

ADMINISTRATIVE SERVICES AGREEMENT

This ADMINISTRATIVE SERVICES AGREEMENT ("Agreement") is between the EMPLOYER and PRIORITY HEALTH MANAGED BENEFITS, INC., a third-party administrator under applicable Michigan law, 1231 East Beltline, N.E., Grand Rapids, Michigan 49525-4501 ("MANAGED BENEFITS").

RECITALS

The Employer has established a program of group benefits for its employees and their eligible dependents (the "Plan"). The Plan is a Health Reimbursement Arrangement (HRA) Plan (or Medical Reimbursement Arrangement (MRA) Plan). The Employer desires to have MANAGED BENEFITS provide certain administrative services with respect to the Plan and MANAGED BENEFITS is willing to do so on the terms and conditions contained in this Agreement.

NOW, THEREFORE, the parties agree as follows:

- A. *Term of Agreement.* This Agreement shall be effective beginning on the Effective Date for an initial term of one year. The Agreement shall automatically renew for successive periods of one year each unless terminated in accordance with Section F below. Each 12-month period measured from the Effective Date is referred to as a "Contract Year."
- B. *Responsibilities of the Employer.* The Employer shall have the following duties and obligations under this Agreement:
 1. *Plan Design.* The Employer is the Plan sponsor and shall be solely responsible to determine the design of the Plan, including the benefits to be provided, eligibility for coverage and the funding method to be used for the Plan.
 2. *Amendment or Termination of Plan.* The Employer shall make all decisions regarding amendment or termination of the Plan.
 3. *Shared Account.* The amounts paid in by the Employer to pay claims for benefits under the Plan shall be deposited in a MANAGED BENEFITS claims account at a bank or other financial institution upon which MANAGED BENEFITS (or its designee) shall be authorized to issue checks for payment of claims. In order to facilitate administration of the Plan, MANAGED BENEFITS (or its designee) may commingle the Employer's funds with amounts deposited by other employers; provided, however, that each employer's funds in the claims account shall be separately accounted for and amounts deposited by the Employer shall not be used other than for payment of claims under the Plan. The amounts deposited by the Employer remain the general assets of the Employer subject to the right of its creditors, not plan assets that must be held in trust. MANAGED BENEFITS may invest account funds in insured money market or similar instruments and retain any investment income thereon to offset bank charges and other reasonable administrative expenses incurred by MANAGED BENEFITS in performing its duties hereunder.
 4. *Plan Administrator.* The Employer is the Plan Administrator and the named fiduciary of the Plan under the provisions of the Employee Retirement Income Security Act of 1974, as amended, ("ERISA") with the authority to control the operation and administration of the Plan. The Plan Administrator's powers and duties include, but are not limited to, the following:
 - a. *Plan Interpretation.* The Employer shall have the responsibility and discretionary authority to decide all questions of eligibility and entitlement to benefits and determine the amount, manner, and time of payment of benefits or participant contributions; review and make final decisions on appealed benefits claims, and interpret the provisions of the Plan for purposes of resolving any inconsistency or ambiguity, correcting any error or supplying information to correct any omitted term.

