



**NEW YORK STATE DEPARTMENT OF CIVIL SERVICE
EMPLOYEE BENEFITS DIVISION**

NYPERL LONG TERM CARE

AGREEMENT #C000488

AMENDMENT #1

between

**NEW YORK STATE
DEPARTMENT OF CIVIL SERVICE**

and

**MEDAMERICA INSURANCE COMPANY
OF NEW YORK**

NEW YORK STATE DEPARTMENT OF CIVIL SERVICE
and
MEDAMERICA INSURANCE COMPANY OF NEW YORK
NYPERL LONG TERM CARE
AGREEMENT #C000488
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THIS Amendment #1 to Agreement #C000488 (“Agreement”) is entered into by the NEW YORK STATE DEPARTMENT OF CIVIL SERVICE (“DCS” or “Department”) and MEDAMERICA INSURANCE COMPANY OF NEW YORK (MedAmerica) (“Insurer”) referred to collectively as “the Parties.”

WHEREAS, Section 3.1.0 of the Agreement allows the Agreement to be extended by consent of the Department subject to approval by the Office of the State Comptroller, and the Parties have mutually agreed to extend the Agreement via this Amendment #1 through April 30, 2016; and

WHEREAS, the New York State Department of Insurance approved a 15% premium rate increase on non-partnership NYPERL policies and a 10% premium rate increase on partnership NYPERL policies to be offered to all new NYPERL applicants on or after May 1, 2011, as well as effective on the first renewal date on or after May 1, 2011 for current NYPERL Insureds; and

WHEREAS, the Parties seek to update the NYPERL policy to better align with the current Long Term Care Insurance market while continuing to yield an affordable, viable and sustainable Long Term Care policy that meets the needs of New York State and local government employees and their covered dependents;

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein, the Parties hereby amend the Agreement as follows:

I. Section 3.1.0 of the Agreement is hereby revoked in its entirety and replaced with new Section 3.1.0 as follows:

3.1.0 This Agreement is for the period starting May 1, 2001 through and including April 30, 2016, unless extended by consent of the Department subject to approval by the Office of the Attorney General and the Office of the State Comptroller, and subject to the termination provisions contained herein.

II. Section 25.1.0 of the Agreement is hereby revoked in its entirety and replaced with new Section 25.1.0 as follows:

25.1.0 The DCS and the Office of the State Comptroller (OSC) shall have the authority to conduct financial and performance audits of the Contractor's delivery of NYPERL Services in accordance with the Agreement and any applicable State and Federal statutory and regulatory authorities.

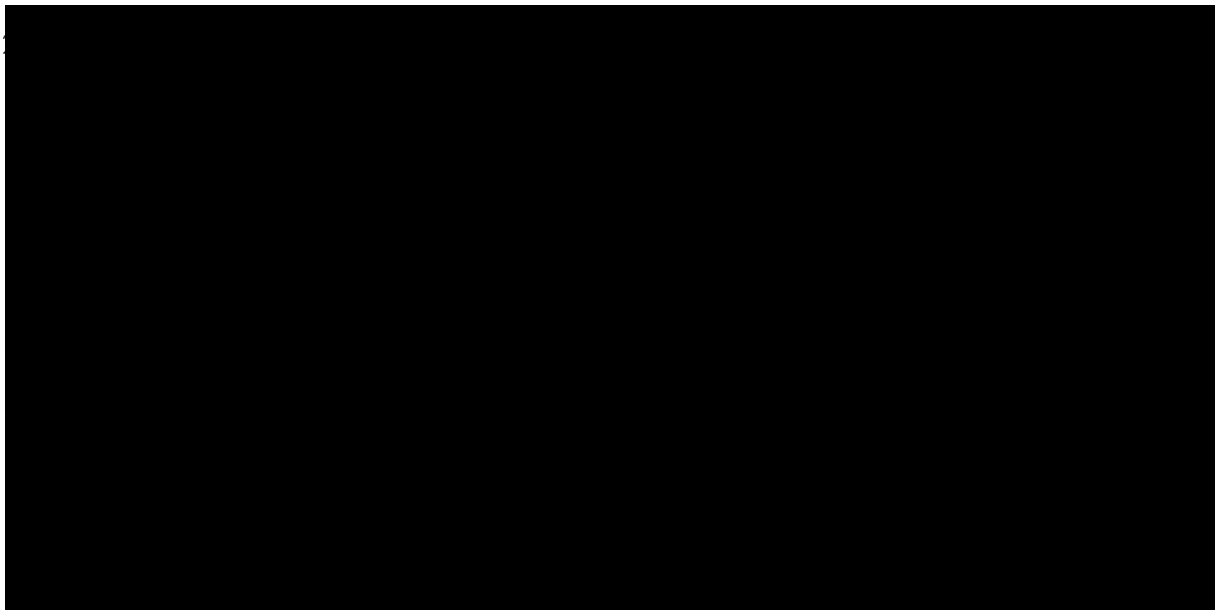
III. Section 28.5.2 of the Agreement is hereby revoked in its entirety and replaced with new Section 28.5.2 as follows:

28.5.2

[REDACTED]

Effective May 1, 2011 through April 30, 2016, the annual effective rate of return used in the investment income calculation shall be the actual rate of return reported on the Contractor's annual filing with the New York State Department of Insurance or the statutory rate set forth by the New York State Department of Insurance (or its successor), whichever is greater.

