



## **Service Contract: VEHI – VSBIT**

### **Section I**

VEHI is a non-profit organization serving Vermont school districts chiefly by offering employee benefit plans that are responsive to the needs of employers, employees and their dependents. VEHI also contracts with the Vermont State Teachers' Retirement System to provide health insurance benefits to pre-Medicare eligible and Medicare-eligible retirees and their dependents. VEHI's mission encompasses three broad domains:

1. Making available a range of employee benefit plans, in collaboration with major insurance carriers, that are cost-effective, affordable and high-quality;
2. Designing and investing in school-based and post-employment wellness programs that give individuals and families the confidence, support and resources they need to lead healthy, productive lives;
3. Educating school districts, local unions and the Vermont State Teachers' Retirement System about the health insurance market, health care reform initiatives and regulatory compliance obligations under federal and state law.

### **Section II**

In order to meet the goals stated above, the VEHI Board of Directors hereby enters into this Service Contract with the non-profit Vermont School Boards Insurance Trust (VSBIT). This Service Contract may be modified during the term of this agreement by mutual consent of the VEHI Board of Directors and VSBIT Board of Directors. Services provided by VSBIT shall pertain to program development, implementation, marketing, maintenance, subscriber education on effective health care utilization, health promotion and wellness

programs, and any other loss reduction and care management programs as may from time to time be approved by the VEHI Board of Directors. In addition, VSBIT shall maintain all the necessary financial data to operate all VEHI health care and related programs.

Services provided by VSBIT shall be comprised of three general components:

- a. Administrative Services;
- b. Financial Services;
- c. Wellness Program

### **Section III**

**This Service Contract shall have an initial term of five (5) years, commencing July 1, 2014, and unless terminated pursuant to Section V herein, shall be subject to automatic renewal for two (2) additional terms, each three (3) years in duration, commencing July 1, 2019 and July 1, 2022, respectively, such renewals to include the same terms and conditions, subject to the annual payment adjustments set forth in Section IV.**

### **Section IV**

In consideration of the services rendered by VSBIT under this Service Contract, VEHI shall pay VSBIT the sum of \$820,000 during the first year of the initial term of this Service Contract, payable in four equal quarterly installments on July 25, October 25, January 25 and April 25. The annual payment set forth herein shall be subject to adjustment beginning July 1, 2015 and on July 1 during each subsequent year for the duration of this Service Contract. The payment shall be adequate to cover VSBIT's cost of carrying out the services and obligations of this Agreement. As a non-profit partner, VSBIT will not seek financial gain through this relationship.

### **Section V**

Either party may terminate this Service Contract, without cause, at the expiration of the initial term or the expiration of any renewal term, by prior written notice to the other party, such notice to be provided by certified mail, return receipt requested, no later than three (3) months prior to the date of termination. Neither party shall be entitled to terminate this Service Agreement at any time other than the expiration of the initial term or the expiration of any renewal term.

In the event of material changes in the regulatory environment related to the services to be provided, or if either party seeks to make material changes in the scope or nature of any of the components of this Service Agreement, the parties shall, in good faith, renegotiate the terms of this Service Agreement in light of such material changes.

In the event that either party is in breach of the obligations imposed by this Service Contract, the non-breaching party shall be entitled to terminate this Service Contract at any time during the initial term or during any renewal term by prior written notice of intent to terminate for cause, such written notice setting forth the specific grounds of alleged breach or breaches, no later than three (3) months prior to the date of termination, and in accordance with the following provisions:

a. In the event that VSBIT seeks to terminate for cause for VEHI's breach of payment obligations, VEHI shall be entitled, during the three month period between receipt of written notice and the termination date, to cure such breach through payment in full of all sums due. In the event of such full payment, this Service Agreement shall not terminate.

b. In the event that VEHI seeks to terminate for cause for VSBIT's alleged breach of its service obligations, VEHI shall specify which of the three service areas set forth in Section (Wellness Program, Administrative Services, or Financial Services), to allegedly be in breach, in addition to the specific allegations which support the alleged breach(es). During the three month period between notice of breach and termination, VSBIT shall be entitled to cure such breach (es), in which case no part of this Service Agreement shall be terminated. In the event that such breach(es) are not sufficiently cured, this Service Agreement will be terminated solely with respect to the specific component that is the subject of the written notice of termination. The Service Agreement shall not be terminated with respect to the parties' rights and obligations under the remaining components of this Service Agreement.

## **Section VI**

VEHI's sole remedy for any alleged breach (es) of VSBIT's obligations under this Service Agreement shall be limited to termination of the Agreement pursuant to Section V herein.

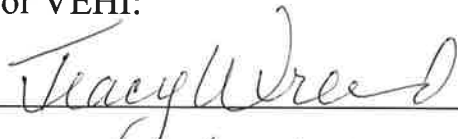
In the event that VEHI is in breach of its payment obligations under the terms of this Service Agreement, VSBIT shall be entitled to recover compensatory damages, in an amount equal to the principal amount of such unpaid sums plus interest, calculated at the legal rate, accruing from the date of the breach.

**Section VII**

VEHI shall indemnify, defend and hold harmless VSBIT and VSBIT's officers, agents and employees of and from any claims, lawsuits, causes of action, liability, losses or damages of any kind, brought by any third party against VSBIT and/or VSBIT's officers, agents and employees, arising out of the negligent, careless, wilful or other wrongful acts of VEHI or VEHI's officers, agents and employees.

VSBIT shall indemnify, defend and hold harmless VEHI and VEHI's officers, agents and employees of and from any claims, lawsuits, causes of action, liability, losses or damages of any kind, brought by any third party against VEHI and/or VEHI's officers, agents and employees, arising out of the negligent, careless, wilful or other wrongful acts of VSBIT or VSBIT's officers, agents and employees.

For VEHI:

  
\_\_\_\_\_  
Date: 4/29/14

For VSBIT:

  
\_\_\_\_\_  
Date: 6/19/14



## VEHI Code of Conduct for Service Providers

VEHI contracts with Service Agents to carry out the work of the organization. Each Service Provider is expected to do the following:

1. Uphold VEHI's Mission and Decision Guidelines.
2. Uphold VEHI's fiduciary responsibilities.
3. Comply with VEHI's Communication Protocols.
4. Represent the organizational and program interests of VEHI when engaging with members, school employees and their dependents, union representatives, elected officials and other public policy makers, BCBSVT, the media and state agencies, including the Vermont Department of Financial Regulation.
5. Keep the Board informed in a timely manner of information or actions that have the potential to impact or compromise the mission or integrity of VEHI, including proposed legislation, potential or pending legal actions, media coverage, internal and external trends in the insurance market, or material changes to operations.

Accepted for Service Provider:

Laura A. Adams  
Signature

President, VSBIT  
Title

6/22/15  
Date