

WASHINGTON DENTAL SERVICE

Outline of Contractual Variations

Seattle School District No. 1

Program #195

Effective **October 1, 2003**

CHANGES IN CONTRACT LANGUAGE AND CONTRACTUAL VARIATIONS

Changing to PPO affecting Article I, Article IV and Appendix D.

Page 1, Bullet one has been deleted and replaced.

- Article II Eligibility
Article 2.02 – Requirement for group eligibility transmission has been added.
- Article III Monthly Payments
Article 3.03 – Premium payment requirements have been changed.
- Article V Conditions for Benefits – Dispute Determination Procedures
Article 5.04 – Update claim review time limitations and procedure.
Article 5.06 – Update predetermination appeal submittal procedure.
- Article VII WDS’s Obligations
Article 7.07 – Adding HIPAA & GLBA references.
- Article VIII Group’s Obligations
Article 8.04 – Time limitation for receipt of signed contract revised.
Article 8.05 - Assumed acceptance of contract for non-receipt of signed contract added.
- Appendix C Covered Dental Benefits, Limitations and Exclusions
Class I – Preventive, Covered Dental Benefits – Reference to preventive therapies has been added.
Class I – Preventive, Limitations – Fluoride only “in conjunction with prophylaxis” no longer a requirement. Age limitation removed for fluoride.
Class II – Periodontics Section – Site specific therapy has been changed to localized chemotherapeutic agents and limitations have been added. Limited occlusal adjustment and time limitation added.
Class II – Restorative - Clarification of buildup requirements.
Class III - Prosthodontics, Limitations - Temporary/interim dentures relines time limitation has been changed.
- Appendix E Group’s Financial Obligations
Rate change.
Retention change.

DENTAL CARE SERVICE CONTRACT

WASHINGTON DENTAL SERVICE
(A Not-for-profit Corporation Incorporated in Washington
and a Member of Delta Dental Plans Association)

WDS Program #195

Name of GROUP: **SEATTLE SCHOOL DISTRICT NO. 1**

herein called GROUP, agrees to a DENTAL CARE SERVICE CONTRACT with Washington Dental Service, herein called WDS on the following terms:

- GROUP agrees to submit monthly eligibility information and make timely payment of the monthly Premium, on behalf of each eligible person, as set forth in this Contract.
- GROUP agrees to enroll one hundred percent (100%) of its Eligible Employees as defined in the Contract.
- GROUP agrees to distribute benefit booklets furnished by WDS to Eligible Employees.
- GROUP agrees to distribute to Eligible Employees, all notices from WDS pertaining to benefits provided by this Contract.

The Effective Date of this Contract shall be 12:01 a.m. Pacific Time on the **first** day of **October, 2003**, at Seattle, Washington and shall run for a period of one (1) year.

This Contract is issued and delivered in the State of Washington and is governed by Washington state laws. It is subject to the terms set forth on the subsequent pages, appendices and amendments, which are a part of this Contract.

ACCEPTED BY:

SEATTLE SCHOOL DISTRICT NO. 1
815 – 4TH AVENUE N., MSA344
SEATTLE, WASHINGTON 98109-3902

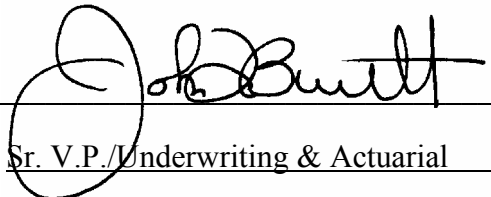
By _____

Title _____

Dated _____

ACCEPTED BY:

WASHINGTON DENTAL SERVICE
POST OFFICE BOX 75983
SEATTLE, WASHINGTON 98175-0983

By  _____

Title Sr. V.P./Underwriting & Actuarial

Dated June 5, 2003

ARTICLE I - DEFINITIONS

For the purpose of this Contract, the following definitions shall apply:

- 1.00 "Benefit Period" means the period January 1 through December 31.
- 1.01 "Contract" means this agreement between WDS and Group. This Contract constitutes the entire Contract between the parties and supersedes any prior agreement, understanding or negotiation between the parties.
- 1.02 "Contract Term" means the time period specified in Appendix E.
- 1.03 "Covered Dental Benefits" means those dental services which are covered under this Contract, subject to the limitations and exclusions set forth in Appendix C.
- 1.04 "Dentist" means a licensed Dentist legally authorized to practice dentistry at the time and in the place services are performed. This Contract provides for covered services only if those services are performed by or under direction of a licensed Dentist or other WDS-approved Licensed Professional. A "licensed Dentist" does not mean a dental mechanic or any other type of dental technician.
- 1.05 "Eligibility Date" means the date on which an Eligible Person's benefits become effective under the terms of this Contract.
- 1.06 "Eligible Dependent" means any dependent of an Eligible Employee who meets the conditions of eligibility set forth in Appendix B.
- 1.07 "Eligible Employee" means any employee who meets the conditions of eligibility set forth in Appendix A.
- 1.08 "Eligible Person" means an Eligible Employee or an Eligible Dependent.
- 1.09 "Filed Fee" means the approved fee accepted by Washington Dental Service for a specific dental procedure performed by a member dentist submitting that fee and performing the dental service.
- 1.10 "Foster Child" means a child physically and legally placed with the Eligible Employee, for whom the Eligible Employee has assumed financial responsibility for medical/dental expenses.
- 1.11 "Full-time Employment" means a minimum of eighty (80) hours worked by an employee each calendar month.
- 1.12 "Group" means the employer or entity which is contracting for dental benefits for its employees.
- 1.13 "Licensed Professional" means an individual legally authorized to perform services as defined in their license. Licensed Professional includes, but is not limited to, denturist, hygienist and radiology technician.

ARTICLE I - DEFINITIONS (continued)

- 1.14 "Maximum Allowable Fees" means the maximum dollar amount that will be allowed toward the reimbursement for any service provided for a covered dental benefit.
- 1.15 "Member Dentist" means a licensed Dentist who has agreed to render services and receive payment in accordance with the terms and conditions of a written Member Dentist Agreement between WDS and such Dentist.
- 1.16 "Non-Participating Dentist" means any Member Dentist who has not entered into a Participating Provider Agreement with WDS or any Non-Member dentist in the State of Washington.
- 1.17 "Participating Dentist" means any Member Dentist who has agreed to render services and receive payment in accordance with the terms and conditions of a written Participating Provider Agreement entered into between WDS and such dentist.
- 1.18 "Participating Dentist Filed Fee" means the approved fee accepted by WDS for a specific dental procedure performed by a Participating Dentist. Each Participating Dentist has agreed to accept such approved fees as payment in full.
- 1.19 "Payment Level" means the applicable percentage of allowable fees for Covered Dental Benefits which shall be paid by WDS as set forth in Appendix D.
- 1.20 "Plan" means a group contract which provides for coordination of benefits and contains a provision stating what benefits from that contract and other sources are to be recognized under the coordination provision. Each such source shall be defined as a "Plan."
- 1.21 "Premium" means the monthly amount payable by Group as designated in Appendix E.
- 1.19 "Single Procedure" means a dental procedure to which a separate ADA Procedure Number is assigned.
- 1.22 "Specialist" means a licensed Dentist who has successfully completed an educational program accredited by the Commission of Dental Accreditation, two or more years in length, as specified by the Council on Dental Education or be diplomates of an American Dental Association recognized certifying board.
- 1.23 "WDS" means Washington Dental Service, a not-for-profit dental service corporation.

