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**SELECTCARE OF TEXAS, L. L. C.
GROUP APPLICATION**

Entire Agreement: This Group Application, including the Evidence of Coverage, Summary of Benefits, and any Exhibits, amendments, endorsements, inserts, addendums, attachments, and all other documents incorporated by reference (herein defined as “Group Medicare Advantage Agreement” or “Agreement”), constitutes the entire agreement between the Group and SelectCare, and on the Effective Date, supersedes all other prior and contemporaneous agreements, promises, arrangements, understandings, agreements, negotiations, and discussions between the parties, whether written or oral, previously issued by SelectCare for Covered Health Services provided under the Agreement. Exhibit I, Additional Terms and Conditions; Exhibit II, Renewal of Agreement; Exhibit III, Renewal Premium Formula and Calculation, Exhibit IV, City of Houston 2005 TexanPlus Summary of Benefits; and Exhibit V, City of Houston 2005 TexanPlus Member Evidence of Coverage attached hereto are incorporated in their entirety herein.

Neither party shall be entitled to any benefits other than those specified herein. The parties acknowledge that in entering into and executing the Agreement, the parties rely solely upon the representations and agreements contained in the Agreement and no others. The parties acknowledge that they have sought and received whatever competent advice and counsel as was necessary for them to form a full and complete understanding of all rights and obligations herein and that the preparation of the Agreement has been their joint effort. The language agreed to expresses their mutual intent and the resulting document shall not, solely as a matter of judicial construction, be construed more severely against one of the parties than the other.

Governmental Approval: The provisions of this entire Agreement may be required to be filed with and be approved by the Centers of Medicare and Medicaid Services (“CMS”) and/or the Texas Department of Insurance (“TDI”) after its approval by the Group and prior to the distribution of any of the terms hereof, including the provisions contained in the Evidence of Coverage and all documents incorporated therein, to persons eligible for Coverage under the Plan. SelectCare may be required to revise such terms and provisions to obtain TDI’s approval or to comply with Texas law and regulation, and Group, by and through its Human Resources Director, and SelectCare will mutually agree to such changes.

Group: City of Houston

SelectCare Benefit Level: See Exhibit IV for City of Houston 2005 TexanPlus Summary of Benefits and Exhibit V for City of Houston 2005 TexanPlus Member Evidence of Coverage.

Agreement Effective Date: May 1, 2005 (the “Effective Date”).

Term of Group Agreement: The term shall be: From May 1, 2005 to December 31, 2005. Thereafter, renewals shall be in accordance with the terms and conditions of Exhibits II and III.

SelectCare Premium Rates: For Premium Rates see Exhibits II and III.

Premium Due Dates: The Group Agreement Effective Date and the 1st day of each succeeding calendar month. The parties acknowledge and agree that Group shall have a grace period equal to thirty (30) calendar days after the due date before SelectCare shall consider Group to be in breach of its payment obligations.

Notice: Written notice shall be given by hand delivery, by certified United States mail, return receipt requested, postage prepaid or by telefacsimile, addressed as follows:

If to Member:

The latest address provided by the Member on forms actually delivered to SelectCare.

If to SelectCare:

SELECTCARE OF TEXAS, L. L. C.

4888 Loop Central Drive, Suite 300

Houston, Texas 77081

Tel. 713-843-6720

Attn: Executive Director

With a Copy to:

SELECTCARE OF TEXAS, L. L. C.

5141 Virginia Way, Suite 260

Brentwood, Tennessee 37027

Attn: Chief Financial Officer

And to Group at:

CITY OF HOUSTON

Human Resources Director

611 Walker, Suite 4A

Houston, Texas 77002

IN WITNESS HEREOF, and as duly authorized, the parties hereto execute the Agreement in duplicate with the Effective Date herein provided.

ATTEST/SEAL:

SELECTCARE OF TEXAS, L. L. C.

By: _____

By: 

Name: _____

Name: Stephen Zeger

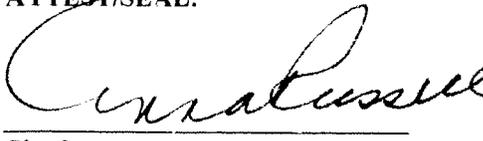
Title: _____

Title: Executive Director

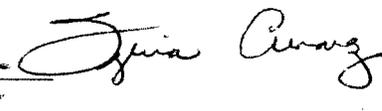
ATTEST/SEAL:

CITY OF HOUSTON, TEXAS

Signed by:

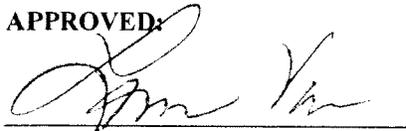


City Secretary

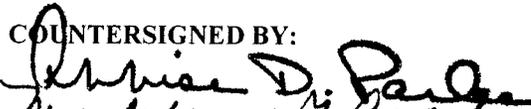
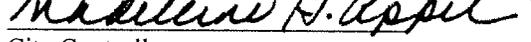
Mayor

APPROVED:



Human Resources Director

COUNTERSIGNED BY:

City Controller

APPROVED AS TO FORM:



Sr. Assistant City Attorney
L.D. File No. _____

DATE COUNTERSIGNED:

April 15, 2005

EXHIBIT I TO GROUP APPLICATION
Additional Terms and Conditions

SelectCare shall comply with the following Exhibits:

Exhibit A. Compliance with Equal Employment Opportunity Ordinance.

Exhibit B. Minority and Women Business Enterprises.

Exhibit C. Allocation and Appropriation of Funds by the Group.

Exhibit D. Service Performance Standards.

Exhibit E. Management Reports.

Exhibit F. Supplemental Terms and Conditions.

EXHIBIT A

EQUAL EMPLOYMENT OPPORTUNITY

1. The Contractor*, subcontractor, vendor, supplier, or lessee will not discriminate against any employee or applicant for employment because of race, religion, color, sex, national origin, or age. The Contractor, subcontractor, vendor, supplier, or lessee will take affirmative action to ensure that applicants are employed and that employees are treated during employment without regard to their race, religion, color, sex, national origin, or age. Such action will include, but not be limited to, the following: employment; upgrading; demotion or transfer; recruitment advertising; layoff or termination; rates of pay or other forms of compensation and selection for training, including apprenticeship. The Contractor, subcontractor, vendor, supplier or lessee agrees to post in conspicuous places available to employees, and applicants for employment, notices to be provided by the City setting forth the provisions of this Equal Employment Opportunity Clause.
2. The Contractor, subcontractor, vendor, supplier, or lessee states that all qualified applicants will receive consideration for employment without regard to race, religion, color, sex, national origin or age.
3. The Contractor, subcontractor, vendor, supplier, or lessee will send to each labor union or representatives of workers with which it has a collective bargaining agreement or other contract or understanding, a notice to be provided by the agency contracting officer advising the said labor union or worker's representative of the contractor's and subcontractor's commitments under Section 202 of Executive Order No. 11246, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.
4. The Contractor, subcontractor, vendor, supplier, or lessee will comply with all provisions of Executive Order No. 11246 and the rules, regulations, and relevant orders of the Secretary of Labor or other Federal Agency responsible for enforcement of the equal employment opportunity and affirmative action provisions applicable and will likewise furnish all information and reports required by the Mayor and/or Contractor Compliance Officer(s) for purposes of investigation to ascertain and effect compliance with this program.
5. The Contractor, subcontractor, vendor, supplier, or lessee will furnish all information and reports required by Executive Order No. 11246, and by the rules, regulations, and orders of the Secretary of Labor, or pursuant thereto, and will permit access to all books, records, and accounts by the appropriate City and Federal Officials for purposes of investigations to ascertain compliance with such rules, regulations, and orders. Compliance reports filed at such times as directed shall contain information as to the employment practice policies, program, and work force statistics of the Contractor, subcontractor, vendor, supplier, or lessee.

6. In the event of the Contractor's, subcontractor's, vendor's, supplier's, or lessee's noncompliance with the non-discrimination clause of this contract or with any of such rules, regulations, or orders, this contract may be canceled, terminated, or suspended in whole or in part, and the Contractor, subcontractor, vendor, supplier, or lessee may be declared ineligible for further City contracts in accordance with procedures provided in Executive Order No. 11246, and such other sanctions may be imposed and remedies invoked as provided in the said Executive Order, or by rule, regulation, or order of the Secretary of Labor, or as may otherwise be provided by law.

7. The Contractor shall include the provisions of paragraphs 1-8 of this Equal Employment Opportunity Clause in every subcontract or purchase order unless exempted by rules, regulations, or orders of the Secretary of Labor issued pursuant to Section 204 of Executive Order No. 11246 of September 24, 1965, so that such provisions will be binding upon each subcontractor or vendor. The contractor will take such action with respect to any subcontractor or purchase order as the contracting agency may direct as a means of enforcing such provisions including sanctions for noncompliance; provided, however, that in the event the contractor becomes involved in, or is threatened with litigation with a subcontractor or vendor as a result of such direction by the contracting agency, the contractor may request the United States to enter into such litigation to protect the interests of the United States.

8. The contractor shall file and shall cause his or her subcontractors, if any, to file compliance reports with the City in the form and to the extent as may be prescribed by the Mayor. Compliance reports filed at such times as directed shall contain information as to the practices, policies, programs, and employment policies and employment statistics of the contractor and each subcontractor.

* For purposes of this Exhibit "A", Contractor shall be used instead of SelectCare.

EXHIBIT B

MINORITY AND WOMEN BUSINESS ENTERPRISES

It is the City's policy to ensure that Minority and Women Business Enterprises ("MWBEs") have the full opportunity to compete for and participate in City contracts. The objectives of Chapter 15, Article V of the City of Houston Code of Ordinances, relating to City-wide Percentage Goals for contracting with MWBEs, are incorporated into the Agreement.

SelectCare shall make good faith efforts to award subcontracts or supply agreements in at least an amount equal to ten percent (10%) of the medical costs incurred under the SelectCare (which costs can include IPAs, pharmacies, DME providers, home health facilities, clinics, and other related firms), excluding taxes, Hospital charges and outpatient surgery facility charges. The City's policy does not require SelectCare to in fact meet or exceed this goal, but it does require SelectCare to objectively demonstrate that it has made good faith efforts to do so. To this end, SelectCare shall maintain records showing

- (1) subcontracts and supply agreements with Minority Business Enterprises;
- (2) subcontracts and supply agreements with Women's Business Enterprises; and
- (3) specific efforts to identify and award subcontracts and supply agreements to MWBEs. SelectCare shall submit periodic reports of its efforts under this Section to the Affirmative Action Director in the form and at the times he or she prescribes.

SelectCare shall require written subcontracts with all MWBE subcontractors and suppliers and shall submit all disputes with MWBE subcontractors to binding arbitration if directed to do so by the Affirmative Action Director. All agreements must contain the terms set out in Exhibit "B-1."

In addition to the above MWBE goal, the City has a strong commitment to offering its employees a diverse Provider network. The City will monitor the Provider network to ensure that it represents a cross-section of the community and that SelectCare shall make good faith efforts to ensure that at least thirty percent (30%) of the Physicians are minority and/or female.