IV. Section 28.5.3 of the Agreement is hereby revoked in its entirety and replaced with new Section 28.5.3 as follows:



V. Section 32.4.0 of the Agreement is hereby revoked in its entirety and replaced with new Section 32.4.0 as follows:

32.4.0 The Insurer shall perform NYPERL Services as outlined in the RFP, Section III.B. including, but not limited to, the provision of insurance benefits under the Group Policy and Certificate of Insurance, Exhibit D, in such a manner so as to be in accordance with the requirements of the RFP and in compliance with the terms and conditions as set forth in the body of the Agreement, including, but not limited to, the following:

NON-PARTNERSHIP OPTION	
Provision Benefit	Definition
Plan Payment Model	Federal Tax Qualified Reimbursement of incurred expenses for qualified Long Term Care services with payment not to exceed the associated Daily Benefit Amount (DBA). If the DBA exceeds actual incurred expenses, the balance shall be pooled for future use by the Insured.

NON-PARTNERSHIP OPTION

Provision Benefit	Definition
<p align="center">Eligibility Criteria</p> <p>1. a. Employment Status or b. Retirement Status</p> <p>2. Age Minimum/Maximum</p> <p>3. Participation Requirements</p>	<p>Employees and Retirees of New York State or a Participating Employer or Participating Agency (including Vestees and Dependent Survivors) and their Dependents.</p> <p>18 years minimum/no maximum</p> <p>None. Employee or Retiree (including Vestee or Dependent Survivor) participation is not required for participation of their Dependents.</p>
<p align="center">Underwriting Criteria</p> <p align="center">Guaranteed Issuance</p> <p><i>Effective May 1, 2011, Guaranteed Issuance is not available to new enrollees.</i></p>	<p>Employees who apply for coverage during the initial enrollment period and newly eligible Employees who apply for coverage within 60 days of their hire date or the date they first meet the criteria for guarantee issue are guaranteed issuance of coverage. The initial enrollment period shall be not less than sixty (60) calendar days from the date NYPERL is first marketed to that individual or the earliest possible effective date of coverage, whichever is later. The earliest possible effective date for New York State employees is June 1, 2001. The Employee must meet NYPERL's "Actively at Work Requirement." To meet NYPERL's Actively at Work Requirement the Employee must, on the day coverage is to begin, be at the employer's place of business or at a location to which the employer's business requires the Employee to travel and be able to fully perform the duties of the position for that Employee's normal workday. It includes any day on which the Employee is on vacation or on authorized leave provided such absence is not due to illness or injury or Leave Without Pay. An Employee shall mean any person in the service of the employer (State, PE or PA) who is paid by the employer and who:</p> <ol style="list-style-type: none"> 1. is expected to work at least six biweekly pay periods; and 2. works at least half-time on a regular schedule; and 3. is on the payroll at the time of application; or 4. is in one of the following categories at the time of application: <ol style="list-style-type: none"> a. a local elected official; b. a paid member of a public legislative body; c. an unpaid board member of a public authority with at least six months service as a board member; or d. an unpaid or paid elected member of a school board.

NON-PARTNERSHIP OPTION

Provision Benefit	Definition
<p align="center">Modified Guaranteed Issuance</p>	<p>Effective May 1, 2011, Employees who apply for coverage during the initial enrollment period and newly eligible Employees who apply for coverage within 60 days of their hire date or the date they first meet the "Actively at Work Requirement" are eligible for Modified Guaranteed Issue underwriting. The initial enrollment period shall be not less than sixty (60) calendar days from the date NYPERL is first available to that individual or the earliest possible effective date of coverage, whichever is later.</p> <p>A person needing assistance or supervision in performing activities of daily living, such as walking, dressing, eating, taking medication, getting in and out of bed, bathing, toileting, bowel and bladder control or are currently receiving, or have received in the past 12 months: nursing home care, home care, or adult day care services, in most cases, will not be eligible for modified guaranteed issuance.</p> <p>An Employee shall mean any person in the service of the employer (State, PE or PA) who is paid by the employer and who:</p> <ol style="list-style-type: none"> 1. is expected to work at least six biweekly pay periods; and 2. works at least half-time on a regular schedule; and 3. is on the payroll at the time of application; or 4. is in one of the following categories at the time of application: <ol style="list-style-type: none"> a. a local elected official; b. a paid member of a public legislative body; c. an unpaid board member of a public authority with at least six months service as a board member; or d. an unpaid or paid elected member of a school board.
<p align="center">Fully Underwritten</p>	<ol style="list-style-type: none"> 1. Any Employee who does not meet NYPERL's Actively at Work Requirement and; 2. Employees who choose to apply for coverage after the initial offering and new Employees who choose to apply for coverage more than 60 days after their hire date; and 3. An Employee's eligible Dependent(s); and 4. Retirees, Vestees, and Dependent Survivors and their eligible Dependents.

