

**AMENDMENT 3 TO THE
ADMINISTRATIVE SERVICES AGREEMENT
WITH
LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT**

This Amendment is made part of the Administrative Services Agreement and is effective January 1, 2021. This Amendment supplements and amends the Agreement between Employer and Anthem Health Plans of Kentucky, Inc. dba Anthem Blue Cross and Blue Shield dba Anthem. If there are any inconsistencies between the terms of the Agreement or its Schedules and this Amendment, the terms of this Amendment shall control.

1. INTER-PLAN ARRANGEMENTS SCHEDULE is replaced by the attached INTER-PLAN ARRANGEMENTS SCHEDULE.
2. SCHEDULE A is replaced by the attached SCHEDULE A.
3. SCHEDULE B is replaced by the attached SCHEDULE B.
4. SCHEDULE C is replaced by the attached SCHEDULE C.
5. EXHIBIT A OF THE PHARMACY BENEFITS ADMINISTRATIVE SERVICES SCHEDULE is replaced by the attached EXHIBIT A OF THE PHARMACY BENEFITS ADMINISTRATIVE SERVICES SCHEDULE.
6. EXHIBIT B OF THE PHARMACY BENEFITS ADMINISTRATIVE SERVICES SCHEDULE is replaced by the attached EXHIBIT B OF THE PHARMACY BENEFITS ADMINISTRATIVE SERVICES SCHEDULE.
7. EXHIBIT C OF THE PHARMACY BENEFITS ADMINISTRATIVE SERVICES SCHEDULE is replaced by the attached EXHIBIT C OF THE PHARMACY BENEFITS ADMINISTRATIVE SERVICES SCHEDULE.

IN WITNESS WHEREOF, Anthem has caused this Amendment to be executed by affixing the signature of its duly authorized officer.

Anthem Health Plans of Kentucky, Inc. dba Anthem Blue
Cross and Blue Shield

By: _____

Title: _____

Date: _____

Kevin Wetherington
President
10-9-22

**INTER-PLAN ARRANGEMENTS SCHEDULE
TO ADMINISTRATIVE SERVICES AGREEMENT
WITH
LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT**

This Inter-Plan Arrangement Schedule supplements and amends the Administrative Services Agreement and is effective as of January 1, 2021. In the event of an inconsistency between the applicable provisions of this Schedule, any other Schedule and/or the Agreement, the terms of this Schedule shall govern, but only as they relate to the Inter-Plan Arrangements. Except as set forth herein, all other terms and conditions of the Agreement remain in full force and effect.

Out-of-Area Services

Overview

Anthem has a variety of relationships with other Blue Cross and/or Blue Shield Licensees referred to generally as "Inter-Plan Arrangements". These Inter-Plan Arrangements operate under rules and procedures issued by BCBSA. Whenever Members access healthcare services outside the geographic area Anthem serves (the "Anthem Service Area"), the Claim for those services may be processed through one of these Inter-Plan Arrangements. The Inter-Plan Arrangements are described generally below.

Typically, when accessing care outside the Anthem Service Area, Members obtain care from healthcare Providers that have a contractual agreement ("Participating Providers") with the local Blue Cross and/or Blue Shield Licensee in that other geographic area ("Host Blue"). In some instances, Members may obtain care from healthcare Providers in the Host Blue geographic area that do not have a contractual agreement ("Non-Participating Providers") with the Host Blue. Anthem remains responsible for fulfilling its contractual obligations to Employer. Anthem's payment practices in both instances are described below.

This disclosure describes how Claims are administered for Inter-Plan Arrangements and the fees that are charged in connection with Inter-Plan Arrangements. Note that dental care, Prescription Drug or vision benefits may not be processed through Inter-Plan Arrangements.

If the Plan covers only limited healthcare services received outside of Anthem's Service Area, services other than those listed as Covered Services (e.g., emergency services) in the Plan will not be covered when processed through any Inter-Plan Arrangements, unless authorized by Anthem. Providers providing such non-Covered Services will be considered Non-Participating Providers.

A. BlueCard[®] Program

The BlueCard[®] Program is an Inter-Plan Arrangement. Under this Arrangement, when Members access Covered Services outside the Anthem Service Area, the Host Blue will be responsible for contracting and handling all interactions with its Participating Providers. The financial terms of the BlueCard Program are described generally below.

1. Liability Calculation Method Per Claim

a. Member Liability Calculation

Unless subject to a fixed dollar copayment, the calculation of the Member liability on Claims for Covered Services will be based on the lower of the Participating Provider's Billed Charges or the negotiated price made available to Anthem by the Host Blue.

b. Employer Liability Calculation

The calculation of Employer liability on Claims for Covered Services will be based on the negotiated price made available to Anthem by the Host Blue. Sometimes, this negotiated price may be greater for a given service or services than the Billed Charges in accordance with how the Host Blue has negotiated with its Participating Provider(s) for specific healthcare services. In cases where the negotiated price exceeds the Billed Charges, Employer may be liable for the excess amount even when the Member's deductible

has not been satisfied. This excess amount reflects an amount that may be necessary to secure (a) the Provider's participation in the network and/or (b) the overall discount negotiated by the Host Blue. In such a case, the entire contracted price is paid to the Participating Provider, even when the contracted price is greater than the Billed Charges.

2. Claims Pricing

Host Blues determine a negotiated price, which is reflected in the terms of each Host Blue's Participating Provider contracts. The negotiated price made available to Anthem by the Host Blue may be represented by one of the following:

- (i) An actual price. An actual price is a negotiated rate of payment in effect at the time a Claim is processed without any other increases or decreases; or
- (ii) An estimated price. An estimated price is a negotiated rate of payment in effect at the time a Claim is processed, reduced or increased by a percentage to take into account certain payments negotiated with the Provider and other Claim- and non-Claim-related transactions. Such transactions may include, but are not limited to, anti-fraud and abuse recoveries, Provider refunds not applied on a Claim-specific basis, retrospective settlements and performance-related bonuses or incentives; or
- (iii) An average price. An average price is a percentage of Billed Charges in effect at the time a Claim is processed representing the aggregate payments negotiated by the Host Blue with all of its Participating Providers or a similar classification of its Participating Providers and other Claim- and non-Claim-related transactions. Such transactions may include the same ones as noted above for an estimated price.

The Host Blue determines whether it will use an actual, estimated or average price. The use of estimated or average pricing may result in a difference (positive or negative) between the price Employer pays on a specific Claim and the actual amount the Host Blue pays to the Participating Provider. However, the BlueCard Program requires that the amount paid be a final price; no future price adjustment will result in increases or decreases to the pricing of past Claims.

Any positive or negative differences in estimated or average pricing are accounted for through variance accounts maintained by the Host Blue and are incorporated into future Claim prices. As a result, the amounts charged to Employer will be adjusted in a following year, as necessary, to account for over- or under-estimation of the past years' prices. The Host Blue will not receive compensation from how the estimated price or average price methods, described above, are calculated. Because all amounts paid are final, neither positive variance account amounts (funds available to be paid in the following year), nor negative variance amounts (the funds needed to be received in the following year), are due to or from Employer. Upon termination, Employer will not receive a refund or charge from the variance account.

Variance account balances are small amounts relative to the overall paid Claims amounts and will be liquidated over time. The timeframe for their liquidation depends on variables, including, but not limited to, overall volume/number of Claims processed and variance account balance. Variance account balances may earn interest at the federal funds or similar rate. Host Blues may retain interest earned on funds held in variance accounts.

B. Negotiated Arrangements

With respect to one or more Host Plans, instead of using the BlueCard Program, Anthem may process Claims for Covered Services through negotiated arrangements. A negotiated arrangement is an agreement negotiated between Anthem and one or more Host Blues for any Employer that is not delivered through the BlueCard Program ("Negotiated Arrangement").

In addition, if Anthem and Employer agree that (a) Host Blue(s) shall make available (a) custom healthcare Provider network(s) in connection with this Agreement, then the terms and conditions set forth in Anthem's Negotiated Arrangement(s) with such Host Blue(s) shall apply. These include the provisions governing the processing and payment of Claims when Members access such network(s). In negotiating such arrangement(s), Anthem is not acting on behalf of or as an agent for Employer, the Plan or Members.

Member Liability Calculation

If Anthem has entered into a Negotiated Arrangement with a Host Blue, the calculation of Member cost-sharing will be based on the lower of either Billed Charges or negotiated price (refer to the description of negotiated price under Section A, BlueCard Program) that the Host Blue makes available to Anthem and that allows Members access to negotiated participation agreement networks of specified Participating Providers outside of Anthem's service area.