EXHIBIT B-1

MWBE SUBCONTRACT TERMS

SelectCare shall ensure that all subcontracts with MWBE subcontractors and suppliers are clearly labeled "**THIS AGREEMENT IS SUBJECT TO BINDING ARBITRATION ACCORDING TO THE TEXAS GENERAL ARBITRATION ACT**" and contain the following terms:

1. _____ (MWBE subcontractor) shall not delegate or subcontract more than fifty percent (50%) of the work under this subcontract to any other subcontractor or supplier without the express written consent of the Group's Affirmative Action Director ("the Director").

2. _____ (MWBE subcontractor) shall permit representatives of the Group, at all reasonable times, to perform (1) audits of subcontractor's books and records, and (2) inspections of all places where work is to be undertaken in connection with this subcontract. Subcontractor shall keep its books and records available for inspection for at least six (6) years after the end of its performance under this subcontract. Nothing in this provision shall change the time for bringing a cause of action.

3. Within five (5) business days of execution of this subcontract, SelectCare (prime contractor) and Subcontractor shall designate in writing to the Director an agent for receiving any notice required or permitted to be given under Chapter 15 of the Houston City Code of Ordinances, along with the street and mailing address and phone number of the agent.

4. Any controversy between the parties involving the construction or application of any of the terms, covenants, or conditions of this subcontract must, upon the written request of one party served upon the other or upon notice by the Director served on both parties, be submitted to binding arbitration, under the Texas General Arbitration Act (Tex. Civ. Prac. & Rem. Code Ann., Ch. 171 -- "the Act"). Arbitration must be conducted according to the following procedures:

a. Upon the decision of the Director or upon written notice to the Director from either party that a dispute has arisen, the Director shall notify all parties that they must resolve the dispute within thirty (30) days or the matter may be referred to arbitration.

b. If the dispute is not resolved within the time specified, any party or the Director may submit the matter to arbitration conducted by the American Arbitration Association under the rules of the American Arbitration Association, except as otherwise required by the City's contract with the American Arbitration Association on file in the City's Affirmative Action Division Office.

c. Each party shall pay all fees required by the American Arbitration Association and sign a form releasing the American Arbitration Association and its arbitrators from liability for decisions reached in the arbitration.

d. If the American Arbitration Association no longer administers Affirmative Action arbitration for the City, the Director shall prescribe alternate procedures to provide arbitration by neutrals in accordance with the requirements of Chapter 15 of the Houston City Code of Ordinances.

EXHIBIT C

LIMIT OF APPROPRIATION

(1) The City's duty to pay money to SelectCare under the Agreement is limited in its entirety by the provisions of this Section.

(2) In order to comply with Article II, Sections 19 and 19a of the City's Charter and Article XI, Section 5 of the Texas Constitution, the City has appropriated and allocated the sum of Forty-One Thousand Dollars and Zero Cents (\$41,000.00) to pay money due under the Agreement (the "Original Allocation"). The executive and legislative officers of the City, in their discretion, may allocate supplemental funds for the Agreement, but they are not obligated to do so. Therefore, the parties have agreed to the following procedures and remedies:

(3) The City Council hereby approves a supplemental allocation by sending a notice signed by the Human Resources Director and the Controller in substantially the following form:

"NOTICE OF SUPPLEMENTAL ALLOCATION OF FUNDS"

TO: SelectCare of Texas, L.L.C.
FROM: City of Houston, Texas (the "City")
DATE: [Date of notice]
SUBJECT: Supplemental allocation of funds for the purpose of the "Group Medicare Advantage Agreement" between the City and SelectCare of Texas, L.L.C. countersigned by the City Controller on (Date of Countersignature) (the "Agreement").

I, (name of City Controller), City Controller of the City of Houston, certify that the supplemental sum of \$_____, upon the request of the below-signed Director, has been allocated for the purposes of the Agreement out of funds appropriated for this purpose by the City Council of the City of Houston. This supplemental allocation has been charged to such appropriation.

The aggregate of all sums allocated for the purpose of such Contract, including the Original Allocation, and all supplemental allocations (including this one), as of the date of this notice, is _____ Dollars (\$_____.00).

SIGNED:

(Signature of the City Controller)
City Controller of the City

REQUESTED:

(Signature of the Director)

Director

(4) The Original Allocation plus all supplemental allocations are the Allocated Funds. The City shall never be obligated to pay any money under the Agreement in excess of the Allocated Funds. SelectCare must assure itself that sufficient allocations have been made to pay for services it provides. If Allocated Funds are exhausted, SelectCare may suspend or terminate the Agreement with cause pursuant to Exhibit F of the Agreement. In such event, it is acknowledged that SelectCare has no other remedy in law or in equity against the City and no right to damages of any kind.

ADDENDUM D-1

PERFORMANCE STANDARDS

<p>Service Performance Standards will only apply if a minimum of 800 covered Members are enrolled in the TEXANPLUS Plan offered by SelectCare to Group Eligible Employees. Measurement of each standard shall be based on information and data that is Group specific, unless otherwise noted.</p> <p>The following Service Performance Standards and at-risk amounts shall be applicable during the following Settlement Period:</p> <p align="center"> Initial Period: May 1, 2005 – December 31, 2005 Renewal Period: January 1, 2006 – December 31, 2006 Renewal Period: January 1, 2007 – December 31, 2007 Renewal Period: January 1, 2008 – December 31, 2008 Renewal Period: January 1, 2009 – December 31, 2009 </p> <p>Service Performance Standards are contingent upon the reporting of membership changes and payment of premium in accordance with the provisions detailed in the Agreement.</p>		<p>At Risk / Bonus</p>
<p>MEMBER SATISFACTION</p>		<p>Level of Performance</p>
<p>1. Member Satisfaction</p>	<p>SelectCare will receive a member satisfaction rating based upon the ratio of grievances submitted by Group Members. The Member satisfaction will be measured by grievances per thousand listed on the Grievance Summary Report as submitted to the SelectCare Quality Improvement Compliance Committee.</p>	<p>< 20 written grievances/1000 Members</p> <p>21-25 written grievances/1000 Members</p> <p>>25 written grievances/1000 Members</p>
		<p>\$0.00 at risk</p> <p>\$0.30 PMPY</p> <p>\$0.60 PMPY</p>

2. ACCESS TO CARE	<p>Access to Care is defined as the percent of participating providers meeting the specified time frames for the following:</p>	<p>a. Routine office visits scheduled within 30 calendar days of the participant's request for an appointment.</p> <p>b. Non-urgent, symptomatic office visits within 5 business days of the participant's request for an appointment.</p> <p>c. Urgent care visits within 2 business days of the participant's request for an appointment.</p> <p>The standard will be measured using the results from the "Physician Access to Care Survey."</p>	<p>\$0.00 at risk \$0.20 PMPY \$0.00 at risk \$0.20 PMPY \$0.00 at risk \$0.20 PMPY</p>
2. Access to Care			<p>90.0%-100% 0%-89.9%</p> <p>90.0%-100% 0%-89.9%</p> <p>90.0%-100% 0%-89.9%</p>
3. HEALTH MANAGEMENT			
3. Health Management		<p>Between May 1, 2005 and December 31, 2005, SelectCare and Group shall work collaboratively to increase participation by Members in wellness/disease management programs that are designed to improve the health status of Members, thus reducing the cost of health care. The following shall be accomplished:</p> <ol style="list-style-type: none"> 1. Identification of programs to be utilized. 2. Members shall be identified, contacted, and SelectCare will use its best efforts to enroll such Members. 3. Enroll fifty percent (50%) of identified disease management program candidates in a minimum of one level of activity in their respective program(s). 4. Voluntary compliance shall be documented. 	<p>\$0.00 at risk \$0.60 PMPY</p> <p>Year one: Accomplished Not Accomplished</p> <p>\$0.00 at risk \$1.20 PMPY</p> <p>Year two: Accomplished Not Accomplished</p>

	<p>5. Progress related specifically to Group Members shall be documented at quarterly meetings between SelectCare and Group (without identification of specific individuals) and/or as specified in the measurement criteria.</p> <p>For subsequent settlement periods, SelectCare and Group will mutually agree to specific wellness/disease management programs and establish the levels of performance to be achieved. 90 days prior to each settlement period, the agreed upon measurement criteria and goals for the following settlement period will be documented. SelectCare will provide program results on a quarterly basis.</p>	<p>Year three and after: Goals Met Goals Not Met</p>	<p>\$0.00 at risk \$1.20 PMPY</p>
4. CUSTOMER SERVICE			
<p><i>Call Data</i></p> <p>4A. Average Speed to Answer</p>	<p>Average Speed To Answer, calculated over the complete workday, is defined as the time a caller spends on hold until a service representative becomes available. The standard is measured by determining the average number of seconds the caller spends waiting for calls placed to SelectCare's member service line.</p>	<p>0 - 45 seconds 45.1 or more seconds</p>	<p>\$0.00 at risk \$0.30 PMPY</p>
<p><i>significant to program</i></p> <p>4B. Identification Cards</p>	<p>Identification cards will be issued within an average within seven (7) business days after an enrollment application is "deemed complete" per Medicare guidelines by SelectCare's billing and enrollment vendor and entered into the eligibility database. However, no identification cards will be generated earlier than seventeen (17) days prior to the effective date.</p>	<p>85%-100% 0%-84.9%</p>	<p>\$0.00 at risk \$0.30 PMPY</p>
5. CLAIM PROCESSING			
<p>5 A. Claim Turnaround Time</p>	<p>Turnaround Time is defined as the number of days it takes to process a City of Houston claim, beginning with the date the claim is received to the finalization date. The standard is measured as a percent of claims finalized within 30 calendar days. Claims are defined as claims that contain all information required to process the claim.</p>	<p>85%-100% 0%-84.9%</p>	<p>\$0.00 at risk \$0.30 PMPY</p>
<p>5 B. Claim Processing Accuracy</p>	<p>Processing Accuracy is defined as the percent of City of Houston claims processed accurately.</p>	<p>95%-100% 0%-94.9%</p>	<p>\$0.00 at risk \$0.30 PMPY</p>
Maximum at Risk			
<p>\$4.00 PMPY</p>			

The foregoing is subject to all of the following terms and conditions:

1. SelectCare's performance under the service performance standards will be reported by SelectCare in accordance with Exhibit E (within sixty (60) days after the end of each quarter or within ninety (90) days after the end of each Settlement Period). Performance under each standard will be considered separately.
2. If SelectCare is found to be in material breach of a standard, SelectCare will pay the amount(s) for the standards that SelectCare failed to meet in a lump sum within five (5) months following the end of the applicable Settlement Period.
3. Repayment of the amounts specified herein shall not be Group's sole remedy in the event that SelectCare materially breaches one or more of the service performance standards and shall not prejudice Group against termination for cause as provided for in the Agreement.
4. All performance results calculated as a percentage will be rounded to the nearest one-tenth (1/10th) of 1 percent. If the second decimal numeral is five (5) or greater, then the first decimal numeral will increase by 1. If the second decimal numeral is four (4) or less, the first decimal numeral shall remain unchanged.

for example: 0.25 shall be rounded to 0.3; and
0.24 shall be rounded to 0.2

EXHIBIT D

SERVICE PERFORMANCE STANDARDS

The Service Performance Standards described herein shall apply to the Agreement between SelectCare and Group to which this Exhibit D is attached. SelectCare will not be obligated to satisfy any provision of this Exhibit D if enrollment in the SelectCare Coverage offered by SelectCare is less than eight hundred (800) Members. In the event that enrollment drops to 500 Members or fewer, Group will withdraw the performance standards for SelectCare for such year and shall be reinstated for subsequent optional Contract Years during which enrollment equal or exceeds eight hundred (800) Members.

