

## TERMS AND CONDITIONS AGREEMENT

The Commonwealth Health Insurance Connector Authority (“Connector”) is located in Boston, MA.

\_\_\_\_\_ (“Employer”), is a business with principal offices at \_\_\_\_\_.

Employer desires to enable certain eligible employees to voluntarily purchase medical coverage through the Connector by collecting and remitting all or a portion of the required payment on their behalf, as either part of its Section 125 Plan (as defined below) or otherwise. Connector desires to arrange for certain of Employer’s eligible employees to enroll in medical coverage options offered by carriers through the Connector. This Terms and Conditions Agreement (Agreement) describes the rights and responsibilities of the Employer and Connector with respect to this arrangement and each agrees as follows.

1. Definitions. The following terms, when capitalized below, mean the following:

**Eligible Employees:** Those employees who (a) are eligible to participate in the Employer’s Section 125 Cafeteria Plan but for whom the Employer makes no contributions toward the monthly cost of medical coverage; or (b) do not participate in a Section 125 Plan but from whom Employer collects post-tax income for purposes of enabling such employees to purchase medical coverage without any contributions from Employer toward the monthly cost of coverage. In accordance with applicable law, the Employer further defines which employees are Eligible Employees.

**Commonwealth Choice Health Plans:** Licensed medical coverage plans which are offered by carriers for purchase through the Connector.

**Commonwealth Choice Members, or “Members”:** Those Eligible Employees and their dependents who are enrolled in a Commonwealth Choice Health Plan offered through the Connector.

**Section 125 Cafeteria Plan (“Plan”):** A plan that permits eligible employees to elect to have Employer withhold pre-tax income from their pay to enable them to purchase medical coverage. Section 125 Plans must meet the requirements of Title 26, Subtitle A, Chapter 1, Subchapter B, Part III, Section 125 of the Internal Revenue Code.

2. Employer’s Representations: The Employer represents the following as of the Effective Date of this Agreement:

A. The Employer has a business location in Massachusetts.

B. If the Employer has established a Section 125 Cafeteria Plan (“Plan”): (1) the Plan complies with applicable state and federal requirements; and (2) the Employer does not make any contributions toward the purchase of medical coverage by Eligible Employees; provided, however, that the Plan may nevertheless allow the Employer to make contributions toward the monthly cost of medical coverage by other employees.

C. With respect to Eligible Employees, neither the Plan nor the Employer endorses or promotes the purchase of any particular medical coverage options.

3. Sub-Connector. Connector has contracted with an organization, known as the “Sub-Connector,” to provide a range of administrative services, including enrollment of persons into Commonwealth Choice Health Plans, billing for and collecting premium, remitting premium to carriers offering Commonwealth Choice Health Plans, and terminating coverage. The Connector may meet some or all of its obligations described in this Agreement through delegation to the Sub-Connector. The Sub-Connector is entitled to the same rights as those of the Connector set forth in this Agreement. When we use the word “Connector” in this Agreement, it means the Connector or Subconnector.

4. Billing. With respect to Commonwealth Choice Members, Connector shall send Employer a monthly premium invoice 45 calendar days prior to the applicable coverage month. (For example, an invoice for August coverage will be sent to Employer on June 15<sup>th</sup>.) The invoice will include at least the following: the names of the Employer’s Commonwealth Choice Members; the amount of premium remittance that is due to Connector for each Member; the amount of any premium credit that is owed to the Employer due to terminations or otherwise; the coverage month for which such premium is applicable; and information about delinquent payments, if any.

5. Payment.

A. Employer agrees to remit to Connector, on behalf of each Commonwealth Choice Member, the amount stated in the monthly invoice (“Amount Due”), provided, however, that if the Amount Due is more than the amount of pre-tax and/or post-tax income that has been withheld from each Commonwealth Choice Member’s pay, Employer is only obligated to remit up to the amount withheld. The Amount Due is due to the Connector by the 10<sup>th</sup> of the calendar

month following the month in which the invoice is sent (“Due Date”). (For example, the Due Date for an invoice sent on June 15<sup>th</sup> is July 10<sup>th</sup>.)

