

This Letter of Agreement (the "Agreement") is entered into between the State of Alaska ("Plan Sponsor"), and Oregon Dental Service ("ODS"). Plan Sponsor and ODS are sometimes referred to individually as a "Party" and collectively as the "Parties." This Agreement is effective January 1, 2014 (the "Effective Date").

## RECITALS

WHEREAS, Plan Sponsor has established and maintains self-funded employee benefit plans for certain employees, retirees, and their dependents ("Members"); and  
WHEREAS, ODS provides certain administrative services to self-funded dental plans, including claims processing services; and

WHEREAS, Plan Sponsor selected ODS, pursuant to Request for Proposal Number 2013-0200-1396, to administer dental services for the Plan Sponsor's self-funded benefits plans, one for active employees and their dependents and another for retirees and their dependents (the "Plan"); and

WHEREAS, the Parties will be entering into an Administrative Services Agreement ("ASA"); and

WHEREAS, the Parties desire to enter into this Agreement until the ASA is executed by all Parties.

NOW THEREFORE, in consideration of the mutual agreements and covenants contained in this Agreement, and other good and valuable consideration, the receipt of which is acknowledged, the Parties agree to the following:

### Section 1. Relationship of Parties

#### 1.1 ODS Responsibilities

The Parties acknowledge and agree that ODS is acting in an administrative capacity in performing ODS' duties and obligations under this Agreement. ODS may use ODS' reasonable business practices and ODS' reasonable understanding of the terms of the Plan in carrying out ODS' administrative duties under this Agreement.

#### 1.2 ODS is Not Insuring any Plan Liabilities

ODS does not insure or underwrite any benefit associated with the Plan and will have no financial risk or liability with respect to the provision of benefits paid pursuant to the Plan.

#### 1.3 Authority

Plan Sponsor grants ODS the authority to serve as an agent of Plan Sponsor in carrying out ODS' duties under this Agreement, but only those ODS duties that are expressly stated in this Agreement or as mutually agreed in writing by the Parties.

#### 1.4 Plan Sponsor Responsible for Adoption of Plan

Plan Sponsor, and not ODS, has the sole and ultimate authority and responsibility for sponsoring, adopting, amending, designing and terminating the Plan.

1.5 ODS is an Independent Contractor  
ODS is and will remain an independent contractor with respect to the services being performed under the terms of this Agreement and will not for any purpose be deemed an employee or agent of Plan Sponsor, or the Plan, and ODS will not be deemed to be a partner or to be governed by any legal relationship other than that of independent contractor. ODS does not assume any responsibility for the general policy design of the Plan, the adequacy of the funding thereof nor any act, omission or breach of duty by Plan Sponsor.

1.6 Plan Acts Through Plan Sponsor  
Any actions, directions or representations made by the Plan Sponsor to ODS in writing may be considered the actions, directions or representations of the Plan.

## Section 2. Term of Agreement

2.1 Term  
For the purposes of this agreement, Term means the period of time this Agreement remains in effect.

2.2 Renewal

The initial Term of this Agreement will commence on January 1, 2014, and terminate on March 1, 2014. This Agreement may renew by a written notice of the Plan Sponsor to ODS.

## Section 3. ODS' Services

3.1 Claims Processing  
During the Term of this Agreement, ODS will issue benefit payments and denials, along with explanations of benefits, in accordance with the terms of the Plan, ODS' dental and payment policies and any Participating Provider contracts for those claims Incurred during the Term of this Agreement. Incurred means the date upon which services or supplies have been provided to Members during the Term. For the purposes of this Agreement, Participating Provider means any dentist or other health care provider as permissible under Plan benefits, licensed where required, performing services within the scope of its license, with whom ODS has entered into an agreement which allows plan participants to obtain dental care services according to certain pre-negotiated fees and other relevant terms.

Covered Services means the services, supplies, treatments or accommodations that are included within that term in the Plan. If there is a discrepancy between any handbook or summary and the Plan, the Plan must be followed.

ODS will provide PayFlex a weekly file of out of pocket (OOP) expenses for all members for the purposes of HFSA reimbursement.

3.2 Payment of Claims

ODS has established a bank account for the sole purpose of paying claims for the Plan, and will absorb all costs associated with this account.