ARTICLE II – ELIGIBILITY

- 2.01 Every person who meets the conditions of eligibility as set forth in Appendix A or Appendix B is eligible for dental benefits for the purposes of this Contract.
- 2.02 Group eligibility shall be submitted to WDS prior to the beginning of each monthly eligibility period.

ARTICLE III - MONTHLY PAYMENT

- 3.01 The monthly Premium, to be remitted fully by Group, is as set forth in Appendix E.
- 3.02 Initial Premium shall be paid in advance of the Effective Date of this Contract. Subsequent Premiums shall be paid to WDS no later than the tenth (10th) day of each calendar month for which benefits are to be provided. No person shall be entitled to benefits under this Contract during any month for which Premium payment has not been received by WDS.
- 3.03 IF ANY PREMIUM IS NOT PAID BY THE TENTH DAY OF THE MONTH, OR WITHIN THE TWENTY-FIVE (25) DAY GRACE PERIOD, A LATE FEE OF ONE PERCENT (1%) PER MONTH MAY BE INCURRED AND WDS MAY GIVE WRITTEN NOTICE THAT PAYMENT IS DUE AND MAY, AT ITS OPTION, TERMINATE ALL BENEFITS AND BE RELEASED FROM ALL FURTHER OBLIGATIONS AS SET FORTH IN ARTICLE X ENTITLED "NOTICE AND TERMINATION."
- 3.04 The Premium payable by Group under this Contract is based upon one hundred percent (100%) enrollment of Group's number of Eligible Employees and Eligible Dependents. In the event the number of Eligible Employees reported in each of three (3) consecutive months by Group shall be less than **Four Thousand (4,000)**, WDS may propose to Group an adjustment in Premium, benefits or Payment Levels and the effective date of such adjustment. If Group fails to agree to proposed adjustment, within thirty (30) days, WDS may terminate this Contract at the end of the month for which Premium had been received by WDS prior to the date of such notice to Group. In the event WDS terminates this Contract in accordance with the provisions of this paragraph, the provisions of Article X entitled "Notice and Termination" shall apply.

ARTICLE IV - BENEFITS PROVIDED, LIMITATIONS AND EXCLUSIONS

- 4.01 Covered Dental Benefits, Limitations and Exclusions are described in Appendix C and are subject to the program maximum and deductible, as described in Appendix D.
- 4.02 The amounts payable by WDS for Covered Dental Benefits provided to an Eligible Person by a Member Dentist in the State of Washington are described in Appendix D, Method of Payment for Non-Participating Dentists.
- 4.03 The amounts payable by WDS for Covered Dental Benefits provided to an Eligible Person by a Participating Dentist in the State of Washington are as set forth in Appendix D, Method of Payment for Participating Dentists.
- 4.04 The amounts payable by WDS for Covered Dental Benefits provided to an Eligible Person by a Dentist who is not a Member Dentist in the State of Washington shall be based on the applicable percentage, provided in Appendix D, Method of Payment for Non-Participating Dentists, applied to the lesser of Washington Dental Service's allowable fees for nonmember Dentists, or such Dentist's actual charges.

ARTICLE IV - BENEFITS PROVIDED, LIMITATIONS AND EXCLUSIONS (continued)

- 4.05 The amounts payable by WDS for Covered Dental Benefits provided to an Eligible Person by a Dentist outside of the State of Washington shall be based on the applicable percentage, provided in Appendix D, Method of Payment for Participating Dentists, applied to the lesser of Washington Dental Service's allowable fees for out-of-state Dentists, or such Dentist's actual charges.
- 4.06 WDS shall not be obligated to pay for treatment performed in the event claim forms are submitted for payment more than six (6) months after the date of rendition of such treatment.
- 4.07 In the event there are two or more professionally acceptable plans of dental treatment, WDS will pay the appropriate percentage of the lowest fee. The remaining amount will be the patient's responsibility.

ARTICLE V - CONDITIONS FOR BENEFITS - DISPUTE DETERMINATION PROCEDURES

- 5.01 Benefits are available for an Eligible Person from the Eligibility Date until such eligibility terminates.
- 5.02 An Eligible Person may elect the services of any licensed Dentist. WDS is not responsible for availability of any particular licensed Dentist.
- 5.03 WDS shall be entitled to receive from any attending Dentist, or from hospitals in which a Dentist's care is rendered, any records relating to treatment rendered to an Eligible Person as may be required in the administration of claims.
- 5.04 The Dental Director of WDS or any Dentist whom such Dental Director may designate, shall have the right to resolve any question concerning dental services or treatment which may arise hereunder and any such determination made in good faith shall be final and conclusive upon all parties, unless within one hundred eighty (180) days after being apprised of, or learning of such decision, any person aggrieved thereby shall appeal the same to WDS orally or in writing. In the event of such an appeal, the question will be re-evaluated and communicated to the appealing party within thirty (30) days by the Dental Director, or his/her designee. The person aggrieved shall have the right to be heard by someone other than the person that made the initial benefit determination as appointed by the Dental Director, or his/her designee, on the question, either in person or through an authorized representative, as such person may elect. The appointed claim reviewer, may also consider information provided by WDS and by any WDS consultant dentist engaged by the Dental Director for this purpose. An appeal shall be evaluated by a dentist who was not involved in the decision which is the subject of the appeal. If, after review by the Dental Director, or his/her designee, the matter has not been resolved to the satisfaction of all parties involved, any person aggrieved thereby may submit the matter to nonbinding mediation conducted pursuant to mediation rules of the American Arbitration Association or the Judicial Arbitration and Mediation Service, or other such organization, as agreed to by both parties. If no agreement is reached between both parties on the desired mediation rules within fifteen (15) days, then WDS will choose from the above mediation services.

ARTICLE V - CONDITIONS FOR BENEFITS - DISPUTE DETERMINATION PROCEDURES

(continued)

- 5.05 To determine covered benefits for certain treatments, WDS may require an Eligible Person to obtain an examination from a WDS-appointed consultant Dentist. WDS will pay one hundred percent (100%) of the charges incurred for the examination.
- 5.06 If a predetermination is required by WDS or is requested by an Eligible Person, or his/her designee and an adverse decision is rendered, any person aggrieved thereby shall have the right to appeal the same to WDS orally or in writing. In the event of such an appeal, the question will be re-evaluated and communicated to the appealing party within fifteen (15) days by the Dental Director, or his/her designee, unless WDS notifies the aggrieved person that an extension is necessary, in which case the decision shall be communicated within thirty (30) days absent informed, written consent of the aggrieved person for a longer extension. An appeal shall be evaluated by a dentist who was not involved in the decision which is the subject of the appeal.