NON-PARTNERSHIP OPTION

Provision Benefit	Definition
<p>Daily Benefit Amounts/ Lifetime Maximum Amounts</p> <p><i>Effective May 1, 2011 Unlimited Lifetime Maximum is not available to new enrollees.</i></p>	<p>There shall be four (4) Nursing Home Care DBAs offered - \$100/day, \$150/day, \$180/day or \$250/day. The Applicant may choose coverage periods of 3 years, 5 years or Unlimited. The lifetime maximum benefit amount shall equal the number of years selected times 365 (days) times the Nursing Home DBA selected.</p> <p>The DBA for Adult Care and Home Care benefits shall be set at 60% of the selected Nursing Home DBA option.</p> <p>The DBA for Assisted Living shall be set at 100% of the selected Nursing Home DBA option.</p>
<p>Inflation Protection</p>	<p>There shall be two (2) options offered from which an Applicant must choose one. Either:</p> <p>1. <u>Automatic Annual Benefit Increase Option:</u></p> <p>Benefits shall increase by 5% compounded annually, with no increase in premium. The increases shall automatically occur on the anniversary of the Insured's coverage effective date and shall continue for as long as coverage remains in force; or</p> <p>2. <u>Guaranteed Purchase Benefit Option:</u></p> <p>Once every three (3) years, Insureds shall be offered the opportunity to increase benefits in an amount equal to 5% compounded annually without evidence of insurability, as long as the Insured elects the increase once in every two offerings. Premiums for additional coverage shall be based on the Insured's attained age. If the Insured declines the offer two times in succession, the Insured shall be offered future coverage increases subject to evidence of insurability and, if approved, subsequent offers to increase benefits shall not require evidence of insurability until the offer is again declined two times in succession.</p>
<p>Benefit Eligibility</p>	<p>Insureds who have been certified by a licensed health care practitioner as meeting either of the following criteria will be eligible for benefits:</p> <p>1. being unable, for a period expected to last at least 90 days, to perform two (2) or more Activities of Daily Living without Substantial Assistance from another individual; or</p>

NON-PARTNERSHIP OPTION

Provision Benefit	Definition
	<p>2. requiring Substantial Supervision to be protected from threats to health and safety due to severe cognitive impairment. The Activities of Daily Living are Eating, Toileting, Transferring, Bathing, Dressing, and Continence. Ongoing recertification of an Insured's continued eligibility to receive benefits must be conducted at least once every twelve months.</p>
Elimination Period	<p>There shall be a once per lifetime elimination period of 90 calendar days before benefit payments shall begin. The Elimination Period shall commence on the first day the Insured is certified as Benefit Eligible. Receipt of LTC services shall not be used as a requirement for establishing the Elimination Period; a certification of ADL deficiency or cognitive impairment is all that shall be necessary. Days need not be consecutive as long as they are accumulated within a 365/6 day period. The Elimination Period shall apply to all types of covered services, except for benefit payments for Respite Care, Transition Benefits, and Hospice Care.</p>
Covered LTC Services	<p>Shall include, but not be limited to:</p> <ul style="list-style-type: none"> • Skilled, Intermediate or Custodial Care in a Nursing Facility; • Assisted Living Facility Care; • Home Health Care – nursing service, occupational therapy, physical therapy, respiratory therapy, nutritional services; • Home Care – home health aide services, maintenance or personal care, homemaker services if provided by a licensed/certified home care agency in accordance with the Insured's Plan of Care; • Adult Day Care; and • At home and In-Patient Hospice Care.
Exclusions	<p>NYPERL shall not include any exclusions or limitations for pre-existing conditions.</p> <p>NYPERL shall not pay for:</p> <p>1. Any expense which is:</p> <ul style="list-style-type: none"> a. Normally provided without charge in absence of this insurance; or b. For the treatment of alcoholism or drug addiction; or c. Paid under a state or federal workers' compensation plan: reimbursed under Medicare or would be so reimbursed except for the application of a deductible, coinsurance or copayment amount, except where Medicare is secondary; paid or provided under any other government program, except Medicaid.

NON-PARTNERSHIP OPTION	
Provision Benefit	Definition
	<p>2. Illness, treatment or medical conditions arising out of:</p> <ul style="list-style-type: none"> a. War or act of war (whether declared or undeclared); b. Participation in a felony, riot or insurrection; or c. Service in the armed forces or auxiliary units thereto. <p>NYPERL shall not exclude or limit benefits resulting from mental or nervous disorders whether organic or inorganic in nature, including Alzheimer's disease, as long as the Insured meets the benefit eligibility criteria.</p>
Alternate Care	<p>When warranted by the particular circumstances of an Insured, the Insurer may authorize coverage of services or settings not normally covered (e.g., unlicensed provider, innovative care, new type of care, etc.). Coverage will only be approved for qualified Long-Term Care services that are medically acceptable, cost effective and agreed to by the Insured and Insurer. This includes medically necessary transportation to and from Adult Day Care. The total of this alternative care benefit will not exceed the total benefits to which the Insured would otherwise be entitled.</p>
Ancillary Benefits	<p>NYPERL shall include a Transition Benefit to cover items such as emergency response systems, durable medical equipment and home modifications. The amount of this one-time only Transition Benefit shall be limited to 5 times the amount of the Nursing Home DBA. Payment shall be contingent upon certification that acquisition of the item(s) is expected to allow the Insured to remain in a home setting for at least 90 days.</p> <p>NYPERL shall also include a Caregiver Training Benefit to train a family member or friend to care for the Insured. The lifetime maximum amount for this Caregiver Training Benefit shall be \$500.</p> <p>Neither of these two benefits shall be charged against the Insured's lifetime benefit amount.</p>
Bed Reservation	<p>NYPERL shall pay the Nursing Home, Assisted Living Facility or Hospice Care Facility to hold the Insured's bed while he/she is temporarily in the hospital. The maximum annual benefit shall be 21 calendar days per year, at the applicable DBA rate.</p>