The Service Performance Standards set out in this Exhibit D are limited solely to the medical benefit Coverage under SelectCare and do not include the prescription drug Coverage if applicable, under the medical management programs provided by SelectCare when elected by the Group.

SECTION I DEFINITIONS

Health Management means wellness/disease management programs that are designed to improve the health status of Members. The standard health management programs include coronary artery disease, diabetes, and congestive heart failure. SelectCare reserves the right to change the specific disease states covered under such programs, but shall provide the Group with not less than ninety (90) days prior written notice of such change.

Clean Claims means notification on a form approved by CMS that a service has been rendered or furnished to a Member in accordance with the provisions of the Group's medical benefit Coverage in effect on the date a service is rendered or furnished.

Such claim is *Clean* if, when received by SelectCare, it contains all of the information required to process the claim according to SelectCare standards. If any additional information is required to process the claim, including medical records or supporting documentation, the claim is not considered a *Clean Claim*.

Settlement Period means the period for which SelectCare's service performance will be measured, as set forth in Addendum D-1.

SECTION II SERVICE PERFORMANCE STANDARDS

- 2.01 The Service Performance Standards set out in this Exhibit D and Addendum D-1 are limited solely to fee-for-service claims paid directly by SelectCare. Service Performance Standards do not apply to fee-for-service

- claims paid by delegated provider entities or to capitation payments paid by SelectCare or its designee.
- 2.02 The Service Performance Standards set out in this Exhibit D and Addendum D-1 are limited solely to the SelectCare medical benefit Coverage under SelectCare and do not include prescription drug Coverage.
- 2.03 All obligations, terms, conditions, promises, agreements, and language in the Agreement apply equally to the obligations, terms, conditions, promises, agreements, and language in this Exhibit D and Addendum D-1.

SECTION III CALCULATION

- 3.01 In measuring SelectCare's service performance, percentage levels of performance will be rounded to the nearest tenth of one percent (0.1%).

Access to Care

The percentage indicated in Addendum D-1 of all Primary and Specialty Care Physicians with more than fifty (50) Members who schedule office visits during the preceding Calendar Year according to the following time frames:

- a. Routine office visits scheduled within thirty (30) calendar days of the Member's request for an appointment.
- b. Non-urgent, symptomatic office visits within five (5) business days of the Member's request for an appointment.
- c. Urgent care visits within two (2) business days of the Member's request for an appointment.

The standard will be measured using the results from the Physician Access to Care Survey periodically conducted by SelectCare or its designee.

Average Speed to Answer

The *Average Speed to Answer* is the telephone response time that is measured from the time calls are put in queue until they reach their final destination and are answered by a Personal Service Specialist ("PSS") representative. The *Average Speed to Answer* is provided by telephone reports, which compute the average number of seconds that Members spend on hold waiting for their call to be answered.

Claim Processing Accuracy

Claim Processing Accuracy is determined from an audit of randomly selected claims. The *Claim Processing Accuracy* percentage is calculated dividing the number of

accurately processed Clean Claims in accordance with CMS standards by the number of Clean Claims selected in the sample. All Clean Claim data fields are reviewed; however, only errors resulting in a payment error (overpayment or underpayment) are counted as processing errors. Also included are misapplied deductibles and co-share amounts.

Clean Claims excluded as errors are claims with administrative inaccuracies that do not impact claims disposition, future claims disposition, or customer reporting.

Claim Turnaround Time

The Claim Turnaround Time is the processing time for Clean Claims and is measured from the time the claims are received by SelectCare to the finalization date. The number of days during which claims are held for any reason beyond the control of SelectCare (for example, if SelectCare is waiting on the Group to provide membership and eligibility information) is excluded from the processing cycle time.

Member Satisfaction

SelectCare will measure Member satisfaction based upon the ratio of grievances submitted by Group Members per one thousand Members. The Member satisfaction will be measured by grievances per one thousand (1,000) Members as listed on the Grievance Summary Report submitted to the SelectCare Quality Improvement Compliance Committee.

SECTION IV TIMING

- 4.01 The Service Performance Standards in the Agreement shall be measured on an annual basis for the initial Contract Year and each optional Contract Year thereafter, if any, as defined in the Settlement Periods in Addendum D-1.
- 4.02 Unless stated otherwise in this SECTION IV, the only period in which SelectCare's service performance will be measured is on an annual basis.
- 4.03 Any claims incurred before May 1, 2005 and any inquiries related to such claims will be excluded from the measurement of SelectCare's service performance for Settlement Periods set forth in Addendum D-1.
- 4.04 For measurement of the Service Performance Standards to continue, Premiums must be received by SelectCare in accordance with the terms detailed in the Agreement.
- 4.05 If for any reason the Agreement is terminated prior to the end of any Settlement Period or enrollment in the SelectCare Coverage offered by SelectCare falls below eight hundred (800) Members, SelectCare's service

performance will not be measured for that part of the Settlement Period in which the Agreement was in effect.

SECTION V DETERMINATION

- 5.01 SelectCare will measure its service performance and report the measurements in accordance with this Exhibit D and Addendum D-1 to Group within ninety (90) days following the end of each Settlement Period. If SelectCare is found to be in material breach of a standard, SelectCare will pay the amount(s) for the standards that SelectCare failed to meet in a lump sum within five (5) months following the end of the applicable Settlement Period.
- 5.02 SelectCare will not be obligated to measure its service performance until the Agreement has been fully executed, approved by TDI and/or CMS, if applicable, and is on file with SelectCare.
- 5.03 SelectCare will not be obligated to measure its service performance for any portion of Settlement Period in which the Group:
- a. Fails to provide SelectCare with timely changes in enrollment or membership information or any other reports or information as may be necessary for SelectCare to perform its administrative duties, including but not limited to identification or certification of claimants eligible for benefits, dates of eligibility, number of employees and dependents covered under SelectCare, or
 - b. Fails to pay Premiums in accordance with the terms in the Agreement.
- 5.04 If for any reason there is a significant change in the benefit structure or the administrative procedures of medical Coverage offered by SelectCare during any Settlement Period, SelectCare reserves the right to modify the level of performance in this Exhibit D and Addendum D-1.
- 5.05 SelectCare will not be obligated to measure any Service Performance Standard impacted by changes requested in writing by the Group during the time period required to modify the SelectCare system and to complete all other tasks necessary to achieve the same qualitative standard of execution that existed before the change was requested. All changes or amendments must be submitted to SelectCare in accordance with the notice provisions of the Agreement.
- 5.06 If either party desires to utilize an outside auditing firm to perform an audit, both parties must mutually agree as to the selection of such audit

firm. The audit will be performed at the expense of whichever party has requested the outside auditing firm. If SelectCare does not approve the outside auditing firm requested by the Group, SelectCare may elect to require the Group to use SelectCare's designated Public Accounting firm to perform the audit at the Group's expense. All such audits by outside auditing firms shall be subject to SelectCare's external review procedures and guidelines in existence at the time such audit is performed, a copy of which shall be furnished to the Group, upon request, prior to the commencement of any audit.

EXHIBIT E

SELECTCARE MANAGEMENT REPORTS

1. SelectCare shall provide the following reports to Group no later than sixty (60) days after the end of each quarter:

- Member Months by LPO
- Membership by Gender
- Inpatient Utilization Summary by Level of Care
- Admissions per Thousand
- Top claimants over \$25,000
- Utilization by Specialty
- Top 25 CPT Codes
- Multiple Health Condition Codes (HCC)
- Top 10 Hospitals by Inpatient Benefits Paid
- Top 25 Primary Diagnoses
- Monthly Terminations including Summary by Reason
- Pharmacy Management Reports

SelectCare shall continue efforts to accumulate meaningful encounter data from providers regarding estimated capitation savings, encounters by procedure, top twenty-five (25) procedures, encounter by diagnosis, and top twenty-five (25) diagnoses and shall report these efforts quarterly.

In addition, SelectCare may, which may require an additional cost, devise and develop various management reports as requested by the Group.

EXHIBIT F

SUPPLEMENTAL TERMS AND CONDITIONS

I. DEFINITIONS

Except as expressly otherwise provided or unless the context otherwise requires, the following words and phrases used in the Agreement shall have the following meanings:

“Calendar Year” means the period beginning 12:00:01 a.m., January 1 of any year and ending 11:59:59 p.m., December 31 of the same year.

“Contract Year” means the period commencing on the Effective Date and ending on December 31, 2005 and each twelve (12) month period thereafter, unless otherwise terminated as hereinafter provided.

“HIPAA” shall mean the Health Insurance Portability and Accountability Act of 1996 and as amended and as implemented by CMS and the U. S. Department of Health and Human Services pursuant to which the Parties agree to abide by to the fullest extent possible.

“Medicare Advantage” (formerly Medicare+Choice) means the comprehensive managed care program for Medicare created under the Balanced Budget Act of 1997 and contained in Title XVIII, Part C of the Social Security Act (§§ 1851-1859; 42 U.S.C.A. §§ 1395w-21 to -28 (West Supp. 1999)) and the rules and regulations promulgated thereunder and as amended by the Medicare Prescription Drug, Improvement, and Modernization Act of 2003, or as may be amended from time to time.

“SelectCare” means SelectCare of Texas, L. L. C., a Georgia limited liability company organized as a provider sponsored organization and licensed by the Texas Department of Insurance.

“Termination Date” means (a) for a Member, the last date on which the Member is eligible for Coverage, or (b) for the Group, the last date on which the Agreement is in force.

II. RETROACTIVITY

A. Clerical Error

1. Clerical error shall not deprive any individual of Coverage under the Agreement, provided that a completed Application is submitted to the Group within ninety (90) days from the date the Eligible Employee is first eligible to enroll in the Plan, all appropriate Premiums are paid to SelectCare, and CMS approves enrollment of such individual in the Plan. However, the effective date cannot be prior to the signature date on the election form or prior to the date the enrollment election was completed by the Member.
2. Failure to report the termination of Coverage shall not continue such Coverage beyond the date it is scheduled to terminate according to the terms of the Agreement.
3. Upon discovery of a clerical error and if applicable, an appropriate adjustment shall be made. However, no such adjustment in fees or Coverage shall be granted by SelectCare to the

Group for more than ninety (90) days of Coverage prior to the date SelectCare was notified of such clerical error.

B. Status at Effective Date

No Eligible Employee will be refused enrollment or re-enrollment because of health status, requirements for health services or the existence of a pre-existing physical or mental condition, including pregnancy, at the time of his or her effective date of Coverage so long as the conditions in the Evidence of Coverage or the Agreement are met and all applicable Premiums are made on a timely basis.

