGNMENT AND AMENDMENTS

Any assignment of this agreement or of any rights contained herein will be void and of no force or effect. This agreement may be amended at any time by written agreement between Lennox School District and Benefit Coordinators, Inc.

TERMINATION

This agreement may be terminated either by Lennox School District or by Benefit Coordinators, Inc. at any time if the terminating party gives the other party prior written notice. The written notice will state the effective date of the termination and will be given no less than thirty (30) days before the date of the termination.

This agreement will terminate automatically and immediately as of the date:

- Lennox School District fails to implement the Health Reimbursement Arrangement Plan within the nine months following this agreement's effective date (September 1, 2014),
- Lennox School District fails to pay any fees within thirty (30) days after charges are due and payable as provided in this agreement,
- Lennox School District fails to perform its obligations regarding plan benefit payments in accordance with this agreement. Termination will not relieve Lennox

School District of its obligation to reimburse Benefit Coordinators, Inc. for payment of plan benefits or any fees due and payable,

- Lennox School District amends the plan regarding plan benefits subject to this agreement without prior written acknowledgment of Benefit Coordinators, Inc.,
- The plan or the plan benefits subject to this agreement are terminated , or
- Lennox School District becomes insolvent or bankrupt or subject to liquidation, receivership, or conservatorship.

If the plan or the plan benefits subject to this agreement are terminated, Lennox School District and Benefit Coordinators, Inc. may mutually agree that this agreement's provisions will continue in effect for the purposes of payment of plan benefit expense claims incurred before the termination date but not paid on or before the termination date.

If this agreement is terminated while the plan continues in effect, Lennox School District and Benefit Coordinators, Inc. may mutually agree that this agreement's provisions will continue in effect solely for the purpose of payment of any claims for which EOBs have been received by Benefit Coordinators, Inc. before the termination date.

If provisions of this agreement are continued in effect in accordance with either of the above two paragraphs, Lennox School District and Benefit Coordinators, Inc. will mutually determine an appropriate charge to be paid by Lennox School District to Benefit Coordinators, Inc. during the period this agreement's provisions are continued.

IN WITNESS WHEREOF, Lennox School District and Benefit Coordinators, Inc. have caused this agreement to be executed in their names by their undersigned officers, the same being duly authorized to do so.

Benefit Coordinators, Inc.

Mendel Boykin President

By: Mendel Boykin

Title: Plan Service Provider

Date: 8/25/14

Lennox School District

Kent Taylor

By:

Title:

Superintendent

Date:

9/9/14

**APPENDIX
HEALTH INSURANCE PORTABILITY
AND
ACCOUNTABILITY ACT OF 1996
PRIVACY RULES
BUSINESS ASSOCIATE AGREEMENT**

THIS APPENDIX, by and between Lennox School District and Benefit Coordinators, Inc., is incorporated into and made a part of the Benefit Coordinators, Inc. Agreement to Provide Administrative Services ("Services Agreement") between Benefit Coordinators, Inc. and Client. This Appendix is intended to comply with the business associate agreement provisions set forth in 45 CFR §164(e), and any other applicable provisions of 45 CFR parts 160 and 164, subparts A and E (the "Privacy Rules"), issued pursuant to the Health Insurance Portability and Accountability Act of 1996, Public Law 104-191 ("HIPAA").

Benefit Coordinators, Inc. recognizes that in the performance of services for the Plan under the Services Agreement it will have access to, create, and/or receive from the Plan or on its behalf Protected Health Information ("PHI"). For purposes herein, PHI shall have the meaning given to such term in 45 C.F.R. § 164.501, limited to the information created or received from the Plan or on its behalf by Benefit Coordinators, Inc. Whenever used in this Plan, other capitalized terms shall have the respective meaning set forth below, unless a different meaning shall be clearly required by the context. In addition, other capitalized terms used in this Appendix, but not defined herein, shall have the same meaning as those terms are defined in the Privacy Rule.

SECTION 1. BENEFIT COORDINATORS, INC. RESPONSIBILITIES

- 1.1 Benefit Coordinators, Inc. may use or disclose PHI, provided that such use or disclosure of PHI would not violate the Privacy Rules, as follows: (a) as permitted or required in this Appendix and in the Services Agreement; (b) as Required by Law in accordance with 45 CFR § 164.512; (c) for the proper management and administration of Benefit Coordinators, Inc.; (d) to fulfill any present or future legal responsibilities; (e) for Data Aggregation services to the Plan (as defined in 45 CFR § 164.501); or (f) any use and disclosure of PHI that has been de-identified within the meaning of 45 CFR § 514.
- 1.2 Benefit Coordinators, Inc. agrees to implement appropriate safeguards to prevent the use or disclosure of PHI other than as provided for by this Appendix.
- 1.3 Benefit Coordinators, Inc. agrees to use reasonable efforts to maintain the security of PHI and to prevent unauthorized uses or disclosures of such PHI.
- 1.4 Benefit Coordinators, Inc. agrees to report to the Plan any use or disclosure of PHI not provided for by this Appendix or in the Service Agreement.

