

AGREEMENT BETWEEN  
BLUE CROSS & BLUE SHIELD UNITED  
AND  
CITY OF MILWAUKEE  
(PREFERRED PROVIDER NETW

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This Agreement is entered into this 30th day of July, 1998, by and between Blue Cross & Blue Shield United of Wisconsin ("Contractor"), a private corporation with its principal office located at 1515 North River Center Drive, Milwaukee, Wisconsin, and the City of Milwaukee ("City").

RECITALS

Whereas, Contractor is a health insurance corporation which has established a network of preferred providers of health care services; and

Whereas, the City has established and maintains a self-funded indemnity health insurance plan ("Plan") for City employees; and

Whereas, the City has entered an agreement with WPS ("Administrator") to provide administrative services for the City's Plan; and

Whereas, Contractor and the City desire to contract with each other to make available Contractor's preferred provider network to the City;

Now, Therefore, Contractor and the City agree as hereinafter set forth.

1. OBLIGATIONS OF CONTRACTOR

1.1 Contractor shall maintain a network of health care providers which have written agreements with Contractor wherein such providers agree to furnish health care services to the Plan at discount rates as specified in Exhibit A.

1.2 Contractor guarantees that the City will receive 1999 savings from Contractor's discounted provider networks in excess of 5% of the City's total allowable claims as determined by Administrator under the Plan.

1.3 Contractor shall apply preferred provider discounts to all inpatient and outpatient hospital allowable claims received from Administrator, utilizing the provider discounts referenced in Exhibit A. Contractor shall apply such discount and release or mail such claims to Administrator within three work days from receipt thereof.

1.4 In the event the City does not realize the annual guaranteed savings, Contractor will refund to the City within 30 days of the expiration of this Agreement a penalty which is the lesser of the shortfall or 10% of the amount paid to Contractor under 3.1 of this Agreement. If this Agreement terminates prior to expiration, the guaranteed savings shall be determined on a prorata basis and the amount to be paid by the City or the amount to be refunded Contractor shall be determined under this paragraph as though the date of termination was the date of expiration of this Agreement.

OBLIGATIONS OF CITY

Exhibit A  
is the PPC  
Directory  
BCBS 24146

2.1 Calculation of the Contractor discounts provided for in Exhibit A will be taken based on allowable claims as determined by Administrator's determination of allowable claims and shall be subject to Administrator's USUAL and CUSTOMARY limitations, COB procedures, the City's utilization review administrator's determinations, medical necessity determinations, and additional limitations as contained in the MEDICAL PLAN BENEFITS as set forth in Exhibit A of the Agreement between Administrator and the City.

2.2 Administrator, the City's claims administrator, shall receive and process all claims in accordance with ¶ 2.1 above for both inpatient and outpatient hospital services and all other professional medical services as follows:

(a) Claims for inpatient and outpatient hospital services will be initially processed by Administrator in accordance with 2.1 above and transmitted to Contractor for application of the preferred provider discounts as described in Contractor's response to the City's 1998 Request for Proposals and referenced in Exhibit A. Contractor agrees to return the claims to Administrator within three work days of receipt so that Administrator can make a timely payment of the claim.

(b) Claims for professional provider services will be processed by Administrator. Administrator shall apply preferred provider discounts contained in Exhibit A.

2.3 The City shall provide Contractor with monthly changes in the Plan membership roster provided by the City to Administrator.

2.4 The City, both on its own behalf and on behalf of Administrator, acknowledges that all material and information regarding Contractor's pricing which the City or Administrator has or will come into their possession is confidential and proprietary data. The City, both on its own behalf and on behalf of Administrator, agrees to hold such material and information in strictest confidence, not to make use thereof other than for the performance of this Agreement, and not to release or disclose it to any other party other than for the performance of this Agreement.

### 3. COMPENSATION

3.1 For the services rendered by Contractor during 1999 hereunder, the City agrees to pay Contractor Two Dollars and Fifty Cents (\$2.50) per City employee or retired employee covered under the Plan per month. For services rendered by Contractor during 2000 hereunder, the City agrees to pay Contractor Two Dollars and Sixty Cents (\$2.60) per City employee or retired employee covered under the Plan per month. For services rendered by Contractor during 2001 hereunder, the City agrees to pay Contractor Two Dollars and Seventy Cents (\$2.70) per City employee or retired employee covered under the Plan per month.

