



Horizon Blue Cross Blue Shield of New Jersey

*Making Healthcare Work*



Three Penn Plaza East  
Newark NJ 07105-2200  
[www.horizonblue.com](http://www.horizonblue.com)

July 11, 2011

Mr. James Edwards  
Brick Township Public Schools  
101 Hendrickson Avenue  
Brick, NJ 08742

Re: Letter Agreement  
Termination Arrangement  
Group No. 89612

Dear Mr. Edwards:

The purpose of this letter is to outline and summarize, for the record and as requested, the key components of the termination arrangement applicable to the Minimum Premium Agreement between Brick Township Board of Education (Brick BOE) and Horizon Healthcare Services, Inc. (Horizon BCBSNJ). Specifically:

By August 31, 2011, Brick BOE must pay to Horizon BCBSNJ the amount of \$2,058,652, calculated as the sum of the following:

- (a) A Retro Callable Amount of \$811,145, determined as the deficit for the contract period July, 2009 through June, 2010, plus
- (b) An Undercap amount (for the contract period July, 2010 through February, 2011) of \$741,607, plus
- (c) A reserve amount of not more than \$2,497,066. This amount represents the total Reserve amount that Horizon BCBSNJ has agreed shall be satisfactory to cover all of Brick BOE's run-out claims after the termination date of March 1, 2011. Brick BOE has been funding run out claims since March 1, 2011 and has paid at least \$1,325,645 as of May 31, 2011. Brick BOE shall be responsible for paying any remaining amount due related to the Reserve, up to the \$2,470,212 maximum with a credit applied for run out amounts already paid, minus,
- (d) An advance payment by Brick BOE, held by Horizon BCBSNJ, of \$665,521.

The terms "Retro Callable Amount", "Undercap" and "Reserve", as used above, have the same meanings as in the Minimum Premium Agreement and the Retro Call Agreement.

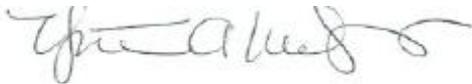
If the total amount specified above is not paid by the August 31 deadline, Brick BOE must pay a late payment charge or charges calculated as a percentage of the unpaid amount due that is 1.5 points above the Prime Rate taken from the Federal Reserve Statistical Release Form H.15(519), until Horizon BCBSNJ receives the total amount due.

In addition to the above amounts for which Brick BOE is liable, Brick BOE remains liable for any unpaid amounts related to the regular monthly Minimum Premium billing for the contract period July, 2010 through February, 2011. Any such unpaid amounts may be subject to late payment charges, as specified in the Minimum Premium Agreement.

As soon as possible after the date of this letter, and in consideration of the above, Horizon BCBSNJ will calculate the final settlement for the contract period July, 2010 through February, 2011. This will be the final accounting of Brick BOE's liabilities. If that settlement results in a surplus, it will be used to offset Brick BOE's prior deficit. If the final settlement results in a deficit, it will not be charged against Brick BOE. Brick BOE will not owe anything in addition to the amounts specified in the prior provisions of this letter. However, if Brick BOE subsequently returns to Horizon BCBSNJ for coverage on a retrospective basis, such deficit will be carried forward into the first financial settlement with respect to that new coverage, to be offset by a future surplus, if any.

If you have any questions, please contact me. Again, we appreciate your business.

Very truly yours,



Yvette A. Williams  
Account Manager  
Horizon Blue Cross Blue Shield of NJ

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By their signatures below, the parties hereto agree with the content of this Letter Agreement.

For [Group Name]

For Horizon Healthcare Services, Inc.

Signature: \_\_\_\_\_

Signature: 

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

By: Al Bowles, Vice President  
Commercial and Major Accounts Markets

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

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

Cc: Joseph DiBella, Connor Strong & Buckelew  
Joseph Ciampa, Horizon BCBSNJ  
Patti Costanzo, Horizon BCBSNJ