ODS and the Plan have mutually agreed on a pre-fund amount of \$1.4 million for the claims payment account. The Plan will transfer funds via ACH for the account no later than January 3rd, 2014. ODS agrees to review the pre-fund amount with the Plan on a periodic basis and make adjustments when mutually agreed upon.

After each weekly payment run, ODS will provide the Plan with a summary bill of checks issued and a detailed utilization report of the claims paid as back-up.

### 3.3 General Administrative Services

ODS will:

- (a) Answer Member inquiries regarding eligibility, Plan benefits, status of benefit payments, complaints and requests for forms;
- (b) Maintain eligibility files based upon information provided by Plan Sponsor;
- (c) Issue identification cards to Plan Sponsor or directly to Members;
- (d) Initiate reasonable overpayment, subrogation and similar right of reimbursement recovery efforts in accordance with ODS' standard business practices;
- (e) Provide Members with access to Participating Providers;
- (f) Upon request of Plan Sponsor, prepare standard reports for use by the Plan in the financial management and administrative control of the Plan; and
- (g) Execute all aspects of the agreed upon Statement of Work and Requirements Deliverables developed during the transition.

## Section 4. Plan Sponsor Requirements

### 4.1 Payment of Fees

Plan Sponsor will:

- (a) Pay ODS all administrative fees as set forth in the attached Fee Schedule.
- (b) Initiate an ACH transfer in the amount of the weekly summary bill of checks issued, with payment being transferred no later than Friday of each week.

- (c) Initiate an ACH transfer in the amount of the monthly administrative services bill within 10 business days of receipt of the bill. The Plan will notify ODS if this payment will be delayed for any reason.

Section 5: Indemnification

ODS will indemnify, defend and hold harmless Plan Sponsor and the Plan, their affiliates and their respective directors, officers, employees (acting in the course of their employment, but not as claimant) and agents, for that portion of any claim, liability, settlement and related expense (including the cost of legal defense through and including any appeals) resulting solely and directly from ODS' breach of this Agreement, error, omission, negligence, gross negligence, willful misconduct, criminal conduct, fraud or breach of a fiduciary responsibility related to or arising out of this Agreement.

Section 6: Business Associate Agreement

As part of this Agreement, ODS has executed a Business Associate Agreement.

Section 7: Miscellaneous

Each party agrees (i) to execute and deliver such other documents and (ii) to do and perform such other acts as the other party may reasonably request, in order to carry out the intent and accomplish the objectives of this Agreement.

If any provision of this Agreement shall be invalid or unenforceable in any respect for any reason, the validity and enforceability of any such provision in any other respect and of the remaining provisions of this letter of agreement shall not be in any way impaired.

This Agreement may be modified and supplemented only by written agreement of the parties.

This Agreement does not limit in any respect negotiations between the parties relative to the terms of ASA. When executed, the ASA shall supercede this Agreement and this Agreement shall be of no further use or effect.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the Effective Date.

**Oregon Dental Service**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**State of Alaska**

By: Michael Barnhill

Name: Michael Barnhill

Title: Deputy Commissioner

**Dental Claims Administration and Managed Network Pricing Tables**

Indicate your per employee per month (PEPM) administrative fee break out for the Client (mature fees). This cost structure will be used to determine scoring for evaluation criteria Overall Cost. Please provide quotes net of commission effective Year 1. The contract term is for 3 years with 2 subsequent 1 year renewal options with approval from both parties.

