AGENDA ITEM #VI-A
DECEMBER 4, 2013
HIGHLAND COMMUNITY COLLEGE BOARD

EMPLOYER HEALTH CARE ALLIANCE COOPERATIVE MEMBERSHIP
STOCK SUBSCRIPTION AND ACCESS AGREEMENT

RECOMMENDATION OF THE PRESIDENT: That the Board of Trustees approves entering into a cooperative membership stock subscription and access agreement with The Employer Health Care Alliance (Alliance) for the purpose of gaining access to a Preferred Provider Organization (PPO). The estimated cost of the agreement is $29,126 based on the maximum amount of retainage.

BACKGROUND: The College has a self-insured health insurance plan. In this model, the College selects a PPO and enters directly into an agreement with the PPO for the purpose of accessing a network of health care providers and for obtaining negotiated discounts with those providers. The discounts obtained are greater for claims incurred with providers who are in-network as compared to those who are out-of-network.

The College has utilized the Northern Illinois Health Plan (NIHP) as its PPO provider for many years. NIHP announced to the College in October 2013 that the PPO would no longer be available effective January 1, 2014. In response to this announcement, the Health Insurance Task Force, with the assistance of Cottingham and Butler, conducted a disruption analysis (a review of the prior year claims by provider in comparison to the networks and discounts provided by several PPOs) and analyzed the costs to participants in the PPOs being considered. In comparison to other potential PPOs that would be appropriate for College participants’ geographic areas, the Alliance PPO provides the greatest level of discounts and offers the most choice and flexibility to College participants.

BOARD ACTION: Approved 12/4/13
EMPLOYER HEALTH CARE ALLIANCE COOPERATIVE
COOPERATIVE MEMBERSHIP
STOCK SUBSCRIPTION AND ACCESS AGREEMENT

THIS AGREEMENT is made by and between the undersigned member (the “Member”), lawfully
doing business in the State of Wisconsin, and THE EMPLOYER HEALTH CARE ALLIANCE
COOPERATIVE, a cooperative corporation organized under the laws of the State of Wisconsin pursuant to
Chapter 185 of the Wisconsin Statutes (“The Alliance” or the “Cooperative”).

RECITALS

A. The Member sponsors a health plan that provides health insurance benefits to those employees,
beneficiaries and their dependents who qualify for participation in the health plan.

B. The Alliance provides services to its cooperative members designed to manage health care costs
and improve the affordability, effectiveness and efficiency of health care in the community.

C. The Member desires to become a member of the cooperative and participate in the manner
described in this Agreement.

AGREEMENTS

In consideration of the Recitals and the mutual agreements that follow, the parties agree as follows:

1. Payments.

   (a) Access and Subscription Fees. The Member shall make the following payments to the
Cooperative:

      (i) Access Fee. A monthly access fee of $1.00 per employee subject to enrollment, but no
      less than $50 per month (“Access Fee”).

      (ii) Retainage Fee. A monthly fee of 3.3% of savings, capped at $13.90 per employee per
      month using an annual basis of enrollment (“Retainage Fee”).

      (iii) Membership Stock. Subscription for one share of membership stock with par value of
      $10 (“Membership Stock Subscription Fee”).

      (iv) Capital Equity Stock. Subscription for one share of capital stock of the Cooperative
      per enrolled employee, each share having par value of $10, that is 145 shares having a total par value of
      $1,450; subject to a minimum of 25 shares or $250 for members with 25 or fewer enrolled employees and a
      minimum of $500 for members with 50 or fewer enrolled employees (“Equity Subscription Fee”).

      (v) Amendment. The fees described in this section 1(a) are subject to change at the
      Cooperative’s discretion.

   (b) Payments.

      (i) The Member shall remit the Membership Stock Subscription Fee and Equity Subscription
      Fee within 30 days of the Effective Date of this Agreement. Upon acceptance, in its sole discretion, of this
      Agreement and receipt of all payments described herein by the Cooperative, the Cooperative shall record
      the Member’s subscribed membership and capital interest in the Cooperative and shall issue appropriate
      certificates of the Member’s membership and capital interests.

      (ii) The Access Fee and Retainage Fee monthly invoice shall be due and payable in full
      within 30 days. As described in The Alliance Employer Administrative Handbook (the “Handbook”), the
      Cooperative may, in its sole discretion, suspend or terminate the Member’s membership, including this
      Agreement and all exhibits hereto, if the Access Fee and Retainage Fee have not been received by The
      Alliance when due.
2. **Term.** The term of this Agreement and the first month of The Alliance’s services as described in the Handbook shall commence on January 1, 2014 the ("Effective Date") and shall continue for an initial term of 12 months, renewing thereafter for consecutive annual terms unless written notice of termination is received by the Cooperative not less than 30 days nor more than 60 days prior to the anniversary of the Effective Date or earlier terminated pursuant to the Handbook or applicable law.

3. **Obligations and Agreements.** The Member’s membership in the Cooperative and access to The Alliance services are subject to all policies, rules and requirements of the Cooperative, as amended from time to time, including, but not limited to, those contained in the Handbook, which is incorporated by reference, attached hereto as Exhibit A and amended from time to time. The Member and the Cooperative agree to abide by the terms and conditions set forth in the Handbook, including Cooperative’s Articles and Bylaws, and all other restrictions as may be provided by law.

This document has been prepared by the Cooperative proceeding in good faith pursuant to Chapter 185 of the Wisconsin Statutes and, upon acceptance, is binding upon the Cooperative. However, this Agreement is not presented as a solicitation of membership nor as an offer to sell shares in the Cooperative and the Cooperative reserves the rights not to approve any membership application and not to accept any tendered subscription agreement or enrollment in its exclusive discretion. Section 551.22(12) of the Wisconsin Statutes provides that the securities of a cooperative corporation organized under Chapter 185 are exempt from registration with the Wisconsin Commissioner of Securities.

Agreed and signed this ____ day of ____________, 201__.

Member: Highland Community College
Federal Employer I.D. No: 36-2616076
Contact Name: Jill Janssen, BS, MBA, CPA
Title: VP of Administrative Services
Phone Number: 

Number of Employees Subject to Initial Access: 145

* **Authorized Signature:** 

Health Plan: Highland Community College Health Plan

* **Authorized Signature:** 

Accepted by the Cooperative this ____ day of ________________, 201__.

For the Cooperative
Authorized Director: Cheryl A. DeMars, CEO

*Two signatures are required, one on behalf of the employer, and one on behalf of the health plan. Both signatures can be the same.