3.2 Contractor shall furnish to the City no later than the tenth working day following receipt of the enrollment for the ensuing month. The City shall pay the



products/completed  
operations aggregate 1,000,000

Personal Injury aggregate \$1,000,000  
Medical Payments each person 5,000

To Include

Commercial general liability insuring  
agreement  
Occurrence coverage

3. Automobile Liability

Limit of Liability

Bodily Injury/Property Damage  
ea. accident \$1,000,000

To Include

Coverage for the operation of any owned,  
nonowned or hired motor vehicle  
Contractual liability for risks assumed  
in this agreement

**NOTE:** Verification of this coverage is needed only if vehicles will  
be used while providing service to City of Milwaukee  
employees.

4. Professional Liability

Limits of Liability

Wrongful Act each incident \$3,000,000  
aggregate 6,000,000

To Include

Occurrence coverage  
Modification of loading/unloading exclusion  
to protect loading/unloading exposures  
associated with vehicles and aircraft

5. Medical Malpractice

For Physicians and Nurse Anesthetists:

Injury	each claim	\$1,000,000
	aggregate	3,000,000

For All Other Health Care Professionals:

Injury	each claim	\$1,000,000
	aggregate	3,000,000

**NOTE:** 1. If claims made coverage is provided, the Plan must confirm that it will ensure continuity of coverage for a period of six years beyond the contract period if a change in insurer results during the terms of the contract. The Plan must verify that the retroactive date will not change or that the extended reporting/buy-out provision will be exercised and that all costs related thereto will be paid by the Plan or the applicable health care provider insured thereunder.

2. Medical malpractice coverage will be required only if the Contractor employs health care providers.

6. Umbrella Liability

Bodily Injury/Personal Injury/ Property Damage	each occurrence	\$5,000,000
	aggregate	5,000,000

**NOTE:** Verification of this coverage is needed only if operations of the PPO network require the use of vehicles and result

**in employees meeting with PPO network representatives in their offices.**

**B. ADDITIONAL NAMED INSURED.** The City shall be added as an additional named insured on the policies which provide coverage for Public Liability, Automobile Liability and Professional Liability.

**C. NETWORK PARTICIPANTS TO CERTIFY TO MEDICAL MALPRACTICE COVERAGE.** The Contractor shall require that each medical professional providing services as part of the PPO network in connection with this Agreement, shall at all times maintain and certify that medical malpractice insurance is in effect with a limit of liability not less than \$1,000,000 each claim, \$3,000,000 in the aggregate.

**D. INDEMNIFICATION**

1. Contractor shall indemnify and hold harmless Administrator, the City, its officers, agents, employees and the City's Plan participants against any and all liability for providers' claims for Plan benefits in excess of that to which the provider has agreed in its agreement with Contractor. Contractor agrees to accept defense of all providers' claims and causes of action for which Contractor agrees to provide indemnification at its sole expense.

2. Contractor agrees to indemnify and forever hold harmless the City from any liability which the City may incur as a result of any actual or alleged acts or



omissions by Contractor or any preferred provider. Such indemnification shall not apply to any acts or omissions which result from the negligence of the City or its employees.

3. The Contractor shall hold the City harmless for liability resulting from its decision to contract with the Contractor.

## 5. TERM AND TERMINATION

5.1 This Agreement shall first take effect on January 1, 1999 and shall continue in effect for thirty-six (36) months through December 31, 2001; provided, however, that the City shall have the option to continue this Agreement, upon the same terms and conditions set forth herein, for an additional one-year term ending on December 31, 2002 by giving Administrator advance notice of its intent to exercise such option to renew at least 60 days prior January 1, 2002.

5.2 This Agreement may be amended in writing at any time by the mutual agreement of the parties.

5.3 The City may terminate this Agreement prior to expiration at the close of any calendar month upon sixty (60) days' written notice to Contractor. Contractor may terminate this Agreement at the close of any calendar month upon one hundred eighty (180) days' written notice.

5.4 If the City fails to make any payment within 31 days of the date such payment becomes due, Contractor may terminate this Agreement immediately upon providing to the City written notice thereof.

