



July 26, 2010

Jim Preston
City of Rapid City
300 Sixth Street
Rapid City, SD 57701

Re: Compliance Documents for City of Rapid City

Dear Mr. Preston:

Enclosed please find the following compliance renewal documents for City of Rapid City.

1. Healthcare Addendum. Two originals of the Healthcare Addendum have been prepared for City of Rapid City's Healthcare Plan. You may want legal counsel to review the Addendum. If changes are requested, we will work with you to complete these. If no changes are necessary, please sign both originals of the document. Return one fully signed Addendum to: First Administrators, Inc., PO Box 9900, Sioux City, Iowa 51102-0479, attention: Theresa Anderson, and retain the remaining signed Addendum for your records. Please contact Account Manager, Jennifer Herz, at 605-399-7323 for any changes.
2. Flexible Benefits Addendum. Two originals of the Flexible Benefits Addendum have been prepared for City of Rapid City's Flexible Benefits Plan. You may want legal counsel to review the Addendum. If changes are requested, we will work with you to complete these. If no changes are necessary, please sign both originals. Return one fully signed Addendum to: First Administrators, Inc., PO Box 9900, Sioux City, Iowa 51102-0479, attention: Theresa Anderson, and retain the remaining signed Addendum for your records. Please contact Account Manager, Jennifer Herz at 605-399-7323 for any changes.
3. Federal Mastectomy Breast Reconstruction Notice. As an employer or administrator of a group healthcare plan, you are required under the Women's Health and Cancer Rights Act of 1998 to notify your plan participants upon enrollment in the plan and annually thereafter regarding the coverage for breast reconstruction following mastectomy. The enclosed reminder and DRAFT memo will assist in complying with the mandate. Plan participants must receive notice anytime during the Plan year on an annual basis. You may find it convenient to include the notice as an insert with other communication pieces routinely delivered annually to your Plan participants.
4. Medicare D Notice. You are required to notify the Center for Medicare and Medicaid ("CMS"), whether your prescription drug coverage is creditable or non-creditable by filing an annual on-line Disclosure Notice within 60 days after the first day of the plan year. You will need to refer to the enclosed Excel report that identifies the total number of Medicare eligible plan members in order to complete the on-line Disclosure form.

To file an electronic Disclosure Notice:

http://www.cms.hhs.gov/CreditableCoverage/45_CCDisclosureForm.asp

In addition, you have the responsibility pursuant to Title I and Title II of the Medicare Prescription Drug, Improvement and Modernization Act of 2003, which includes Medicare Part D coverage, to notify all Medicare Eligible employees upon enrollment in the plan and annually thereafter, whether their group healthcare plan coverage is "creditable" or "non-creditable". CMS requires that you send the Notice of creditable or non-creditable coverage to all Medicare eligible plan participants prior to November 15th each year.

5. FAI Privacy Policies and Practices Disclosure. In accordance with the Gramm-Leach-Bliley (GLB) Act, we must provide an annual privacy practices notice to each of our customers. Enclosed please find First Administrators, Inc.'s Notice of Our Information Privacy Policies and Practices.

Additional Notice Requirements - HIPAA Privacy Notice. As an employer or administrator of a group healthcare Plan, your privacy official is responsible for developing and maintaining a notice of the Plan's privacy practices that describes:

- the uses and disclosures of PHI that may be made by the Plan;
- the individual's rights; and
- the Plan's legal duties with respect to PHI

The privacy notice informs participants that the Company will have access to PHI in connection with its Plan administrative functions. The privacy notice also provides a description of the Company's complaint procedures, the name and telephone number of the contact person for further information, and the date of the notice.

The Plan is to provide availability of the notice of privacy practices at least once every three years. The Plan must individually deliver the notice of privacy practices to all participants **within 60 days after a material change to the notice.** If you would like an electronic copy of the sample notice, please contact Andee Creger at andee.creger@firstadministrators.com.

If you have any questions regarding the enclosed Addendum or Notices, please contact your First Administrators, Inc. Account Manager, Jennifer Herz, at 605-399-7323.