NON-PARTNERSHIP OPTION	
Provision Benefit	Definition
Respite Care	NYPERL shall pay for the cost of formal care provided to an Insured to give an unpaid informal caregiver time away from care giving (i.e., a limited break or vacation). The maximum annual benefit shall be 21 calendar days per year, at the applicable DBA.
Voluntary Care Planning/Management	<p>The Insurer must, at the point an Insured becomes benefit eligible, provide assistance and advice in applying for and choosing LTC services based on the personal needs of the Insured. The Insurer must offer to provide the initial consultation on-site. Care Planning/ Management services shall be rendered by a professional individual trained and possessing experience in arranging and managing Long Term Care services. The Insured shall not be required to follow the Insurer's recommended Plan of Care, nor use the facilities or providers recommended by the Insurer.</p> <p>The cost of Care Planning/Management services rendered by the Insurer, including the cost of providing the initial consultation on-site if so requested by the Insured, shall be included in Premium and shall not be applied to the Insured's lifetime maximum amount.</p>
Portability	Coverage shall continue and benefits provided if the Insured moves out-of-state.
Premiums	<ul style="list-style-type: none"> • Level Premium Rates based on age at entry and guaranteed renewable • Employee pay-all • No Commissions
Premium Rate Guarantee	Premium Rates guaranteed for the period 6/1/2001 through 5/31/2004.
Third Party Notification	The Insured, at the time of application and at least every two years thereafter, shall be requested to designate, update or change a third party designee or provide a waiver of designation to the Insurer.
Waiver of Premium	The Premium Waiver applies to all types of covered services. Premiums shall be waived after the Insured's eligibility has been established and the Elimination Period has been satisfied. Premiums shall resume six (6) months after the Insured is no longer eligible for services.

NON-PARTNERSHIP OPTION

Provision Benefit	Definition
Grace Period	The Insured shall have a 65-day grace period for late payment of premium.
Termination	<p>An Insured's coverage shall end when the first of the following occurs:</p> <ul style="list-style-type: none"> • The date the Insured's premiums are not paid when due, subject to the NYPERL Grace Period; • The date the Insured's maximum lifetime benefits are exhausted; • The date the Insurer receives written notification from the Insured to terminate the Insured's coverage or on a later date specified in the notice; or • The day after the date of the Insured's death. <p>If the Insured elects to cancel his/her coverage, cancellation shall be without prejudice to any claim originating prior to the effective date of cancellation and without prejudice to the extension of benefits requirement of the New York State Department of Insurance Regulation 62, Section 52.25(b)(3).</p> <p>Coverage cannot be cancelled because of an Insured's age, health status, health care needs, or use of benefits.</p>
Continuation of Coverage	If the Insured's eligibility to participate in NYPERL is terminated, regardless of the reason, the Insured is entitled to continuation of coverage under the NYPERL group policy with the same benefits and provisions and with no change in premium rate as a result of the conversion. Notwithstanding the preceding, the Insured may not continue coverage if termination is due to non-payment of premium or to exhaustion of total benefits.
Reinstatement	If the Insured's coverage lapses due to non-payment of premiums, the Insured shall have a twelve (12) month period from the lapse date during which to apply for reinstatement at the same premium rate subject to evidence of insurability. Notwithstanding the preceding, if lapse was due to functional loss or severe cognitive impairment and the request for reinstatement is made within five (5) months of the lapse date, coverage shall be reinstated without evidence of insurability. In either case, reinstatement shall be effective upon receipt of all premiums due retroactive to the date coverage terminated.
Policy Modification	If a public program is expanded or developed to cover some or all aspects of Long Term Care, the DCS reserves the right to modify NYPERL to supplement the public program.

The NYPERL Partnership approved option shall be identical to the Non-Partnership Option, except as described below:

PARTNERSHIP OPTION	
Benefit/Provision	Definition
Daily Benefit Amounts/Lifetime Maximum Amounts	<p>The minimum DBA for Nursing Home Care shall be \$241/day for 2011; \$253 for 2012; and \$265 for 2013.</p> <p>The minimum DBA for Assisted Living, Adult Care and Home Care benefits shall be set at 50% of the Nursing Home Care option which for 2011 is \$120.50; \$126.50 for 2012; and \$132.50 for 2013.</p> <p>There shall be one (1) additional DBA offered - \$250/day. Additional DBA's may be offered upon mutual agreement by the parties and approval by NYSID.</p> <p>The DBA for Assisted Living, Adult Care and Home Care benefits shall be set at 50% of the selected Nursing Home DBA option.</p> <p>The lifetime maximum benefit duration shall be equal to 3 years at the Nursing Home DBA; 6 years at the Home Care DBA; or a combination thereof.</p> <p>Total asset disregard for Medicaid eligibility occurs once the minimum benefit duration period and Medicaid income conditions are met.</p>
Inflation Protection	<p>The level premium rates shall reflect an automatic annual increase in the DBA amount at a rate of 5% compounded annually. This feature is not optional unless the Insured purchases coverage at age 80 or older.</p>
Alternate Care	<p>Benefits will be provided at 100% of the actual charges incurred up to the Nursing Facility Daily Benefit Amount shown in the Insured's schedule for services that are Qualified Long-Term Care Services provided in a hospital setting while the Insured is waiting for access to a Nursing Facility or for Home Care services, subject to the Lifetime Elimination Period.</p>
Bed Reservation	<p>NYPERL shall pay the Nursing Home, Assisted Living Facility or Hospice Care Facility to hold the Insured's bed while he/she is temporarily in the hospital. The maximum annual benefit shall be 20 calendar days per year, at the applicable DBA rate.</p>

PARTNERSHIP OPTION	
Benefit/Provision	Definition
Respite Care	NYPERL shall pay the cost of formal care provided to an Insured to give an unpaid informal caregiver time away from care giving (i.e., a limited break or vacation). The maximum annual benefit shall be 14 calendar days per year, at the applicable DBA.
Voluntary Care Planning/Management	At a minimum, the Insurer must comply with the Care Management provision set forth in the Insurer Participation Agreement, Exhibit I.A of the RFP, Exhibit B.
Portability	Coverage shall continue and benefits provided if the Insured moves out-of-state; however, Medicaid extended coverage is only available in NYS or according to NYS Medicaid authorization elsewhere.

