

ORDINANCE AUTHORIZING AND RATIFYING THE ESTABLISHMENT OF A SELF-FUNDED INSURANCE PLAN FOR EMPLOYEE HEALTH BENEFITS PROGRAM INCLUDING BUT NOT LIMITED TO HEALTH BENEFITS AND HEALTH INSURANCE FOR THE COUNTY OF SOMERSET AND ITS EMPLOYEES

WHEREAS, the County of Somerset has determined that providing for a self-funded insurance fund for employee health benefits program for the County and its employees will be an efficient and cost effective method of providing such insurances; and

WHEREAS, such a program is authorized by N.J.S.A.40A:10-6e; and

WHEREAS, on February 15, 1983, the County of Somerset did previously adopt a resolution to establish a self-funded insurance plan.

NOW, THEREFORE, BE IT ORDAINED AND ENACTED, by the County of Somerset, State of New Jersey, as follows:

Section One. Establishment of the Plan. There is hereby established a self-insured health benefits and health insurance plan for the County of Somerset employees. The Plan shall be operated and maintained in accordance with the terms of this Ordinance, N.J.S.A. 40A:10-7 et seq. and the rules and regulations promulgated there under by the Department of Community Affairs.

Section Two. Third Party Administrator. In order to maintain the efficient, professional and actuarially sound operation of the plan, the County of Somerset will contract with a qualified Third Party Administrator (the "TPA") to assist the County of Somerset in the proper design and administration of the Plan.

Section Three. Plan Requirements - Additional and Excess Coverage. The County, directly or through the TPA, shall arrange for the purchase of "Stop Loss" or "Excess" coverage in order to provide ascertainable limits to the liability of the Plan. Such coverage may include, but not be limited to, coverage for catastrophic illness for plan participants, aggregate coverage (below catastrophic coverage) to assure that the Plan's risk level is capped at a maximum amount as established by the County and run-out coverage (also referred to as a 12/15 contract) to allow claims incurred during the plan year to be paid out for a period of three months after the end of the plan year. The Plan may also include a requirement that the County may, directly or through the TPA, contract for ERISA Liability Insurance which shall include responsibility for handling all second level appeals.

Section Four. Plan Review. The County shall on a set time basis, in coordination with its TPA and other professional consultants, review and evaluate the Plan.

Section Five. Continuation of the Plan; Termination. The Plan shall continue from year to year without lapse until the self-fund insurance plan is terminated by action of the Board

of Chosen Freeholders. In the event of such a termination, after payment of all claims and expenses of the Plan, any fund balance remaining shall revert back to the County's general insurance fund.

If any section or provision of this Ordinance shall be declared by a court of competent jurisdiction to be invalid, such decision will not affect the validity of this Ordinance as a whole or any part thereof.

This Ordinance shall be effective upon its final passage, adoption and publication in the manner prescribed by law.

I, Kathryn Quick, Deputy Clerk of the Board of Chosen Freeholders of the County of Somerset in the State of New Jersey, do hereby certify that the foregoing is a true copy of a Resolution adopted by said Board of Chosen Freeholders at its regularly convened meeting of November 24, 2015.

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Kathryn Quick, Deputy Clerk of the Board