Contract Period	Year 1				Year 2				Year 3			
	Employee Group	Active	Retirees		Active	Retirees		Active	Retirees			
Current number of lives	6,670		36,532		6,670		36,532		6,670		36,532	
<b>General ASO Services</b>												
Indicate your PEPM administrative fee break out (mature fees) or indicate if following services are "included" in the base fee. If not, indicate services are "not included".												
	Active	Fee Notes	Retirees	Fee Notes	Active	Fee Notes	Retirees	Fee Notes	Active	Fee Notes	Retirees	Fee Notes
Dental Claims Administration (base fee)	\$3.50		\$3.50		\$4.00		\$4.00		\$4.20		\$4.20	
Account Management	\$0.00	Included	\$0.00	Included	\$0.00	Included	\$0.00	Included	\$0.00	Included	\$0.00	Included
ID Cards	\$0.00	Included	\$0.00	Included	\$0.00	Included	\$0.00	Included	\$0.00	Included	\$0.00	Included
Banking Fees / Financial Services	\$0.00	Included	\$0.00	Included	\$0.00	Included	\$0.00	Included	\$0.00	Included	\$0.00	Included
Information Technology	\$0.00	Included	\$0.00	Included	\$0.00	Included	\$0.00	Included	\$0.00	Included	\$0.00	Included
Network Access	\$0.00	Included	\$0.00	Included	\$0.00	Included	\$0.00	Included	\$0.00	Included	\$0.00	Included
Claims Fiduciary	\$0.00	Included	\$0.00	Included	\$0.00	Included	\$0.00	Included	\$0.00	Included	\$0.00	Included
HIPAA Administration	\$0.00	Included	\$0.00	Included	\$0.00	Included	\$0.00	Included	\$0.00	Included	\$0.00	Included
SPDs / Plan Documents	\$0.00	Included	\$0.00	Included	\$0.00	Included	\$0.00	Included	\$0.00	Included	\$0.00	Included
Explanation of Benefits (EOBs)	\$0.00	Included	\$0.00	Included	\$0.00	Included	\$0.00	Included	\$0.00	Included	\$0.00	Included
Postage	\$0.00	Included	\$0.00	Included	\$0.00	Included	\$0.00	Included	\$0.00	Included	\$0.00	Included
Printing	\$0.00	Included	\$0.00	Included	\$0.00	Included	\$0.00	Included	\$0.00	Included	\$0.00	Included
Compliance	\$0.00	Included	\$0.00	Included	\$0.00	Included	\$0.00	Included	\$0.00	Included	\$0.00	Included
Communications	\$0.00	Included	\$0.00	Included	\$0.00	Included	\$0.00	Included	\$0.00	Included	\$0.00	Included
Online reporting access	\$0.00	Included, access to our standard monthly reports	\$0.00	Included, access to our standard monthly reports	\$0.00	Included, access to our standard monthly reports	\$0.00	Included, access to our standard monthly reports	\$0.00	Included, access to our standard monthly reports	\$0.00	Included, access to our standard monthly reports
External Review	\$0.00	Independent external review costs passed through	\$0.00	Independent external review costs passed through	\$0.00	Independent external review costs passed through	\$0.00	Independent external review costs passed through	\$0.00	Independent external review costs passed through	\$0.00	Independent external review costs passed through
Customer Service	\$0.00	Included	\$0.00	Included	\$0.00	Included	\$0.00	Included	\$0.00	Included	\$0.00	Included
Toll-free number	\$0.00	Included	\$0.00	Included	\$0.00	Included	\$0.00	Included	\$0.00	Included	\$0.00	Included
Appeals	\$0.00	Included	\$0.00	Included	\$0.00	Included	\$0.00	Included	\$0.00	Included	\$0.00	Included
<b>Total Dental Administration (mature)</b>	<b>\$3.50</b>											
<b>COBRA and Direct Bill Administration</b>												
	Active	Fee Notes	Retirees	Fee Notes	Active	Fee Notes	Retirees	Fee Notes	Active	Fee Notes	Retirees	Fee Notes
<b>COBRA administration</b>												
Installation fee	\$5,000.00		\$5,000.00		\$5,000.00		\$5,000.00		\$6,000.00		\$6,000.00	
Per participants per month fee	\$10.00		\$10.00		\$10.00		\$10.00		\$10.50		\$10.50	
Initial notification per statement	\$4.00		\$4.00		\$4.00		\$4.00		\$4.25		\$4.25	
Qualifying Event Notification via Electronic file	\$9.00		\$9.00		\$9.00		\$9.00		\$9.50		\$9.50	
Other Fees (list services)		Pass through costs to group for Open Enrollment packet mailings. Printing, postage, and handling.		Pass through costs to group for Open Enrollment packet mailings. Printing, postage, and handling.		Pass through costs to group for Open Enrollment packet mailings. Printing, postage, and handling.		Pass through costs to group for Open Enrollment packet mailings. Printing, postage, and handling.		Pass through costs to group for Open Enrollment packet mailings. Printing, postage, and handling.		Pass through costs to group for Open Enrollment packet mailings. Printing, postage, and handling.
<b>Direct bill administration</b>												
Implementation fee	\$5,000.00		\$5,000.00		\$5,000.00		\$5,000.00		\$6,000.00		\$6,000.00	
Monthly administration fees		Only a per participant fee charged monthly		Only a per participant fee charged monthly		Only a per participant fee charged monthly		Only a per participant fee charged monthly		Only a per participant fee charged monthly		Only a per participant fee charged monthly
Per participant (clarify if active and retiree have different fees)	\$9.50	Per direct bill participant	\$9.50	Per direct bill participant	\$10.00	Per direct bill participant	\$10.00	Per direct bill participant	\$10.50	Per direct bill participant	\$10.50	Per direct bill participant
Other Fees (list services)												
<b>Total COBRA and Direct Bill Administration</b>												