ARTICLE VI - COORDINATION OF BENEFITS

- 6.01 All of the benefits of this Contract are subject to the provision of this Article VI.
- 6.02 Whenever used in this Article VI, the following terms shall be defined as specified:
- Allowable Expense - Any necessary item of expense a portion of which is covered under at least one of the Plans covering the person for whom claim is made. When a Plan provides benefits in the form of services rather than cash payments, the reasonable cash value of each service rendered shall be used to determine the amount of the benefit and shall be considered as both an allowable expense and a benefit paid. In no event shall the allowable expense be greater than the actual expense incurred.
 - Claim Determination Period - Calendar year in which treatment was incurred.
 - Plan - Dental insurance policies issued by insurers, health care service contractors and health maintenance organizations. Each of the other Plans under which a patient is covered, and each of the benefits within the other Plan shall be considered separately in administering this coordination of benefits provision. The term "other Plan" shall not include accident-only coverage for students, including athletic injuries, either on a 24-hour basis or a "to and from school" basis.
- 6.03 General Provision - Benefits shall be provided under this Contract to the extent that the patient could not have received benefits for the same services under any other Plan, had claim been made. If the other Plan has a coordination of benefits provision and if the benefits provided under this Contract and all other Plans under which the patient is covered would exceed the allowable expenses, then this coordination of benefits provision shall apply. This means that the benefits shall be reduced so that the sum of the benefits of all Plans shall not exceed the total allowable expenses. If the benefits of this Contract are reduced during any claim determination period because of this provision, each benefit that would be payable in the absence of this provision shall be reduced proportionately, and the amount reduced shall be applied toward any allowable expenses incurred during that claim determination period. The benefits of the other Plan shall include all benefits that would have been payable had claim been duly made therefore.

ARTICLE VI - COORDINATION OF BENEFITS (continued)

6.04 Order of Benefit Determination - If both this Contract and the other Plan provide that the benefits of this Contract must first be exhausted, the other Plan may be ignored in determining benefits under this Contract, but otherwise the following rules shall establish the order of benefit payment under this Contract and the other Plan:

- The benefits of the Plan that does not have a coordination of benefits provision shall be primary (the Plan whose benefits are determined first).
- The benefits of the Plan that covers the person as an active employee shall be determined before the benefits of a Plan which covers the person as a dependent.
- If the person is a child whose parents are not separated or divorced:
 - The benefits of the Plan covering the parent whose month and day of birth occurs earlier in the calendar year shall be determined before the benefits of the Plan of the parent whose month and day of birth occurs later in the calendar year.
 - However, if one of the parent's Plan does not have this "birthday rule," then the Plan covering the father is primary.
 - If the person is a child of parents who are separated or divorced, then the benefits are determined in the following order:
 - (1) The Plan of the parent with custody;
 - (2) The Plan of the new spouse of the parent with custody;
 - (3) The Plan of the parent without custody;
 - (4) The Plan of the new spouse of the parent without custody.

However, if the court decrees financial responsibility for the child's health care, the Plan of the parent with the financial responsibility is the primary Plan.

- The Plan covering the person as a retired or laid-off employee or dependent of such person shall be determined after the benefits of any other Plan covering such person as an employee, other than a laid-off or retired employee, or dependent of such person. This provision shall not apply if either Plan does not have a provision regarding laid-off or retired employees, which results in each Plan determining its benefits after the other.
- If none of the above rules determines the primary Plan, then the Plan which covered the patient the longest shall be primary.

6.05 Limitations on Payments - In no event shall the patient recover more than the total allowable expense of the benefits offered by this Contract and all other Plans combined. The patient shall refund to WDS any excess payment WDS may have paid.

ARTICLE VI - COORDINATION OF BENEFITS (continued)

- 6.06 Payment to Other Plans - If a payment that should have been made under this Contract was made by another Plan, WDS shall have the right to pay the other Plan any amount WDS determines necessary to satisfy the provision of this Article VI. Any amounts paid shall be considered benefits paid under this Contract, and, to the extent of such payments, WDS shall be fully discharged from liability under this Contract.
- 6.07 Right of Recovery - Whenever payments have been made by WDS in excess of the maximum payment necessary to satisfy the provisions of this Article VI, WDS shall have the right to recover such excess payments from the patient, the employee, the provider, or the other Plan.
- 6.08 Right to Receive and Release Necessary Information - As a condition of receiving benefits under this Contract, the patient agrees to provide any necessary information WDS requests, and authorizes WDS to release or obtain from any other insurer, organization, or person any information necessary to administer the provisions of this Article VI.

ARTICLE VII - WDS'S OBLIGATIONS

- 7.01 WDS shall issue to Group, booklets summarizing the program benefits. If any amendment to this Contract materially affects any benefits described in such booklets, corrected booklets or booklet inserts showing the change shall be issued to Group.
- 7.02 WDS shall provide claim review and appeal procedures in benefit booklets issued to group.
- 7.03 If a Member Dentist or an Eligible Person requests a predetermination of benefits, WDS shall predetermine benefits when satisfied that the patient is an Eligible Person. Such predetermination of benefits shall be for a reasonable period of time, but no longer than such person's period of eligibility.
- 7.04 WDS shall not be obligated to make payment for any services rendered to a patient who is not an Eligible Person at the time the services were performed.
- 7.05 WDS may provide professional review of the adequacy and appropriateness of services rendered.
- 7.06 WDS shall provide Member Dentist Directories to Group. It is understood that the composition of such directory is subject to change. WDS reserves the right to change the directory without notice. Each Eligible Person is free to select a Dentist of his or her choice. WDS shall not be held liable for any action or omission on the part of the selected Dentist. Nothing contained in this Contract shall be construed as obligating WDS to render dental services; its sole obligation being to pay the agreed-upon portion of Dentist's charges for covered services in accordance with the terms of this Contract.
- 7.07 Both parties will act in accordance with applicable state and federal privacy requirements and disclosure requirements, such as the Gramm-Leach-Bliley Act (GLBA) and the related regulations of the Health Insurance Portability and Accountability Act (HIPAA).

ARTICLE VIII - GROUP'S OBLIGATIONS

- 8.01 Group must submit in writing for WDS approval any new groups or units of employees Group may wish to include under this Contract. No new groups or units of employees shall be covered by this Contract without prior approval of WDS.
- 8.02 Group shall provide information to all Eligible Employees as to the existence and terms of this Contract. Group shall make available to each Eligible Employee, booklets summarizing the program benefits.
- 8.03 Group shall permit WDS, at WDS's expense, on reasonable advance written notice, to inspect eligibility records in order to verify the accuracy of information submitted to WDS. An equitable adjustment of Premium shall be made in the event of inadvertent clerical errors or delays in reporting eligibility.
- 8.04 Group shall sign and return any and all Contract documents within thirty (30) days of the effective date or the date WDS mails the Contract document to Group, whichever is later.
- 8.05 If a signed contract or any changes affecting the Contract provisions are not received by WDS from the Group or the Group's legal representative(s) within thirty (30) days, WDS will assume acceptance of the contract as stated, including acceptance of rates, contract language and provisions. WDS will process claims on the effective date according to the Contract provisions and WDS will not be held liable for errors in claims payments.

ARTICLE IX - GENERAL PROVISIONS

- 9.01 WDS shall issue to Group, and Group shall make available to each Eligible Employee, booklets summarizing the program benefits. If any amendment to this Contract materially affects any benefits described in such booklets, corrected booklets or booklet inserts showing the change shall be issued to Group.
- 9.02 No change in this Contract shall be valid unless evidenced by written amendment signed by the President of WDS, or his designee.
- 9.03 Legal action to recover benefits provided for in this Contract may not be initiated prior to sixty (60) days after receipt of claim by WDS. In addition, such legal action must commence within six (6) years from the date the claim was received by WDS.
- 9.04 Any provision of this Contract which is in conflict with any governing law or regulation of the State of Washington is hereby amended to comply with the minimum requirements of such law or regulation.