- b. *Appointment of Fiduciaries and Advisers.* The Employer shall appoint any fiduciaries and advisers necessary or convenient to assist it in the administration of the Plan (and the Trust, if any) including legal counsel, accountants, and other professionals.
 - c. *Disclosures to Plan Participants.* The Employer shall be responsible to communicate to participants all information required by ERISA and other applicable law concerning the Plan, including, without limitation, Summary Plan Descriptions, Summaries of Material Modifications, notices of material benefit reductions and Summary Annual Reports. The Employer shall also provide the following information required by law (MCLA 550.932): (a) what benefits are provided under the Plan; (b) changes in benefits, (c) the fact that individuals covered by the Plan are not insured or are only partially insured, as the case may be; (d) if the Plan is not insured, the fact that in the event the Plan or the Employer does not ultimately pay claim expenses that are eligible for payment under the Plan for any reason, the individuals covered by the Plan may be liable for these expenses; (e) the fact that MANAGED BENEFITS as a third party administrator merely processes claims and does not insure that any claim expenses of individuals covered by the Plan will be paid; and (f) the fact that complete and proper claims for benefits made by individuals covered by the Plan will be promptly processed but that in the event there are delays in processing claims, the individuals covered by the Plan shall have no greater rights to interest or other remedies against the third party administrator than as otherwise afforded them by law.
 - d. *Information.* The Employer shall provide all information reasonably requested by MANAGED BENEFITS to perform its duties and to calculate its fees under this Agreement. Specifically, and without limitation:
 - (1) Prior to the effective date of this Agreement, the Employer shall provide MANAGED BENEFITS with a complete and accurate enrollment list for each Plan.
 - (2) On or before the tenth day of each month, the Employer shall provide MANAGED BENEFITS with a written list of persons commencing or terminating participation as of the first day of the following month.
 - e. *Reporting.* The Employer shall be responsible to make and file all Form 5500 reports and any other returns and reports concerning the Plan (and the Trust, if any), required by ERISA, the Internal Revenue Code and other applicable law.
 - f. *Compliance with Law.* Except as specifically provided in this Agreement, the Employer shall be responsible for compliance with applicable federal, state and local legislation and regulations.
6. *Payment of Benefits.* The Employer shall be responsible to fund the payment of all benefits due under the Plan.
7. *Expenses.* The Employer shall be responsible for all administrative expenses of the Plan (and the Trust, if any), including without limitation, fees owing pursuant to this Agreement; fees of any legal counsel, accountant, auditor, actuary, health consultant or other expert appointed by the Employer pursuant to Subsection 4.b. above; and taxes or other governmental fees assessed against the Plan (and the Trust if any).
- C. *Responsibilities of MANAGED BENEFITS.* During the initial Contract Year and any renewal Contract Year, MANAGED BENEFITS shall provide the following services:
- 1. *Preparation of Document Template.* MANAGED BENEFITS shall provide the Employer with the standard template of the plan document and summary plan description for the Employer to complete.

2. *Enrollment.* MANAGED BENEFITS shall provide assistance to the Employer in the enrollment of employees and dependents by providing the Employer with standard enrollment materials and assistance in employee information meetings. Employees will be automatically be enrolled into the HRA on the date they enroll in the Employer's Health Plan that relates to the HRA Plan.
3. *Claims Processing.* MANAGED BENEFITS shall process claims for benefits incurred on or after the Effective Date of this Agreement. Processing shall be performed and claims shall be determined in accordance with the documents, policies, interpretations, rules, guidelines, and practices determined by the Employer. The Employer shall retain sole discretionary authority to make final determinations concerning eligibility and entitlement to benefits pursuant to any claim.
4. *Payment Processing.* MANAGED BENEFITS shall process the payment of claims. Each check will be prepared by MANAGED BENEFITS (or its designee) to be drawn on the shared account as described in Section B.3. Each check shall be signed on behalf of the Employer by an authorized signatory designated by MANAGED BENEFITS.
5. *Claims Denial.* If a claim is denied in whole or in part, MANAGED BENEFITS shall notify the claimant in writing of the denial and of the claimant's right to appeal the claim denial. The Employer appoints MANAGED BENEFITS as the named fiduciary to be responsible to administer the claim appeal procedures set forth in the Plan and to make a final determination concerning the claim, as established within this Agreement. MANAGED BENEFITS will strictly follow the terms of the Plan and the Claims Processing Regulations when resolving claim appeal determinations on behalf of the Plan.
6. *External Review.* MANAGED BENEFITS will be responsible for meeting the external claim review requirements of PPACA, including (a) notifying plan participants who have completed the first level appeal of their rights for an external claim review, and (b) filing the necessary information with an Independent Review Organization ("IRO") under contract with MANAGED BENEFITS. In performing these services, MANAGED BENEFITS will follow and comply with the requirements of the Federal External Claim Review Procedures of PPACA.

The Employer understands that if the IRO determines that the service that is subject to the appeal is a covered service, the Employer will be required to pay for it.

