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April 23, 2015

Dear Member:

Attached you will find the Interlocal Participating Agreement (Agreement) with the Texas Association of Counties Health and Employee Benefits Pool (TAC HEBP). You are receiving this Agreement because it has been updated to reflect the Affordable Care Act Reporting and Tracking Services (ARTS) program offered by TAC HEBP.

Please review your Agreement to ensure it accurately reflects the services that you have agreed to participate with TAC HEBP. Once confirmed, please sign the Agreement and return.

If you have agreed to participate in ARTS, please check the appropriate box in Attachment A, attach the executed ARTS agreement, sign the Agreement, and return.

If you are considering participation in ARTS and waiting on a decision, please hold the Agreement until you have approval. At that time, please attach the executed ARTS agreement, sign the Agreement, and return.

If you have questions regarding the ARTS program, please contact your TAC HEBP Employee Benefits Consultant at (800) 456-5974.

If you have questions regarding your Agreement, or the services offered, please contact your TAC HEBP Employee Benefits Specialist at (800) 456-5974.

Sincerely,

Health and Benefits Staff,
Texas Association of Counties



TEXAS ASSOCIATION *of* COUNTIES HEALTH AND EMPLOYEE BENEFITS POOL

INTERLOCAL PARTICIPATION AGREEMENT

This Interlocal Participation Agreement (the "Agreement") is made by and between Hopkins County, a political subdivision of the State of Texas (the "Member"), acting through its [COMMISSIONERS' COURT OR OTHER GOVERNING BODY], and the Texas Association of Counties Health and Employee Benefits Pool ("HEBP"), as authorized by the Texas Interlocal Cooperation Act (TEX. GOV'T CODE, Chapter 791) ("Interlocal Cooperation Act", acting on its own behalf and on behalf of each other political subdivision having membership in the HEBP.

1. RECITALS

- 1.1 The Member is a political subdivision of the State of Texas as defined in the Texas Political Subdivision Employees Uniform Group Benefits Act (TEX. LOC. GOV'T CODE, Chapter 172) ("Group Benefits Act").
- 1.2 As a political subdivision of the State of Texas, the Member performs certain governmental functions and services as those terms are defined under Interlocal Cooperation Act § 791.003.
- 1.3 The Member desires to contract with HEBP to obtain one or more of the following, as indicated by Member on Attachment A to this Agreement, which is incorporated herein: 1) health and employee benefit plans and administrative services relating to health and employee benefit plans for its officials, employees, and retirees, and their eligible dependents, including accident, health, dental, life, disability and other appropriate coverages; 2) administrative services or stop-loss coverage in support of Member's self-funded health and employee benefits plan; 3) the benefits available to retirees of the Member through the County Choice Silver Program or other similar programs; 4) Affordable Care Act Reporting and Tracking Services (ARTS); and 5) such other related programs as HEBP's board of trustees determines to make available to members of HEBP.
- 1.4 The Member acknowledges that this Agreement is a contract with HEBP and each political subdivision that is a member of HEBP and that HEBP

may contract with other political subdivisions wishing to participate, at the discretion of HEBP.

- 1.5 The Member's governing body has agreed to the terms and conditions of this Agreement and has acted by majority vote, at a duly called and posted public meeting, to authorize the execution of this Agreement and participation in HEBP.

2. AGREEMENT

- 2.1 Entry Into HEBP. For and in consideration of the mutual agreements set forth in this Agreement, and other good and valuable consideration, the Member enters into this Agreement for the purpose of joining HEBP, to achieve efficiencies and economies of scale in connection with the provision of one or more of the programs or services listed in paragraph 1.3 above.

- 2.2 HEBP Not an Insurer. HEBP is not an insurer. All benefits and related services provided by HEBP are authorized pursuant to the Group Benefits Act, the Interlocal Cooperation Act, and other applicable Texas law.

- 2.3 Administrative Contract with the Texas Association of Counties. HEBP has contracted with the Texas Association of Counties ("TAC") to administer the business and operations of HEBP and supervise the performance of the Agreement.

3. TERMS AND CONDITIONS

- 3.1 Term and Termination. This term of this Agreement shall be for one year, commencing as of the date of execution by the second party to sign the Agreement. This Agreement shall be automatically renewed annually for an additional one-year term without the necessity of any action by the parties other than payment of the appropriate premium or contribution. Either party may elect not to renew this Agreement by giving written notice not less than 30 days before the end of the original term or any renewal term.