C. Special Cases: Value-Based Programs

Definitions

1. **Accountable Care Organization (ACO):** A group of Providers who agree to deliver coordinated care and meet performance benchmarks for quality and affordability in order to manage the total cost of care for their member populations.
2. **Care Coordination:** Organized, information-driven patient care activities intended to facilitate the appropriate responses to a Member's healthcare needs across the continuum of care.
3. **Care Coordinator:** An individual within a Provider organization who facilitates Care Coordination for patients.
4. **Care Coordinator Fee:** A fixed amount paid by a Host Plan to Providers periodically for Care Coordination under a Value-Based Program.
5. **Global Payment/Total Cost of Care:** A payment methodology that is defined at the patient level and accounts for either all patient care or for a specific group of services delivered to the patient, such as outpatient, physician, ancillary, hospital services, and prescription drugs.
6. **Patient-Centered Medical Home (PCMH):** A model of care in which each patient has an ongoing relationship with a primary care physician who coordinates a team to take collective responsibility for patient care and, when appropriate, arranges for care with other qualified physicians.
7. **Provider Incentive:** An additional amount of compensation paid to a Provider by a Host Blue, based on the Provider's compliance with agreed-upon procedural and/or outcome measures for a particular population of covered persons.
8. **Shared Savings:** A payment mechanism in which the Provider and the payer share cost savings achieved against a target cost budget based on agreed upon terms and may include downside risk.
9. **Value-Based Program (VBP):** An outcomes-based payment arrangement and/or a coordinated care model facilitated with one or more local Providers that is evaluated against cost and quality metrics/factors and is reflected in Provider payment.

Value-Based Programs Overview

Members may access Covered Services from Providers that participate in a Host Blue's Value-Based Program. Value-Based Programs may be delivered either through the BlueCard Program or a Negotiated Arrangement. These Value-Based Programs may include, but are not limited to, Accountable Care Organizations, Global Payment/Total Cost of Care arrangements, Patient Centered Medical Homes and Shared Savings arrangements.

Value-Based Programs under the BlueCard Program

Value-Based Programs Administration

Under Value-Based Programs, a Host Blue may pay Providers for reaching agreed-upon cost/quality goals in the following ways: retrospective settlements, Provider Incentives, a share of target savings, Care Coordinator Fees and/or other allowed amounts.

The Host Blue may pass these Provider payments to Anthem, which Anthem will pass directly on to Employer as either an amount included in the price of the Claim or an amount charged separately in addition to the Claim.

When such amounts are included in the price of the Claim, the Claim may be billed using one of the following pricing methods, as determined by the Host Blue:

(i) **Actual Pricing:** The charge to accounts for Value-Based Programs incentives/Shared Savings settlements is part of the Claim. These charges are passed to Employer via an enhanced Provider fee schedule.

(ii) Supplemental Factor: The charge to accounts for Value-Based Programs incentives/Shared Savings settlements is a supplemental amount that is included in the Claim as an amount based on a specified supplemental factor (e.g., a small percentage increase in the Claim amount). The supplemental factor may be adjusted from time to time. This pricing method may be used only for non-attributed Value-Based Programs.

When such amounts are billed separately from the price of the Claim, they may be billed using a Per Member Per Month billing for Value-Based Programs incentives/Shared Savings settlements to accounts outside of the Claim system. Anthem will pass these Host Blue charges directly through to Employer as a separately identified amount on the Employer billings.

The amounts used to calculate either the supplemental factors for estimated pricing or PMPM billings are fixed amounts that are estimated to be necessary to finance the cost of a particular Value-Based Program. Because amounts are estimates, there may be positive or negative differences based on actual experience, and such differences will be accounted for in a variance account maintained by the Host Blue (in the same manner as described in the BlueCard Claim pricing section above) until the end of the applicable Value-Based Program payment and/or reconciliation measurement period. The amounts needed to fund a Value-Based Program may be changed before the end of the measurement period if it is determined that amounts being collected are projected to exceed the amount necessary to fund the program or if they are projected to be insufficient to fund the program.

At the end of the Value-Based Program payment and/or reconciliation measurement period for these arrangements, Host Blues will take one of the following actions:

- Use any surplus in funds in the variance account to fund Value-Based Program payments or reconciliation amounts in the next measurement period.
- Address any deficit in funds in the variance account through an adjustment to the PMPM billing amount or the reconciliation billing amount for the next measurement period.

The Host Blue will not receive compensation resulting from how estimated, average or PMPM price methods, described above, are calculated. If the Agreement terminates, Employer will not receive a refund or charge from the variance account. This is because any resulting surpluses or deficits would be eventually exhausted through prospective adjustment to the settlement billings in the case of Value-Based Programs. The measurement period for determining these surpluses or deficits may differ from the term of this Agreement.

Variance account balances are small amounts relative to the overall paid Claims amounts and will be liquidated over time. The timeframe for their liquidation depends on variables, including, but not limited to, overall volume/number of Claims processed and variance account balance. Variance account balances may earn interest, and interest is earned at the federal funds or similar rate. Host Blues may retain interest earned on funds held in variance accounts.

Note: Members will not bear any portion of the cost of Value-Based Programs except when a Host Blue uses either average pricing or actual pricing to pay Providers under Value-Based Programs.

Care Coordinator Fees

Host Blues may also bill Anthem for Care Coordinator Fees for Provider services which Anthem will pass on to Employer as follows:

1. PMPM billings; or
2. Individual Claim billings through applicable care coordination codes from the most current editions of either Current Procedural Terminology (CPT) published by the American Medical Association (AMA) or Healthcare Common Procedure Coding System (HCPCS) published by the U.S. Centers for Medicare and Medicaid Services (CMS).

Anthem and Employer will not impose Member cost-sharing for Care Coordinator Fees.

Value-Based Programs under Negotiated Arrangements

If Anthem has entered into a Negotiated Arrangement with a Host Blue to provide Value-Based Programs to Members, Anthem will follow the same procedures for Value-Based Programs administration and Care Coordination Fees as noted above.

D. Non-Participating Providers Outside Anthem's Service Area

1. Allowed Amounts and Member Liability Calculation

Unless otherwise described in the Plan, when Covered Services are provided outside of Anthem's Service Area by Non-Participating Providers, Anthem may determine benefits and make payment based on pricing from either the Host Blue or the pricing arrangements required by applicable state or federal law. In these situations, the amount the Member pays for such services as deductible, copayment or coinsurance will be based on that allowed amount. Also, the Member may be responsible for the difference between the amount that the Non-Participating Provider bills and the payment Anthem will make for the covered services as set forth in this paragraph.

2. Exceptions

In certain situations, which may occur at Employer's direction, Anthem may use other pricing methods, such as Billed Charges, the pricing Anthem would use if the healthcare services had been obtained within Anthem's Service Area, or a special negotiated price to determine the amount Anthem will pay for services provided by Non-Participating Providers. In these situations, the Member may be liable for the difference between the amount that the Non-Participating Provider bills and the payment Anthem makes for the Covered Services as set forth in this paragraph.

E. Blue Cross Blue Shield Global Core[®]

General Information

If Members are outside the United States (hereinafter, "BlueCard Service Area"), they may be able to take advantage of Blue Cross Blue Shield Global Core[®] when accessing Covered Services. The Blue Cross Blue Shield Global Core is not served by a Host Blue. As such, when Members receive care from Providers outside the BlueCard Service Area, Members will typically have to pay the Providers and submit the Claims themselves to obtain reimbursement for these services.

Inpatient Services

In most cases, if Members contact the Blue Cross Blue Shield Global Core Service Center for assistance, hospitals will not require Members to pay for covered inpatient services, except for their cost-share amounts. In such cases, the hospital will submit Member Claims to the Blue Cross Blue Shield Global Core Service Center to initiate Claims processing. However, if the Member paid in full at the time of service, the Member must submit a Claim to obtain reimbursement for Covered Services. Members must contact Anthem to obtain precertification for non-emergency inpatient services.

Outpatient Services

Physicians, urgent care centers and other outpatient Providers located outside the BlueCard Service Area will typically require Members to pay in full at the time of service. Members must submit a Claim to obtain reimbursement for Covered Services.

F. Return of Overpayments

Recoveries of overpayments can arise in several ways, including, but not limited to, anti-fraud and abuse recoveries, audits, utilization review refunds and unsolicited refunds. Recoveries will be applied, in general, on either a Claim-by-Claim or prospective basis. If recovery amounts are passed on a Claim-by-Claim basis from a Host Blue to Anthem, they will be credited to Employer. In some cases, the Host Blue will engage a third party to assist in identification or collection of overpayments. The fees of such a third party may be charged to Employer as a percentage of the recovery.

Unless otherwise agreed to by the Host Blue, for retroactive cancellations of membership, Anthem will request the Host Blue to provide full refunds from Participating Providers for a period of only one year after the date of the Inter-Plan financial settlement process for the original Claim. For Care Coordinator Fees associated with Value-Based Programs, Anthem will request such refunds for a period of only up to ninety (90) days from the termination notice transaction on the payment innovations delivery platform. In some cases, recovery of Claim payments associated with a retroactive cancellation may not be possible if, as an example, the recovery (a) conflicts with the Host Blue's state law or healthcare Provider contracts, (b) would result from Shared Savings and/or Provider Incentive arrangements or (c) would

jeopardize the Host Blue's relationship with its Participating Providers, notwithstanding to the contrary any other provision of this Agreement.