7. *Plan Reports.* MANAGED BENEFITS shall provide access to the Employer for HRA balance information monthly via Filemart (online).
8. *Confidentiality.* MANAGED BENEFITS shall maintain as confidential all claims, reports, and other information furnished, obtained or developed in respect to its services under this Agreement and as provided under the executed HIPAA Business Associate Agreement between the Employer and MANAGED BENEFITS, unless the person to whom such information pertains consents in writing to disclosure or unless disclosure is required or permitted by law. Legally permitted disclosure includes, without limitation, disclosure for claims adjudication and verification purposes, for other proper plan administration, for an ERISA audit, pursuant to statute or court order for the production of evidence or the discovery thereof, or disclosure to an insurer, plan fiduciary or the Commissioner of Insurance.
9. *Legal Action.* MANAGED BENEFITS shall notify the Employer if MANAGED BENEFITS obtains knowledge of any legal action involving the Plan, the Employer or MANAGED BENEFITS due to the operation of the Plan. MANAGED BENEFITS shall provide all reasonable records requested by the Employer and cooperate with the Employer in the defense of any such legal action.

10. *Records.* Except as otherwise provided herein, all records relating to the payment of claims under this Agreement shall be the property of the Employer and shall be released to the Employer in a form acceptable to MANAGED BENEFITS, upon the Employer's written request, within 30 days (or other reasonable period of time) after termination of this Agreement provided that such release is consistent with applicable law; and further provided, that the Employer shall indemnify and hold MANAGED BENEFITS harmless from any claim of breach of confidentiality that may arise in connection with such release to the Employer. The actual cost incurred by MANAGED BENEFITS for furnishing these records shall be paid by the Employer. Notwithstanding the foregoing, the Employer agrees that the following materials are the sole property of MANAGED BENEFITS and the Employer shall have no right to use or possess such materials during or after termination of this Agreement: claim processing and payment manuals, administrative or accounting manuals, data processing systems, computer programs or data processing manuals, internally generated memoranda or other internally generated documents prepared by MANAGED BENEFITS for its own use. MANAGED BENEFITS shall retain all records relating to the payment of claims on the Employer's behalf for the length of time as required by ERISA.

11. *Fidelity Bond.* MANAGED BENEFITS shall have in effect during the term of this Agreement a fidelity bond to reimburse the Employer in the event of a loss caused by fraud or certain types of misconduct by an employee of MANAGED BENEFITS. The bond shall be in an amount sufficient to cover a loss up to \$1 million attributable to any one employee.

12. *Recovery of Overpayments.* MANAGED BENEFITS will attempt recovery of any benefits paid for covered persons, or for persons who are not eligible to receive a benefit when processing results in an overpayment. Two methods are used in recovering overpayments; auto recovery, based on a dollar threshold and overpayment letters. MANAGED BENEFITS is not required to take any legal action and will not be responsible or in any way obligated to reimburse any unrecoverable payments. Recovery of overpayments from Contracted Network Providers is limited to 12 months from date of payment. MANAGED BENEFITS may use an outside recovery vendor to assist in the recovery of overpayments on your behalf. Any payment to the outside recovery vendor shall be deducted from the recovery proceeds.

D. *Limitations on Services.* MANAGED BENEFITS does not assume any obligations other than those responsibilities expressly stated in this Agreement. In particular, MANAGED BENEFITS does not have the following obligations:

1. *Not a Fiduciary.* MANAGED BENEFITS is not the Plan Administrator or administrator as defined in ERISA Section 3(16), plan sponsor, trustee of any assets associated with the Plan, or a fiduciary of the Plan as defined in Section 3(21) of ERISA. MANAGED BENEFITS shall have no discretionary authority or control over the management of the Plan, shall exercise no discretion or control with respect to the management or disposition of plan funds and shall not render investment advice.

2. *Not a Benefit Guarantor.* MANAGED BENEFITS shall not be liable, nor advance its own funds, for the payment of claims under the Plan. MANAGED BENEFITS does not guaranty payment of any benefits due under the Plan. The Employer shall have full responsibility and liability for payment of claims in accordance with the provisions of the Plan.

3. *Compliance.* MANAGED BENEFITS is not responsible for qualification or compliance of the Plan with ERISA, the Internal Revenue Code and any other applicable laws, federal, state or local, for which the Plan Sponsor or Plan Administrator is responsible by law.