Other Value Add Services												
Indicate if the following services are "included" in the base fee. If not, please note the applicable fees. Please note: All additional costs noted will be included in the Total Financial Cost and Scoring Evaluation.												
	Active	Fee Notes	Retirees	Fee Notes	Active	Fee Notes	Retirees	Fee Notes	Active	Fee Notes	Retirees	Fee Notes
Data Integration Vendor Monthly File Feed, if needed	\$0.01	First file is included. Fee shown is requested PEPM fee per additional file. We could also charge a \$5,000 one time file set-up fee in lieu of the PEPM fee.	\$0.01	First file is included. Fee shown is requested PEPM fee per additional file. We could also charge a \$5,000 one time file set-up fee in lieu of the PEPM fee.	\$0.01	First file is included. Fee shown is requested PEPM fee per additional file. We could also charge a \$5,000 one time file set-up fee in lieu of the PEPM fee.	\$0.01	First file is included. Fee shown is requested PEPM fee per additional file. We could also charge a \$5,000 one time file set-up fee in lieu of the PEPM fee.	\$0.01	First file is included. Fee shown is requested PEPM fee per additional file. We could also charge a \$5,000 one time file set-up fee in lieu of the PEPM fee.	\$0.01	First file is included. Fee shown is requested PEPM fee per additional file. We could also charge a \$5,000 one time file set-up fee in lieu of the PEPM fee.
Data integration with wellness vendor, if needed	\$0.01	First file is included. Fee shown is requested PEPM fee per additional file. We could also charge a \$5,000 one time file set-up fee in lieu of the PEPM fee.	\$0.01	First file is included. Fee shown is requested PEPM fee per additional file. We could also charge a \$5,000 one time file set-up fee in lieu of the PEPM fee.	\$0.01	First file is included. Fee shown is requested PEPM fee per additional file. We could also charge a \$5,000 one time file set-up fee in lieu of the PEPM fee.	\$0.01	First file is included. Fee shown is requested PEPM fee per additional file. We could also charge a \$5,000 one time file set-up fee in lieu of the PEPM fee.	\$0.01	First file is included. Fee shown is requested PEPM fee per additional file. We could also charge a \$5,000 one time file set-up fee in lieu of the PEPM fee.	\$0.01	First file is included. Fee shown is requested PEPM fee per additional file. We could also charge a \$5,000 one time file set-up fee in lieu of the PEPM fee.
Charge for COB payments and audited claims	\$0.00	Included	\$0.00	Included	\$0.00	Included	\$0.00	Included	\$0.00	Included	\$0.00	Included
Charge for reissued checks or drafts	\$0.00	Included	\$0.00	Included	\$0.00	Included	\$0.00	Included	\$0.00	Included	\$0.00	Included
Subrogation Charge		Not included, charge is 25% of recovery.		Not included, charge is 25% of recovery.		Not included, charge is 25% of recovery.		Not included, charge is 25% of recovery.		Not included, charge is 25% of recovery.		Not included, charge is 25% of recovery.
Claims Processing for Fiduciary Responsibility	\$0.00	Included	\$0.00	Included	\$0.00	Included	\$0.00	Included	\$0.00	Included	\$0.00	Included
ID Card Customization	\$0.01	beyond initial enrollment cards are billed at \$1.50 per card.	\$0.01	beyond initial enrollment cards are billed at \$1.50 per card.	\$0.01	beyond initial enrollment cards are billed at \$1.50 per card.	\$0.01	beyond initial enrollment cards are billed at \$1.50 per card.	\$0.01	beyond initial enrollment cards are billed at \$1.50 per card.	\$0.01	beyond initial enrollment cards are billed at \$1.50 per card.
Additional ID cards												
HIPAA Certs	\$0.00	Included	\$0.00	Included	\$0.00	Included	\$0.00	Included	\$0.00	Included	\$0.00	Included
Summary/Plan Description	\$0.00	Included	\$0.00	Included	\$0.00	Included	\$0.00	Included	\$0.00	Included	\$0.00	Included
Summary of Material Modifications	\$0.00	Included	\$0.00	Included	\$0.00	Included	\$0.00	Included	\$0.00	Included	\$0.00	Included
Claims Run-Out Processing (assume 12 months of claims processing)	\$0.50	Not included, fee listed is a PEPM. We could also quote a one time fee to be charged upon contract termination, or a per claim fee during the run-out period.	\$0.50	Not included, fee listed is a PEPM. We could also quote a one time fee to be charged upon contract termination, or a per claim fee during the run-out period.	\$0.50	Not included, fee listed is a PEPM. We could also quote a one time fee to be charged upon contract termination, or a per claim fee during the run-out period.	\$0.50	Not included, fee listed is a PEPM. We could also quote a one time fee to be charged upon contract termination, or a per claim fee during the run-out period.	\$0.50	Not included, fee listed is a PEPM. We could also quote a one time fee to be charged upon contract termination, or a per claim fee during the run-out period.	\$0.50	Not included, fee listed is a PEPM. We could also quote a one time fee to be charged upon contract termination, or a per claim fee during the run-out period.
External Review	\$0.00	Independent external review costs passed through	\$0.00	Independent external review costs passed through	\$0.00	Independent external review costs passed through	\$0.00	Independent external review costs passed through	\$0.00	Independent external review costs passed through	\$0.00	Independent external review costs passed through
<b>Total Other Value Add Services</b>												