VI. The introductory paragraph to Article XXXIV Performance Guarantees is revoked in its entirety and replaced with a new introductory paragraph to Article XXXIV Performance Guarantees as follows:

The Parties agree that the following performance guarantees and the corresponding penalty(ies) for failure to meet the performance guarantees shall be implemented effective June 1, 2001. The Insurer acknowledges and agrees that failure to deliver NYPERL services in such a manner as to meet or exceed any or all of the performance guarantee(s) set forth in this Article, and/or fails to make any payment(s) of applicable penalty(ies) for such failure, does not relieve the Insurer of its obligation to deliver NYPERL services as otherwise set forth in the Agreement. Effective May 1, 2011, performance, for the purpose of determining whether a penalty is due, shall be measured on an annual basis and reported to the DCS no later than ninety (90) Calendar Days after the end of each year. Penalty amounts due, if any, shall be paid to DCS within 30 Calendar Days of receipt of the annual performance report.

VII. Section 34.2.1.a of the Agreement is hereby revoked in its entirety and replaced with new Section 34.2.1.a as follows:

34.2.1.a Telephone Service Availability: The Insurer guarantees that the telephone system, reported quarterly and measured annually, shall be operational and available to

Applicants and Insureds at least 99.5% of the scheduled time, 24 hours a day, every day of the year, with customer service representatives available during the scheduled time of 8:30 a.m. to 6:00 p.m., Monday through Friday, except for legal holidays observed by the Department and/or MedAmerica.

VIII. Section 34.2.1.b of the Agreement is hereby revoked in its entirety and replaced with new Section 34.2.1.b as follows:

34.2.1.b Telephone Response Time: The Insurer guarantees that at least ninety (90) percent of the incoming calls to the toll-free line will be answered by a customer service representative within sixty (60) seconds, reported quarterly and measured annually;

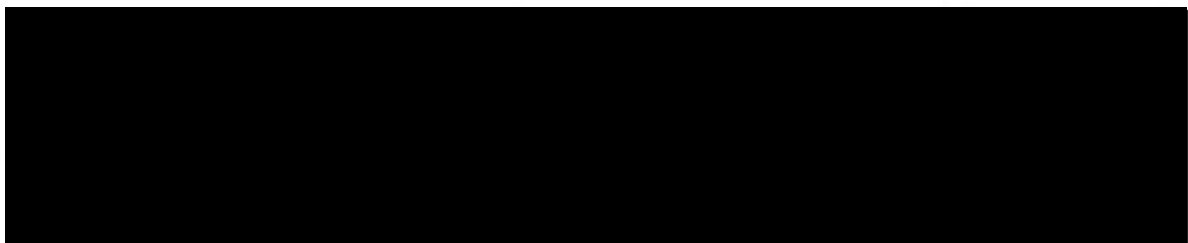
IX. Section 34.2.1.c of the Agreement is hereby revoked in its entirety and replaced with new Section 34.2.1.c as follows:

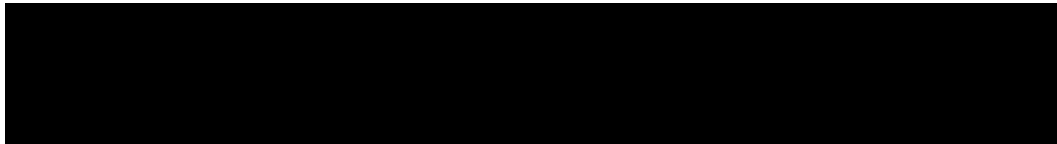
34.2.1.c Telephone Abandonment Rate: The Insurer guarantees that the percentage of incoming toll-free line calls in which the caller disconnects before the call is answered shall not exceed five (5) percent, reported quarterly and measured annually. The measurement shall not include calls abandoned in less than 20 seconds; and

X. Section 34.2.1.d of the Agreement is hereby revoked in its entirety and replaced with new Section 34.2.1.d as follows:

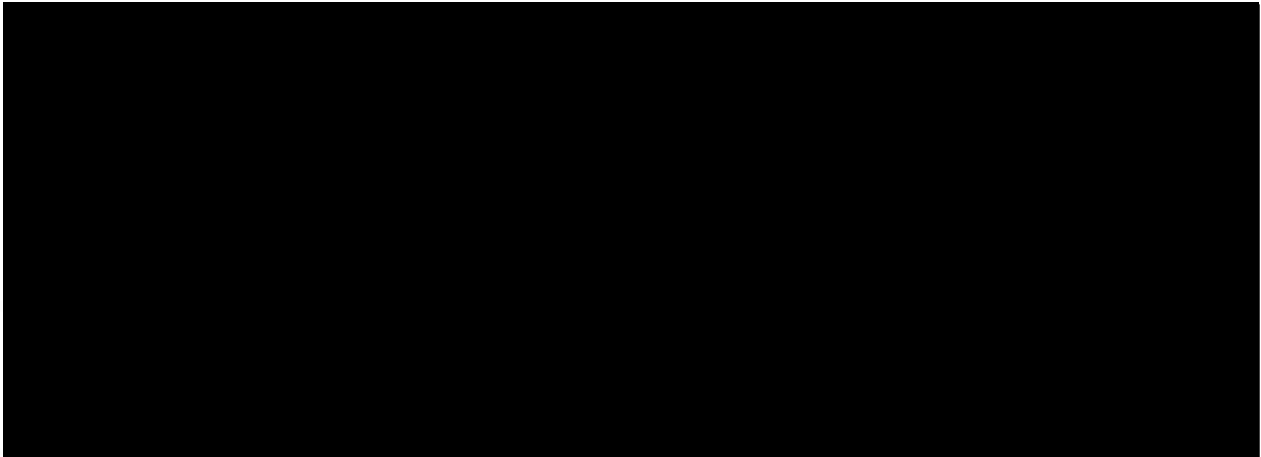
34.2.1.d Telephone Blockage Rate: The Insurer guarantees that not more than three percent (3%) of incoming calls to the toll-free line, reported annually and measured annually, are blocked by a busy signal.