G. Modifications or Changes to Inter-Plan Arrangement Fees or Compensation

Modifications or changes to Inter-Plan Arrangement fees or compensation are generally made effective January 1 of the calendar year, but they may occur at any time during the year. In the case of any such modifications or changes resulting in an increase in fees paid by Employer, Anthem shall provide Employer with at least thirty (30) days' advance written notice of any modification or change to such Inter-Plan Arrangement fees or compensation describing the change and the effective date thereof and Employer right to terminate this Agreement without penalty by giving written notice of termination before the effective date of the change. If Employer fails to respond to the notice and does not terminate this Agreement during the notice period, Employer will be deemed to have approved the proposed changes, and Anthem will then allow such modifications to become part of this Agreement.

H. Fees and Compensation

Employer understands and agrees to reimburse Anthem for certain fees and compensation which Anthem is obligated under the applicable Inter-Plan Arrangements described in this Schedule to pay to the Host Blues, to BCBSA and/or to vendors of Inter-Plan Arrangement related services. The specific Inter-Plan Arrangement fees and compensation, including any administrative and/or network access fee that a Host Blue may charge under the BlueCard Program, a Negotiated Arrangement, and Blue Cross Blue Shield Global Core are charged to Employer are set forth in Section 7 of Schedule A to the Agreement. The various Inter-Plan Program Fees and compensation may be revised from time to time as described in section G.

A description of the various Claim processing fees that may be listed on Schedule A is as follows:

Access Fee: The Access Fee is charged by the Host Blue to Anthem for making its applicable Provider network available to Members. The Access Fee will not apply to Non-Participating Provider Claims. The Access Fee is charged on a per Claim basis and is charged as a percentage of the discount/differential Anthem receives from the applicable Host Blue subject to a maximum of \$2,000 per Claim. When charged, Anthem passes the Access Fee directly on to Employer.

Instances may occur in which the Claim payment is zero or Anthem pays only a small amount because the amounts eligible for payment were applied to patient cost sharing (such as a deductible or coinsurance). In these instances, Anthem will pay the Host Blue's Access Fee and pass it along directly to Employer as stated above even though Employer paid little or had no Claim liability.

Administrative Expense Allowance (AEA) Fee: The AEA Fee is a fixed per Claim dollar amount charged by the Host Blue to Anthem for administrative services the Host Blue provides in processing Claims for Employer's Members. The dollar amount is normally based on the type of Claim (e.g. institutional, professional, international, etc.) and can also be based on the size of group enrollment. When charged, Anthem passes the AEA Fee directly on to Employer.

Per Subscriber Per Month (PSPM) Fee: The PSPM Fee is a financial arrangement negotiated between the Host Blue and Anthem and replaces all other fees, including the Access Fee and AEA Fee. The PSPM dollar amount is charged on a per Subscriber per month basis by the Host Blue to Anthem for administrative services the Host Blue provides in processing Claims for Employer's Members. The dollar amount can also be based on the size of group enrollment. When charged, Anthem passes the PSPM Fee directly on to Employer.

Non-Standard AEA Fee: The Non-Standard AEA Fee is a financial arrangement negotiated between the Host Blue and Anthem and replaces all other fees, including the Access Fee and AEA Fee. The Non-Standard AEA is a fixed per Claim dollar amount charged by the Host Blue to Anthem for administrative services the Host Blue provides in processing Claims for Employer's Members. When charged, Anthem passes the Non-Standard AEA Fee directly on to Employer.

Central Financial Agency (CFA) Fee: The CFA Fee is a fixed dollar amount per payment notice and is paid by Anthem to the BCBSA. This fee applies each time Anthem receives an electronic payment notice from the CFA indicating that a Host Blue incurred Claim-related liability on Anthem's behalf and requesting that Anthem either approve or deny payment. When charged, Anthem passes the CFA Fee directly on to Employer. The CFA Fee supports ongoing operations of BCBSA programs and services, including but not limited to Blue Cross Blue Shield AXIS® Data Services, network solutions, and BlueCard Program-related applications.

Inter-Plan Teleprocessing System (ITS) Transaction Fee: The ITS delivery platform allows all Blue Cross and/or Blue Shield Licensees to connect with each other through a standardized system to facilitate the operation of Inter-Plan Arrangements. The ITS Transaction Fee applies each time a Claims transaction interchange occurs between Anthem and a Host Blue. When a Host Blue receives a Claim, it applies Provider pricing information, sets forth its discount and related savings and sends this information to Anthem electronically. Anthem then adjudicates the Claim, computes the approved Provider payment amount, calculates the AEA Fee and Access Fee, computes net liability and sends a response electronically to the Host Blue. The Host Blue then pays the Provider and issues an electronic payment notice to Anthem via the CFA. The ITS Transaction Fee is five cents per interchange and is paid to the BCBSA. For each Claim, there are a minimum of three interchanges, but there could be more depending on the complexity of the Claim. When charged, Anthem passes the ITS Transaction Fee directly on to Employer.

Anthem Health Plans of Kentucky, Inc. dba Anthem Blue Cross and Blue Shield

By: *Carman W. Walmsley*
Title: *President*
Date: *6-9-22*

**SCHEDULE A
TO
ADMINISTRATIVE SERVICES AGREEMENT
WITH
Lexington-Fayette Urban County Government**

This Schedule A shall govern the Agreement Period from January 1, 2021 through December 31, 2021. For purposes of this Agreement Period, this Schedule shall supplement and amend the Agreement between the Parties. If there are any inconsistencies between the terms of the Agreement including any prior Schedules, and this Schedule A, the terms of this Schedule A shall control.

Section 1. Effective Date and Renewal Notice

This Agreement Period shall be from 12:01 a.m. January 1, 2021 to the end of the day of December 31, 2021.

Paid Claims shall be processed pursuant to the terms of this Agreement when incurred and paid as follows:

Incurred from January 1, 2015 through December 31, 2021 and
Paid from January 1, 2021 through December 31, 2021.

Anthem shall provide any offer to renew this Agreement at least 30 days prior to the end of an Agreement Period.

Section 2. Broker or Consultant Base Compensation

Medical

Not Applicable

Section 3. Administrative Services Fees

Change to Administrative Services Fees. In addition to the provisions in Article 18(c), Anthem reserves the right to change the Administrative Services Fees provided in this Section 3 of Schedule A during the Agreement Period based upon the occurrence of any of the following events:

- A change in law or regulation that materially impacts underwriting assumptions made at the time of the offer or renewal.

If Employer terminates the Pharmacy Services Schedule with PBM at any time, then Anthem shall have the right to amend the Administrative Services Fees indicated in Section 3 of Schedule A of this Agreement.

A. Base Administrative Services Fee

PPO (All)

Base Administrative Services Fee \$32.81 per Subscriber per month

HSA (All)

Base Administrative Services Fee \$32.81 per Subscriber per month

Article 3(a) Retroactive Adjustments to Enrollment.

Anthem will not credit Employer Administrative Services Fees that relate to retroactive deletions and conversely, Anthem will not charge, and Employer shall not pay, Administrative Services Fees that relate to retroactive additions to enrollment.

B. Health and Wellness Program Fees

Not applicable

C. Other Fees or Credits

Fee for Subrogation Services. The charge to Employer is 25% of gross subrogation recovery.

Fee for Overpayment Identification and Claims Prepayment Analysis Activities. The charge to Employer is 25% of (i) the amount recovered from review of Claims and membership data and audits of Provider and Vendor activity to identify overpayments and (ii) the difference between the amount Employer would have been charged absent prepayment analysis activities and the amount that was charged to Employer following performance of the prepayment analysis activities. This includes, but is not limited to COB, contract compliance, and eligibility. The fee for Overpayment Identification and Claims Prepayment Analysis Activities will not exceed \$25,000.00 per Claim.

Fee for Independent Claims Review: \$500.00 per independent review.

Enhanced Personal Health Care Fee. A fee shall be charged for Anthem's oversight of Enhanced Personal Health Care with Providers or Vendors. Such fee shall be 25% of the per attributed Member per month amount charged to Employer for the Provider performance bonus portion of the Enhanced Personal Health Care program. These charges are included in Paid Claims on the invoice and may accumulate towards any stop loss policy amounts.

Non-Network Savings Fee. If Anthem or its Vendor negotiates with a non-Network Provider for Covered Services from the non-Network Provider, Employer will pay a fee equal to 50% of the difference between the non-Network Provider's Billed Charges and the amount Anthem uses to calculate Plan liability for the Covered Service (the "Plan Liability Amount"). In the case of facility-based Provider Claims, Plan Liability Amount will be based on the negotiated rate; if negotiations are not successful, the Plan Liability Amount shall be determined using a pricing tool. In the case of professional Provider Claims, Plan Liability Amount will be based upon the negotiated rate obtained by Anthem or its Vendor, if applicable (in the absence of successfully negotiated Claims, there will be no fee charged as the amount will be determined by the local Blue plan).