4. *Expenses.* MANAGED BENEFITS is not responsible for payment of any expense of the Plan, including, but not limited to, the fees of an attorney, accountant and other individual or entity not employed by MANAGED BENEFITS who provides services to the Plan at the request of or with the prior consent of the Employer.

E. *Consideration.* As consideration for the services provided by MANAGED BENEFITS set forth in this Agreement, Employer shall purchase and maintain a HRA qualified medical plan from Priority Health, along with all other good and fair consideration.

F. *Termination of Agreement.* This Agreement shall be terminated at the earliest date specified below:

1. *Mutual Agreement.* Any date mutually agreed upon by the parties.
2. *Breach of Agreement.* In the event of a breach of this Agreement, 30 days after the non-breaching party gives the other party notice of the breach unless the breach is cured within such 30-day period.
3. *End of Contract Year.* As of the last day of a Contract Year, if either party gives at least 30 days' prior written notice to the other of its intent to terminate.
4. *Non-Payment of Benefits.* As of any date the Employer is unable to pay or fails to deposit sufficient funds in the Account to pay benefits due under the Plan that are not in dispute, or fails to pay any other debts as they become due, makes an assignment for the benefit of creditors or a petition under bankruptcy laws is filed by or against the Employer. MANAGED BENEFITS may, but is in no case obligated to, notify the Employer's employees and dependents covered under the Plan that funds are not sufficient to pay claims.

Termination of this Agreement shall not terminate the rights or obligations of either party with respect to any period prior to the termination or the obligation of the Employer to indemnify MANAGED BENEFITS under the provisions of this Agreement.

G. *Claims Processing After Termination.* MANAGED BENEFITS shall complete processing of all claims for benefits incurred prior to termination for a run-out period of 12 months following the termination of the HRA plan. The Employer agrees to deposit sufficient funds in the Account to pay benefits due for all claims paid during the 12-month post-termination run-out period. The only exception to this rule is if the Employer is no longer an active business. Should this occur, MANAGED BENEFITS shall not be responsible for the funding of these claims.

H. *Indemnification.* The following shall apply throughout the term of this Agreement and after termination or expiration of this Agreement.

1. *Reliance on Representations of Others.* The Employer acknowledges and agrees that, in order to fulfill its duties under this Agreement, MANAGED BENEFITS must rely on oral or written representations of the Employer's officers and employees, participants in the Plan, Plan fiduciaries, and any agents, insurers, and providers of service to the Plan and Plan participants and has no duty to verify or independently audit such information. The Employer agrees to hold harmless MANAGED BENEFITS and its directors, officers and employees from and against any loss or damage to the Plan, the Employer or MANAGED BENEFITS due to its good faith reliance on these oral or written representations.
2. *Indemnity.* The Employer agrees to indemnify and hold harmless MANAGED BENEFITS and its directors, officers, employees and agents from and against all claims, liabilities, lawsuits, settlements, judgments, damages, costs, penalties, and expenses, including attorneys' fees and costs, which are or may be incurred by MANAGED BENEFITS arising out of or in connection with the performance of its duties under this Agreement except to the extent the liability was caused by the gross negligence, fraud or intentional misconduct of MANAGED BENEFITS, its directors, officers, employees or agents, in the performance of such duties. MANAGED BENEFITS may retain, at its own expense, an attorney of its choice to represent it in any action described above without impairing in any way the indemnification contained in this section.