Sincerely,



Debbie Miner
President and CEO
Enclosures

**BENEFIT SERVICES
ADMINISTRATION AGREEMENT
ADDENDUM
FOR THE
CITY OF RAPID CITY
HEALTHCARE PLAN**

THIS ADDENDUM is entered into this 1st day of July, 2010 by and between City of Rapid City (the "Plan Sponsor"), and First Administrators, Inc. (the "Benefit Services Administrator"). This Addendum relates to the Benefit Services Administration Agreement between the Plan Sponsor and the Benefit Services Administrator dated July 1, 2004. The provisions of this Addendum relate to the Sections of the Benefit Services Administration Agreement indicated. All words and phrases defined in the Benefit Services Agreement which are not also defined in this Addendum shall have the same meaning in this Addendum.

Section 9. Drug Company Rebates. Not Applicable.

Section 10. Administrative Fees. The Plan Sponsor shall pay administrative fees to the Benefit Services Administrator by the due date specified on the applicable billing statement as follows:

- (a) Monthly Administration Fees. The Plan Sponsor shall pay to the Benefit Services Administrator the monthly administrative fees for each Covered Employee, unless otherwise stated, who is determined to be eligible to receive Benefits under the Benefit Plan at the time the statement is prepared based upon information available to the Benefits Services Administrator at that time.

Monthly administrative fees are based on First Administrators or the contracted vendor providing the below described service, any change in service may require an amendment to a fee amount.

The monthly administrative fees effective July 1, 2010 are as follows:

Administrative Service	Monthly Fee/Covered Employee
Medical Plan	\$ 5.95
Dental Plan	\$ 2.60
Certificates of Creditable Coverage	Included in Medical Plan
FirstView	Included in Medical Plan

Administrative Service Fees are guaranteed not to increase for the period beginning July 1, 2010 through June 30, 2012.

- (b) Monthly fees collected on behalf of Plan Sponsor and remitted to the appropriate vendor:

Vendor Access Fees	Monthly Fee/Covered Employee or as noted
PPO Access Fee	\$ 4.95 - SelectFirst™ 25% of Savings - Beech Street/TLC 30% of Savings - PHCS 30% of Savings - NPPN
Utilization Review	\$ 2.25 - Wellmark
Case Management	Included in Utilization Review - Wellmark, Inc.
Pharmacy Benefit Manager	\$ 3.00 - NPS/PTI

SelectFirst™ PPO Access and Wellmark, Inc. Utilization Review Fees are guaranteed not to increase for the period beginning July 1, 2010 through June 30, 2012.

From the above PHCS 30% of Savings Fee, PHCS retains 20% of savings and pays the Benefit Services Administrator 10% of savings.

From the above NPPN 30% of Savings Fee, NPPN retains 20% of savings and pays the Benefit Services Administrator 10% of savings.

- (c) Other Fees:

Subrogation subcontracted through The Phia Group will pay 25% of recoveries to The Phia Group plus 2% to Benefit Services Administrator.

Printing costs plus 20% of the printing costs will be added to the monthly billing statement.

Out of Network re-pricing and discounting fees, hospital bill audit fees, and pharmacy administration fees will be processed through claim payment process.

- (d) Increased expenses of the Benefit Services Administrator incurred by reason of any change in the Benefit Plan will give the Benefit Services Administrator the right to adjust monthly administrative fees to the extent necessitated by the increased expenses, to be effective on the date any such changes in the Benefit Plan are effective.

The annual fees and monthly administrative fees are subject to change, to be effective on the commencement date of any Renewal Term, upon thirty (30) days prior written notice. Such administrative fees may also be adjusted on any date that increased expenses are incurred by reason of a change imposed by public bodies, such adjustment being limited to the amount necessary to administer the change.

Section 11. Commissions. The insurance company issuing the stop loss or excess liability insurance policy arranged or recommended by the Benefit Services Administrator will pay to the Benefit Services Administrator \$5.95 of the specific premium paid for such policy. The Benefit Services Administrator may also be entitled to commissions based on its entire business volume with the insurer providing coverage to the Employer.