III. TERMINATION

A. Termination of Members

1. No Coverage will be provided to any Member if the Group fails to pay the Premium for the first month of the Agreement. The Agreement may be terminated for non-payment of Premium if the Group fails to pay Premiums for the second or subsequent months by the end of the thirty (30) day grace period. If so terminated, a Member's Termination Date shall be the day following the expiration of the grace period and the Member shall be liable for the cost of services received during the grace period.
2. For any Member who ceases to be eligible under the Evidence of Coverage or the Agreement the Termination Date shall be the date such eligibility ceases.
3. If the Member is an inpatient on the Termination Date of the Agreement, benefits will terminate for such Member at 12:01 a.m. on the day next following the Termination Date. However, in the event that Group replaces the TEXANPLUS Plan with another group health care plan or program of any kind, SelectCare shall cooperate with such other plan or program in the orderly transition of covered care for Members who are then inpatients.
4. For a Dependent who qualifies as a Survivor, the Termination Date shall be the earliest of the following dates:
 - a. The last day of the month in which such Dependent marries or remarries (but this event shall only terminate Coverage of the Dependent who is marrying or remarrying, and not the Coverage of other Dependents);
 - b. As to any Dependent Child of the deceased Subscriber, the last day of the month in which such Dependent Child ceases to be a Dependent as defined by the TEXANPLUS Plan;
 - c. The last day of the month in which the Dependent becomes eligible for Coverage hereunder as an Eligible Employee, or becomes eligible for coverage under Medicare or any other employer-sponsored policy, plan or program of group health coverage; or
 - d. The date of termination of the TEXANPLUS Plan.

B. Termination of Member Coverage

A Member's Coverage will terminate immediately following the date on which the Member ceased to meet the eligibility requirements under the Evidence of Coverage or the Agreement for any of the following reasons:

1. the Agreement terminates;
2. Member voluntarily disenrolls from SelectCare.
3. the Member no longer lives in the Service Area, or if the Member resides temporarily outside the Service Area for more than six (6) consecutive months;
4. the Member becomes covered under an alternative Medicare Advantage Plan;
5. SelectCare's contract with CMS terminates; or
6. Member's death.

C. Termination of the Agreement

1. The Group may terminate the Agreement for cause:
 - a. sixty (60) days after delivery of written notice by Group to SelectCare, upon material failure of SelectCare to comply with the Agreement, unless such failure described in the notice is cured within said sixty (60) days.
 - b. upon thirty (30) days written notice to SelectCare, if SelectCare makes a material change to any provision required by law to be disclosed to Group or Members.
2. SelectCare may terminate the Group upon sixty (60) days written notice, unless such failure described in the notice is cured within said sixty (60) days, or in the case of:
 - a. The Group has committed fraud or intentional misrepresentation of a material fact to SelectCare; or
 - b. No Members live in the Service Area;
 - c. Noncompliance by the Group with, or changes in, material provisions of the TEXANPLUS Plan relating to the Group's contribution toward Premium and eligibility requirements for membership in the Group, which requirements are, in accordance with state or federal law, applicable to the offering of a group health plan in the large group market;
 - d. Group files a petition in bankruptcy, is adjudicated bankrupt or takes advantage of the insolvency laws of any jurisdiction, makes an assignment for the benefit of its creditors, is voluntarily or involuntarily dissolved or has a receiver, trustee or other court officer

appointed with respect to its property. Termination under this Section III.D.2.d shall be effective immediately upon notice to Group; or

- e. If during the period from January 1 to September 30 during any Optional Contract Year the average actively enrolled membership in the TEXANPLUS Plan is less than three hundred (300) Members, then SelectCare may terminate the Agreement by providing not less than sixty (60) days prior written notice to Group of its intent to terminate the Agreement at the end of the then current Optional Contract Year.

3. SelectCare may terminate the Group upon thirty (30) days' written notice in the case of non-payment of Premium through the end of the thirty (30) day grace period, and if so terminated, all Coverage will be canceled as of the day following the expiration of the grace period; provided that Members shall be financially responsible for reimbursement of the claims of providers for Covered Health Services provided to Members during and subsequent to the grace period.

4. SelectCare may terminate the Group upon one hundred eighty (180) days' written notice if SelectCare ceases to offer Coverage in the Service Area in accordance with applicable state or federal law.

5. Except as specified above, SelectCare shall not have the right to terminate the Agreement.

6. The fact that Members are not notified by Group or SelectCare of the termination of their Coverage due to the termination of the Agreement shall not be deemed to be the continuation of a Member's Coverage beyond the date Coverage terminates.

D. Notification of Members' Ineligibility

Group shall notify SelectCare within thirty (30) days after a Member ceases to be eligible for benefits under the Agreement. Failure to do so will make the Group liable for any expenses incurred by SelectCare, whether or not paid, due to the Group's failure to notify.

IV. PAYMENT REQUIREMENTS

A. The required Premiums for the services and benefits made available hereunder are set forth in the Agreement and shall be due and payable in advance on or before the first day of the month for which each such payment is made or is to be made. No proration of the Premiums will be made under the Agreement and change in Members' status shall be effective only on the first day of each month.

B. Interest on late Premiums from the date such Premiums were due will be charged at a rate not to exceed the maximum allowable by law. Unpaid interest will be due and payable upon notice thereof to Group from SelectCare. However, no interest shall accrue until thirty (30) days after Group is invoiced for the late Premium.

V. IDENTIFICATION CARDS

A. SelectCare shall issue identification cards for the Members

- B. Possession of a SelectCare identification card in and of itself confers no rights to services or other benefits. The holder of the card and the name on the card must be the same and the holder of the card must be, in fact, a Member on whose behalf all applicable charges under the Agreement have actually been paid. Any person receiving services or other benefits to which he or she is not entitled pursuant to the Agreement, through use of a SelectCare identification card or otherwise, shall be chargeable therefore up to the maximum allowable under law. If any Member permits the use of his or her SelectCare identification card by any other person, such card may be recalled and invalidated by SelectCare, and all rights of such Member pursuant to the Agreement may be terminated in accordance with the Agreement or the Evidence of Coverage.

VI. AMENDMENT OF AGREEMENT

A. The Agreement may be amended or modified at any time, without the consent of the Members, or any other person having beneficial interest in it by mutual agreement in writing by the parties. Any such Amendment shall be without prejudice to any claim arising prior to the date of such Amendment.

B. SelectCare may alter or revise the terms of the Agreement and/or any Evidence of Coverage attached hereto, including the Premiums, if necessary in order to comply with state, federal or local law. In the event of such alteration or revision, including any increase in Premium due to additional mandated benefits or expanded eligibility criteria, or other changes in laws specifically applicable to SelectCare that raise SelectCare's cost of providing benefits under the TEXANPLUS Plan, SelectCare shall give the Group at least sixty (60) days prior written notice, which notice shall be considered to have been given when mailed to the Group at the address shown on the records of SelectCare. The alteration or revision shall become effective on the date contained in the notice, unless the Group provides written notice within fifteen (15) days after giving of notice by SelectCare of its intention to terminate the Agreement ninety (90) days after Group provides such notice to SelectCare. Any increase in Premium must be limited to actual demonstrated cost increase and shall be approved by the Group's Human Resources Director or such other person with similar authority.

C. Furthermore, the parties acknowledge and agree that SelectCare may alter, amend, or otherwise modify the Members' Evidence of Coverage to increase benefits, decrease Copayments, Coinsurance, or deductible amounts, or otherwise provide Members with additional services or benefits (collectively "Enhanced Benefits") by providing Group's Human Resources Director with not less than sixty (60) days prior written notice; provided, however, that Group shall not be obligated to pay SelectCare additional Premiums related directly to such Enhanced Benefits.

D. The parties may amend or modify the Agreement in writing as mutually agreed upon by SelectCare and Group's Human Resources Director in order to effectuate any material changes in the obligations or responsibilities of either party, including, but not limited to coverage under Medicare Part D.

VII. LIMITATIONS

The rights of Members and obligations of SelectCare, Primary and Specialty Care Physicians, Contracted Hospitals and other Contracted providers under the Agreement are subject to the following limitations:

A. Major Disaster or Epidemic

In the event of any major disaster or epidemic that would severely limit the ability of Primary or Specialty Care Physicians, Contracted providers and/or Contracted Hospitals to provide health care services on a timely basis, Primary and Specialty Care Physicians, Contracted Hospitals and other Contracted providers shall, in good faith, use their best efforts to render the benefits and services covered insofar as practical according to their best judgment and within the limitation of such facilities and personnel as are then available. If SelectCare Primary and Specialty Care Physicians, Contracted Hospitals and other Contracted providers shall have, in good faith, used their best efforts to render benefits and services in the aforesaid manner, they shall have no further liability or obligation for delay or failure to provide such benefits and services due to a shortage of available facilities or personnel resulting from such disaster or epidemic.

B. Circumstances Beyond SelectCare's or Provider's Control

In the event that, due to circumstances not reasonably within the control of SelectCare, Primary and Specialty Care Physicians, Contracted Hospitals, or other Contracted providers such as the complete or partial destruction of facilities because of acts of God, war (whether declared or not), riot, civil insurrection, civil disturbance, acts of terrorism or acts of foreign or domestic enemies, invasion, work stoppage, embargo or ban, strike and/or industrial dispute, court order, governmental intervention, change in law, nonperformance by the other party or any third party, or failure of telecommunications equipment, or the rendering of benefits and services covered hereunder is delayed or rendered impractical, neither SelectCare nor any Primary or Specialty Care Physician, Contracted Hospitals, or other Contracted provider shall have any liability or obligation on account of such delay or such failure to provide such benefits and services, including any performance standards as described in Exhibit D, if they shall have, in good faith, used their best efforts to render the benefits and services covered insofar as practical according to their best judgment and within the limitation of such facilities and personnel as are then available.

C. Limitations as Set Out in the Evidence of Coverage

The benefits provided in the Agreement are also limited by the limitations and exclusions as set out in the Evidence of Coverage.

D. Non-Covered Health Services

SelectCare shall not be responsible for the reimbursement for services or treatment of complications that result from any non-covered service, procedure or treatment. SelectCare shall not be responsible for prescription drugs and/or medications related to any non-covered service, procedure or treatment.

VIII. MEMBER COMPLAINT RESOLUTION PROCEDURE

See Section 6 of the Evidence of Coverage

IX. MISCELLANEOUS

A. Records and Information

1. SelectCare shall have the right, at any reasonable time, to examine the Group's records, including payroll records of employers having employees covered through the Group, with respect to eligibility and monthly Premiums under the Agreement.
2. Information from medical records of Members and information received from Physicians or providers or facilities incident to the Physician-patient provider-patient or facility-patient relationship shall be kept confidential in accordance with applicable state and federal laws, including, but not limited to, HIPAA. Such information, except as reasonably necessary in connection with the administration of the Agreement, or as required or permitted by law, may not be disclosed without the written consent of the Member.
3. For the purposes of administering the TEXANPLUS Plan, SelectCare may, to the extent legally allowable and without further consent of or notice to any Member, release to or obtain from any insurance company or other organization or person any information, with respect to any person, that SelectCare deems to be necessary for such purposes. Any person claiming benefits under the TEXANPLUS Plan shall furnish to SelectCare such information as may be necessary for SelectCare to administer the TEXANPLUS Plan.
4. The Application completed by Member authorizes any Physician, Health Professional, facility, or other health care provider to make such records, photographs or information available to SelectCare as SelectCare may reasonably request on behalf of Member.