Monthly Fee (1000+ eligible employees) thirteen dollars and fifty eight cents (\$13.58) per Subscriber enrollee in COBRA per month

New Subscriber COBRA rights notification two dollars and nine cents (\$2.90) per notice

HIPAA special enrollment notification two dollars and nine cents (\$2.90) per notice

Health Plan eligibility communication twenty five dollars (\$25.00) per third party administrator per month

Eligibility communication and premium remittance fifty dollars (\$50.00) per third party administrator per month

Open Enrollment Support Services (Comprehensive Package) fifteen dollars (\$15.00) per packet plus related pricing and postage expenses

Existing Subscriber COBRA rights notification two dollars (\$2.00) per notice

Existing Subscriber HIPAA special enrollment notification two dollars (\$2.00) per notice

Past due notices one dollars (\$1.00) per notice

Custom programming one hundred twenty five dollars (\$125.00) per hour

Rx admin Fee: \$3.90 per Subscriber per month

Section 4. Paid Claims, Billing Cycle and Payment Method

A. Paid Claims

Paid Claims are described in Article 1-Paid Claims Definition of the Agreement.

B. Billing Cycle

Weekly

Anthem shall notify Employer of the amount due to Anthem as a result of Claims processed and paid by Anthem according to the billing cycle described above. The actual date of notification of Paid Claims and the Invoice Due Date will be determined according to Anthem's regular business practices and systems capabilities.

C. Payment Method

ACH Demand Debit Reimbursement for Paid Claims. Anthem will initiate an ACH demand debit transaction that will withdraw the amount due from a designated Employer bank account no later than the next business day following the Invoice Due Date, however, if the Invoice Due Date falls on either a banking holiday, a Saturday or a Sunday, the withdrawal shall be made on the following banking day.

Section 5. Administrative Services Fees Billing Cycle and Payment Method

A. Billing Cycle

Monthly List Bill (pay as billed)

Anthem shall notify Employer of the amount due to Anthem pursuant to Section 3 of Schedule A according to the billing cycle described above. The actual date of notification of amounts due and the Invoice Due Date will be determined according to Anthem's regular business practices and systems capabilities.

B. Payment Method

ACH Demand Debit Reimbursement. Anthem will initiate an ACH demand debit transaction that will withdraw the amount due from a designated Employer bank account no later than the next business day following the Invoice Due Date, however, if the Invoice Due Date falls on either a banking holiday, a Saturday or a Sunday, the withdrawal shall be made on the following banking day.

Section 6. Claims Runout Services

A. Claims Runout Period

Claims Runout Period shall be for the 12 months following the date of termination of this Agreement.

B. Claims Runout Administrative Services Fee

Medical:

The fee for Claims Runout Services will be waived. Fees in Sections 3(B) and 3(C) of this Schedule A that (i) are associated with Claims processed or reviewed during the Claims Runout Period including without limitation subrogation fees, Claims prepayment analysis fees, recovery fees, network access fees; or (ii) apply to the Agreement Period but were not billed during the Agreement Period, will be billed and payable during the Claims Runout Period. Payment is due to Anthem by the Invoice Due Date.

Section 7. Inter-Plan Arrangements

The following Inter-Plan Arrangement-related fees are included in the Base Administrative Services Fee: Access Fees paid to Host Blues, the Administrative Expense Allowance ("AEA") Fee, Central Financial Agency Fees, ITS Transaction Fees, Blue Cross Blue Shield Global Core® Program services Fees and any Negotiated Arrangement Fees.

Section 8. Other Amendments. The Administrative Services Agreement is otherwise amended as follows:

Notice of Loss of Grandfathering Status

In the event Employer maintains a grandfathered health plan(s), as that term is used in the Patient Protection and Affordable Care Act ("PPACA"), Employer shall not make any changes to such plan(s), including, but not limited to, changes with respect to Employer contribution levels, without providing Anthem with advance written notice of the intent to change such plan(s). Making changes to grandfathered plans without notice to Anthem may result in the plan(s) losing grandfathered status and significant penalties and/or fines to Employer and Anthem. In the event Employer implements changes to its plan(s) and does not provide advance notice to Anthem, Employer agrees to indemnify Anthem according to the indemnification provisions set forth elsewhere in this Agreement for any penalties, fines or other costs assessed against Anthem.

Additionally, at each renewal after September 23, 2010, Employer shall affirm in writing, upon reasonable request of Anthem, that it has not made changes to its plan(s) that would cause the plan(s) to lose its/their grandfathered status.

If Employer loses grandfathered Plan status under PPACA and notifies Anthem of such loss no fewer than 90 days before the effective date of the change, Anthem will implement the additional group market (insurance) reforms that apply to non-grandfathered health Plans subject to the provisions of Article 18 of this Agreement.

Anthem Health Plans of Kentucky, Inc. dba Anthem Blue Cross and Blue Shield

By: Henan W. Hightower
Title: President
Date: 6-9-22

**SCHEDULE B
TO
ADMINISTRATIVE SERVICES AGREEMENT
WITH
LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT**

This Schedule B shall govern the Agreement Period from January 1, 2021 through December 31, 2021. For purposes of this Agreement Period, this Schedule B shall supplement and amend the Agreement between the Parties. If there are any inconsistencies between the terms of the Agreement including any prior Schedules and this Schedule B, the terms of this Schedule B shall control.

The following is a list of services that Anthem will provide under this Agreement for the Base Administrative Services Fee listed in Section 3(A) of Schedule A. These services will be furnished to Employer in a manner consistent with Anthem's standard policies and procedures for self-funded plans.

Anthem may also offer additional, optional services to Employer, and such services, whether or not purchased by Employer, are not included in the services set forth below in this Schedule B. By way of example and not limitation, Anthem may offer certain optional programs that include utilization management activities. In such event, the services associated with those programs are not included in the services described below. Services under Article 13 will only be pursued or performed for Claims associated with these programs or that would have been impacted by these programs if the programs are purchased by Employer. If Employer has purchased such services, those services and any additional fees are also listed in Schedule A.

SERVICES INCLUDED IN THE BASE ADMINISTRATIVE SERVICES FEE IN SECTION 3A OF SCHEDULE A

Management Services:

Anthem's benefits and administration as described in this paragraph:

- Anthem definitions, and exclusions
- Anthem complaint and appeals process (One mandatory level of appeal, one voluntary level of appeal)
- Claims incurred and paid as provided in Schedule A, excluding activities related to Claim recovery
- Accumulation toward plan maximums beginning at zero on effective date
- Anthem Claim forms
- ID card
- Explanation of Benefits (Non-customized)
- Acceptance of electronic submission of eligibility information in HIPAA-compliant format
- Preparation of Benefits Booklet (accessible via internet)
- Account reporting - standard data reports
- Standard billing and banking services
- Plan Design consultation
- Employer eServices
 - Add and delete Members
 - Download administrative forms
 - View Member Benefits and request ID cards
 - View eligibility
 - View Claim status and detail
- Responsible Reporting Entity for the Plan
- Information for preparation of SBC

Claims and Customer Services

- Claims processing services
- Medicare crossover processing
- Employer customer service, standard business hours
- Member customer service, standard business hours
- 1099s prepared and delivered to Providers
- Residency-based assessments and/or surcharges and other legislative reporting requirements
- Member eServices
- Member identity theft and credit monitoring and identity repair

Care Management

- Health Care Management
 - Referrals
 - Utilization management
 - Case management
 - Anthem Medical Policy
- SpecialOffers
- Transplant services - Blues Distinction
- Member Digital Tools
- Health and Wellness Services (All Plans)
 - ConditionCare
 - Asthma
 - Pulmonary disease
 - Congestive heart failure
 - Coronary artery disease
 - Diabetes
 - Future Moms (No Mailings)
 - ComplexCare
 - 24/7 NurseLine
 - My Health Advantage-Gold Level
 - Cancer Care Quality Program

Networks

- Network Access and Management
- Online Provider directory

Anthem Health Plans of Kentucky, Inc. dba Anthem Blue Cross and Blue Shield

By: Kevin W. Hylton
Title: President
Date: 6-9-22

**SCHEDULE C
TO THE
ADMINISTRATIVE SERVICES AGREEMENT
WITH
LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT**

This Schedule C provides certain guarantees pertaining to Anthem's performance under the Agreement between the Parties ("Performance Guarantees") and shall be effective for the period from January 1, 2021 through December 31, 2021 (the "Performance Period"). Descriptions of the terms of each Performance Guarantee applicable to the Parties are set forth in the Attachments (the "Attachments") to this Schedule C and made a part of this Schedule C. This Schedule shall supplement and amend the Agreement between the Parties. If there are any inconsistencies between the terms of the Agreement including any prior Schedules and this Schedule C, the terms of this Schedule C shall control. If there are any inconsistencies between the terms contained in this Schedule, and the terms contained in any of the Attachments to this Schedule C, the terms of the Attachments to this Schedule C shall control unless otherwise specified .