The Benefit Services Administrator is not affiliated with the insuring company and is not limited by an agreement with the insuring company.

Section 12. Plan Sponsor Election to Use Services of Related Parties. Plan Sponsor has selected Wellmark, Inc. to provide Utilization Review Services. Wellmark, Inc., the parent company of Benefit Services Administrator, charges the Benefit Services Administrator for the Utilization Review Services provided to clients of the Benefit Services Administrator. Benefit Services Administrator's charge to client for the Utilization Review Services is described in Section 10 above.

Plan Sponsor has selected Wellmark, Inc. to provide Preferred Provider Network Services through SelectFirst™. SelectFirst™ is a PPO owned by Wellmark, Inc., the parent company of Benefit Services Administrator. Wellmark, Inc. charges the Benefit Services Administrator for the PPO Services provided to clients of the Benefit Services Administrator. Benefit Services Administrator's charge to client for the PPO Services is described in Section 10 above.

Section 13. Authorization of the Benefit Services Administrator to Process and Pay Claims. The Plan Sponsor hereby authorizes and directs the Benefit Services Administrator to draw checks, drafts or other instruments for the payment of Benefits, Auditing Fees, re-pricing fees, vendor payment fees, and Case Management Fees in accordance with the terms and conditions of the Benefit Plan and this Agreement against the Benefit Fund account maintained by the Benefit Services Administrator for that purpose. Such Benefit Fund account shall be maintained in an interest-bearing account with a state or national bank, insured by the FDIC, and eligible for checking privileges. Any interest on the Benefit Fund account shall be paid to the Benefit Services Administrator as compensation for maintaining the account.

Section 19. Notices. All notices, consents, waivers and other communications required or permitted by this Addendum or the Agreement shall be in writing and shall be deemed given to a party when (a) delivered to the appropriate address by hand or by nationally recognized overnight courier service (costs prepaid); (b) sent by facsimile with confirmation of transmission by the transmitting equipment; or (c) received or rejected by the addressee, if sent by certified mail, return receipt requested, in each case to the following addresses or facsimile numbers and marked to the attention of the person (by name or title) designated below (or to such other address, facsimile number or person as a party may designate by written notice to the other parties):

To Benefit Services Administrator:

First Administrators, Inc.
PO Box 9900
Sioux City, IA 51102-0479
Attention: Debbie Miner, President & CEO

To Plan Sponsor:

City of Rapid City
300 Sixth Street
Rapid City, SD 57701
Attention: Jim Preston, Finance Officer

This Addendum supersedes any conflicting provisions in the Agreement and any prior Addendum to the Agreement.

IN WITNESS WHEREOF, the parties have executed this Addendum in duplicate counterparts by their respective officials duly authorized.

FIRST ADMINISTRATORS, INC.

By: Debbie Miner
Debbie Miner

Title: President & CEO

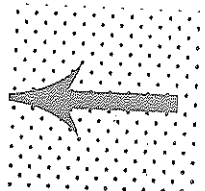
Date: 7-29-10

CITY OF RAPID CITY

By: _____

Title: _____

Date: _____



**BENEFIT SERVICES
ADMINISTRATION AGREEMENT
ADDENDUM
FOR THE
CITY OF RAPID CITY
FLEXIBLE BENEFIT PLAN**

THIS ADDENDUM is entered into this 1ST day of January 2010, by and between City of Rapid City (the "Plan Sponsor"), and First Administrators, Inc. (the "Benefit Services Administrator"). This Addendum relates to the Benefit Services Administration Agreement between the Plan Sponsor and the Benefit Services Administrator dated January 1, 2004. The provisions of this Addendum relate to the Sections of the Benefit Services Administration Agreement indicated. All words and phrases defined in the Benefit Services Administration Agreement which are not also defined in this Addendum shall have the same meaning in this Addendum.