B. Telephone and Facsimile

The telephone number of SelectCare is (713) 843-6720 and the facsimile number is (713) 843-6740.

C. Assignment

Neither party to the Agreement shall assign or transfer its rights, duties or obligations under the Agreement without the prior written consent of the other party. However, the parties acknowledge and agree that SelectCare may delegate certain functions, including, but not limited to, claims payment, utilization management, and credentialing, related to the performance of this Agreement without being in breach of this Section IX.C. Other than as expressly provided by the Agreement, any attempted assignment, by operation of law or otherwise, shall be void and unenforceable. The Agreement shall inure to the benefit of and shall bind the successors and permitted assignees of the parties hereto. The benefits to a Member under the Agreement and the Evidence of Coverage are personal to the Member and are not assignable or otherwise transferable.

D. Severability

If any provision of the Agreement is found to be illegal, invalid or unenforceable under present or future laws effective during the term hereof, such provision shall be fully

severable. The Agreement shall be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part hereof. The remaining provisions shall remain in full force and effect unaffected by such severance, provided that the invalid provision is not material to the overall purpose and operation of the Agreement.

E. Conflict of Terms

Any direct conflict or ambiguity between the Agreement and the Evidence of Coverage attached hereto will be resolved under terms most favorable to the Member.

F.. Authority

Any alteration or revision to the Agreement must be in writing, signed by an officer of SelectCare and an official of Group and attached to the affected form to be valid. No other person has the authority to change the Agreement or to waive any of its provisions. The Agreement shall be executed by an authorized representative of each party and may be executed in multiple copies. Each copy shall be deemed an original, but all copies together shall constitute one and the same instrument.

G. Evidence of Coverage

From time to time, SelectCare will deliver sufficient copies of the Members' Evidence of Coverage to the Group for delivery by the Group to each Member. Such copy shall serve as a Member's Evidence of Coverage.

H. List of Providers of Services

From time to time, SelectCare will provide to the Group for dissemination to Members, a list of Providers who provide the services and benefits covered under the Agreement.

I. Furnishing Information

Any person claiming or who may claim benefits under the TEXANPLUS Plan shall facilitate the access of or furnish to SelectCare such information as may be necessary to implement the Agreement, and SelectCare may release or obtain such information as needed to implement the provisions of the Agreement.

J. Independent Agents

1. The relationships between SelectCare and Participating Facilities is that of independent contractors. Participating Facilities are not agents or employees of SelectCare nor is SelectCare an employee or agent of any Contracted Hospital, Alternate Facility, Skilled Nursing Facility or other similar or dissimilar provider. Contracted Hospitals, Alternate Facilities, Skilled Nursing Facilities and other such similar or dissimilar providers shall maintain the facility-patient relationship with Members and shall be the only parties responsible to Members for the services that they provide.

2. The relationship between SelectCare and Physicians and other Health Professionals is that of independent contractors. Physicians and Health Professionals are not agents or employees of SelectCare, nor is SelectCare or any employee of SelectCare an employee or agent of any Physician or Health Professional. Physicians and Health Professionals shall maintain the Physician-patient or Health Professional-patient relationship with Members.
3. Neither the Group nor any Member thereof is the agent or representative of SelectCare, and neither shall be liable for any acts or omissions of SelectCare, its agents or employees, any Physician, any Health Professional, or any other person or organization with which SelectCare has made or hereafter shall make arrangements for the performance of services under the Agreement.

K. Provider Communication

SelectCare will not prohibit, attempt to prohibit or discourage any Physician or Health Professional from discussing or communicating to a Member or a Member's designee any information or opinions regarding the Member's health care, any provisions of the TEXANPLUS Plan as it relates to the medical needs of the Member or the fact that the Physician or Health Professional's contract with the SelectCare has terminated or that the Physician or Health Professional will no longer be providing services under the TEXANPLUS Plan.

L. State Law

If the Agreement contains any provision not in conformity with Texas state law or other applicable laws it shall not be rendered invalid but shall be construed and applied as if it were in full compliance according to applicable Texas state law and other applicable laws.

M. Incontestability

All statements made by a Member are considered representations and not warranties. A statement may not be used to void, cancel, or non-renew a Member's Coverage or reduce benefits unless it is in a written enrollment Application signed by the Member and a signed copy of the enrollment Application has been furnished to the Member.

N. Confidentiality

Information contained in the medical records of Members and information received from Physicians, surgeons, Hospitals or other Health Professionals incident to the Physician-patient relationship or Hospital-patient relationship shall be kept confidential in accordance with applicable law. Confidential information may not be disclosed without the consent of the Member except for use incident to bona fide medical research and education as may be permitted by law, or reasonably necessary by SelectCare in connection with the administration of the Agreement, or in the compiling of aggregate statistical data. Such information that is identifiable with an individual Member may not be disclosed to Group, in connection with the conduct of appeals or otherwise, without the written consent of the affected Member. Any reports provided to Group by SelectCare as required hereunder the

Agreement shall be considered confidential and shall not be disclosed to any third party without the prior written consent of SelectCare.

O. Captions and Gender

All captions and headings throughout the Agreement are for convenience only and shall in no way be held or deemed to limit, modify or amplify the meaning of any provision of the Agreement. All pronouns and any variations thereof are deemed to refer to the masculine, feminine, neuter, singular, or plural as the identity of the person or persons may require. Terms such as "herein," "hereof," "hereunder," and "hereinafter" refer to the Agreement as a whole and not to any particular sentence, paragraph, or section where they appear, unless the context otherwise requires. Whenever reference is made to a Section or Article of the Agreement, such reference is to the Section or Article as a whole, including all of the subsections of such Section, unless the reference is made to a particular subsection or subparagraph of such Section or Article.

P. Governing Law and Venue

The Agreement shall be governed in all respects by the laws of the State of Texas to the extent not superseded by applicable federal law, and venue for any court action shall lie in Harris County, Texas.

Q. Waiver

The waiver by either party of any breach of any provision of the Agreement or warranty representation herein set forth shall not be construed as a waiver of any subsequent breach of the same or any other provision. The failure to exercise any right hereunder shall not operate as a waiver of such right. All rights and remedies provided herein are cumulative.

R. Remedies

All rights, powers, and remedies granted to either party by any particular term of the Agreement are in addition to, and not in limitation of, any rights, powers, or remedies that it has under any other term of the Agreement, at common law, in equity, by statute, or otherwise, and all such rights, powers, and remedies may be exercised separately or concurrently, in such order and as often as may be deemed expedient by either party. No delay or omission by either party to exercise any right, power, or remedy shall impair such right, power, or remedy to be construed to be a waiver of any breach or default or any acquiescence therein.

S. Use of Name and Trademarks

The parties acknowledge and agree that SelectCare may copy, reproduce, or otherwise use Group's name and logo for purposes of the Agreement and in particular for Member communications (including the Application, Evidence of Coverage, Summary of Benefits, and Annual Notice of Change), production of identification cards, introductory letter, outer envelopes for Member communications, and press release(s) relating to the Agreement. Any

other use of Group's name and logo shall be mutually agreed upon in writing by Group and SelectCare.

EXHIBIT II TO GROUP APPLICATION

Calculation of renewal rates:

**Considered by TexanPlus to be
proprietary information**

7

**SELECTCARE OF TEXAS, L. L. C.
GROUP APPLICATION**

Entire Agreement: This Group Application, including the Evidence of Coverage, Summary of Benefits, and any Exhibits, amendments, endorsements, inserts, addendums, attachments, and all other documents incorporated by reference (herein defined as “Group Medicare Advantage Agreement” or “Agreement”), constitutes the entire agreement between the Group and SelectCare, and on the Effective Date, supersedes all other prior and contemporaneous agreements, promises, arrangements, understandings, agreements, negotiations, and discussions between the parties, whether written or oral, previously issued by SelectCare for Covered Health Services provided under the Agreement. Exhibit I, Additional Terms and Conditions; Exhibit II, Renewal of Agreement; Exhibit III, Renewal Premium Formula and Calculation, Exhibit IV, City of Houston 2006 TexanPlus Summary of Benefits; and Exhibit V, City of Houston 2006 TexanPlus Member Evidence of Coverage attached hereto are incorporated in their entirety herein.

Neither party shall be entitled to any benefits other than those specified herein. The parties acknowledge that in entering into and executing the Agreement, the parties rely solely upon the representations and agreements contained in the Agreement and no others. The parties acknowledge that they have sought and received whatever competent advice and counsel as was necessary for them to form a full and complete understanding of all rights and obligations herein and that the preparation of the Agreement has been their joint effort. The language agreed to expresses their mutual intent and the resulting document shall not, solely as a matter of judicial construction, be construed more severely against one of the parties than the other.

Governmental Approval: The provisions of this entire Agreement may be required to be filed with and be approved by the Centers of Medicare and Medicaid Services (“CMS”) and/or the Texas Department of Insurance (“TDI”) after its approval by the Group and prior to the distribution of any of the terms hereof, including the provisions contained in the Evidence of Coverage and all documents incorporated therein, to persons eligible for Coverage under the Plan. SelectCare may be required to revise such terms and provisions to obtain TDI’s approval or to comply with Texas law and regulation, and Group, by and through its Human Resources Director, and SelectCare will mutually agree to such changes.

Group: City of Houston

SelectCare Benefit Level: See Exhibit IV for City of Houston 2006 TexanPlus Summary of Benefits and Exhibit V for City of Houston 2006 TexanPlus Member Evidence of Coverage.

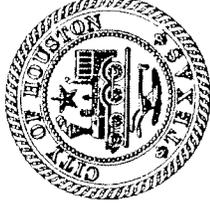
Agreement Effective Date: May 1, 2005 (the “Effective Date”).

EXHIBIT IV
CITY OF HOUSTON
2006 TEXANPLUS
SUMMARY OF BENEFITS

SelectCare of Texas, L.L.C.

H4506

Summary of Benefits 2006



City of Houston

Greater Houston Metro Area

January 1, 2006 to December 31, 2006



Service Area:

Brazoria County

Galveston County*

Fort Bend County

Harris County

Montgomery County

*does not include the entire county.
See Section I for details.

Section I – Introduction to the Summary of Benefits

Thank you for your interest in TexanPlus (Greater Houston Metro Area). Our plan is offered by SelectCare of Texas, L.L.C., a Medicare Advantage Provider Sponsored Organization (PSO). This Summary of Benefits tells you some features of our plan. It doesn't list every service that we cover or list every limitation, or every exclusion. To get a complete list of our benefits, please call TexanPlus (Greater Houston Metro Area) and ask for the "Evidence of Coverage".