## 6. GENERAL PROVISIONS

6.1 The books, records and accounts of the City and Administrator which pertain to the Plan shall be open to inspection by Contractor for the purpose of determining:

- (a) Any charge or fee made pursuant to the terms of this Agreement;
- (b) Compliance by the parties hereto with the terms of this Agreement;

provided, however that:

- (c) Any such inspection shall be (i) preceded by a thirty (30) days' advance written notice given by Contractor to the City and Administrator; (ii) scheduled during regular business hours at a time mutually agreed upon by the City and Contractor; and (iii) conducted quickly and efficiently with the least interruption to regular business operations.

6.2 Contractor acknowledges that all material and information regarding Administrator's administration of paid claims under the Plan that comes into their possession is confidential and proprietary data. Contractor agrees to hold such material and information in strictest confidence, not to make use thereof other than for the

performance of the Agreement, and not to release or disclose it to any other party other than for the performance of this Agreement.

6.3 Contractor provider discounts will be applied on all claims for services rendered by a preferred provider which are paid for 1999, 2000, and 2001.

6.4 None of the provisions of this Agreement are intended to create nor shall be deemed or construed to create any relationship between the parties to this Agreement other than that of independent contractors contracting with and among each other solely for the purpose of effecting the provisions of this Agreement.

6.5 This Agreement shall be interpreted under the laws of the State of Wisconsin. In the event that any provision of this Agreement is deemed unenforceable by any court of competent jurisdiction, the remaining provisions hereof shall remain in full force and effect.

6.6 This Agreement constitutes the entire agreement among the parties hereto pertaining to the subject matter hereof and supersedes all prior and contemporaneous agreements, understanding, negotiations, and discussions, oral or written. There are no warranties, representations or other agreements herein except as specifically set forth herein. No supplement to or modification, waiver or termination of this Agreement shall be binding unless executed in writing by the party to be bound thereby. No waiver of any of the provisions of this Agreement shall be deemed to constitute a

continuing waiver thereof unless otherwise expressly provided herein or in accordance with this paragraph.

6.7 This Agreement shall extend to and be binding upon the successors and assignees of the respective parties hereto. No party hereto may assign this Agreement without the written consent of the other party.

6.8 Notices shall be sufficient if delivered by regular mail, unless otherwise provided for in this Agreement, their regular office addresses.

6.9 In all hiring or employment made possible by or resulting from this Agreement:

(a) There will not be any discrimination against any employee or applicant for employment because of age, handicap, marital status, race, color, sexual orientation, religion, sex or national origin or ancestry or lawful sources of income; and

(b) Affirmative action will be taken to ensure that applicants are employed and that employees are treated during employment without regard to their age, handicap, marital status, race, color, religion, sexual orientation, sex or national origin or ancestry or lawful sources of income.

This requirement shall apply to but not be limited to the following: employment, upgrading, demotion or transfer, recruitment or recruitment advertising, layoff or termination, rates of pay or other forms of compensation, and selection for training including apprenticeship. There shall be posted in conspicuous places available to

employees and applicants for employment, notices required or to be provided by federal or state agencies involved setting forth the provisions of the clause. All solicitations or advertisements for employees shall state that all qualified applicants will receive consideration for employment without regard to age, handicap, marital status, race, color, religion, sexual orientation, sex or national origin or ancestry or lawful sources of income.

No person in the United States shall, on the ground of age, handicap, marital status, race, color, sexual orientation, religion, sex or national origin, or ancestry or lawful sources of income, be excluded from participation in, be denied the benefits of, or be subject to discrimination under any program or activity made possible by or resulting from this Agreement. The City and each employee will comply with all requirements imposed by or pursuant to the regulations of the appropriate federal agency effectuating Title VII of the Civil Rights Act of 1964.

(c) The Contractor shall cause the foregoing provision to be inserted in all subcontracts, if any, for any work covered by this Agreement so that such provisions shall be binding upon each subcontractor, provided that the foregoing provisions shall not apply to contracts or subcontracts for standard commercial supplies or raw materials.

In witness whereof, the parties hereto have caused this Agreement to be executed as of the dates shown below.

BLUE CROSS & BLUE SHIELD  
UNITED OF WISCONSIN  
(CONTRACTOR)

CITY OF MILWAUKEE

By: *Leslie Whitlow*

Vice President

Title: National Business Development  
& Government Employee Services

By: *John O.ney*

Mayor

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

By: *Ronald L. ...*

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

City Clerk

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

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

COUNTERSIGNED:

By: *Auto W. Baur*

DEPUTY Comptroller *bfb*