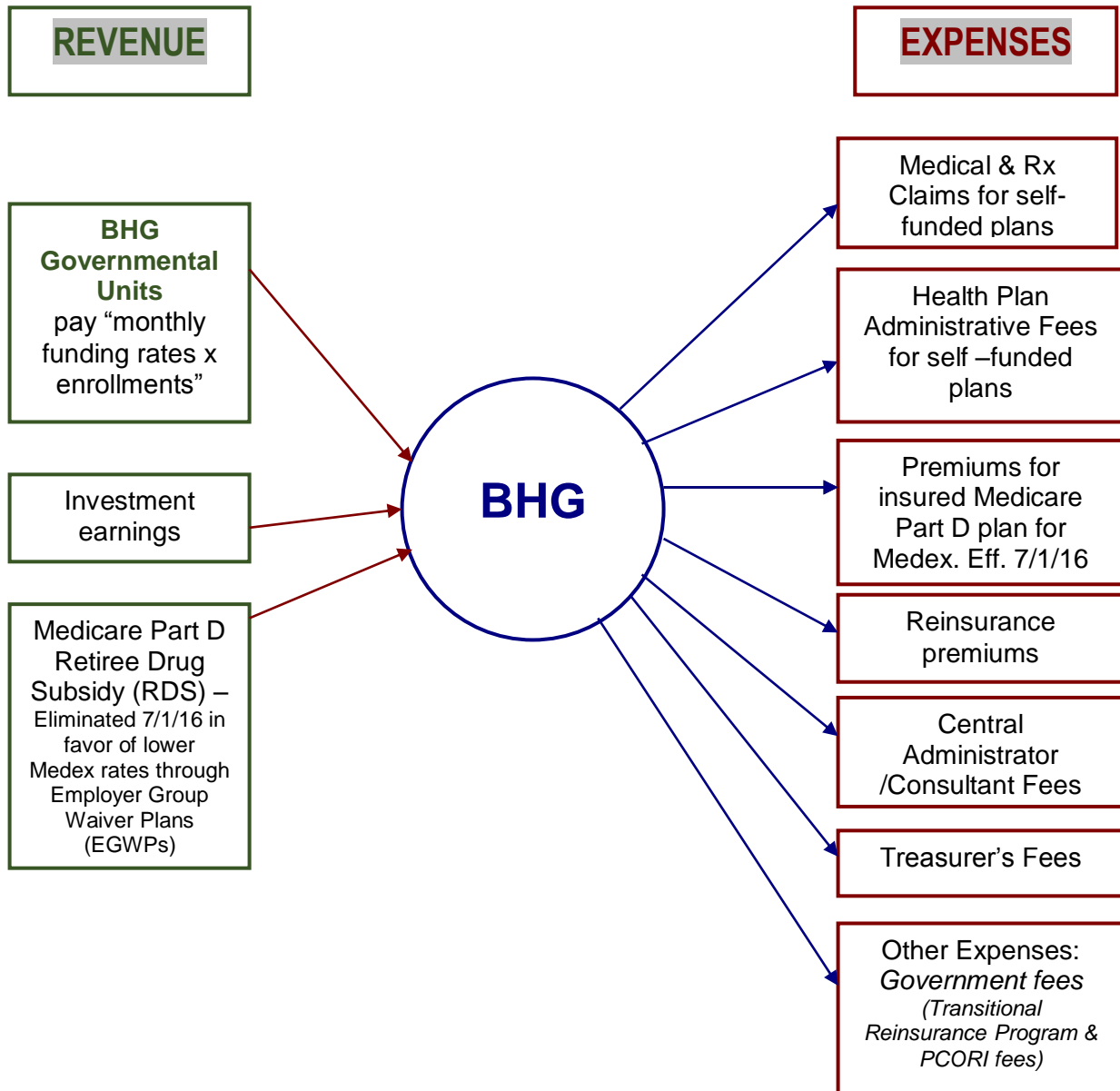


BERKSHIRE HEALTH GROUP

PAYMENT MODEL

A Massachusetts Municipal Joint Purchase Group



- Hybrid financial arrangement provides the best features of insuring and self-funding: Member employers pay fixed funding rates to the BHG (predictable monthly costs) and BHG pays expenses (lowest cost arrangement over time).
- Pooled risk arrangement: all employers have same rates regardless of actual claims experience. Exceptions may be made in case of new member employers if risk of new member's covered population is significantly different from that of the BHG aggregate risk experience.