YOU HAVE CHOICES IN YOUR HEALTH CARE

As a Medicare beneficiary, you can choose from different Medicare options. One option is the Original (fee-for-service) Medicare Plan. Another option is a Medicare health plan, like TexanPlus (Greater Houston Metro Area). You may have other options too. You make the choice. No matter what you decide, you are still in the Medicare program.

You may be able to join or leave a plan only at certain times. Please call TexanPlus (Greater Houston Metro Area) at the number listed at the end of this introduction or 1-800-MEDICARE (1-800-633-4227) for more information. TTY users should call 1-877-486-2048.

HOW CAN I COMPARE MY OPTIONS?

You can compare TexanPlus (Greater Houston Metro Area) and the Original Medicare Plan using

this Summary of Benefits. The charts in this booklet list some important health benefits. For each benefit, you can see what our plan covers and what the Original Medicare Plan covers.

Our members receive all of the benefits that the Original Medicare Plan offers. We also offer additional benefits, which may change from year to year.

WHERE IS TexanPlus (Greater Houston Metro Area) AVAILABLE?

The service area for this plan includes: Brazoria, Galveston (zip codes: 77510, 77511, 77517, 77518, 77539, 77546, 77549, 77563, 77565, 77568, 77573, 77574, 77590, 77591, 77592), Fort Bend, Harris, Montgomery Counties, TX. You must live in one of these places to join this plan.

CAN I CHOOSE MY DOCTORS?

TexanPlus (Greater Houston Metro Area) has formed a network of doctors, specialists, and hospitals. You can only use doctors who are part of our network. The health providers in our network can change at any time. You can ask for a current Provider Directory for an up-to-date list. Our number is listed at the end of this introduction.

WHAT HAPPENS IF I GO TO A DOCTOR WHO'S NOT IN YOUR NETWORK?

If you choose to go to a doctor outside our network, you must pay for these services yourself. Neither SelectCare of Texas, L.L.C. nor the Original Medicare Plan will pay for these services.

WHERE CAN I GET MY PRESCRIPTIONS IF I JOIN THIS PLAN?

TexanPlus (Greater Houston Metro Area) has formed a network of pharmacies. You can use any pharmacy in our network. The pharmacies in our network can change at any time. You can ask for a current Pharmacy Network list. Our number is listed at the end of this introduction.

WHAT HAPPENS IF I GO TO A PHARMACY THAT'S NOT IN YOUR NETWORK?

If you go to a pharmacy that's not in our network, you might have to pay more for your prescription. You might have to follow special rules before getting your prescription in order for the prescription to be covered under our plan. For more information, call the telephone number at the end of this introduction.

...continued from previous page

DOES MY PLAN COVER MEDICARE PART B OR PART D DRUGS?

TexanPlus (Greater Houston Metro Area) covers both Medicare Part B prescription drugs and Medicare Part D prescription drugs.

WHAT TYPES OF DRUGS MAY BE COVERED UNDER MEDICARE PART B?

The following outpatient prescription drugs may be covered under Medicare Part B. This may include, but is not limited to, the following types of drugs. Contact TexanPlus (Greater Houston Metro Area) for details.

- **Some Antigens:** If they are prepared by a doctor and administered by a properly instructed person (who could be the patient) under doctor supervision.
- **Osteoporosis Drugs:** Injectable drugs for osteoporosis for certain women with Medicare.
- **Erythropoietin (Epoetin alpha or Epogen®):** By injection if you have end-stage renal disease (permanent kidney failure requiring either dialysis or transplantation) and need this drug to treat anemia.
- **Hemophilia Clotting Factors:** Self-administered clotting factors if you have hemophilia.
- **Injectable Drugs:** Most injectable drugs administered incident to a physician's service.

- **Immunosuppressive drugs:** Immunosuppressive drug therapy for transplant patients if the transplant was paid for by Medicare, or paid by a private insurance that paid as a primary payer to your Medicare Part A coverage, in a Medicare-certified facility.
- **Some oral Cancer Drugs:** If the same drug is available in injectable form.
- **Oral Anti-Nausea Drugs:** If you are part of an anti-cancer chemotherapy regimen.
- **Inhalation and infusion drugs** provided through DME.



Please call **SelectCare of Texas, L.L.C.** for more information about this plan.

Visit us at www.sctexas.com or, call us:

Monday, Tuesday, Wednesday, Thursday, Friday, 8:00 a.m. – 5:00 p.m. Central

Customer Service Hours:

Current members should call
(866) 230-2513. (TTY/TDD (888) 685-8480)

Prospective members should call
(866) 556-4614. (TTY/TDD (866) 338-4681)

For more information about Medicare, call
1-800-MEDICARE (1-800-633-4227).

(TTY users should call 1-877-486-2048).
You can call 24 hours a day, 7 days a week.

Or, visit www.medicare.gov on the web.

If you have special needs, this document may be available in other formats.

Section II – Summary of Benefits IMPORTANT INFORMATION

Benefit Category	Original Medicare	TexanPlus (Greater Houston Metro Area)
1. Premium and Other Important Information	<ul style="list-style-type: none"> You pay the Medicare Part B premium of \$88.50 each month. 	<ul style="list-style-type: none"> You may pay a premium, as determined by the City of Houston each month, in addition to your Medicare Part B premium of \$88.50. There is no premium for your Medicare Part D prescription benefits.
2. Doctor and Hospital Choice <i>(For more information, see Emergency – #15 and Urgently Needed Care – #16.)</i>	<ul style="list-style-type: none"> You may go to any doctor, specialist or hospital that accepts Medicare. 	<ul style="list-style-type: none"> You must go to network doctors, specialists, and hospitals. You need a referral to go to network hospitals and certain doctors, including specialists for certain services. A separate doctor office visit copayment may apply for certain services.

If you have any questions about this plan's benefits or costs, please contact **SelectCare of Texas, L.L.C.** at **(866) 230-2513 (TTY/TDD) (888) 685-8480** (for current members) and **(866) 556-4614 (TTY/TDD) (866) 338-4681** (for prospective members).

INPATIENT CARE

<p>3. Inpatient Hospital Care <i>(includes Substance Abuse and Rehabilitation Services)</i></p>	<ul style="list-style-type: none"> • You pay for each benefit period (3): <ul style="list-style-type: none"> • Days 1-60: an initial deductible of \$952 • Days 61-90: \$238 each day • Days 91-150: \$476 each lifetime reserve day (4) <p>Please call 1-800-MEDICARE (1-800-633-4227), 24 hours/day, 7 days/week, for information about reserve days. (4)</p>	<ul style="list-style-type: none"> • You pay \$300 for each Medicare-covered stay in a network hospital. • There is no copayment for additional days in a network hospital. • You are covered for unlimited days each benefit period. <p>Except in an emergency, your provider must obtain authorization from SelectCare of Texas, L.L.C.</p>
<p>4. Inpatient Mental Health Care</p>	<ul style="list-style-type: none"> • You pay the same deductible and copayments as inpatient hospital care (above) except Medicare beneficiaries may only receive 190 days in a Psychiatric Hospital in a lifetime. 	<ul style="list-style-type: none"> • You pay \$300 for each Medicare-covered stay at a network hospital. <p>Medicare beneficiaries may only receive 190 days in a Psychiatric Hospital in a lifetime.</p> <p>Except in an emergency, your provider must obtain authorization from SelectCare of Texas, L.L.C.</p>

- (3) A benefit period begins the day you go to a hospital or skilled nursing facility. The benefit period ends when you have not received hospital or skilled nursing care for 60 days in a row. If you go into the hospital after one benefit period has ended, a new benefit period begins. You must pay the inpatient hospital deductible for each benefit period. There is no limit to the number of benefit periods you have.
- (4) Lifetime reserve days can only be used once.

If you have any questions about this plan's benefits or costs, please contact **SelectCare of Texas, L.L.C.** at **(866) 230-2513 (TTY/TDD) (888) 685-8480** (for current members) and **(866) 556-4614 (TTY/TDD) (866) 338-4681** (for prospective members).

<p>5. Skilled Nursing Facility <i>(in a Medicare-certified skilled nursing facility)</i></p>	<ul style="list-style-type: none"> You pay for each benefit period (3), following at least a 3-day covered hospital stay: <ul style="list-style-type: none"> Days 1-20: \$0 for each day Days 21-100: \$119 for each day There is a limit of 100 days for each benefit period. (3) 	<ul style="list-style-type: none"> You pay: <ul style="list-style-type: none"> \$0 each day for day(s) 1-20 \$100 each day for day(s) 21-100 for a stay at a Skilled Nursing Facility. No prior hospital stay is required. You are covered for 100 days each benefit period. <p>Authorization rules may apply for services. Contact plan for details.</p>
<p>6. Home Health Care <i>(includes medically necessary intermittent skilled nursing care, home health aide services, and rehabilitation services, etc.)</i></p>	<ul style="list-style-type: none"> There is no copayment for all covered home health visits. 	<ul style="list-style-type: none"> There is no copayment for Medicare-covered home health visits. <p>Authorization rules may apply for services. Contact plan for details.</p>
<p>7. Hospice</p>	<ul style="list-style-type: none"> You pay part of the cost for outpatient drugs and inpatient respite care. You must receive care from a Medicare-certified hospice. 	<ul style="list-style-type: none"> You must receive care from a Medicare-certified hospice.

(3) A benefit period begins the day you go to a hospital or skilled nursing facility. The benefit period ends when you have not received hospital or skilled nursing care for 60 days in a row. If you go into the hospital after one benefit period has ended, a new benefit period begins. You must pay the inpatient hospital deductible for each benefit period. There is no limit to the number of benefit periods you have.

If you have any questions about this plan's benefits or costs, please contact **SelectCare of Texas, L.L.C.** at (866) 230-2513 (TTY/TDD) (888) 685-8480 (for current members) and (866) 556-4614 (TTY/TDD) (866) 338-4681 (for prospective members).

OUTPATIENT CARE

<p>8. Doctor Office Visits</p>	<ul style="list-style-type: none"> You pay 20% of Medicare approved amounts. (1) (2) 	<ul style="list-style-type: none"> You pay \$5 for each primary care doctor office visit for Medicare-covered services. You pay \$25 for each specialist visit for Medicare-covered services. <p>See 32 – Physical Exams for more information.</p>
<p>9. Chiropractic Services</p>	<ul style="list-style-type: none"> You are covered for manual manipulation of the spine to correct subluxation, provided by chiropractors or other qualified providers. You pay 100% for routine care. You pay 20% of Medicare approved amounts. (1) (2) 	<ul style="list-style-type: none"> You pay \$25 for each Medicare-covered visit (manual manipulation of the spine to correct subluxation).

(1) Each year, you pay a total of one \$124 deductible.

(2) If a doctor or supplier chooses not to accept assignment, their costs are often higher, which means you may pay more.

If you have any questions about this plan's benefits or costs, please contact **SelectCare of Texas, L.L.C.** at (866) 230-2513 (TTY/TDD (888) 685-8480) (for current members) and (866) 556-4614 (TTY/TDD (866) 338-4681) (for prospective members).