- 1.5 Benefit Coordinators, Inc. agrees to only request, use or disclose the minimum amount of PHI necessary to accomplish the purpose of the request, use or disclosure.
- 1.6 Benefit Coordinators, Inc. agrees to ensure that any agent, including a subcontractor, to whom it provides PHI agrees to the same restrictions and conditions that apply through this Agreement to Benefit Coordinators, Inc. with respect to such information.
- 1.7 Benefit Coordinators, Inc. agrees to provide access, at the request of the Plan, and in the time and manner designated by Plan, to PHI in a Designated Record Set (as defined in 45 CFR § 164.501), to the Plan, or as directed by the Plan, to an Individual in order to meet the requirements under 45 CFR § 164.524. Benefit Coordinators, Inc. shall have the right to charge the Individual a reasonable cost-based fee, as permitted by 45 C.F.R. § 164.524.
- 1.8 Benefit Coordinators, Inc. agrees to make any amendment(s) to PHI in a Designated Record Set that the Plan directs or agrees to pursuant to 45 CFR 164.526 at the request of the Plan or an Individual, and in the time and manner designated by the Plan.
- 1.9 Benefit Coordinators, Inc. agrees to make its internal practices, books and records relating to the use and disclosure of PHI received from, or created or received by Benefit Coordinators, Inc. on behalf of the Plan available to the Plan, or at the request of the Plan to the Secretary (as defined in 45 CFR § 160.103), in the time and manner designated by the Plan, or the Secretary, for purposes of the Secretary determining the Plan's compliance with the Privacy Rule.
- 1.10 Benefit Coordinators, Inc. agrees to document such disclosures of PHI and information related to such disclosures as would be required for the Plan to respond to a request by an Individual for an accounting of disclosures of PHI in accordance with 45 CFR 164.528.
- 1.11 Benefit Coordinators, Inc. agrees to provide to Plan or an Individual, in the time and manner designated by Plan, information collected in accordance with 1.10 to permit the Plan to respond to a request by an Individual for an accounting of disclosures of PHI in accordance with 45 CFR § 164.528.
- 1.12 Except as provided for herein, or as required by law, upon termination of the Services Agreement Benefit Coordinators, Inc., agrees to return to the Plan or destroy PHI and retain no copies in any form, if feasible. In the event that Benefit Coordinators, Inc. determines that returning or destroying the PHI is infeasible Benefit Coordinators, Inc., agrees to extend the protections, limitations and restrictions of this Appendix to such PHI and to limit any further uses and/or disclosures of such PHI retained to the purposes that make the return or destruction of the PHI infeasible, for as long as Benefit Coordinators, Inc. maintains such PHI. Both parties agree that this Section 1.9 shall survive the expiration or termination of the Services Agreement and remain in full force and effect thereafter for so long as Benefit Coordinators, Inc. or any of Benefit Coordinators, Inc.'s employees, subcontractors, or agents remain in possession of any PHI, and shall expire thereafter.

SECTION 2. PLAN AND CLIENT RESPONSIBILITIES

- 2.1 Client acting as the Plan Sponsor agrees to comply with the requirements set forth in 45 CFR § 164.504(f), including but not limited to amending the Plan to restrict uses and disclosures of PHI. The Client agrees to forward a copy of such signed amendment to Benefit Coordinators, Inc. at least 10 business days before the effective date of this Appendix. The Client further agrees to provide the names of employees or agents who have access to PHI in accordance with 45 CFR § 164.504(f), and to notify Benefit Coordinators, Inc. of any changes in writing.

- 2.2 Plan agrees that it will not request Benefit Coordinators, Inc. to use or disclose PHI in any manner that would not be permissible under the Privacy Rules if done by the Plan, except that Benefit Coordinators, Inc. may use or disclose PHI as provided in Section 1.1.
- 2.3 Plan agrees to provide Plan participants and beneficiaries with adequate notice of the uses and disclosures of PHI that may be made by the Plan, and of the individual's rights and the Plan's responsibilities with respect to PHI as required in 45 CFR § 164.520. The Plan further agrees to forward a copy of such notice to Benefit Coordinators, Inc., as well as any changes to such notices.
- 2.4 Plan agrees to provide Benefit Coordinators, Inc. with any changes to, or revocation of, permission by a Participant or Beneficiary to use or disclose PHI, if such changes affect Benefit Coordinators, Inc.'s permitted or required uses or disclosures.
- 2.5 Plan agrees it will not agree to any special privacy restrictions requested by an Individual without Benefit Coordinators, Inc.'s written approval, including those provided for 45 CFR § 164.522.

3. MISCELLANEOUS

- 3.1 Both parties agree that nothing express or implied in this Agreement is intended to confer, nor shall anything herein confer, upon any person other than Benefit Coordinators, Inc., the Plan, the Client, and their respective successors, or assigns, any rights, remedies, obligations, or liabilities whatsoever.
- 3.2 This Appendix shall be interpreted as broadly as necessary to implement and comply with HIPAA and the Privacy Rules, and any ambiguity in this Appendix shall be resolved in favor of a meaning that complies and is consistent with HIPAA and the Privacy Rules. Both parties agree that the provisions of this Section shall prevail over any provisions in the Services Agreement that may conflict or appear inconsistent with any provisions of this Section.
- 3.3 Both parties acknowledge that future changes to the requirements of HIPAA, the Privacy Rules, and other applicable laws relating to the security or confidentiality of PHI may require amendment of this Appendix. Upon the written request of either party, the other party agrees to promptly enter into negotiations concerning the terms of an amendment to this Appendix. If either party disagrees with any such amendment, it shall so notify the other party in writing within 30 days of notice. If the parties are unable to agree on an amendment within 30 days thereafter, then any of the parties may terminate the Services Agreement on thirty days written notice to the other party.
- 3.4 Notwithstanding Section 3.3 above and without limiting the rights of the parties under the Services Agreement, upon written notice of the existence of an alleged material breach of the terms of this Appendix, the Plan shall afford Benefit Coordinators, Inc. an opportunity to cure said breach upon mutually agreeable terms. Failure to cure shall be immediate grounds for termination of the Services Agreement.