ARTICLE X - NOTICE AND TERMINATION

Any notice under this Contract shall be sufficient if given by either Group or WDS by regular mail to the other addressed to the office stated on the front page of this Contract or to such other address as may be designated by written notice to the other.

THIS CONTRACT MAY BE TERMINATED EFFECTIVE AT THE END OF ANY CONTRACT TERM BY EITHER GROUP OR WDS, BY EITHER PARTY GIVING WRITTEN NOTICE TO THE OTHER AT LEAST THIRTY (30) DAYS PRIOR TO THE END OF THE CONTRACT TERM, EXCEPT AS OTHERWISE PROVIDED IN ARTICLE III OR THIS ARTICLE X.

Upon default by Group in any of its obligations hereunder, WDS may elect to terminate this Contract, effective at the end of the month for which Premiums have been received by WDS prior to the time of such election, by giving written notice thereof to Group. If WDS elects to so terminate because of default by Group, then Group shall be indebted to and agrees to pay WDS the sum of all claims payments and expenses incurred for dental services rendered from the date of default until the date of termination, including costs of recovery.

If on termination of this Contract, Group has paid Premium to WDS applicable to a period of time after the termination date, WDS shall, within thirty (30) days after termination, return such portion of Premium to Group together with amounts due on claims, if any, less any amounts due to WDS.

Acceptance by WDS of the proper amount of Premium, after termination of this Contract and without requiring a new application, shall reinstate the Contract as though it had never terminated, unless WDS shall, within five (5) business days of receipt of such payment, either (1) refund the payment so made, or (2) issue to Group a new Contract accompanied by written notice stating clearly those respects in which the new Contract differs from the terminated Contract in benefits, coverage or otherwise.

ARTICLE XI - SUBROGATION

To the extent of any amounts paid by Washington Dental Service for an Eligible Person on account of services made necessary by an injury to or condition of his or her person, WDS shall be subrogated to his or her rights against any third party liable for the injury or condition. WDS shall, however, not be obligated to pay for such services unless and until the eligible person, or someone legally qualified and authorized to act for him or her, agrees to:

- include those amounts in any insurance claim or in any liability claim made against the third party for the injury or condition;
- repay WDS those amounts included in the claim from the excess received by the injured party, after full compensation for the loss is received; and
- cooperate fully with WDS in asserting its rights under the Contract, to supply WDS with any and all information and execute any and all instruments WDS reasonably needs for that purpose.

ARTICLE XI - SUBROGATION (continued)

Provided the injured party is in compliance with the above, WDS will prorate any attorneys' fees incurred in the recovery.

What this means is that if an Eligible Person receives this program's benefits for an injury or condition possibly caused by another person, they must include in their insurance claim or liability claim the amount of those benefits. After they have been fully compensated for their loss, any money recovered in excess of that loss must be used to reimburse WDS. WDS shall prorate any attorneys' fees against the amount owed to WDS.

ARTICLE XII - LIST OF APPENDICES

The attached appendices are a part of this Contract. Appendices are identified as follows:

- Appendix A - Employee Eligibility Requirements
- Appendix B - Dependent Eligibility Requirements
- Appendix C - Covered Dental Benefits, Limitations and Exclusions
- Appendix D - Method of Payment
- Appendix E - Group's Financial Obligations

APPENDIX A
EMPLOYEE ELIGIBILITY REQUIREMENTS

A. Definition of Eligible Employee

An employee must meet the following criteria in order to be eligible for coverage under this Contract:

1. Be in a permanent position requiring at least seventy (70) hours of work per month.
2. Not be covered under another insurance program with Group making contributions through a union contract.
3. Be approved as eligible by Group's Personnel Department.
4. Food Services Personnel who are working three and one-half (3 1/2) hours or more daily.

In cases where both husband and wife are employees of Group, both must be enrolled in this Dental Program as "employees". No person may be enrolled both as an employee and as a dependent.

B. Effective Date of Coverage

All Eligible Employees, as defined in Section A. above, who are on Group's payroll on the Effective Date of this Contract shall become eligible on that date.

Employees hired after the Effective Date of this Contract will become eligible on the first day of the calendar month following date of employment if the employee's employment commenced prior to the fifteenth (15th) day of the month. If the employee's employment commenced on or after the fifteenth (15th) day of the month, eligibility commences on the first of the calendar month in which the employee received the first full paycheck.

Coverage for employees represented by other collective bargaining units is to be effective according to terms of each of the signed agreements between Group and the individual bargaining unit.

C. Continuation of Coverage

An employee shall continue to be eligible during the time this Contract is in effect as long as the employee remains an Eligible Employee as defined above.

The Federal Family and Medical Leave Act ("FMLA") became effective August 5, 1993. Dental benefits under this Contract may be continued provided the employee is eligible for FMLA leave and is on a leave of absence which meets the FMLA criteria.

APPENDIX A
EMPLOYEE ELIGIBILITY REQUIREMENTS

- 2 -

C. Continuation of Coverage (continued)

The "Continuation of Coverage" legislation passed into federal law (PL 99-272 and as amended by PL 104-191) requires that should certain qualifying events occur which would have previously terminated coverage, the employee coverage may continue for a period of time on a self-pay basis

When an employee terminates for reasons other than gross misconduct, he or she may continue to receive dental benefits up to eighteen (18) months, or until he or she is covered under another group dental plan by self-paying the required Premium.

While satisfying the various requirements of these laws rests primarily with Group, WDS intends to fully cooperate with Group in complying with these laws.

D. Termination of Coverage

An employee shall cease to be eligible at the end of the calendar month in which the employee ceases to be an Eligible Employee as defined above or upon termination of this Contract, whichever occurs first.

In the event an Eligible Person ceases to be eligible, or in the event of termination of this Contract for any cause, WDS shall not be required to pay for services beyond the termination date, except for the completion (within three [3] weeks) of Single Procedures commenced while this Contract was in effect, which are otherwise benefits under the terms of this Contract.

E. Self-Payment Provision

Once having attained eligibility under this Contract, an Eligible Employee may continue coverage by making self-payment of the required monthly Premium, as set forth on Appendix E of this Contract, if the employee is on a leave of absence approved by Group.

It is the sole responsibility of the Eligible Employee to initiate self-payments. All self-payments are subject to the following terms:

- (1) Self-payments must be made through Group for a period not to exceed twenty-four (24) consecutive calendar months commencing with the month immediately following the month in which Group's contributions were last timely made to WDS.
- (2) Self-payments are administered by Group's Payroll Department. All self-payments are due on the first (1st) of the month in which coverage would otherwise cease. If self-payments are not received by Group's Payroll Department by the tenth (10th) of the month, coverage for the employee and the employee's Eligible Dependents will cease effective with the last day of the month for which contributions were last received by WDS.

APPENDIX A
EMPLOYEE ELIGIBILITY REQUIREMENTS

- 2 -

E. Self-Payment Provision (continued)

- (3) Self-payments must be made on a continuous basis and cannot be reinstated if discontinued during the allowable twenty-four (24) month period.

In the event of suspension of compensation as a result of a strike, lockout or other labor dispute, an Eligible Employee may pay the applicable Dues directly to the Applicant for a period not to exceed six (6) months, and Applicant shall pay the Dues to WDS. (In accordance with RCW 48.44.250.) Payment of the Dues must be made when due or the coverage may be terminated by WDS.