XI. Section 34.3.1.a of the Agreement is hereby revoked in its entirety and replaced with new Section 34.3.1.a as follows:





XII. Section 34.3.1.b of the Agreement is hereby revoked in its entirety and replaced with new Section 34.3.1.b as follows:



XIII. Section 34.4.1.a of the Agreement is hereby revoked in its entirety and replaced with new Section 34.4.1.a as follows:

34.4.1.a Ninety-nine (99) percent of all claims submitted for services rendered under NYPERL, reported quarterly and measured annually, shall be paid within forty-five (45) calendar days of their receipt by the Insurer or its designee. This measurement shall not include those claims where the obligation of the Insurer to pay the claim is not reasonably clear, or when there is a reasonable basis supported by specific information, subject to review by the State, that such claim was submitted fraudulently; and

XIV. Section 34.4.1.b of the Agreement is hereby revoked in its entirety and replaced with new Section 34.4.1.b as follows:

34.4.1.b In those cases where the obligation of the Insurer to pay a claim is not reasonably clear, due to a good faith dispute regarding the claimant's eligibility for coverage, the liability of another insurer or corporation or organization for all or part of the claim, the amount of the claim, the benefits covered under NYPERL, or the manner in which services were accessed or provided; the Insurer shall pay any undisputed portion of the claim within forty-five (45) calendar days of its receipt of such claim and notify the claimant, in

writing, within thirty (30) calendar days of its receipt: (1) that the Insurer is not obligated to pay the claim, stating the specific reasons why it is not liable; or (2) to request all additional information needed to determine the Insurer's liability or to make payment. Results shall be reported quarterly and measured annually.

XV. Section 34.5.0 of the Agreement is hereby revoked in its entirety and replaced with new Section 34.5.0 as follows:

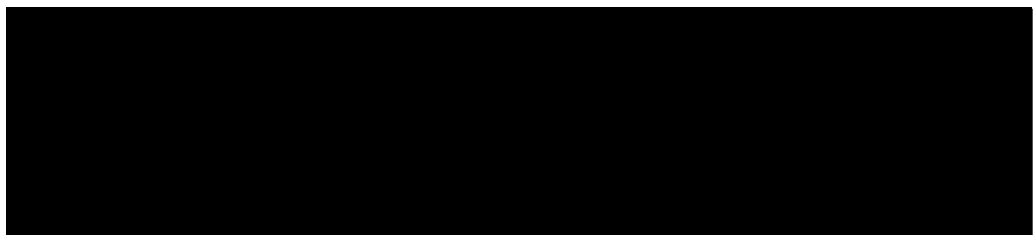
34.5.0 Benefit Eligibility Appeals Timeliness Guarantees and Penalties

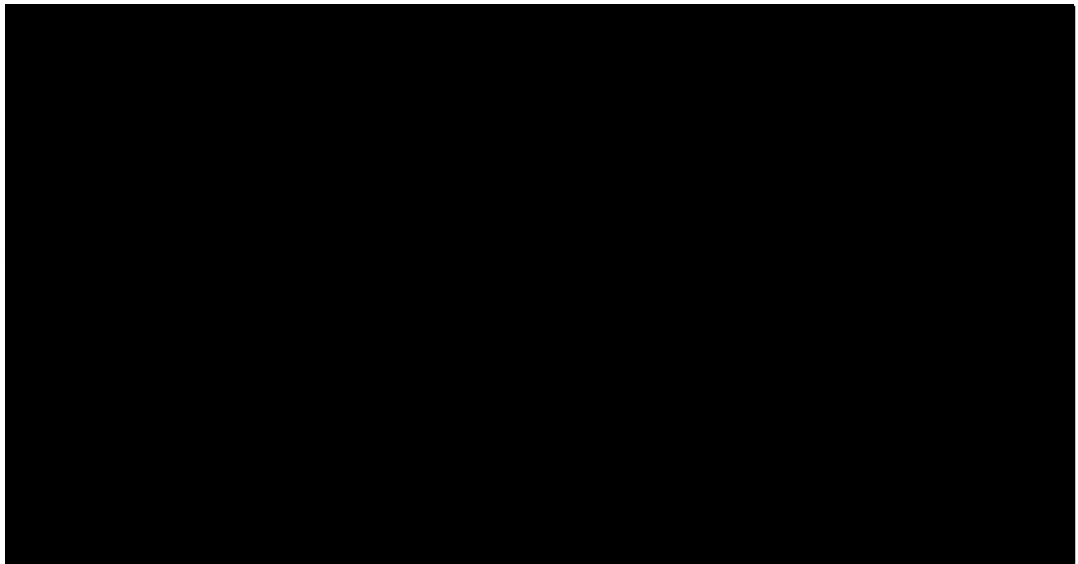
34.5.1 The Insurer guarantees as follows:

34.5.1.a First Level Appeals: The Insurer guarantees that all appeals of benefit eligibility denials at the first level of appeal will be reviewed and a determination made within thirty (30) business days of receipt of the request for the appeal or receipt of necessary additional information from the Insured, his/her physician or Provider. Results shall be reported quarterly and measured annually.