Section 1. General Conditions

- A. The Performance Guarantees described in the Attachments to this Schedule C shall be in effect only for the Performance Period indicated above, unless specifically indicated otherwise in the Attachments. Each Performance Guarantee shall specify a/an:
 - 1. Performance Category. The term Performance Category describes the general type of Performance Guarantee.
 - 2. Reporting Period. The term Reporting Period refers to how often Anthem will report on its performance under a Performance Guarantee.
 - 3. Measurement Period. The term Measurement Period is the period of time under which Anthem's performance is measured, which may be the same as or differ from the period of time equal to the Performance Period.
 - 4. Penalty Calculation. The term Penalty Calculation generally refers to how Anthem's payment will be calculated, in the event Anthem does not meet the target(s) specified under the Performance Guarantee.
 - 5. Amount at Risk. The term Amount at Risk means the amount Anthem may pay if it fails to meet the target(s) specified under the Performance Guarantee.
- B. Anthem shall conduct an analysis of the data necessary to calculate any one of the Performance Guarantees within the timeframes provided in the Attachments to this Schedule C. In addition, any calculation of Performance Guarantees, reports provided, or analysis performed by Anthem shall be based on Anthem's then current measurement and calculation methodology, which shall be available to Employer upon request.
- C. Any audits performed by Anthem to test compliance with any of the Performance Guarantees shall be based on a statistically valid sample size with a 95% confidence level.
- D. If the Parties do not have an executed Agreement, Anthem shall have no obligation to make payment under these Performance Guarantees.
- E. Unless otherwise specified in the Attachments to this Schedule C, the measurement of the Performance Guarantee shall be based on data that is maintained and stored by Anthem or its Vendors.
- F. If Employer terminates the Agreement between the Parties prior to the end of the Performance Period, or if the Agreement is terminated for non-payment, then Employer shall forfeit any right to collect any further payments under any outstanding Performance Guarantees, whether such Performance Guarantees are for a prior or current Measurement Period or Performance Period.

- G. Anthem reserves the right to make changes to any of the Performance Guarantees provided in the Attachments to this Schedule C upon the occurrence, in Anthem's determination, of:
1. a change to the Plan benefits or the administration of the Plan initiated by Employer that results in a substantial change in the services to be performed by Anthem or the measurement of a Performance Guarantee;
 2. an increase or decrease of 10% or more of the number of Members that were enrolled for coverage on the latter of the effective date or renewal date of this Agreement;
 3. a change in law or regulation that materially impacts underwriting assumptions made at the time of offering such Performance Guarantees.
- H. For the purposes of calculating compliance with the Performance Guarantees contained in the Attachments to this Schedule C, if a delay in performance of, or inability to perform, a service underlying any of the Performance Guarantees is due to circumstances which are beyond the control of Anthem, or its Vendors, including but not limited to any act of God, civil riot, floods, fire, acts of terrorists, acts of war or power outage, such delayed or non-performed service will not count towards the measurement of the applicable Performance Guarantee.
- I. Some Performance Guarantees measure and compare year to year performance. Other than as set forth below, the term Baseline Period refers to the equivalent time period preceding the Measurement Period. Notwithstanding anything to the contrary in the Agreement, this Schedule C, or any Attachment to this Schedule C, the Baseline Period for the Performance Period year that begins in 2021 for any Care Management / Health and Wellness Performance Guarantee shall be the time period occurring from January 1, 2019 through December 31, 2019. Anthem will require specified historical Claims and utilization data to establish the Baseline Period for the first year of a Performance Guarantee utilizing a Baseline Period.
- J. As determined by Anthem, Performance Guarantees may be measured using either aggregated data or Employer-specific Data. The term Employer-specific Data means the data associated with Employer's Plan that has not been aggregated with other employer data. Performance Guarantees will specify if Employer-specific Data shall be used for purposes of measuring performance under the Performance Guarantee.
- K. If any Performance Guarantees are tied to a particular program and its components, such Performance Guarantees are only valid if the Employer participates in the program and its components for the entirety of the Measurement Period associated with the Performance Guarantee.
- L. All Performance Guarantees in which Anthem will make outbound calls or will reach out through email or other means to members will exclude members who Anthem cannot reach due to incorrect or invalid telephone numbers, including numbers where permission is required by law but not provided, or those members who have requested that Anthem not contact them.
- M. All Performance Guarantees may be revisited and may potentially be impacted due to a cause beyond the reasonable control of a Party such as a pandemic (an outbreak of disease that affects an exceptionally high proportion of members) being declared by the Centers for Disease Control or if a Force Majeure event (meaning an act of God, civil or military disruption, terrorism, fire, strike, flood, riot or war) occurs during the Measurement or Baseline Period that impacts a meaningful portion of the Employer population.

Section 2. Payment

- A. If Anthem fails to meet any of the obligations specifically described in a Performance Guarantee, Anthem shall pay Employer the amount set forth in the Attachment described under the Performance Guarantee. Payment shall be in the form of a credit on Employer's invoice for Administrative Services Fees, which will occur annually unless otherwise stated in the Performance Guarantee.
- B. Notwithstanding the above, Anthem has the right to offset any amounts owed to Employer under any of the Performance Guarantees contained in the Attachments to this Schedule C against any amounts owed by Employer to Anthem under: (1) any Performance Guarantees contained in the Attachments to this Schedule C; (2) the Agreement; or, (3) any applicable Stop Loss Policy.

- C. Notwithstanding the foregoing, Anthem's obligation to make payment under the Performance Guarantees is conditioned upon Employer's timely performance of its obligations provided in the Agreement in this Schedule C, and the Attachments, including providing Anthem with the information or data required by Anthem in the Attachments. Anthem shall not be obligated to make payment under a Performance Guarantee if Employer or Employer's vendor's action or inaction adversely impacts Anthem's ability to meet any of its obligations provided in the Attachments related to such Performance Guarantee, which expressly includes but is not limited to Employer or its vendor's failure to timely provide Anthem with accurate and complete data or information in the form and format expressly required by Anthem.
- D. Where the Amount at Risk for a Performance Guarantee is on a percentage of a Per Subscriber Per Month (PSPM) fee basis, the Guarantee will be calculated by multiplying the PSPM amount by the actual annual enrollment during the Measurement Period.

Section 3. Performance Guarantee Amounts at Risk

The total amount at risk for the below performance guarantees between Anthem and Employer shall not exceed the following:

Operations Guarantees: 15% of Base Medical Administration fees

Network Guarantees: 10% of Base Medical Administration fees

Maximum Amount Payable

The maximum amount payable under all guarantees between Anthem Employer shall not exceed 25% of the Base Medical Administration fees . The Maximum Amount Payable provisions above do not apply to Pharmacy-related Performance Guarantees.

Anthem Health Plans of Kentucky, Inc. dba Anthem Blue Cross and Blue Shield

By: Thomas Wetherington
Title: President
Date: 6-9-22

**ATTACHMENT 1 TO SCHEDULE C
Performance Guarantees
TO ADMINISTRATIVE SERVICES AGREEMENT
WITH
LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT**

Operations Performance Guarantees

This Attachment is made part of Schedule C and will be effective for the Performance Period from January 1, 2021 through December 31, 2021. This Attachment is intended to supplement and amend the Agreement between the Parties.

Operations Guarantees

Performance Category	Year 1
Claims Timeliness - (14 Calendar Days)	1.5% of Base Admin. Services Fees
Claims Financial Accuracy	1.5% of Base Admin. Services Fees
Claims Accuracy	1.5% of Base Admin. Services Fees
Open Enrollment ID Card Issuance	1.5% of Base Admin. Services Fees
Processing of Ongoing Eligibility Information	1.5% of Base Admin. Services Fees
Average Speed to Answer	1.5% of Base Admin. Services Fees
Call Abandonment Rate	1.5% of Base Admin. Services Fees
Member Satisfaction NPS	1.5% of Base Admin. Services Fees
Management Reports	1.5% of Base Admin. Services Fees
Account Management Satisfaction	1.5% of Base Admin. Services Fees
Total Amount At Risk – Operations	15%

Additional Terms and Conditions:

For purposes of imposing penalties, measurement shall not begin until the start of the fourth month of the initial Agreement period for the following measures: Claims Timeliness, Claims Financial Accuracy, Claims Accuracy, Average Speed of Answer, Call Abandonment Rate, and First Call Resolution]

Performance will be based on the results of a designated service team/business unit assigned to Employer, unless the guarantee is noted as measured with Employer-specific Data.