F. Enrollment Requirements

This Contract requires one hundred percent (100%) enrollment of all Eligible Employees.

APPENDIX B
DEPENDENT ELIGIBILITY REQUIREMENTS

A. Definition of Eligible Dependent

"Eligible Dependents" are an Eligible Employee's lawful spouse/domestic partner and unmarried children. This includes children from birth through age twenty-two (22), who are the employee's natural children, the domestic partners natural children, stepchildren, foster children and adopted children. Dependents in the military service are not eligible.

Domestic Partnership is defined as follows:

"Domestic Partnership" is a relationship where by two people:

- a) have a close personal relationship, and
- b) are each other's sole domestic partner and are responsible for each other's common welfare, and
- c) share the same regular and permanent residence, and
- d) are jointly responsible for basic living expenses which means the cost of basic food, shelter and any other expenses of a domestic partner which are paid at least in part by a program or benefit for which the partner qualified because of the domestic partnership. The individuals need not contribute equally or jointly to the cost of these expenses as long as they agree that both are responsible for the cost, and
- e) are not married to anyone, and
- f) are each eighteen (18) years of age or older, and
- g) are not related by blood closer than would bar marriage in the State of Washington, and
- h) were mentally competent to consent to contract when the domestic partnership began.

No person may be enrolled in this Dental Program both as an employee and as a dependent and no person will be considered as a dependent of more than one employee.

A child shall be considered an Eligible Dependent as an adopted child if the following conditions are met: 1) the child has been placed with the Eligible Employee for the purpose of adoption under the laws of the state in which the employee resides; and 2) the employee has assumed a legal obligation for total or partial support of the child in anticipation of adoption. Notification of placement of a child for adoption and payment of any additional required monthly Premiums must be furnished to WDS within ninety (90) days from the date of placement.

An unmarried child over the limiting age may continue to be an Eligible Dependent providing all of the following conditions are met: 1) the child is incapable of self-support because of a physical handicap or developmental disability that commenced prior to reaching the limiting age; 2) a physician's certificate is submitted to WDS within thirty-one (31) days following attainment of the limiting age; and 3) the child was an Eligible Dependent upon attainment of the limiting age.

APPENDIX B
DEPENDENT ELIGIBILITY REQUIREMENTS

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B. Effective Date of Coverage

Coverage for an Eligible Dependent shall become effective on the date the Eligible Employee's coverage becomes effective or on the first day of the calendar month following the month in which such person became an Eligible Dependent of the Eligible Employee, except newborn infants shall be covered as provided in Paragraph E of this Appendix B.

C. Continuation of Coverage

A dependent shall continue to be eligible during the time this Contract is in effect as long as the dependent remains an Eligible Dependent as defined above and Group has made timely payment of the monthly Premiums on behalf of the dependent to WDS.

The "Continuation of Coverage" legislation passed into federal law (PL 99-272 and as amended by PL 104-191) requires that should certain qualifying events occur which would have previously terminated coverage, the employee coverage may continue for a period of time on a self-pay basis.

When a dependent no longer meets the eligibility requirements due to death or divorce of the employee, or does not meet the age requirements for children, coverage may continue up to three (3) years, or until the dependent is covered under another group Plan by self-paying the required Premium.

While satisfying the various requirements of the law rests primarily with Group, WDS intends to fully cooperate with Group in complying with the law.

D. Termination of Coverage

A dependent shall cease to be eligible at the end of the calendar month during which the Eligible Employee's eligibility terminates or the dependent no longer meets the definition of an Eligible Dependent, whichever occurs first. In any event, eligibility for a dependent shall terminate at the end of the calendar month for which timely payment of the monthly Premiums were last received by WDS from Group, or upon termination of this Contract, whichever occurs first.

In the event an Eligible Person ceases to be eligible, or in the event of termination of this Contract for any cause, WDS shall not be required to pay for services beyond the termination date, except for the completion (within three [3] weeks) of Single Procedures commenced while this Contract was in effect, which are otherwise benefits under the terms of this Contract.

APPENDIX B
DEPENDENT ELIGIBILITY REQUIREMENTS

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E. Enrollment Requirements

This Contract requires one hundred percent (100%) enrollment of all Eligible Dependents regardless of whether or not enrolled in another dental program.

A new family member, with the exception of newborns and adopted children, must be enrolled on the first day of the month following the date he or she qualifies as an Eligible Dependent. A newborn shall be covered from and after the moment of birth, and an adopted child shall be covered from the date of placement for the purpose of adoption, provided, however, that if this Contract requires payment of any additional monthly Dues for coverage of such child, enrollment of the newborn or adopted child, and payment to WDS of all applicable Dues, must be completed within ninety (90) days after the date of birth or placement to assure coverage. If no additional monthly Dues are required, WDS requests completion of the enrollment process for the newborn or adopted child within ninety (90) days after the date of birth or placement, but coverage will be provided in any event. To enroll a newborn or adopted child, an Eligible Employee parent must complete a new enrollment form provided by WDS. If any additional Dues for coverage are required and enrollment and payment is not completed for a newborn or adopted child within said ninety (90) days, such child may be enrolled coincident with any renewal or extension of this Contract.

If there is a change in family status, a new enrollment form must be filed.

If a new family member is not enrolled in this dental program pursuant to the rules set forth above, such person shall not be eligible for benefits during the then-current Contract Term. Such person may become eligible by proper enrollment coincident with the Effective Date of any renewal or extension of this Contract.

APPENDIX C
COVERED DENTAL BENEFITS, LIMITATIONS AND EXCLUSIONS

The following are Class I, Class II and Class III Covered Dental Benefits under this Contract that are subject to the limitations and exclusions contained in this Contract. Such benefits (*as defined*) are available only when rendered by a licensed Dentist or other WDS-approved Licensed Professional when appropriate and necessary as determined by the standards of generally accepted dental practice and WDS.

The amounts payable by WDS for Class I, Class II and Class III Covered Dental Benefits are as set forth in Appendix D.

CLASS I

DIAGNOSTIC

Covered Dental Benefits: Routine examination. X-rays. Emergency examination and examination by a Specialist in an American Dental Association recognized specialty. WDS approved caries susceptibility tests.

Limitations: Examination is covered twice in a Benefit Period. Complete series (four (4) bitewing x-rays and up to ten (10) periapical x-rays) or panorex x-rays are covered once in a three (3) year period. Supplementary bitewing x-rays are covered twice in a Benefit Period.

Exclusions: Diagnostic services and x-rays related to temporomandibular joints (jaw joints). Consultations or elective second opinions. Study models.

PREVENTIVE

Covered Dental Benefits: Prophylaxis (cleaning), fissure sealants and topical application of fluoride or preventive therapies (e.g., fluoridated varnishes). Space maintainers when used to maintain space for eruption of permanent teeth.

Limitations: Prophylaxis is covered twice in a Benefit Period (refer to Class II, Periodontics, Limitations for additional limitation information). Topical application of fluoride or preventive therapies (*but not both*) is covered twice in a Benefit Period. Fissure sealants are available for children through age fourteen (14). If eruption of permanent molars is delayed, sealants will be allowed if applied within twelve (12) months of eruption with documentation from the attending Dentist. Payment for application of sealants will be for permanent maxillary (upper) or mandibular (lower) molars with incipient or no caries (decay) on an intact occlusal surface. The application of fissure sealants is a covered benefit only once in a three (3) year period per tooth.