Benefit Category

Original Medicare

TexanPlus (Greater Houston Metro Area)

<p>10. Podiatry Services</p>	<ul style="list-style-type: none"> You pay 20% of Medicare approved amounts. (1) (2) You are covered for medically necessary foot care, including care for medical conditions affecting the lower limbs. You pay 100% for routine care. 	<ul style="list-style-type: none"> You pay \$25 for each Medicare-covered visit (medically necessary foot care).
<p>11. Outpatient Mental Health Care</p>	<ul style="list-style-type: none"> You pay 50% of Medicare-approved amounts with the exception of certain situations and services for which you pay 20% of approved charges. (1) (2) 	<ul style="list-style-type: none"> For Medicare-covered Mental Health services, you pay \$35 for each individual therapy visit. For Medicare-covered Mental Health services, you pay \$20 for each group therapy visit. <p>Authorization rules may apply for services. Contact plan for details.</p>
<p>12. Outpatient Substance Abuse Care</p>	<ul style="list-style-type: none"> You pay 20% of Medicare-approved amounts. (1) (2) 	<ul style="list-style-type: none"> For Medicare-covered services, you pay \$35 for each individual visit. For Medicare-covered services, you pay \$20 for each group visit. <p>Except in emergency, your provider must obtain authorization from SelectCare of Texas, L.L.C.</p>

(1) Each year, you pay a total of one \$124 deductible.

(2) If a doctor or supplier chooses not to accept assignment, their costs are often higher, which means you may pay more.

If you have any questions about this plan's benefits or costs, please contact **SelectCare of Texas, L.L.C.** at (866) 230-2513 (TTY/TDD) (888) 685-8480 (for current members) and (866) 556-4614 (TTY/TDD) (866) 338-4681 (for prospective members).

Benefit Category

Original Medicare

TexanPlus (Greater Houston Metro Area)

<p>13. Outpatient Services/ Surgery</p>	<ul style="list-style-type: none"> You pay 20% of Medicare-approved amounts for the doctor. (1) (2) You pay 20% of outpatient facility charges. (1) (2) 	<ul style="list-style-type: none"> You pay \$125 for each Medicare-covered visit to an ambulatory surgical center. You pay \$0 to \$100 for each Medicare-covered visit to an outpatient hospital facility. <p>Authorization rules may apply for services. Contact your plan for details.</p>
<p>14. Ambulance Services <i>(medically necessary ambulance services)</i></p>	<ul style="list-style-type: none"> You pay 20% of Medicare approved amounts or applicable fee schedule charge. (1) (2) 	<ul style="list-style-type: none"> You pay \$50 for Medicare-covered ambulance services.
<p>15. Emergency Care <i>(You may go to any emergency room if you reasonably believe you need emergency care.)</i></p>	<ul style="list-style-type: none"> You pay 20% of the facility charge or applicable Copayment for each emergency room visit; you do NOT pay this amount if you are admitted to the hospital for the same condition within 3 days of the emergency room visit. (1) (2) You pay 20% of doctor charges. (1) (2) NOT covered outside the U.S. except under limited circumstances. 	<ul style="list-style-type: none"> You pay \$50 for each Medicare-covered emergency room visit; you do not pay this amount if you are admitted to the hospital within 48 hour(s) for the same condition. NOT covered outside the U.S. except under limited circumstances.

(1) Each year, you pay a total of one \$124 deductible.

(2) If a doctor or supplier chooses not to accept assignment, their costs are often higher, which means you may pay more.

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Benefit Category

Original Medicare

TexanPlus (Greater Houston Metro Area)

<p>16. Urgently Needed Care <i>(This is NOT emergency care, and in most cases, is out of the service area.)</i></p>	<ul style="list-style-type: none"> You pay 20% of Medicare-approved amounts or applicable copayment. (1) (2) NOT covered outside the U.S. except under limited circumstances. 	<ul style="list-style-type: none"> You pay \$50 for each Medicare-covered urgently needed care visit; you do not pay this amount if you are admitted to the hospital within 24 hour(s) for the same condition. NOT covered outside the U.S. except under limited circumstances.
<p>17. Outpatient Rehabilitation Services <i>(Occupational Therapy, Physical Therapy, Speech and Language Therapy)</i></p>	<ul style="list-style-type: none"> You pay 20% of Medicare-approved amounts. (1) (2) 	<ul style="list-style-type: none"> You pay \$25 for each Medicare-covered Occupational Therapy visit. You pay \$25 for each Medicare-covered Physical Therapy and/or Speech/Language Therapy visit. <p>Authorization rules may apply for services. Contact your plan for details.</p>

(1) Each year, you pay a total of one \$124 deductible.

(2) If a doctor or supplier chooses not to accept assignment, their costs are often higher, which means you may pay more.

If you have any questions about this plan's benefits or costs, please contact **SelectCare of Texas, L.L.C.** at **(866) 230-2513 (TTY/TDD)** **(888) 685-8480** (for current members) and **(866) 556-4614 (TTY/TDD)** **(866) 338-4681** (for prospective members).

OUTPATIENT MEDICAL SERVICES AND SUPPLIES

<p>18. Durable Medical Equipment <i>(includes wheelchairs, oxygen, etc.)</i></p>	<ul style="list-style-type: none"> You pay 20% of Medicare-approved amounts. (1) (2) 	<ul style="list-style-type: none"> You pay 10% of the cost for each Medicare-covered item. Authorization rules may apply for services. Contact your plan for details.
<p>19. Prosthetic Devices <i>(includes braces, artificial limbs and eyes, etc.)</i></p>	<ul style="list-style-type: none"> You pay 20% of Medicare approved amounts. (1) (2) 	<ul style="list-style-type: none"> You pay 20% of the cost for each Medicare-covered item.
<p>20. Diabetes Self-Monitoring Training and Supplies <i>(includes coverage for glucose monitors, test strips, lancets, screening tests and self-management training)</i></p>	<ul style="list-style-type: none"> You pay 20% of Medicare-approved amounts. (1) (2) 	<ul style="list-style-type: none"> You pay \$0 for Medicare-covered Diabetes self-monitoring training. You pay 10% of the cost for each Medicare-covered Diabetes Supply item.
<p>21. Diagnostic Tests, X-Rays, and Lab Services</p>	<ul style="list-style-type: none"> You pay 20% of Medicare-approved amounts, except for approved lab services. (1) (2) There is no copayment for Medicare-approved lab services. 	<ul style="list-style-type: none"> You pay: <ul style="list-style-type: none"> \$0 for each Medicare-covered clinical/diagnostic lab service. \$25 to \$150 for each Medicare-covered radiation therapy service. \$0 for each Medicare-covered X-ray visit. <p>An additional facility charge may be included in the cost for services.</p>

(1) Each year, you pay a total of one \$124 deductible.

(2) If a doctor or supplier chooses not to accept assignment, their costs are often higher, which means you may pay more.

If you have any questions about this plan's benefits or costs, please contact **SelectCare of Texas, L.L.C.** at **(866) 230-2513 (TTY/TDD (888) 685-8480)** (for current members) and **(866) 556-4614 (TTY/TDD (866) 338-4681)** (for prospective members).

PREVENTIVE SERVICES

<p>22. Bone Mass Measurement <i>(for people with Medicare who are at risk)</i></p>	<ul style="list-style-type: none"> You pay 20% of Medicare-approved amounts. (1) (2) 	<ul style="list-style-type: none"> There is no copayment for each Medicare-covered Bone Mass Measurement.
<p>23. Colorectal Screening Exams <i>(for people with Medicare age 50 and older)</i></p>	<ul style="list-style-type: none"> You pay 20% of Medicare-approved amounts. (1) (2) 	<ul style="list-style-type: none"> There is no copayment for each Medicare-covered Colorectal Screening Exams.
<p>24. Immunizations <i>(Flu vaccine, Hepatitis B vaccine -- for people with Medicare who are at risk, Pneumonia vaccine)</i></p>	<ul style="list-style-type: none"> There is no copayment for the Pneumonia and Flu vaccines. You pay 20% of Medicare-approved amounts for the Hepatitis B vaccine. (1) (2) You may only need the Pneumonia vaccine once in your lifetime. Please contact your doctor for further details. 	<ul style="list-style-type: none"> There is no copayment for the Pneumonia and Flu vaccines. No referral necessary for Medicare-covered influenza and pneumonia vaccines. There is no copayment for the Hepatitis B vaccine.
<p>25. Mammograms (Annual Screening) <i>(for women with Medicare age 40 and older)</i></p>	<ul style="list-style-type: none"> You pay 20% of Medicare-approved amounts. (2) No referral necessary for Medicare-covered screenings. 	<ul style="list-style-type: none"> There is no copayment for Medicare-covered Screening Mammograms. No referral necessary for Medicare-covered screenings.

(1) Each year, you pay a total of one \$124 deductible.

(2) If a doctor or supplier chooses not to accept assignment, their costs are often higher, which means you may pay more.

If you have any questions about this plan's benefits or costs, please contact **SelectCare of Texas, L.L.C.** at (866) 230-2513 (TTY/TDD) (888) 685-8480 (for current members) and (866) 556-4614 (TTY/TDD) (866) 338-4681 (for prospective members).

Benefit Category

Original Medicare

TexanPlus (Greater Houston Metro Area)

<p>26. Pap Smears and Pelvic Exams <i>(for women with Medicare)</i></p>	<ul style="list-style-type: none"> • There is no copayment for a Pap Smear once every 2 years, annually for beneficiaries at high risk. (2) • You pay 20% of Medicare-approved amounts for Pelvic Exams. (2) 	<ul style="list-style-type: none"> • There is no copayment for: • Medicare-covered Pap Smears and Pelvic Exams • Additional Pap Smears and Pelvic Exams up to 1 Pap Smear(s) and Pelvic Exam(s) every year
<p>27. Prostate Cancer Screening Exams <i>(for men with Medicare age 50 and older)</i></p>	<ul style="list-style-type: none"> • There is no copayment for approved lab services and a copayment of 20% of Medicare-approved amounts for other related services. (1) (2) 	<ul style="list-style-type: none"> • There is no copayment for Medicare-covered Prostate Cancer Screening exams.
<p>28. Outpatient Prescription Drugs</p>	<ul style="list-style-type: none"> • You pay 100% for most prescription drugs, unless you enroll in the Medicare Part D Prescription Drug program. 	<p>This plan uses a formulary. A formulary is a preferred list of drugs selected to meet patient needs at a lower cost. If the formulary changes, you will be notified, in writing, before the change. To view the plan's formulary, go to www.scitexas.com on the web.</p> <p>People who have low incomes, who live in long term care facilities, or who have access to Indian/Tribal/Urban (Indian Health Services) facilities may have different out-of-pocket drug costs. Contact plan for details.</p> <p>There is no deductible.</p> <p>You pay the following for prescription drugs:</p> <ul style="list-style-type: none"> • \$10 for a one-month (31 day) supply of Generic drugs you get at an in-network preferred pharmacy.

(1) Each year, you pay a total of one \$124 deductible.

(2) If a doctor or supplier chooses not to accept assignment, their costs are often higher, which means you may pay more.

If you have any questions about this plan's benefits or costs, please contact **SelectCare of Texas, L.L.C.** at (866) 230-2513 (TTY/TDD) (888) 685-8480 (for current members) and (866) 556-4614 (TTY/TDD) (866) 338-4681 (for prospective members).