Section 8. Administrative Fees. The Plan Sponsor shall pay administrative fees to the Benefit Services Administrator by the due date specified on the applicable billing statement as follows:

- (a) **Monthly Administration Fees.** The Plan Sponsor shall pay to the Benefit Services Administrator the monthly administrative fees for each Covered Employee who is determined to be eligible to receive Benefits under the Benefit Plan at the time the statement is prepared based upon information available to the Benefit Services Administrator at that time.

The monthly administrative fees effective January 1, 2010 shall be \$ 5.00 per Covered Employee. Flexible Benefit Administrative Fees are guaranteed not to increase for the period of July 1, 2010 through June 30, 2012.

- (b) Increased expenses of the Benefit Services Administrator incurred by reason of any change in the Benefit Plan will give the Benefit Services Administrator the right to adjust monthly administrative fees to the extent necessitated by the increased expenses, to be effective on the date any such changes in the Benefit Plan are effective.

The annual fees and monthly administrative fees are subject to change, to be effective on the commencement date of any Renewal Term, upon thirty (30) days prior written notice. Such administrative fees may also be adjusted on any date that increased expenses are incurred by reason of a change imposed by public bodies, such adjustment being limited to the amount necessary to administer the change.

Section 9. Authorization of the Benefit Services Administrator to Process and Pay Claims. The Plan Sponsor hereby authorizes and directs the Benefit Services Administrator to draw checks, drafts or other instruments for the payment of Benefits, in accordance with the terms and conditions of the Benefit Plan and this Agreement against the Benefit Fund account maintained by the Benefit Services Administrator for that purpose.

Such Benefit Fund account shall be maintained in an interest-bearing account with a state or national bank, insured by the FDIC and eligible for checking privileges. Any interest on the Benefit Fund account shall be paid to the Benefit Services Administrator as compensation for maintaining the account.

Section 15. Notices. All notices, consents, waivers and other communications required or permitted by this Addendum or the Agreement shall be in writing and shall be deemed given to a party when (a) delivered to the appropriate address by hand or by nationally recognized overnight courier service (costs prepaid); (b) sent by facsimile with confirmation of transmission by the transmitting equipment; or (c) received or rejected by the addressee, if sent by certified mail, return receipt requested, in each case to the following addresses or facsimile numbers and marked to the attention of the person (by name or title) designated below (or to such other address, facsimile number or person as a party may designate by written notice to the other parties):

To Benefit Services Administrator:

First Administrators, Inc.
P.O. Box 8150
Rapid City, SD 57709
Facsimile Number: 515-323-7702
Attention: Debbie Miner, President and CEO

To Plan Sponsor:

City of Rapid City
300 Sixth Street
Rapid City, SD 57701
Facsimile Number: 605-394-2232
Attention: Jim Preston

This Addendum supersedes any conflicting provisions in the Agreement or a prior Addendum to the Agreement.

IN WITNESS WHEREOF, the parties have executed this Addendum in duplicate counterparts by their respective officials duly authorized.

FIRST ADMINISTRATORS, INC.

CITY OF RAPID CITY

By: *Debbie Miner*
Debbie Miner

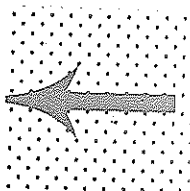
By: _____

Title: President and CEO

Title: _____

Date: 7-29-10

Date: _____



TO: All Healthcare Plan Participants
FROM: City of Rapid City
DATE:
RE: Federal Notice Regarding Mastectomies

The Federal Omnibus Appropriations bill, signed into law on October 21, 1998 requires group healthcare plans provide coverage for mastectomy breast reconstruction. **This notice may not apply to you personally but federal law mandates we send you this notice even though our plan already covers breast reconstruction.**

We must provide you with the following information annually. Our group healthcare plan currently provides coverage for mastectomies. As part of this coverage, the Plan also covers the following:

- Procedures necessary for reconstruction of the breast on which the mastectomy was performed. Mastectomy coverage includes the cost of prostheses (this includes implants, special bras, etc.)
- The recommended treatment by the attending physician of the physical complications of all stages of mastectomy, including lymph edemas
- Reconstruction of the other breast to achieve a symmetrical appearance is also a covered benefit.