Exclusions: Plaque control program. Oral hygiene instruction, dietary instruction and home fluoride kits. Cleaning of a prosthetic appliance. Replacement of a space maintainer previously paid for by WDS.

APPENDIX C

COVERED DENTAL BENEFITS, LIMITATIONS AND EXCLUSIONS

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CLASS II

RESTORATIVE

Covered Dental Benefits: Amalgam, composite or filled resin restorations (fillings) for treatment of carious lesions (visible destruction of hard tooth structure resulting from the process of dental decay) or fracture resulting in significant loss of tooth structure (missing cusp). Stainless steel crowns. Crowns or onlays (whether they are gold, porcelain, WDS-approved gold substitute castings [except processed resin] or combinations thereof) for treatment of carious lesions (visible destruction of hard tooth structure resulting from the process of dental decay) or fracture resulting in significant loss of tooth structure (missing cusp), when teeth cannot reasonably be restored with filling materials such as amalgam or filled resins. Crown buildups, subject to limitations and exclusions.

Limitations: Restorations on the same surface(s) of the same tooth are covered once in a two (2) year period. If a composite or filled resin restoration is placed in a posterior tooth, an amalgam allowance will be made for such procedure. The difference in cost is the patient's responsibility. Stainless steel crowns are covered once in a two (2) year period. Crowns or onlays on the same teeth are covered once in a five (5) year period. If a tooth can be restored with a filling material such as amalgam or filled resin, an allowance will be made for such a procedure toward the cost of any other type of restoration that may be provided. WDS will allow the appropriate amount for an amalgam or composite restoration toward the cost of processed filled resin or processed composite restorations. Crown buildups are a covered benefit when more than fifty percent (50%) of the natural tooth structure is missing or there is less than two (2) mm of circumferential tooth structure remaining around the gingival portion. Crown buildups are covered once in a two (2) year period. Crown buildups are not a covered benefit within two (2) years of a restoration on the same tooth.

Exclusions: Restorations necessary to correct vertical dimension or to alter the morphology (shape) or occlusion. Overhang removal, re-contouring or polishing of restoration. A crown used as an abutment to a partial denture for purposes of re-contouring, repositioning or to provide additional retention is not covered unless the tooth is decayed to the extent that a crown would be required to restore the tooth whether or not a partial denture is required. Crowns used to repair micro-fractures of tooth structure when the tooth is asymptomatic (displays no symptoms) or existing restorations with defective margins when no pathology exists. Crowns and/or onlays placed because of weakened cusps or existing large restorations without overt pathology. Crown buildups for the purpose of improving tooth form, filling in undercuts or reducing bulk in castings are considered basing materials and are not a covered benefit.

APPENDIX C

COVERED DENTAL BENEFITS, LIMITATIONS AND EXCLUSIONS

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CLASS II

ORAL SURGERY

Covered Dental Benefits: Removal of teeth and surgical extractions, preparation of the alveolar ridge and soft tissue of the mouth for insertion of dentures, and treatment of pathological conditions and traumatic facial injuries. General anesthesia/intravenous sedation.

Limitations: General anesthesia/intravenous sedation is covered only when administered by a licensed Dentist or other WDS-approved Licensed Professional who meets the educational, credentialing and privileging guidelines established by the Dental Quality Assurance Commission of the State of Washington in conjunction with certain covered oral surgery procedures, as determined by WDS.

Exclusions: Iliac crest or rib grafts to alveolar ridges. Ridge extension for insertion of dentures (vestibuloplasty). Tooth transplants.

PERIODONTICS

Covered Dental Benefits: Surgical and nonsurgical procedures for treatment of the tissues supporting the teeth. Services covered include examinations, periodontal maintenance, periodontal scaling/root planing, limited adjustments to occlusion (eight (8) teeth or less), periodontal surgery and general anesthesia/intravenous sedation. WDS-approved localized delivery of chemotherapeutic agents. Refer to Class III Periodontics for benefits and limitations on complete occlusal equilibration and occlusal guards (nightguards).

Limitations: Examinations are covered twice in a Benefit Period. Under certain conditions of oral health, periodontal maintenance and/or prophylaxis *may be* covered up to a total of four (4) times in a Benefit Period. Periodontal scaling/root planing is covered once in a three (3) year period. Periodontal surgery (per site) is covered once in a three (3) year period. Soft tissue grafts (per site) are covered once in a three (3) year period. Limited occlusal adjustments are covered once in a twelve (12) month period. Localized delivery of chemotherapeutic agents approved by WDS are a covered benefit under certain conditions of oral health. Localized delivery of chemotherapeutic agents is limited to two (2) teeth per quadrant and covered up to two (2) times (per tooth) in a benefit period. Periodontal surgery and localized delivery of chemotherapeutic agents must be preceded by scaling and root planing a minimum of six (6) weeks and a maximum of six (6) months, or the patient must have been in active supportive periodontal therapy, prior to such treatment. General anesthesia/intravenous sedation is covered only when administered by a licensed Dentist or other WDS-approved Licensed Professional who meets the educational, credentialing and privileging guidelines established by the Dental Quality Assurance Commission of the State of Washington in conjunction with certain covered periodontal surgery procedures, as determined by WDS.

Exclusions: Periodontal splinting and/or crown and bridgework in conjunction with periodontal splinting, crowns as part of periodontal therapy and periodontal appliances. Gingival curettage. Localized delivery of chemotherapeutic agent is not covered when used for the purpose of maintaining non-covered dental procedures or implants.

APPENDIX C
COVERED DENTAL BENEFITS, LIMITATIONS AND EXCLUSIONS

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CLASS II

ENDODONTICS

Covered Dental Benefits: Procedures for pulpal and root canal treatment. Services covered include pulp exposure treatment, pulpotomy and apicoectomy. General anesthesia/intravenous sedation.

Limitations: Root canal treatment on the same tooth is covered only once in a two (2) year period. General anesthesia/intravenous sedation is covered only when administered by a licensed Dentist or other WDS-approved Licensed Professional who meets the educational, credentialing and privileging guidelines established by the Dental Quality Assurance Commission of the State of Washington in conjunction with certain covered endodontic surgery procedures, as determined by WDS. Refer to Class III Limitations if the root canals are placed in conjunction with a prosthetic appliance.

Exclusions: Bleaching of teeth.

PRESCRIPTION DRUGS

Covered Dental Benefits: Drugs requiring a prescription by federal or state law will be provided when dispensed by a licensed pharmacist to treat a condition covered under this plan.

Limitations: Claims for prescription drug charges must be submitted within six (6) months from the date the prescription is filled.

Exclusions: Drugs or medications furnished or administered by a licensed Dentist or any drugs not requiring a prescription shall not be covered. Experimental drugs are not covered.

HOSPITALIZATION AND ANESTHESIA

Covered Dental Benefits: Hospital facility charges, any additional fees charged by the dentist for hospital treatment, and charges for anesthesia will be a covered benefit for children age six (6) or under for necessary dental procedures when it has been determined that the procedures cannot be safely or reasonably performed in the Dentist's office.