Fee Credits												
Indicate amount of Credit/Budget/Allowance included with your proposal. If not included, indicate services are "not included"												
	Active	Fee Notes	Retirees	Fee Notes	Active	Fee Notes	Retirees	Fee Notes	Active	Fee Notes	Retirees	Fee Notes
Implementation or Communication credit/budget/allowance	\$20,000.00	One-time credit/allowance to be used prior to or within 90 days of effective date.										
Post-Implementation Audit credit	\$50,000.00	One-time audit within 90 days of implementation. Allowance is actual costs, not to exceed \$50,000.										
Claims Audit Credit	\$20,000.00	One credit of actual costs, up to \$20,000, during the three year contract.										
Onsite service representative		Included, local service representation will be located in Anchorage, supported by senior account representative staff in Portland, Oregon. Service staff are able to attend requested meetings in Fairbanks.										
Other (list services)												
Other (list services)												
<b>Total Fee Credits</b>												

Dental Claims Administration and Managed Network

EXAMPLE

Dental Administration Fee Services - Pricing Example

Contract Period	Year 1	
	Active	Retirees
Employee Group		
Current number of lives	6,670	36,532

General ASO Services

Indicate your PEPM administrative fee break out (mature fees) or indicate if following services are "included", "not included" or a separate cost from the base fee.

		Fee Notes		Fee Notes
Dental Claims Administration (base fee)	\$17.00		\$19.00	
Account Management		Included		Included
ID Cards		Included		Included
Banking Fees / Financial Services	\$0.15		\$0.25	
Information Technology		Included		Included
Network Access	\$3.00		\$4.00	
Claims Fiduciary	\$1.00		\$1.50	
HIPAA Administration <sup>1</sup>		\$3.50 per event		\$4.00 per event
SPDs / Plan Documents		Included		Included
Explanation of Benefits (EOBs)		Included		Included
Postage		\$10,000 Flat Fee		\$10,000 Flat Fee
Printing		Included		Included
Compliance		Included		Included
Communications		Included		Included
Online reporting access		Included		Included
External Review		Included		Included
Customer Service		Included		Included
Toll-free number		Included		Included
Appeals		Included		Included
<b>Total Dental ASO PEPM Fee (mature)</b>	<b>\$1,692,846.00</b>	<b>\$10,000.00</b>	<b>\$10,850,004.00</b>	<b>\$10,000.00</b>

<sup>1</sup>Assumes a small percent of the population is affected annually.