- 3.2 Agreement Binds Members. Each Member agrees to be bound by this Agreement and HEBP's Bylaws, policies and procedures, which collectively establish the conditions for membership in HEBP. HEBP's Bylaws are incorporated by reference and made a part of this Agreement for all purposes as if fully set out, except that Articles III(E), IX(B), and XV(B) shall apply to members that obtain only administrative services, County Choice Silver benefits, or ARTS services from HEBP only to the extent the Member's contributions contribute to any surplus that may be distributed.

Any amendment to the Bylaws becomes binding on the Member immediately upon its adoption.

- 3.3 Benefit Plans. For a Member that participates in the pooled HEBP's health and employee benefits plan, HEBP will make available health and employee benefit plans for the officials, employees, retirees, and eligible dependents of the Member, including accident, health, dental, life, disability and other appropriate coverages ("Benefit Plans"). HEBP will provide all benefits under the authority of the laws of the State of Texas, including the Group Benefits Act and the Interlocal Cooperation Act. Each Member will adopt its own Benefit Plan from those made available by HEBP. The Member's Benefit Plan may combine insured, self-insured, and pooled liabilities.

For a Member that does not participate in HEBP's pooled health and employee benefits plan, HEBP shall make available administrative services, stop-loss coverage, County Choice Silver or other retiree benefits, ARTS services and other benefits and services as the board of trustees determines to make available.

- 3.4 HEBP Procedures and Bylaws. Every Member shall furnish all the information that HEBP deems necessary and useful for the purposes of this Agreement and shall abide by the procedures and Bylaws adopted for the administration of the Benefit Plans.
- 3.5 Third-Party Administrator. HEBP may contract with one or more third-party administrators.
- 3.6 Payments and Conditions. Payments and contributions shall be made by the Member to HEBP at Austin, Travis County, Texas on the dates and in such amounts as HEBP requires. Interest, beginning the first day after the due date and continuing until paid, shall accrue at the maximum rate allowed by law on the balance of any payment or contribution not paid when due. Contributions and other payments received by HEBP from its Members will be held and managed for the benefit of the Members of the Pool, not the individual officials, employees, retirees of a Member, or the dependents of these officials, employees or retirees.
- 3.7 Insurance and Reinsurance. HEBP may purchase insurance, stop loss or excess loss coverage, and reinsurance as provided by law, and each Member is subject to the terms and conditions of HEBP's insurance, stop loss or excess loss coverage, or reinsurance. A self-insured Member that obtain administrative services only will obtain stop-loss coverage from or

through HEBP. If HEBP is unable to provide appropriate coverage, the Member will obtain other stop-loss coverage that is satisfactory to HEBP.

- 3.8 Coordinators. Each Member shall appoint, and designate in the space provided below, a Pool Coordinator of department head rank or above. Each Member agrees that HEBP is not required to contact or provide notices to any person other than the Pool Coordinator. Any notice to a Member's Pool Coordinator related to service or a claim under this Agreement is binding on the Member. Each Member may change its Pool Coordinator at any time by giving written notice to HEBP.
- 3.9 Audits. HEBP will be audited annually by an independent certified public accountant, and the audit will be filed as required by the laws of the State of Texas including the Group Benefits Act.
- 3.10 Plan Administrator. HEBP will serve as the plan administrator, as defined by the Health Insurance Portability and Accountability Act, for a Member participating in the pooled health and employee Benefits Plan. Each self-insured Member will serve as its own plan administrator, retains the right, duties and privileges of the plan administrator and acknowledges it has responsibility for compliance with all state and federal laws applicable to employee benefits for its employees and plan participants.
- 3.11 Self-Insured Member Responsibility. Each Member acknowledges that, to the extent its Benefit Plan is self-insured, it remains responsible for the payment of benefits under the Benefit Plan if HEBP fails to make payments.
- 3.12 ARTS Participant Responsibility. A Member who participates in the ARTS Program is responsible for providing HEBP with detailed payroll information, including leave of absence, and health benefits information for each full time employee. HEBP is not responsible for verification of information provided by or on behalf of a Member under the ARTS Program. Each participating Member acknowledges that it remains responsible for the accuracy of the information provided to HEBP, and for any fines, penalties, or damages resulting from reports generated from the information.

4. ADMINISTRATIVE PROVISIONS

- 4.1 Amendment. This Agreement may only be amended or modified by written agreement signed by the parties, or as otherwise provided under this Agreement.