Performance Category	Amount at Risk	Guarantee	Penalty Calculation	Measurement and Reporting Period
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Performance Category	Amount at Risk	Guarantee	Penalty Calculation		Measurement and Reporting Period
Claims Timeliness (14 Calendar Days)	Year 1:	A minimum of 90% of Non-investigated medical Claims will be processed timely.			<u>Measurement Period</u>
	1.5% of Base				Annual
	Admin. Services Fees	Non-investigated Claims are defined as medical Claims that process through the system without the need to obtain additional information from the Provider, Subscriber or other external sources. Processed Timely is defined as Non-investigated medical Claims that have been adjudicated within 14 calendar days of receipt.	Result	Penalty	<u>Reporting Period</u>
			90.0% or Greater	None	Annual
			88.0% to 89.9%	25%	
			86.0% to 87.9%	50%	
		85.0% to 85.9%	75%		
		This Guarantee will be calculated based on the number of Non-investigated Claims that Processed Timely divided by the total number of Non-investigated Claims.	Less than 85.0%	100%	
		The calculation of this Guarantee does not include Claim adjustments. The calculation of this Guarantee also excludes in any quarter, Claims for an Employer that requests changes to Plan benefits, until all such changes have been implemented.			
		This will be measured with Employer-specific Data.			
Claims Financial Accuracy	Year 1:	A minimum of 99% of medical Claim dollars will be processed accurately.			<u>Measurement Period</u>
	1.5% of Base				Annual
	Admin. Services Fees	This Guarantee will be calculated based on the total dollar amount of audited medical Claims paid correctly divided by the total dollar amount of audited medical Paid Claims. The calculation of this Guarantee includes both underpayments and overpayments. The calculation of this Guarantee does not include Claim adjustments or Claims in any quarter in which an Employer requests changes to Plan benefits, until all such changes have been implemented.	Result	Penalty	<u>Reporting Period</u>
			99.0% or Greater	None	Annual
			98.0% to 98.9%	25%	
			97.0% to 97.9%	50%	
		96.0% to 96.9%	75%		
			Less than 96.0%	100%	
Claims Accuracy	Year 1:	A minimum of 97% of medical Claims will be paid or denied correctly.			<u>Measurement Period</u>
	1.5% of Base				Annual
	Admin. Services Fees	This Guarantee will be calculated based on the number of audited medical Claims paid and denied correctly divided by the total number of audited medical Claims paid and denied. The calculation of this Guarantee excludes in any quarter Claims for an Employer that requests changes to Plan benefits, until all such changes have been implemented.	Result	Penalty	<u>Reporting Period</u>
			97.0% or Greater	None	Annual
			96.0% to 96.9%	25%	
			95.0% to 95.9%	50%	
		94.0% to 94.9%	75%		
			Less than 94.0%	100%	

Performance Category	Amount at Risk	Guarantee	Penalty Calculation		Measurement and Reporting Period
Open Enrollment ID Card Issuance	Year 1:	100% of Subscriber digital ID cards will be available or Member physical ID cards will be mailed to Open Enrollment participants no later than the Employer's effective date provided that Anthem receives an Accurate Eligibility File. An Accurate Eligibility File is defined as: (1) an electronic eligibility file formatted in a mutually agreed upon manner; (2) received by Anthem no later than 30 calendar days prior to the Employer's effective date; and, (3) contains an error rate of less than 1%. This Guarantee will be calculated based on the total number of Open Enrollment ID cards available to Subscribers or mailed to Members within the timeframe set forth above divided by the total number of Members eligible to receive Open Enrollment ID cards. This will be measured with Employer-specific Data.			<u>Measurement Period</u> Employer's effective date
	1.5% of Base Admin. Services Fees		<u>Result</u>	<u>Penalty</u>	<u>Reporting Period</u> 60 days following the Employer's effective date.
			100%	None	
			99.0% to 99.9%	\$100 per ID Card not to exceed 25% of amount at risk for this measure	
			98.0% to 98.9%	50%	
			97.0% to 97.9%	75%	
			Less than 97.0%	100%	
Processing of Ongoing Eligibility Information	Year 1:	100% of Employer's ongoing electronic eligibility files will be processed timely. Timely Processing is defined as electronic eligibility files processed and updated on the eligibility database within 7 business days of receipt of an eligibility file. This Guarantee only applies to the processing of eligibility files submitted by Employer outside of an open enrollment period. This Guarantee does not apply to a defective eligibility file. A defective Eligibility File is defined as an eligibility file that has issues that prevent Anthem's processing of the file. Anthem's payment of this Guarantee is conditioned upon receipt of eligibility files in a format mutually agreed upon by the Parties. This Guarantee will be calculated by (1) dividing the total number of eligibility files processed within the timeframe set forth above by (2) the number of Employer's eligibility files processed. This will be measured with Employer-specific Data.			<u>Measurement Period</u> Annual
	1.5% of Base Admin. Services Fees		<u>Result</u>	<u>Penalty</u>	<u>Reporting Period</u> Annual
			100%	None	
			98.0% to 99.9%	25%	
			96.0% to 97.9%	50%	
			94.0% to 95.9%	75%	
			Less than 94.0%	100%	

Performance Category	Amount at Risk	Guarantee	Penalty Calculation		Measurement and Reporting Period
Average Speed to Answer	Year 1:	The average speed to answer (ASA) will be 45 seconds or less.	Result	Penalty	<u>Measurement Period</u>
	1.5% of Base		45 seconds or less	None	Annual
	Admin. Services Fees	ASA is defined as the average number of whole seconds members wait and/or are in the telephone system before receiving a response from a customer service representative (CSR) or an interactive voice response (IVR) unit. This Guarantee will be calculated based on the total number of calls received in the customer service telephone system.	46 to 48 seconds	25%	<u>Reporting Period</u>
			49 to 51 seconds	50%	Annual
			52 to 54 seconds	75%	
			55 or more seconds	100%	
Call Abandonment Rate	Year 1:	A maximum of 5.0% of member calls will be abandoned.	Result	Penalty	<u>Measurement Period</u>
	1.5% of Base	Abandoned Calls are defined as member calls that are waiting for a customer service representative (CSR), but are abandoned before connecting with a CSR. This Guarantee will be calculated based on the number of calls abandoned divided by the total number of calls received in the customer service telephone system. Calls that are abandoned in less than 5 seconds will not be included in this calculation.	5.0% or Less	None	Annual
	Admin. Services Fees		5.01% to 5.40%	25%	<u>Reporting Period</u>
			5.41% to 5.70%	50%	Annual
			5.71% to 5.99%	75%	
			6.0% or Greater	100%	

Performance Category	Amount at Risk	Guarantee	Penalty Calculation	Measurement and Reporting Period												
Member Satisfaction – NPS	Year 1: 1.5% of Base Admin. Services Fees	<p>This Guarantee establishes a Quality Benchmark transactional Net Promoter Score (NPS) of 40. Anthem will either: (i) meet or exceed the Quality Benchmark; or, (ii) there will be an improvement in the Net Promoter Score from the Baseline Period.</p> <p>The survey is conducted after a member contacts a customer service representative (CSR). Each member who completes a transaction with Anthem will be asked to provide a rating on a scale from 0 (Not at All Likely) to 10 (Extremely Likely) to a question that asks how likely the member would recommend Anthem to a friend or colleague based on the member's most recent transaction. The transactional Net Promoter Score will be calculated by subtracting the percentage of Detractors (members who provide a rating from 0 to 6) from the percentage of Promoters (members who provide a rating of 9 or 10).</p> <p>To determine the results for (i), Anthem shall compare the Net Promoter Score in the Measurement Period to the Quality Benchmark.</p> <p>The improvement for (ii) will be determined by comparing the Net Promoter Score in the Measurement Period to the Net Promoter Score in the Baseline Period.</p> <p>The Baseline Period is the equivalent time period preceding the Measurement Period.</p>	<p>If Net Promoter Score stayed the same or decreased AND is</p> <table border="1"> <thead> <tr> <th>Result</th> <th>Penalty</th> </tr> </thead> <tbody> <tr> <td>40 or Greater</td> <td>None</td> </tr> <tr> <td>39.0 to 39.9</td> <td>25%</td> </tr> <tr> <td>38.0 to 38.9</td> <td>50%</td> </tr> <tr> <td>37.0 to 37.9</td> <td>75%</td> </tr> <tr> <td>Less than 37.0</td> <td>100%</td> </tr> </tbody> </table>	Result	Penalty	40 or Greater	None	39.0 to 39.9	25%	38.0 to 38.9	50%	37.0 to 37.9	75%	Less than 37.0	100%	<p><u>Measurement Period</u> Annual</p> <p><u>Reporting Period</u> Annual</p>
			Result	Penalty												
40 or Greater	None															
39.0 to 39.9	25%															
38.0 to 38.9	50%															
37.0 to 37.9	75%															
Less than 37.0	100%															
Management Reports	Year 1: 1.5% of Base Admin. Services Fees	<p>Standard automated reports will be made available to Employer by no later than 25 calendar days following the end of the month.</p> <p>The reports will include financial, utilization and clinical information.</p> <p>This will be measured with Employer-specific Data.</p>	<table border="1"> <thead> <tr> <th>Result</th> <th>Penalty</th> </tr> </thead> <tbody> <tr> <td>Reports are late 1 month</td> <td>None</td> </tr> <tr> <td>Reports are late 2 months</td> <td>25%</td> </tr> <tr> <td>Reports are late 3 or more months</td> <td>100%</td> </tr> </tbody> </table>	Result	Penalty	Reports are late 1 month	None	Reports are late 2 months	25%	Reports are late 3 or more months	100%	<p><u>Measurement Period</u> Annual</p> <p><u>Reporting Period</u> Annual</p>				
Result	Penalty															
Reports are late 1 month	None															
Reports are late 2 months	25%															
Reports are late 3 or more months	100%															

Performance Category	Amount at Risk	Guarantee	Penalty Calculation		Measurement and Reporting Period
Account Management Satisfaction	Year 1:	<p>A minimum average score of 3.0 will be attained on the Account Management Satisfaction Survey (AMSS).</p> <p>A minimum of 3 responses per Employer to the AMSS is required to base the score on Employer-specific responses only. If 3 responses are received from the Employer, an average score is calculated by adding the scores from each respondent divided by the total number of Employer respondents. If fewer than 3 responses are received, the score will be calculated as follows:</p> <p>2 Employer responses: 2/3 of the score will be based on Employer-specific AMSS results and 1/3 of the score will be based on the aggregate score of all AMSS results received by the Account Management Team.</p> <p>1 Employer- response: 1/3 of the score will be based on Employer- specific AMSS results and 2/3 of the score will be based on the aggregate score of all AMSS results received by the Account Management Team.</p> <p>0 Employer responses: The score will be based on the aggregate score of all AMSS/ results received by the Account Management Team.</p>			<u>Measurement Period</u>
	1.5% of Base				Annual
	Admin. Services		<u>Result</u>	<u>Penalty</u>	<u>Reporting Period</u>
	Fees		3.0 or higher	None	Annual
			2.5 to 2.9	25%	
	2.0 to 2.4	50%			
	Less than 2.0	100%			

**ATTACHMENT 2 TO SCHEDULE C
Performance Guarantees
TO ADMINISTRATIVE SERVICES AGREEMENT
WITH
LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT**

Network Guarantees

This Attachment is made part of Schedule C and will be effective for the Performance Period from January 1, 2021 through December 31, 2021. This Attachment is intended to supplement and amend the Agreement between the Parties.