If you have any questions regarding this notice, please contact the Claim Department at First Administrators, Inc. at the Sioux City office (712-279-8400) or the Rapid City office (605-399-7300).

Important Notice from City of Rapid City About Your Prescription Drug Coverage and Medicare

Please read this notice carefully and keep it where you can find it. This notice has information about your current prescription drug coverage with **City of Rapid City** and about your options under Medicare's prescription drug coverage. This information can help you decide whether or not you want to join a Medicare drug plan. If you are considering joining, you should compare your current coverage, including which drugs are covered at what cost, with the coverage and costs of the plans offering Medicare prescription drug coverage in your area. Information about where you can get help to make decisions about your prescription drug coverage is at the end of this notice.

There are two important things you need to know about your current coverage and Medicare's prescription drug coverage:

1. Medicare prescription drug coverage became available in 2006 to everyone with Medicare. You can get this coverage if you join a Medicare Prescription Drug Plan or join a Medicare Advantage Plan (like an HMO or PPO) that offers prescription drug coverage. All Medicare drug plans provide at least a standard level of coverage set by Medicare. Some plans may also offer more coverage for a higher monthly premium.
2. **City of Rapid City** has determined that the prescription drug coverage offered by the **City of Rapid City Healthcare Plan** is, on average for all plan participants, expected to pay out as much as standard Medicare prescription drug coverage pays and is therefore, considered **Creditable Coverage**. Because your existing coverage is Creditable Coverage, you can keep this coverage and not pay a higher premium (a penalty) if you later decide to join a Medicare drug plan.

When Can You Join A Medicare Drug Plan?

You can join a Medicare drug plan when you first become eligible for Medicare and each year from November 15th through December 31st.

However, if you lose your current creditable prescription drug coverage, through no fault of your own, you will also be eligible for a two (2) month Special Enrollment Period (SEP) to join a Medicare drug plan.

What Happens To Your Current Coverage If You Decide to Join A Medicare Drug Plan?

If you decide to join a Medicare drug plan, your current **City of Rapid City** coverage may be affected.

If you do decide to join a Medicare drug plan and drop your current **City of Rapid City Healthcare Plan** coverage, be aware that you and your dependents may not [Medigap issuers must insert "will not "] be able to get this coverage back.

When Will You Pay A Higher Premium (Penalty) To Join A Medicare Drug Plan?

You should also know that if you drop or lose your current coverage with **City of Rapid City** and don't join a Medicare drug plan within 63 continuous days after your current coverage ends, you may pay a higher premium (a penalty) to join a Medicare drug plan later.

If you go 63 continuous days or longer without creditable prescription drug coverage, your monthly premium may go up by at least 1% of the Medicare base beneficiary premium per month for every month that you did not have that coverage. For example, if you go nineteen months without creditable coverage, your premium may consistently be at least 19% higher than the Medicare base beneficiary premium. You may have to pay this higher premium (a penalty) as long as you have Medicare prescription drug coverage. In addition, you may have to wait until the following November to join.

For More Information About This Notice Or Your Current Prescription Drug Coverage...

Contact the person listed below for further information at 605- 394-3147. **NOTE:** You'll get this notice each year. You will also get it before the next period you can join a Medicare drug plan, and if this coverage through **City of Rapid City** changes. You also may request a copy of this notice at any time.

For More Information About Your Options Under Medicare Prescription Drug Coverage...

More detailed information about Medicare plans that offer prescription drug coverage is in the "Medicare & You" handbook. You'll get a copy of the handbook in the mail every year from Medicare. You may also be contacted directly by Medicare drug plans.