34.5.1.b Second Level Appeals: The Insurer guarantees that all appeals of benefit eligibility denials at the second level of appeal will be reviewed and a determination made within thirty (30) business days of receipt of the request for the appeal or receipt of necessary additional information from the Insured, his/her physician or Provider. Results shall be reported quarterly and measured annually.

34.5.2 Penalty for Failure to Meet Benefit Eligibility Appeals Timeliness Guarantees: For the two Benefit Eligibility Appeal Timeliness Guarantees listed above the Insurer guarantees that each will be met and the penalty for failure to meet the guarantee(s) is as follows:





XVI. Section 34.6.1 of the Agreement is hereby revoked in its entirety and replaced with new Section 34.6.1 as follows:

34.6.1 The Insurer guarantees that management reports as specified below shall be delivered to the Department no later than the agreed upon due date of the report. Such management reports shall include a quarterly performance report and quarterly utilization report that lists enrollment by age and NYPERL option, enrollment by product type, benefit duration, original Daily Benefit, pay term, inflation option and Spousal Benefit Transfer Rider for the Non-Partnership NYPERL option and number of Enrollees in benefit status for each NYPERL option. Any other reports requested by the Department shall be delivered as soon as practicable, but no later than thirty (30) days after the initial request.

XVII. Section 34.7.1.a of the Agreement is hereby revoked in its entirety and replaced with new Section 34.7.1.a as follows:

34.7.1.a Ninety-nine (99) percent of all underwriting decisions, reported quarterly and measured annually, shall be made and mailed to the Applicant within ten (10) calendar days of the Insurer's receipt of the Applicant's application for coverage, or the need for additional information identified and a request for that information is mailed to the Applicant.

XVIII. Section 34.7.1.b of the Agreement is hereby revoked in its entirety and replaced with new Section 34.7.1.b as follows:

34.7.1.b In cases where the Insurer's final underwriting decision is contingent upon additional information, the Insurer guarantees that ninety-nine (99) percent of all underwriting decisions, reported quarterly and measured annually, shall be made and mailed to the applicant within ten (10) business days of receipt by the Insurer of the requested additional information.

XIX. Section 34.7.2.b of the Agreement is hereby revoked in its entirety and replaced with new Section 34.7.2.b as follows:

34.7.2.b In cases where the Insurer's final underwriting decision is contingent upon additional information, for each 5% of underwriting decisions not made and mailed to the applicant within ten (10) business days below the standard of ninety-nine (99) percent, the Insurer shall pay the DCS a penalty of \$2000.

XX. Section 40.1.2 of the Agreement is hereby revoked in its entirety and replaced with new Section 40.1.2 as follows:

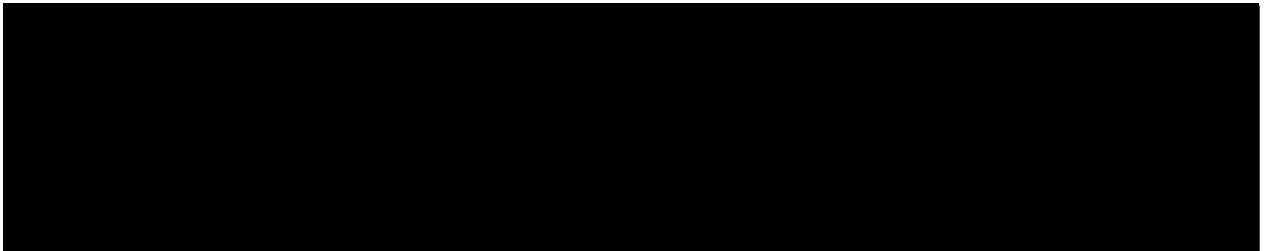
40.1.2 Premium rates set forth in Exhibit E shall be in effect for NYPERL beginning on June 1, 2001 and shall be guaranteed through May 31, 2004. Premium Rates set forth in the revised Exhibit E (dated May 1, 2011) shall be in effect for current NYPERL Insureds on their first policy renewal date on or after May 1, 2011 and for all new NYPERL Insureds enrolled between May 1, 2011 and April 30, 2012. Insurer agrees to seek approval of said rates from the NYS Department of Insurance (or its successor). Further, the Parties agree that although new Premium Rates for new Enrollees will be developed and filed for approval, it is the intent of the Parties to maintain an "open block" of insurance for the NYPERL Program by blending experience on the same policy/certificate forms for all NYPERL Program Enrollees regardless of enrollment date in a single rating pool. The Premium Rates for NYPERL Program Enrollees enrolled before May 1, 2012 may change in the future with the approval of the NYS Department of Insurance (or its successor). However, all rate adjustments will, to the extent practicable, be applied

uniformly to all NYPERL Program Enrollees. In the event the Premium Rates filed for those enrolling on and after May 1, 2012 are not approved as filed by the NYS Department of Insurance (or its successor) by May 1, 2012, then effective May 1, 2012, Insurer shall have the right to suspend acceptance of new NYPERL applications until such time as said Premium Rates are approved by the NYS Department of Insurance (or its successor).

XXI. Section 40.1.3a of the Agreement is hereby revoked in its entirety and replaced with new Section 40.1.3a as follows:

40.1.3.a Premium rates must be established in consultation with the Department, and in accordance with all applicable New York State Department of Insurance regulations. Premium rates must be filed and approved by New York State Department of Insurance (or its successor).