Network Guarantees

Performance Category	Year 1
Network Provider Discount – Expected Discount 60%	10% of Base Admin. Services Fees
Total Amount At Risk - Network	10%

Additional Terms and Conditions

This/These Guarantee(s) applies to following time periods:(Measurement Period)

- Claims Incurred from 01/01/2021 through 12/31/2021 and Paid from 01/01/2021 and through 12/31/2021

This Guarantee excludes the following Providers: Cincinnati Childrens Hospital in OH, Riley Childrens Hospital in IN and Vanderbilt Hospital in TN, and Nationwide in Columbus OH.

This Guarantee excludes the total Claims Charges for any Member that exceeds \$250,000 in paid claims in the Measurement Period and captiated claims.

Anthem has the right in its sole discretion to modify or terminate this Guarantee if any of the following conditions occur:

Anthem is no longer the sole administrator for Employer's Plan.

Employer fails to maintain at least an average enrollment of enrollment of 3000 Subscribers.

The geographic distribution of Subscribers changes by more than 5% in any state or 10% in total from the Employer census provided for purposes of establishing this Guarantee.

As previously mentioned, a change to the Plan benefits or the administration of the Plan initiated by Employer that results in a substantial change in the services to be performed by Anthem or the measurement of a Performance Guarantee.

The Advantage Network is not implemented in the following locations: CA, DC/MD, FL, GA, MN, MO, NH, NY, PA, & WI.

Performance Category	Amount at Risk	Guarantee	Penalty Calculation		Measurement and Reporting Period
Network Provider Discount	Year 1:	A minimum Network Provider Discount of 60%.			<u>Measurement Period</u>
	10% of Base	<p>This Guarantee excludes the following Providers: Cincinnati Childrens Hospital in OH, Rileys Childrens Hospital in IN and Vanderbilt Hospital in TN and Nationwide in Columbus OH. This Guarantee excludes the total Claims Charges for any Member that exceeds \$250,000 in paid claims in the Measurement Period and capitated claims.</p> <p>Eligible Claim Charges are defined as charges for Covered Services provided to Members enrolled in [HMO, PPO, EPO, POS] Plans. Eligible Claim Charges will be based on Anthem primary Claims only and will not include charges related to Prescription Drug Claims, Inter-Plan Program fees, state surcharges, Anthem Provider payment innovation programs or services rendered outside the United States. Allowed Amount is defined as the amount paid by Anthem to [HMO, PPO, EPO, POS] Network Providers on Eligible Claim Charges plus any Member Cost Shares.</p> <p>This Guarantee will be calculated by dividing the [HMO, PPO, EPO, POS] Network Provider Allowed Amount by the [HMO, PPO, EPO, POS] Network Provider Eligible Claim Charges. The resulting percentage shall be subtracted from 100% to determine the Network Provider Discount.</p> <p>Anthem has the right in its sole discretion to modify or terminate this Guarantee if any of the following conditions occur:</p> <ul style="list-style-type: none"> • Anthem is no longer the sole administrator for Employer's Plan • Employer fails to maintain at least an average enrollment of 3000 Subscribers. • The geographic distribution of Subscribers changes by more than 5% in any state or 10% in total from the Employer census provided for purposes of establishing this Guarantee. <p>Only Claims submitted to a Blue Cross and/or Blue Shield licensee for processing and adjudication shall be considered for purposes of this Discount Guarantee. This Guarantee will terminate on the date any federal price transparency law or regulation goes into effect.</p> <p>This will be measured with Employer-specific Data.</p>	Result	Penalty	<p>*This period applies to Claims incurred from 01/01/2021 through 12/31/2021 and Paid from 01/01/2021 and through 12/31/2021.</p> <p><u>Reporting Period</u> Annual</p>
	Admin. Services		[60.0% or Greater]	None	
			[59.0% to 59.9%]	[25%]	
			[58.0% to 58.9%]	[50%]	
	[57.0% to 57.9%]		[75%]		
		Less than [57.0%]	[100%]		

**EXHIBIT A – FEES & EXPENSES
OF THE PHARMACY BENEFITS ADMINISTRATIVE SERVICES SCHEDULE
TO
ADMINISTRATIVE SERVICES AGREEMENT
WITH
LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT**

This Exhibit A shall govern the Agreement Period from 1/1/2021 through 12/31/2021 and is made part of this Pharmacy Benefits Administrative Services Schedule. This Exhibit is intended to supplement the Agreement between the Parties as it relates to Pharmacy Services only. In the event of an inconsistency between the applicable provisions of this Pharmacy Services Schedule and the Agreement, the terms of this Pharmacy Services Schedule shall govern, but only as they relate to Pharmacy Services. Except as set forth herein, all other terms and conditions of the Agreement remain in full force and effect.

Section 1. Effective Date and Renewal Notice

This Agreement Period shall be from 12:01 a.m. 1/1/2021 to the end of the day of 12/31/2021.

Paid Claims shall be processed pursuant to the terms of this Pharmacy Services Schedule when incurred and paid as follows:

- Incurred from 1/1/2015 through 12/31/2021 and
- Paid from 1/1/2021 through 12/31/2021.

PBM shall provide any offer to renew this Pharmacy Services Schedule at least 30 days prior to the end of an Agreement Period.

**Section 2. Broker or Consultant Base Compensation
Not Applicable**

Section 3. Pharmacy Administrative Services Fees

Change to Administrative Services Fees. The Administrative Services Fees in Section 3 of Schedule A of the Agreement and the Pharmacy Administrative Services Fees in Section 3 of Exhibit A may be changed during the Agreement Period based upon an event in Article 18(c) of the Agreement or Section E(2) of the Pharmacy Services Schedule.

A. Pharmacy Base Administrative Services Fee

Pharmacy Base Administrative Services Fee. The Pharmacy Administrative Services Fees shall also include a fee that will be charged monthly for services related to pharmacy benefits management including, but not limited to, pharmacy mail services, clinical services, and customer services. Such fee shall be: \$3.90 (YR1) \$3.90 (YR2) \$3.90 (YR3) per Subscriber per month.

B. Drug Rebate Allocation

1. PBM and/or its Vendor has negotiated programs with pharmaceutical manufacturers for drug rebates on certain Prescription Drugs dispensed to Members and has arranged for payments of such rebates to be made directly to PBM ("Drug Rebate Programs"). PBM has entered into such Drug Rebate Programs on its behalf and not on behalf of Employer, and therefore retains all rights, title, and interest to any and all actual Prescription Drug Rebates it receives from manufacturers and/or its Vendor. Such Drug Rebate Programs are not based solely on the Prescription Drug utilization of one Employer Plan, but rather are based on the Prescription Drug utilization of all individuals enrolled in PBM managed programs. The Prescription Drug Rebates are conditioned on certain Prescription Drugs being included on the Formulary that PBM requires Employer to adopt as part of its Plan. Employer shall be paid or credited a portion or the amount attributable to its actual or estimated value of Prescription Drug Rebates as described in Section 3(B) of Exhibit A.
2. PBM may receive and retain Manufacturer Administrative Fees directly from pharmaceutical manufacturers. In addition, PBM may receive and retain service fees from pharmaceutical manufacturers for providing services (e.g., Provider and Member education programs that promote clinically appropriate and safe dispensing and use of Prescription Drugs). For purposes of this Pharmacy Services Schedule,

Manufacturer Administrative Fees and service fees received by PBM shall not be considered Prescription Drug Rebates.

Prescription Drug Rebates: PBM will pay to Employer 100% of the Prescription Drug Rebates attributable to Employer's Plan subject to PBM's timely and actual receipt of payment and accompanying data from pharmaceutical manufacturers. On a Quarterly basis, PBM shall credit Employer the Prescription Drug Rebates it has collected. PBM shall have the right to collect from Employer any rebate amount that PBM is required to pay a pharmaceutical manufacturer as a result of a pharmaceutical manufacturer audit or for any other reason. Provided, however, if the total Prescription Drug Rebates Performance Guarantee, as defined in Exhibit C, exceeds the amount described herein, the PBM will pay the Employer the difference.