28. Outpatient Prescription Drugs (continued)

- \$30 for a one-month (31 day) supply of Formulary Preferred Brand drugs you get at an in-network preferred pharmacy.
- \$45 for a one-month (31 day) supply of Formulary Non-Preferred Brand drugs you get at an in-network preferred pharmacy.
- \$20 for a three-month (90 day) supply of Generic drugs you get at an in-network preferred pharmacy.
- \$60 for a three-month (90 day) supply of Formulary Preferred Brand drugs you get at an in-network preferred pharmacy.
- \$90 for a three-month (90 day) supply of Formulary Non-Preferred Brand—Brand drugs you get at an in-network preferred pharmacy.
- \$10 for a one-month (31 day) supply of Generic drugs you get at an in-network non-preferred pharmacy.
- \$30 for a one-month (31 day) supply of Formulary Preferred Brand drugs you get at an in-network non-preferred pharmacy.
- \$45 for a one-month (31 day) supply of Formulary Non-Preferred Brand—Brand drugs you get at an in-network non-preferred pharmacy.
- \$10 for a one-month (31 day) supply of Generic drugs you get at an out-of-network pharmacy.
- \$30 for a one-month (31 day) supply of Formulary Preferred Brand drugs you get at an out-of-network pharmacy.

(1) Each year, you pay a total of one \$124 deductible.

(2) If a doctor or supplier chooses not to accept assignment, their costs are often higher, which means you may pay more.

If you have any questions about this plan's benefits or costs, please contact **SelectCare of Texas, L.L.C.** at **(866) 230-2513 (TTY/TDD)** **(888) 685-8480** (for current members) and **(866) 556-4614 (TTY/TDD)** **(866) 338-4681** (for prospective members).

Benefit Category

Original Medicare

TexanPlus (Greater Houston Metro Area)

28. Outpatient Prescription Drugs (continued)

- \$45 for a one-month (31 day) supply of Formulary Non-Preferred Brand—Brand drugs you get at an out-of-network pharmacy.
- \$20 for a three-month (90 day) supply of mail order Generic drugs.
- \$60 for a three-month (90 day) supply of mail-order Formulary Preferred Brand drugs.
- \$90 for a (90 day) supply of mail order Formulary Non-Preferred Brand—Brand drugs.

Certain prescription drugs will have maximum quantity limits. Contact plan for details.

You may receive drugs from an Out-of-Network Pharmacy for a one-month (31 day) supply.

Your provider must get prior authorization from TexanPlus (Greater Houston Metro Area) for certain prescription drugs. Contact plan for details.

(1) Each year, you pay a total of one \$124 deductible.

(2) If a doctor or supplier chooses not to accept assignment, their costs are often higher, which means you may pay more.

If you have any questions about this plan's benefits or costs, please contact **SelectCare of Texas, L.L.C.** at (866) 230-2513 (TTY/TDD) (888) 685-8480 (for current members) and (866) 556-4614 (TTY/TDD) (866) 338-4681 (for prospective members).

ADDITIONAL BENEFITS (WHAT ORIGINAL MEDICARE DOES NOT COVER)

29. Dental Services	<ul style="list-style-type: none"> In general, you pay 100% for dental services. 	<ul style="list-style-type: none"> In general, you pay 100% for dental services.
30. Hearing Services	<ul style="list-style-type: none"> You pay 100% for routine hearing exams and hearing aids. You pay 20% of Medicare-approved amounts for diagnostic hearing exams. (1) (2) 	<ul style="list-style-type: none"> In general, you pay 100% for routine hearing exams and hearing aids. You pay: <ul style="list-style-type: none"> \$25 for each hearing exam (one per year). You receive a \$500 one time maximum benefit allowance for a hearing aid.
31. Vision Services	<ul style="list-style-type: none"> You are covered for one pair of eyeglasses or contact lenses after each cataract surgery. (1) (2) For people with Medicare who are at risk, you are covered for annual glaucoma screenings. (1) (2) You pay 20% of Medicare-approved amounts for diagnosis and treatment of diseases and conditions of the eye. (1) (2) You pay 100% for routine eye exams and glasses. 	<ul style="list-style-type: none"> There is no copayment for the following items: <ul style="list-style-type: none"> Medicare-covered eye wear (one pair of eyeglasses or contact lenses after each cataract surgery). You pay: <ul style="list-style-type: none"> \$25 for each Medicare-covered eye exam (diagnosis and treatment for diseases and conditions of the eye) \$25 for each routine eye exam, limited to 1 exam(s) every year

(1) Each year, you pay a total of one \$124 deductible.

(2) If a doctor or supplier chooses not to accept assignment, their costs are often higher, which means you may pay more.

If you have any questions about this plan's benefits or costs, please contact **SelectCare of Texas, L.L.C.** at (866) 230-2513 (TTY/TDD (888) 685-8480) (for current members) and (866) 556-4614 (TTY/TDD (866) 338-4681) (for prospective members).

Benefit Category

Original Medicare

TexanPlus (Greater Houston Metro Area)

<p>32. Physical Exams</p>	<ul style="list-style-type: none"> If your coverage to Medicare Part B begins on or after January 1, 2005, you may receive a one time physical exam within the first six months of your new Part B coverage. This will not include laboratory tests. Please contact your physician for further details. You pay 20% of the Medicare-approved amounts. (1) (2) You pay 100% 	<ul style="list-style-type: none"> If your coverage to Medicare Part B begins on or after January 1, 2005, you may receive a one time physical exam within the first six months of your new Part B coverage. This will not include laboratory tests. Please contact your Plan for routine physical exams. There is no copayment for routine physical exams. You are covered up to 1 exam(s) every year.
<p>33. Health/Wellness Education</p>	<ul style="list-style-type: none"> You are covered for the following: <ul style="list-style-type: none"> Health Ed Classes Newsletter Nursing Hotline Disease Management 	<ul style="list-style-type: none"> You are covered for the following: <ul style="list-style-type: none"> Health Ed Classes Newsletter Nursing Hotline Disease Management

(1) Each year, you pay a total of one \$124 deductible.

(2) If a doctor or supplier chooses not to accept assignment, their costs are often higher, which means you may pay more.

If you have any questions about this plan's benefits or costs, please contact **SelectCare of Texas, L.L.C.** at (866) 230-2513 (TTY/TDD) (888) 685-8480 (for current members) and (866) 556-4614 (TTY/TDD) (866) 338-4681 (for prospective members).

Benefit Category

Original Medicare

TexanPlus (Greater Houston Metro Area)

34. Annual Out-of-Pocket

- There is no annual limit.

- There is a limit of \$1,500 maximum out-of-pocket.
- Limited to the following plan services when received In-Network only.

- Inpatient Hospital Care
- Inpatient Mental Health Care
- Skilled Nursing Facility
- Home Health Care
- Chiropractic Services
- Podiatry Services
- Outpatient Mental Health Care
- Outpatient Substance Abuse Care
- Outpatient Services
- Ambulance Services
- Emergency Care
- Urgently Needed Care
- Outpatient Rehabilitation Services
- Durable Medical Equipment
- Prosthetic Devices
- Cardiac Rehabilitation Services
- Renal Dialysis
- Diabetic Self-Monitoring Training and Supplies
- Comprehensive Outpatient Rehabilitation Facility (CORF) Services
- Partial Hospitalizations

(1) Each year, you pay a total of one \$124 deductible.

(2) If a doctor or supplier chooses not to accept assignment, their costs are often higher, which means you may pay more.

If you have any questions about this plan's benefits or costs, please contact **SelectCare of Texas, L.L.C.** at (866) 230-2513 (TTY/TDD (888) 685-8480) (for current members) and (866) 556-4614 (TTY/TDD (866) 338-4681) (for prospective members).

Benefit Category**Original Medicare****TexanPlus (Greater Houston Metro Area)**

34. Annual Out-of-Pocket
(continued)

- Costs that do not apply to annual out-of-pocket maximum:

- Medicare Part B outpatient RX drug copayments or coinsurance
- Outpatient prescription drugs
- Copayments for PCP/Specialists
- All other services not listed

(1) Each year, you pay a total of one \$124 deductible.

(2) If a doctor or supplier chooses not to accept assignment, their costs are often higher, which means you may pay more.

If you have any questions about this plan's benefits or costs, please contact **SelectCare of Texas, L.L.C.** at (866) 230-2513 (TTY/TDD) (888) 685-8480 (for current members) and (866) 556-4614 (TTY/TDD) (866) 338-4681 (for prospective members).

Additional Benefit Information

Outpatient Prescription Drugs: Medicare Part B Drugs

You must use participating pharmacies. For Medicare Part B drugs you pay 20% of eligible expenses. The Medicare Part B drugs include, but are not limited to, chemotherapy drugs. **There is a \$1500 maximum out-of-pocket on Part B drugs.**

TexanPlus (Greater Houston Metro Area) is Affordable and Easy to Use

Affordable Premiums

The biggest difference between TexanPlus and coverage with Medicare alone is that TexanPlus **offers extra coverage for little or no additional premium and there is no additional premium for Medicare Part D coverage.**

Personal Service Specialist

When you enroll in TexanPlus (Greater Houston Metro Area), one of our personal service specialists becomes your personal contact. That means you interact with the same person – someone who gets to know you each time you call. When you have a question or concern, you may call your personal service specialist at anytime regarding: physicians, hospitals or services in our network, TexanPlus (Greater Houston Metro Area) benefits, billing statements and claims, changing your primary care physicians, changing your address, complaints, and other coverage questions.

TexanPlus (Greater Houston Metro Area) Helps You Stay Well

Coordinated Care

Coordinated Care is a program that helps deliver information and services to help you stay healthy, fit, and in control through all the various stages of your life. Coordinated Care focuses on education and advocacy as ways that may improve your health. It helps you navigate through the health care system for all of the services you may need, when you need help the most. And when you join TexanPlus (Greater Houston Metro Area), you automatically have access to Coordinated Care services.

My Nurse

Have your health questions answered by nurses using 24-hour toll-free telephone line, internet, or written communications. You can also access a health information library on topics including aging well, heart health, women's and men's health, and get answers to questions about medical issues and other concerns.

Member Newsletter

You'll receive a member newsletter designed especially for our TexanPlus members. This publication addresses preventive and self-care suggestions, nutrition, fitness and behavioral issues, topics of interest from our government, and much more!

Clinical ProfilesSM

We track medical research on effective treatment options and share this information with the physicians in our networks. Using this data, we encourage physicians to follow clinical guidelines that have been proven successful on a national basis.

State Medicaid Program Enrollees

If you are enrolled with the State as a qualified recipient in the Federal Medicaid program, your member copayments in TexanPlus (Greater Houston Metro Area) will be billed to the State by your Medicaid participating provider. If the State determines that the covered benefits and corresponding copayments are covered by the Medicaid program you will not be responsible for paying these amounts when you receive these medical services with a TexanPlus (Greater Houston Metro Area) participating provider. Further, based on your qualifications in the State Medicaid program, your Medicare Part A (if applicable), B and D monthly premiums may be paid by the State or Medicaid. Please contact Member Services for further help in determining if you qualify for these programs.