Limitations: General anesthesia is covered only when administered by a licensed Dentist or other WDS-approved Licensed Professional who meets the educational, credentialing and privileging guidelines established by the Dental Quality Assurance Commission of the State of Washington.

APPENDIX C

COVERED DENTAL BENEFITS, LIMITATIONS AND EXCLUSIONS

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CLASS II

GENERAL ANESTHESIA

Covered Dental Benefits: General anesthesia, when medically necessary, for children through age six (6), or a physically or developmentally disabled person, when in conjunction with Class I, II and III covered dental procedures.

Limitations: General anesthesia is covered only when administered by a licensed Dentist or other WDS-approved Licensed Professional who meets the educational, credentialing and privileging guidelines established by the Dental Quality Assurance Commission of the State of Washington, when medically necessary, for children through age six (6), or a physically or developmentally disabled person, when in conjunction with covered dental procedures.

****REFER ALSO TO GENERAL EXCLUSIONS****

CLASS III

PERIODONTICS

Covered Dental Benefits: Under certain conditions of oral health, services covered are occlusal guards (nightguards) and complete occlusal equilibration.

Limitations: Occlusal guards, including repairs, are covered once in a three (3) year period. Complete occlusal equilibration is covered once in a lifetime.

Exclusions: Periodontal splinting, crown and bridgework in conjunction with periodontal splinting, crowns as part of periodontal therapy and periodontal appliances.

APPENDIX C

COVERED DENTAL BENEFITS, LIMITATIONS AND EXCLUSIONS

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CLASS III

FOR NON-DELTA PREFERRED OPTION (PPO) DENTISTS ONLY

RESTORATIVE

Covered Dental Benefits: Crowns, inlays (only when used as an abutment for a fixed bridge), onlays (whether they are gold, porcelain, WDS-approved gold substitute castings [except processed resin] or combinations thereof) for treatment of carious lesions (visible destruction of hard tooth structure resulting from the process of dental decay) or fracture resulting in significant loss of tooth structure (missing cusp), when teeth cannot reasonably be restored with filling materials such as amalgam or filled resins. Crown buildups, subject to limitations and exclusions.

Limitations: Crowns or onlays on the same teeth are covered once in a five (5) year period. Inlays are a covered benefit on the same teeth once in a five (5) year period only when used as an abutment for a fixed bridge. If a tooth can be restored with a filling material such as amalgam or filled resin, an allowance will be made for such a procedure toward the cost of any other type of restoration that may be provided. WDS will allow the appropriate amount for an amalgam or composite restoration toward the cost of processed filled resin or processed composite restorations. Crown buildups are a covered benefit when more than fifty percent (50%) of the natural tooth structure is missing or there is less than two (2) mm of circumferential tooth structure remaining around the gingival portion. Crown buildups are covered once in a two (2) year period. Crown buildups are not a covered benefit within two (2) years of a restoration on the same tooth.

Exclusions: A crown used as an abutment to a partial denture for purposes of re-contouring, repositioning or to provide additional retention is not covered unless the tooth is decayed to the extent that a crown would be required to restore the tooth whether or not a partial denture is required. Crowns used to repair micro-fractures of tooth structure when the tooth is asymptomatic (displays no symptoms) or existing restorations with defective margins when no pathology exists. Crowns and/or onlays placed because of weakened cusps or existing large restorations without overt pathology. Crown buildups for the purpose of improving tooth form, filling in undercuts or reducing bulk in castings are considered basing materials and are not a covered benefit.

APPENDIX C
COVERED DENTAL BENEFITS, LIMITATIONS AND EXCLUSIONS

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CLASS III

PROSTHODONTICS

Covered Dental Benefits: Dentures, fixed bridges, inlays (only when used as an abutment for a fixed bridge), removable partial dentures and the adjustment or repair of an existing prosthetic device. Surgical placement or removal of implants or attachments to implants.

Limitations: Replacement of an existing prosthetic device is covered only once every five (5) years and only then if it is unserviceable and cannot be made serviceable. Inlays are a covered benefit on the same teeth once in a five (5) year period only when used as an abutment for a fixed bridge. Replacement of implants and superstructures is covered only after five (5) years have elapsed from any prior provision of the implant.

Full, immediate and overdentures - WDS will allow the appropriate amount for a full, immediate or overdenture toward the cost of any other procedure that may be provided, such as personalized restorations or specialized treatment.

Temporary/interim dentures - WDS will allow the amount of a relines toward the cost of an interim partial or full denture. After placement of the permanent prosthesis, an initial relines will be a benefit after six (6) months.

Root canal treatment performed in conjunction with overdentures is limited to two (2) teeth per arch and is paid at the Class III Payment Level.

Partial dentures - If a more elaborate or precision device is used to restore the case, WDS will allow the cost of a cast chrome and acrylic partial denture toward the cost of any other procedure that may be provided.

Denture adjustments and relines - Denture adjustments and relines done more than six (6) months after the initial placement are covered. Subsequent relines or jump rebases (but not both) will be covered once in a twelve (12) month period.

Exclusions: Duplicate dentures. Personalized dentures. Cleaning of prosthetic appliances. Crowns and copings in conjunction with overdentures.

****REFER ALSO TO GENERAL EXCLUSIONS****

APPENDIX C

COVERED DENTAL BENEFITS, LIMITATIONS AND EXCLUSIONS

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GENERAL EXCLUSIONS

- Services for injuries or conditions which are compensable under Worker's Compensation or Employers' Liability laws, and services which are provided to the Eligible Person by any federal or state or provincial government agency or provided without cost to the Eligible Person by any municipality, county or other political subdivision, other than medical assistance in this state, under medical assistance RCW 74.09.500, or any other state, under 42 U.S.C., Section 1396a, section 1902 of the Social Security Act.
- Dentistry for cosmetic reasons.
- Restorations or appliances necessary to correct vertical dimension or to restore the occlusion; such procedures include restoration of tooth structure lost from attrition, abrasion or erosion and restorations for malalignment of teeth.
- Application of desensitizing agents.
- Experimental services or supplies. Experimental services or supplies are those whose use and acceptance as a course of dental treatment for a specific condition is still under investigation/observation. In determining whether services are experimental, WDS, in conjunction with the American Dental Association, shall consider if: (1) the services are in general use in the dental community in the State of Washington; (2) the services are under continued scientific testing and research; (3) the services show a demonstrable benefit for a particular dental condition; and (4) they are proven to be safe and effective. Any individual whose claim is denied due to this experimental exclusion clause shall be notified of the denial within 20 working days of receipt of a fully documented request.

Any denial of benefits by WDS on the grounds that a given procedure is deemed experimental may be appealed to WDS. By law, WDS must respond to such appeal within 20 working days after receipt of all documentation reasonably required to make a decision. The 20-day period may be extended only with written consent of the covered individual.

- General anesthesia/intravenous (deep) sedation, except as specified by WDS for certain oral, periodontal or endodontic surgical procedures or for hospitalization cases as indicated in "Class II, Hospitalization and Anesthesia. General anesthesia except when medically necessary, for children through age six (6), or a physically or developmentally disabled person, when in conjunction with covered dental procedures.
- Analgesics such as nitrous oxide, conscious sedation, euphoric drugs or injections.
- In the event an Eligible Person fails to obtain a required examination from a WDS-appointed consultant Dentist for certain treatments, no benefits shall be provided for such treatment.
- Hospitalization charges and any additional fees charged by the Dentist for hospital treatment.
- Broken appointments.