XXII. Section 40.1.3d of the Agreement is hereby revoked in its entirety and replaced with a new Section 40.1.3d as follows:



XXIII. Section 40.3.0 of the Agreement is hereby revoked in its entirety and replaced with new Section 40.3.0 as follows:

40.3.0 Premium Rate Changes

40.3.1 The Insurer may request a change to any or all of the Premium Rates presented in the “Schedule of Premium Rates,” Exhibit E, subject to the terms of Section 40.1.3a of the Agreement.

40.3.2 The Insurer will provide the Department with written notice of its intent to propose new Premium Rates and the reasons for the premium rate change at

least thirty (30) days prior to submission of the new Premium Rates to the New York State Insurance Department (or its successor) for approval.

40.3.3 The Insurer will notify Insureds of new Premium Rates, approved by the New York State Insurance Department (or its successor), a minimum of sixty (60) days prior to their effective date.

XXIV. Section 40.5.0 of the Agreement is hereby revoked in its entirety.

XXV. Article XLIII. NOTICES of the Agreement is added as follows:

Article XLIII. NOTICES

1. All notices permitted or required hereunder shall be in writing and shall be transmitted either:
 - a. via certified or registered United States mail, return receipt requested;
 - b. by facsimile transmission;
 - c. by personal delivery;
 - d. by expedited delivery service; or
 - e. by e-mail.

Such notices shall be addressed as follows or to such different addresses as the parties may from time-to-time designate:

State of New York Department of Civil Service

Name: Tricia Evans
Title: Contract Manager
Address: 80 S. Swan St., Albany, NY 12239
Telephone Number: [REDACTED]
Facsimile Number: [REDACTED]
E-Mail Address: [REDACTED]

MedAmerica Insurance Company of New York

Name: Bill Jones
Title: President & Chief Operating Officer
Address: 165 Court St., Rochester, NY 14647
Telephone Number: [REDACTED]
Facsimile Number: [REDACTED]
E-Mail Address: [REDACTED]

2. Any such notice shall be deemed to have been given either at the time of personal delivery or, in the case of expedited delivery service or certified or registered United States mail, as of the date of first attempted delivery at the address and in the manner provided herein, or in the case of facsimile transmission or email, upon receipt.
3. The parties may, from time to time, specify any new or different address in the United States as their address for purpose of receiving notice under this Agreement by giving fifteen (15) days written notice to the other party sent in accordance herewith. The parties agree to mutually designate individuals as their respective representatives for the purposes of receiving notices under this Agreement. Additional individuals may be designated in writing by the parties for purposes of implementation and administration/billing, resolving issues and problems and/or for dispute resolution.

XXVI. Appendix A of the Agreement is hereby revoked in its entirety and is replaced with new Appendix A, Standard Clauses for all NYS Contracts, dated June 2011.

XXVII. Appendix B of the Agreement, is hereby revoked in its entirety and is replaced with new Appendix B, Standard Clauses for all Department Contracts, dated May 2011.

XXVIII. Exhibit D of the Agreement is hereby revoked in its entirety and replaced with the revised Group Policy(ies) and Certificate(s) of Insurance dated May 1, 2011.

XXIX. Exhibit E of the Agreement is hereby revoked in its entirety and replaced with the updated Schedule of Premium Rates dated May 1, 2011.

XXX. Except as expressly amended by this Amendment #1, all the terms and conditions of the original Agreement as amended shall remain in full force and effect.

XXXI. This First Amendment shall be deemed effective on May 1, 2011, except for the revised Appendix A, which shall be deemed effective on June 15, 2011.

IN WITNESS WHEREOF, the Parties hereto have hereunder signed this Amendment #1 to Agreement #C000488 on the day and year appearing opposite their respective signatures.

Contractor: MEDAMERICA INSURANCE COMPANY OF NEW YORK

Contract Number: C000488

Agency Certification: "In addition to the acceptance of this Amendment #1 to Agreement C000488, I also certify that original copies of this signature page will be attached to all exact copies of this contract."

NEW YORK STATE DEPARTMENT OF CIVIL SERVICE

**DEIRDRE TAYLOR
DEPUTY COMMISSIONER FOR
ADMINISTRATION**

By: [Redacted]

Date: 8-30-11

MEDAMERICA INSURANCE COMPANY OF NEW YORK

Date: 8/22/11

By: William E. Jones Jr.

Name: [Redacted]

Title: President

STATE OF New York)
COUNTY OF Monroe) ss:

On the 22nd day of August, 2011, before me personally came William E. Jones, Jr., to me known, and known to me to be the person who executed the above instrument, who, being duly sworn by me, did for her/himself depose and say that (s)he is the President of Medamerica Insurance Company of New York the corporation or organization described in and which executed the above instrument; and that (s)he signed his/her name thereto.

[Redacted Signature]

NOTARY PUBLIC

My commission expires: 10/23/2014

JAMIE M. VAHUE
Notary Public, State of New York
Steuben County Reg. #01VA6049721
Commission Expires 10/23/2014

Approved as to form:

**ERIC SCHNEIDERMAN
ATTORNEY GENERAL**

APPROVED AS TO FORM
NYS ATTORNEY GENERAL
SEP 07 2011
LORRAINE T. REMO
PRINCIPAL ATTORNEY

By: _____

Date: _____

Approved:

**THOMAS P. DINAPOLI
STATE COMPTROLLER**

**APPROVED
DEPT. OF AUDIT & CONTROL**

By: _____

Date: _____

FEB 23 2012

THE STATE COMPTROLLER