- I. *Notices.* All notices, requests, and other communications shall be in writing and mailed, postage prepaid, to the other party. All notices pursuant to this Agreement shall be effective and deemed received upon the earlier of actual receipt by an officer of the party to whom the notice is addressed or three days after the notice is either deposited in first class mail or mailed by certified or registered mail, postage prepaid.
- J. *Independent Contractor.* In performing its obligations hereunder, MANAGED BENEFITS, its directors, officers, employees, and agents shall be deemed to be acting as an independent contractor and not as an employee or agent of the Employer. Neither MANAGED BENEFITS, its directors, officers, employees, and agents, nor the Employer shall have the power or authority to act for or on behalf of, or to bind the other party, except as may be set forth herein.
- K. *Assignment.* Except as provided in the next section, neither party shall assign its rights or obligations hereunder without the prior written consent of the other, provided however, that MANAGED BENEFITS may assign the Agreement to a related entity or to any successor in a corporate reorganization or restructuring, including the purchaser of substantially all of MANAGED BENEFITS' assets, without consent.
- L. *Delegation of Functions.* Notwithstanding Section K. above, the Employer acknowledges and agrees that MANAGED BENEFITS may assign, subcontract or otherwise delegate any of its functions or duties to be performed hereunder to another qualified person or entity, provided that such assignment, subcontract or delegation will not relieve MANAGED BENEFITS of its obligations under this Agreement. At the Employer's request MANAGED BENEFITS will provide notice of any such assignment, subcontract or other delegation.
- M. *Waiver.* Failure to enforce any provision of this Agreement does not alter or waive the provision or affect the future enforceability of the provision.
- N. *Governing Law.* This Agreement shall be construed and governed in accordance with the laws of the State of Michigan unless pre-empted by ERISA or other federal law.
- O. *Third Party Beneficiaries.* This Agreement shall not confer any rights, remedies, claims or obligations on third parties except as expressly provided herein.
- P. *Entire Agreement.* This Agreement and any Exhibits hereto contains the entire agreement between the parties and may be amended only by writing signed by both parties. If any provision of this Agreement is held to be invalid or unenforceable, the remaining provisions of this Agreement shall remain in full force and effect.
- Q. *Severability.* The invalidity of any provision of this Agreement shall not impair the validity of any other provision. If any provision of this Agreement is determined by a court of competent jurisdiction to be unenforceable, that provision will be deemed severable and the Agreement will be enforced with that provision severed or as modified by the court; provided, however, that if such severance or modification has or will have a material adverse effect on either party, the party so affected shall have the right to terminate this Agreement upon at least 30 days' prior written notice to the other party.
- R. *Force Majeure.* If MANAGED BENEFITS is unable to perform its obligations under this Agreement by reason of war, fire, insurrection, strike, riot, earthquake, hurricane, natural disaster or act of God (an "Interruption"), this Agreement or such portions hereof as MANAGED BENEFITS is unable to perform shall be suspended until such time as the Interruption has been resolved. If the suspension continues for more than 60 days, the Employer may terminate this Agreement upon 30 days' prior written notice.

S. *Tax Consequences.* MANAGED BENEFITS does not warrant or guarantee the tax consequences of this Plan to participants or the Employer. The Employer is advised to consult its legal counsel or tax advisors concerning the tax effects associated with this Plan.

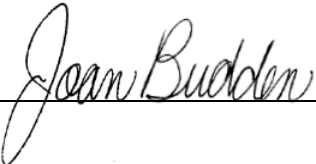
EMPLOYER NAME: _____ - "The Employer"

By: _____

Its: _____

Date: _____

PRIORITY HEALTH MANAGED BENEFITS, INC.

By:  _____

Its: Chief Marketing Officer _____

EXHIBIT A

PLAN SPONSOR CERTIFICATION

The Employer is the Plan Sponsor for benefit plans for employees and their dependents. These plans are group health plans within the meaning of the Health Insurance Portability and Accountability Act of 1996 (HIPAA) and the Employee Retirement Income Security Act (ERISA). The Health Reimbursement Arrangement (the plan) includes the following provisions and the Plan Sponsor agrees to comply with the restrictions on use and disclosure of protected health information (PHI) received from the plan contained in the plan documents set forth below:

- not use or disclose PHI other than as permitted by the plan documents or required by law;
- ensure that agents and subcontractors of the Employer or Plan Sponsor agree to the same restrictions and conditions as the employer or Plan Sponsor with regard to PHI;
- prohibit the use of PHI by the employer or Plan Sponsor for employment or other benefit-related decisions
- notify the organization of any use or disclosure of PHI that is inconsistent with the uses and disclosures established in the plan documents;
- allow individuals access to PHI, including access to amend PHI;
- make necessary information available to the organization in order to provide individuals with accounts of disclosures;
- develop procedures for return, destruction and restrictions of further use of PHI by the employer or Plan Sponsor;
- identify the Plan Sponsor's or employer's employees who have access to PHI; and
- include provisions for actions if the Plan Sponsor or employer's employees inappropriately use or disclose PHI.

Signed (on behalf of the Plan Sponsor)

Date

Print Name

Title