B. In the event Employer’s remittance is less than the Amount Due, Connector will accept additional funds from any other source, including the Member, to make up the difference between the Employer’s remittance and the Amount Due.

C. Employer understands that the Amount Due may change from time to time as a result of, including without limitation: changes in premium charged by the carriers offering Commonwealth Choice Health Plans; and changes in status (for example, adding a new dependent) of Commonwealth Choice Members.

D. Employer agrees that it is responsible for: bank fees related to wire transfer of premium remittance or non-sufficient funds; and Connector imposed late fees, if any.

6. Termination of a Commonwealth Choice Member. In the event Connector does not receive the full Amount Due within 60 days following the 1<sup>st</sup> day of the coverage month for which payment was applicable, Connector and/or the applicable carrier shall terminate the Member’s enrollment in the Commonwealth Choice Health Plan. Termination of a Member under this Section 6 shall be retroactive to the last day for which the premium for that Member was paid in full. (For example, if the Amount Due for August coverage has not been received by September 30<sup>th</sup>, the Member’s coverage will be terminated retroactive to August 1<sup>st</sup>.) Payment for any medical care services that the Member may have received during the retroactive period (in the stated example, August and September) is not the responsibility of the Connector or the carrier.

7. Connector Policies and Procedures. Employer may, upon request to the Connector, receive a copy of Connector’s detailed policies and procedures regarding enrollment, termination, billing and remittance. These policies and procedures are considered a part of this Terms and Conditions Agreement.

8. Term. The effective date of this Agreement (“Effective Date”) is the date of submission to the Connector of this Terms and Conditions Agreement. This Terms and Conditions Agreement shall continue in effect until terminated by Employer or Connector in accordance with Section 9.

9. Termination of this Agreement.

A. Employer may terminate this Agreement at any time, for any reason, by giving at least 10 days advance written notice to Connector prior to the end of the then current calendar month. In such event, coverage for all members shall terminate as of the end of that calendar month. No retroactive terminations are permitted under this section.

B. Connector may immediately terminate this Agreement for cause by giving written notice to Employer. “Cause” includes, without limitation: an Employer’s pattern and practice of failing to make timely and complete premium remittances in accordance with this Agreement; Employer’s material non-cooperation with Connector’s attempts to resolve remittance or eligibility disputes; or for Employer’s misrepresentation or fraud related to Employer’s relationship with the Connector.

C. In the event of termination of this Agreement, Connector and/or the applicable carrier may terminate enrollment of all Commonwealth Choice Members in Commonwealth Choice Health Plans.

10. Amendments. The Connector may amend these Terms and Conditions from time to time. Connector shall provide Employer with notice of such amendment and its effective date.

11. Limitation on Liability. The Connector shall have no liability or responsibility whatsoever to Employer or to any third party, including Eligible Employees and Commonwealth Choice Members, due to (A) Employer’s failure to remit premiums to the Connector for medical coverage in accordance with this Agreement; or (B) carriers acts or omissions with respect to medical benefits due, or alleged to be due, under any Commonwealth Choice Health Plan.

12. Waiver. The Connector’s exercise or nonexercise of any of its rights under this contract on any occasion shall not be construed as a waiver of any of the Employer’s obligations nor shall it obligate the Connector to act in a similar fashion on any later occasion.

13. Governing Law. This Agreement and the rights and obligations of Connector and Employer will be governed by and interpreted in accordance with the laws of the Commonwealth of Massachusetts, without giving effect to its choice of law rules.

**By its signature below, Employer hereby certifies that the information provided by Employer in the Employer Application is true and correct to the best of its knowledge and belief; and that it accepts the Terms and Conditions Agreement above.**

\_\_\_\_\_  
(Name of Company)

By: \_\_\_\_\_  
(Signature of Authorized Individual)

Its: \_\_\_\_\_  
(Title of Authorized Individual)

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

Employer ID # \_\_\_\_\_  
(Employer ID # Assigned by Sub-Connector)