Applicable Law. This Agreement is entered into, is executed and is totally performable in the State of Texas, County of Travis, and all questions pertaining to its validity or construction shall be determined in accordance with the laws of the State of Texas.

4.3 Acts of Forbearance. No act of forbearance on the part of either party to enforce any of the provisions of this Agreement shall be construed as a modification of this Agreement, nor shall the failure of any party to exercise any right or privilege be considered as a waiver of that right or privilege.

4.4 Notices. Any notice required to be given or payment required to be made to HEBP shall be deemed properly sent if addressed to:

Texas Association of Counties Health and Employee Benefits Pool
Attention: Director, Health and Benefits Services Department
1210 San Antonio
Austin, Texas 78701

and deposited in the United States mail with proper postage. HEBP may change its address by giving notice to the Members. The terms of a Member's Benefit Plan govern submission of any notice regarding claims under a Member's coverages.

4.5 Effect of Partial Invalidity; Venue. If any part of this Agreement is declared invalid, void or unenforceable, the remaining parts and provisions shall continue in full force and effect. The parties agree that venue for any dispute arising under the terms of this Agreement shall be in state district court in Austin, Travis County, Texas.

4.6 Exclusive Right to Enforce. HEBP and the Member have the exclusive right to bring suit to enforce this Agreement, and no other party may bring suit, as a third-party beneficiary or otherwise, to enforce this Agreement.

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IN WITNESS WHEREOF, we hereunto affix our signatures as of the date indicated below.

TEXAS ASSOCIATION OF COUNTIES
HEALTH AND EMPLOYEE BENEFITS POOL



Executive Director,
Texas Association of Counties

Date: April 22, 2015

MEMBER'S POOL COORDINATOR

Name: _____

Address: _____

Phone Number: _____

E-Mail Address: _____



MEMBER

By: Robert Newsom

Printed Name:

Title: Hopkins County Judge

Date: May 11, 2015

ATTACHMENT A

The Member must select the HEBP services that it will obtain through its membership in HEBP. Please indicate your choices by checking the appropriate box.

A. Pooled Coverage

[You may also select services under D and E, below. Do not select services under B and C, below.]

The Member will participate in the pooled HEBP health and employee benefits plan. HEBP will provide health and employee benefit plans for the Member's officials, employees, retirees, and eligible dependents, that may include accident, health, dental, disability and other appropriate coverages. Member will adopt its own Benefit Plan from those made available by HEBP. HEBP will provide administrative and other necessary services in support of the Benefit Plan chosen by the Member.

B. Administrative Services

[Do not select this box if you selected option A, above. You may select any of the services below.]

The Member has established its own self-funded health and employee benefits plan for its officials, employees, retirees and their eligible dependents. The Member does not want to participate in the pooled HEBP health and employee Benefits Plans, but will obtain from HEBP administrative services in support of Member's self-funded Benefits Plan. HEBP will provide these administrative services under the terms of the Administrative Services Agreement between HEBP and the Member, attached as Exhibit 1 if applicable.

C. Stop-Loss Coverage

[Do not select this box if you selected option A, above. If you select this option C, you MUST also select option B, above. You may also select services under D or E, below.]

The Member has established a fund to provide its own health and employee benefits plan for its officials, employees, retirees and their eligible dependents.

The Member does not want to participate in the pooled HEBP health and employee benefits plan, but will obtain from HEBP stop-loss coverage in support of its self-funded Plan. HEBP will provide stop-loss coverage to Member pursuant to the terms of the Stop-Loss Coverage Agreement between Member and HEBP, attached as Exhibit 2 if applicable.

D. Retiree Health Benefit Plans

[You may select this option in addition to any other service.]

The Member will participate in the retiree medical program for Medicare eligible retirees of a Member, according to the terms agreed to by Member and HEBP, as described in the Retiree Benefit Plan attached as Exhibit 3 if applicable.

E. ACA Reporting and Tracking Service (ARTS)

[You may select this option in addition to any other service.]

The Member will participate in the Affordable Care Act (ACA) Reporting and Tracking Service Program, which provides reporting specific to the Member's employees regarding various ACA rules and thresholds, and produces related annual forms required by the Internal Revenue Code, based on data submitted to HEBP by Member, according to the terms and pricing agreed to by Member and HEBP, attached. As Exhibit 4, if applicable.