0.3%

0.1%

COBRA and Direct Bill Administration

Indicate your PEPM administrative fee break out (mature fees) or indicate if following services are "included", "not included" or a separate cost from the base fee.

		Fee Notes		Fee Notes
<b>COBRA administration</b>				
Installation fee		\$10,000 Flat Fee		\$10,000 Flat Fee
Per participant per month fee <sup>2</sup>	\$1.75		\$2.25	
Initial notification per statement <sup>3</sup>	\$1.90		\$2.05	
Qualifying Event Notification via Electronic file <sup>4</sup>		\$15.30 per event notification		\$16.30 per event notification
Other Fees (list services)	n/a		n/a	
Other Fees (list services)	n/a		n/a	
<b>Direct bill administration</b>				
Implementation fee	n/a		\$10,000 Flat Fee	
Monthly administration fees <sup>5</sup>		Included		Included
Per participant (clarify if active and retiree have different fees) <sup>6</sup>	\$4.00		\$5.00	
Other Fees (list services)	n/a		n/a	
<b>Total COBRA and Direct Bill Administration (mature)</b>	<b>\$1,029.00</b>	<b>\$13,673.84</b>	<b>\$4,976.00</b>	<b>\$27,146.00</b>

<sup>2</sup>Assumes a small percent of the population is affected annually.

0.3%

0.1%

<sup>3</sup>Assumes a small percent of the population is affected annually.

0.4%

0.2%

<sup>4</sup>Assumes a small percent of the population is affected annually. Applies only to retirees

0.1%

Other fees

Indicate if the following services are "included" in the base fee. If not, please note the applicable fees. Please note: All additional costs noted will be included in the Total Financial Cost and Scoring Evaluation.

		Fee Notes		Fee Notes
Data Integration Vendor Monthly File Feed, if needed		\$10,000 Flat Fee		\$15,000 Flat Fee
Data integration with wellness vendor, if needed		Not included		Not included
Charge for COB payments and audited claims		Included in base fee		Included in base fee
Charge for reissued checks or drafts		Included in base fee		Included in base fee
Subrogation Charge		Included in base fee		Included in base fee
Claims Processing for Fiduciary Responsibility		Included in base fee		Included in base fee
ID Card Customization	\$0.05		\$0.10	
Additional ID cards		Included in base fee		Included in base fee
HIPAA Certs		Included in base fee		Included in base fee
Summary Plan Description		Included in base fee		Included in base fee
Summary of Material Modifications		Included in base fee		Included in base fee
Claims Run-Out Processing (assume 12 months of claims processing)	\$0.20		\$0.30	
External Review		Included in base fee		Included in base fee
<b>Total Other Value Add Services</b>	<b>\$20,010.00</b>	<b>\$10,000.00</b>	<b>\$175,354.00</b>	<b>\$15,000.00</b>

Fee Credits

Indicate amount of Credit/Budget/Allowance included with your proposal. If not included, indicate services are "not included"

		Fee Notes		Fee Notes
Implementation or Communication credit/budget/allowance	\$30,000.00		\$25,000.00	
Post-Implementation Audit credit	\$15,000.00		\$15,000.00	
Claims Audit Credit	n/a		n/a	
Onsite service representative	n/a		n/a	
Other (list services)				
Other (list services)				
<b>Total Fee Credits</b>	<b>\$45,000.00</b>		<b>\$40,000.00</b>	

	Actives	Retirees	Total*
Total Dental Administration (mature)	\$1,702,846.00	\$10,860,004.00	\$12,562,850.00
Total COBRA and Direct Bill Administration (mature)	\$14,702.84	\$32,122.00	\$46,824.84
Total Other Value Add Services	\$30,010.00	\$190,354.00	\$220,364.00
Total Fee Credits	-\$45,000.00	-\$40,000.00	-\$85,000.00
<b>Total Dental Fees</b>			<b>\$12,745,038.84</b>

\* Amounts shown in Attachment H4 as Vendor 1