APPENDIX C
COVERED DENTAL BENEFITS, LIMITATIONS AND EXCLUSIONS

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GENERAL EXCLUSIONS

- Patient management problems.
- Completing insurance forms.
- Habit-breaking appliances or orthodontic services or supplies.
- WDS shall have the discretionary authority to determine whether services are covered benefits in accordance with the general limitations and exclusions shown in this contract, but it shall not exercise this authority arbitrarily or capriciously or in violation of the provisions of the contract.
- This program does not provide benefits for services or supplies to the extent that benefits are payable for them under any motor vehicle medical, motor vehicle no-fault, uninsured motorist, underinsured motorist, personal injury protection (PIP), commercial liability, homeowner's policy or other similar type of coverage.
- All other services not specifically included in this Contract as Covered Dental Benefits.

APPENDIX D
METHOD OF PAYMENT

Group Incentive Care
PARTICIPATING DENTIST

Each Eligible Person shall establish incentive periods with differing Payment Levels.

Each Incentive Period WDS shall pay an increasing share of the cost for allowable Class I and Class II Covered Dental Benefits. Each incentive period is the twelve (12) month period from **January 1** through **December 31**. This period shall establish the changeover date of the Eligible Person from one Payment Level to the next. Each Eligible Person, through program utilization, shall establish their own Payment Levels.

During the first incentive period in which benefits are utilized by an Eligible Person, WDS shall pay seventy percent (70%) of the Participating Dentist's filed fee for allowable Class I and Class II Covered Dental Benefits as they are described in Appendix C. During each successive incentive period in which benefits are utilized, the Payment Level shall be increased by ten percentage points up to a maximum of one hundred percent (100%).

For each incentive period, in which an Eligible Person fails to utilize benefits the Payment Level shall be decreased ten percentage points. Such percentage deduction shall be from the last Payment Level used in making payment for Class I and Class II Covered Dental Benefits for the Eligible Person. In no event shall the Payment Level for Class I and Class II Covered Dental Benefits be less than seventy percent (70%) of the Participating Dentist's filed fee.

Class III Covered Dental Benefits as described in Appendix C are subject to a constant Payment Level of fifty percent (50%) of the Participating Dentist's filed fee. The incentive provision does not apply to Class III Covered Dental Benefits.

The amounts payable by WDS with respect to dental services rendered by a nonmember Dentist in the State of Washington are as set forth in Article IV, Paragraph 4.04.

The amounts payable by WDS with respect to dental services rendered by a Dentist out of Washington state are as set forth in Article IV, Paragraph 4.05.

The maximum amount payable by WDS for all Covered Dental Benefits per each Eligible Person per Incentive period shall be **Two Thousand Dollars (\$2,000.00)**. Charges for dental procedures requiring multiple treatment dates shall be considered incurred on the date the service is completed. Amounts for such procedures shall be applied to the program maximum based on such incurred date.

APPENDIX D
METHOD OF PAYMENT

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Group Incentive Care
NON-PARTICIPATING DENTIST

Each Eligible Person shall establish incentive periods with differing Payment Levels.

Each Incentive Period WDS shall pay an increasing share of the cost for allowable Class I and Class II Covered Dental Benefits. Each incentive period is the twelve (12) month period from **January 1** through **December 31**. This period shall establish the changeover date of the Eligible Person from one Payment Level to the next. Each Eligible Person, through program utilization, shall establish their own Payment Levels.

During the first incentive period in which benefits are utilized by an Eligible Person, WDS shall pay seventy percent (70%) of the Non-Delta Preferred Option (PPO) Dentist's filed fee for allowable Class I and Class II Covered Dental Benefits as they are described in Appendix C. During each successive incentive period in which benefits are utilized, the Payment Level shall be increased by ten percentage points up to a maximum of one hundred percent (100%).

For each incentive period, in which an Eligible Person fails to utilize benefits the Payment Level shall be decreased ten percentage points. Such percentage deduction shall be from the last Payment Level used in making payment for Class I and Class II Covered Dental Benefits for the Eligible Person. In no event shall the Payment Level for Class I and Class II Covered Dental Benefits be less than seventy percent (70%) of the Member Dentist's filed fee.

Class III Covered Dental Benefits as described in Appendix C are subject to a constant Payment Level of fifty percent (50%) of the Member Dentist's filed fee. The incentive provision does not apply to Class III Covered Dental Benefits.

The amounts payable by WDS with respect to dental services rendered by a nonmember Dentist in the State of Washington are as set forth in Article IV, Paragraph 4.04.

The amounts payable by WDS with respect to dental services rendered by a Dentist out of Washington state are as set forth in Article IV, Paragraph 4.05.

The maximum amount payable by WDS for all Covered Dental Benefits per each Eligible Person per Incentive period shall be **Two Thousand Dollars (\$2,000.00)**. Charges for dental procedures requiring multiple treatment dates shall be considered incurred on the date the service is completed. Amounts for such procedures shall be applied to the program maximum based on such incurred date.

APPENDIX E
GROUP'S FINANCIAL OBLIGATIONS

The monthly Premium payable by Group under this Contract during the period **October 1, 2003** through **October 31, 2004** shall be **Eighty-six Dollars and no Cents (\$86.00)** per Eligible Employee.

The retention to be charged by WDS shall be **6.80 Percent (6.80%)** of the Premium payable to WDS.

In the event the average number of Eligible Employees reported in each of three (3) consecutive months is less than the statistical base used by WDS in determining the rate of its retention, WDS may at its election increase the rate of its retention to that applicable to the statistical base for the average number of Eligible Employees reported during such three (3) month period, either such election to be effective as of the Effective Date of the then-current Contract Term.”

For the purpose of this Contract, No. **195**, issued to Group on **November 1, 1973**, including all Amendments thereto, shall constitute one continuous program. In accounting to Group, WDS will calculate Premium payments, claims expense and administrative expense without segregation between the period **November 1, 1973** through **September 30, 2004** so that the amount, if any, to be refunded to Group at the end of the term of this Contract shall be reduced by any negative balances incurred during the period **November 1, 1973** through the term of this Contract or any renewal or extension hereof.

In the event that WDS shall have a favorable claims and administrative experience in connection with this Contract, then Group shall be entitled to a refund for unexpended Premium determined as follows:

1. At the end of the term of the Contract, WDS will refund to Group the amount of any "unexpended Premium" as that term is hereinafter defined.
2. "Unexpended Premium" shall mean the excess, if any, of Premium received from Group during the applicable Contract Term, reduced by the sum of the following:
 - (a) Amounts payable for dental services furnished to Eligible Persons during such term.
 - (b) An amount necessary to provide an allowance for incurred claims for dental services performed but not paid for by WDS during such term, which reasonably reflects WDS's unpaid claim obligations under the Contract.
 - (c) An amount equal to **6.80 Percent (6.80%)** of the total Premium payable to WDS from Group during such term.

As an alternative to the refund described above, Group may elect to leave the unexpended Premium in a rate stabilization fund held by WDS.

LEGISLATIVE SURCHARGE CLAUSE

If any governmental unit imposes any new tax or assessment or increases the rate of any current tax or assessment which is measured directly by the payments made to WDS by Group, then WDS is authorized to increase the monthly Premium by the amount of such new tax, assessment or increase.