CMS Form 10182-CC

Updated June 15, 2008

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0938-0990. The time required to complete this information collection is estimated to average 8 hours per response initially, including the time to review instructions, search existing data resources, gather the data needed, and complete and review the information collection. If you have comments concerning the accuracy of the time estimate(s) or suggestions for improving this form, please write to: CMS, 7500 Security Boulevard, Attn: PRA Reports Clearance Officer, Mail Stop C4-26-05, Baltimore, Maryland 21244-1850.

For more information about Medicare prescription drug coverage:

- Visit www.medicare.gov
- Call your State Health Insurance Assistance Program (see the inside back cover of your copy of the "Medicare & You" handbook for their telephone number) for personalized help
- Call 1-800-MEDICARE (1-800-633-4227). TTY users should call 1-877-486-2048.

If you have limited income and resources, extra help paying for Medicare prescription drug coverage is available. For information about this extra help, visit Social Security on the web at www.socialsecurity.gov, or call them at 1-800-772-1213 (TTY 1-800-325-0778).

Remember: Keep this Creditable Coverage notice. If you decide to join one of the Medicare drug plans, you may be required to provide a copy of this notice when you join to show whether or not you have maintained creditable coverage and, therefore, whether or not you are required to pay a higher premium (a penalty).

Date:	
Name of Entity/Sponsor:	City of Rapid City
Contact--Position/Office:	Tammie Krumm, Human Resources Dept
Address:	300 Sixth Street, Rapid City, SD 57701
Phone Number:	605- 394-3147

CMS Form 10182-CC

Updated June 15, 2008

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0938-0990. The time required to complete this information collection is estimated to average 8 hours per response initially, including the time to review instructions, search existing data resources, gather the data needed, and complete and review the information collection. If you have comments concerning the accuracy of the time estimate(s) or suggestions for improving this form, please write to: CMS, 7500 Security Boulevard, Attn: PRA Reports Clearance Officer, Mail Stop C4-26-05, Baltimore, Maryland 21244-1850.



NOTICE OF OUR INFORMATION PRIVACY POLICIES AND PRACTICES

This notice is being provided on behalf of the following entity:

First Administrators, Inc.

To our Customers:

This Notice informs you that we do *not* disclose to nonaffiliated third parties your nonpublic personal financial information, which we collect and maintain as described below, except as permitted by law. We will not disclose your nonpublic personal financial information to nonaffiliated third parties even after our customer relationship with you may end, except as permitted by law. We do disclose, or we reserve the right to disclose, your nonpublic personal financial information we collect to our affiliates. The affiliated entities are bound by the practices described in this Notice.

How we protect information: Except as explained below, we restrict access to your nonpublic personal information, which we define to include both nonpublic personal financial information and nonpublic personal health information, to our employees who need to know to provide our products and services to you and to non-affiliated third parties providing services, at the request of First Administrators, Inc. or its affiliate, related to the administration of your contract or policy with First Administrators, Inc. or its affiliate. We maintain physical, electronic, and procedural safeguards that comply with legal requirements to guard your nonpublic personal information.

Information we collect and maintain: We collect nonpublic personal financial information about you from the following sources:

- ✓ Information we receive from you on applications or other forms;
- ✓ Information we obtain from your transactions with us, our affiliates or others.

Information we disclose: We disclose or reserve the right to disclose all of the nonpublic personal financial information we collect and maintain about you to our affiliates. Our affiliates include financial service providers such as health insurers, a health maintenance organization (HMO), third party administrators of health benefit plans and an insurance brokerage.

We may also disclose, and reserve the right to disclose, any of your nonpublic personal financial information to nonaffiliated third parties as permitted by law.

Companies that provide services or market for us: We may disclose any of your nonpublic personal financial information described above to the following categories of nonaffiliated third parties with which we contract to perform functions or services, such as marketing, on our behalf, and financial institutions with which we have joint marketing agreements:

- ✓ Insurance brokers and agents;
- ✓ Issuers of other insurance products such as life insurance, disability insurance and long-term care insurance.

No other disclosures to non-affiliated third parties: We otherwise do not disclose nonpublic personal information about our customers or former customers to nonaffiliated third parties.