Medical Drug Rebates. PBM shall retain 100% of Medical Drug Rebates.

C. Other Fees or Credits

Fee for Pharmacy Prior Authorization \$0.00 per authorization.

Fee for Step Therapy PBM shall charge a fee of \$0.00 per pharmacy Claim.

Fee for Quantity Limits PBM shall charge a fee of \$0.00 per pharmacy Claim for applying frequency and quantity limits to certain Prescription Drugs.

Fee for Pharmacy Physician Review \$0.00 per review.

Fee for Vaccine Administration PBM shall charge a fee for the administration of vaccines at a retail pharmacy location of \$0.00 per vaccine.

Fee for Medication Review Note PBM shall charge a fee of \$0.00 per pharmacy Claim for clinical, quality and cost-of-care messages in personalized Member communications.

Fee for Custom Communications PBM shall charge a fee of \$0.00 per custom communication requested by the Employer.

Fee for Pharmacy Network Audit Services The charge to Employer is 20.00% of the total amount recovered from periodic onsite or field audits of Network Pharmacies, including but not limited to, audits to determine compliance with billing requirements and the terms and conditions of the Network Pharmacy agreements. These audits are separate and distinct from Claims processing and financial accuracy audits.

PBM Services Early Termination Fee In consideration of the special pricing arrangements under this Agreement, Employer shall pay PBM an Early Termination Fee, as described below, if Employer terminates the pharmacy portion of the Plan before the end of the Performance Period (as defined in Exhibit C) for any reason other than PBM's failure to comply with a material duty or obligation related to the administration of pharmacy benefits under this Agreement.

The Early Termination Fee shall be calculated by multiplying \$3.00 PSPM by (i) the average monthly Subscriber count for the 6 months immediately prior to termination; multiplied by (ii) the number of months remaining in the Performance Period. Upon termination of the Agreement, 0.00% of unpaid Rebates for services prior to termination will be retained by PBM subject to the provisions of Article 7. If Employer intends to terminate the pharmacy portion of the Plan before the end of the Performance Period, Employer must provide PBM with the required termination notice under Section G of the Pharmacy Services Schedule. In the event Employer terminates the pharmacy portion of the Plan before the end of the Performance Period, the applicable Early Termination Fee will be billed to Employer with the amount due within 30 days of the termination date.

Invoices for Prescription Drug Claims.

When PBM invoices Employer for Prescription Drug Claims, the amount billed will reflect pricing that may be greater than the amount that is paid to pharmacies for those Claims (Margin Pricing). The use of Margin Pricing provides some control over price swings that Members may otherwise experience when filling prescriptions. However, PBM will not add Margin Pricing to the retail Network Prescription Drug Claims billed to PBM by its Vendor.

Fee for Ad Hoc Reports. PBM shall provide, on an annual basis, up to 20 hours of time needed to generate

custom or ad hoc reports at no additional charge. The charge to Employer beyond 20 hours per year is \$150.00 per hour for time needed to generate custom or ad hoc reports.

Section 4. Pharmacy Administrative Services Fees and Paid Claims Billing Cycle and Payment Method

Billing cycles and payment methods are contained in Schedule A.

Section 5. Claims Runout Services

A. Claims Runout Period

Claims Runout Period shall be for the 12 months following the date of termination of this Pharmacy Services Schedule.

B. Claims Runout Administrative Services Fee

Pharmacy:

The fee for Claims Runout Services will be waived. Fees in Section 3(C) of this Exhibit A that (i) are associated with Claims processed or reviewed during the Claims Runout Period including without limitation subrogation fees, Claims prepayment analysis fees, recovery fees, network access fees; or (ii) apply to the Pharmacy Services Schedule Period but were not billed during the Pharmacy Services Schedule Period, will be billed and payable during the Claims Runout Period. Payment is due to PBM by the Invoice Due Date.

IN WITNESS WHEREOF, the Parties have executed this Exhibit to be effective as of the pharmacy Agreement Period.

Lexington-Fayette Urban County

Government
By: Ronda Horton
Title: Mayor
Date: 7/26/2022

Anthem Health Plans of Kentucky, Inc. dba Anthem Blue Cross and Blue Shield

By: Norman W. Thompson
Title: President
Date: 6-9-22

IngenioRx, Inc.

By: Paul A. Marchetti
Title: President
Date: 6/6/2022

**EXHIBIT B – PHARMACY SERVICES
OF THE PHARMACY BENEFITS ADMINISTRATIVE SERVICES SCHEDULE
TO
ADMINISTRATIVE SERVICES AGREEMENT
WITH
LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT**

This Exhibit B shall govern the Agreement Period from 1/1/2021 through 12/31/2021 and is made part of this Pharmacy Benefits Administrative Services Schedule. This Exhibit is intended to supplement the Agreement between the Parties as it relates to Pharmacy Services only. In the event of an inconsistency between the applicable provisions of this Pharmacy Services Schedule and the Agreement, the terms of this Pharmacy Services Schedule shall govern, but only as they relate to Pharmacy Services. Except as set forth herein, all other terms and conditions of the Agreement remain in full force and effect.

The following is a list of standard services that PBM will provide under this Pharmacy Services Schedule for the Pharmacy Administrative Services Fees set forth on Section 3 of Exhibit A. These services will be furnished to Employer in a manner consistent with PBM's standard policies and procedures for self-funded plans. PBM may also offer services to Employer that have an additional fee. If Employer has purchased such services, those services and any additional fees are also set forth on Exhibit A.

Prescription Benefit Services

- Home delivery pharmacy
- Specialty Pharmacy Services
 - Prescription eServices
 - Pharmacy locator
 - Online Formulary
- Point of sale Claims processing (not including pharmacy COB services with are subject to additional fees)
- Home delivery Claims processing
- Home delivery call center with toll free number
- Home delivery regular shipping and handling
- Standard management reports
- Ad hoc reports up to 20 hours (subject to additional programming charge)
- Concurrent Drug Utilization Review (DUR) programs
- Retrospective DURs
- Administrative override (i.e., vacation, lost, stolen or spilled medications)
- Pharmacy help desk with toll free number
- Daily Claims review audits of Network Pharmacies
- Assistance in determining "creditable prescription drug coverage" under Medicare Part D

**EXHIBIT C - PERFORMANCE GUARANTEES
OF THE PHARMACY BENEFITS ADMINISTRATIVE SERVICES SCHEDULE
TO
ADMINISTRATIVE SERVICES AGREEMENT
WITH
Lexington-Fayette Urban County Government**

This Exhibit C provides certain guarantees pertaining to PBM's performance under the Agreement between the Parties ("Performance Guarantees") and shall be effective for each year in the period from 1/1/2021 through 12/31/2023 (the "Performance Period"). Descriptions of the terms of each Performance Guarantee applicable to the Parties are set forth in the Attachments (the "Attachments") to this Exhibit C and made a part of this Exhibit C. This Exhibit shall supplement and amend the Pharmacy Benefits Administrative Services Schedule between the Parties. If there are any inconsistencies between the terms of the Agreement and this Exhibit C, the terms of this Exhibit C shall control. If there are any inconsistencies between the terms contained in this Exhibit, and the terms contained in any of the Attachments to this Exhibit C, the terms of the Attachments to this Exhibit C shall control.

Section 1. General Conditions

- A. The Performance Guarantees described in the Attachments to this Exhibit C shall be in effect only for the Performance Period indicated above, unless specifically indicated otherwise in the Attachments. Each Performance Guarantee shall specify a/an:
1. Allocation. The term Allocation is the percent of total Amount at Risk to each Performance Guarantee.
 2. Amount at Risk. The term Amount at Risk means the amount PBM may pay if it fails to meet the target(s) specified under the Performance Guarantee.
 3. Measurement Period. The term Measurement Period is the period of time under that PBM's performance is measured, that may be the same as or differ from the period of time equal to the Performance Period.
 4. Performance Category. The term Performance Category describes the general type of Performance Guarantee.
 5. Reporting Period. The term Reporting Period refers to how often PBM will report on its performance under a Performance Guarantee.
 6. Service Feature. The term Service Feature is a service standard stipulated and defined to be guaranteed.
- B. PBM shall conduct an analysis of the data necessary to calculate any one of the Performance Guarantees within the timeframes provided in the Attachments to this Exhibit C. In addition, any calculation of Performance Guarantees, reports provided, or analysis performed by PBM shall be based on PBM's then current measurement and calculation methodology, that shall be available to Employer upon request.
- C. Any audits performed by PBM to test compliance with any of the Performance Guarantees shall be based on a statistically valid sample size with a 95% confidence level.
- D. If the Agreement is not executed, PBM shall have no obligation to make payment under these Performance Guarantees.
- E. Unless otherwise specified in the Attachments to this Exhibit C, the measurement of the Performance Guarantee shall be based on data that is maintained and stored by PBM or its Vendors.
- F. If Employer terminates the Agreement or the Pharmacy Services Schedule between the Parties prior to the end of the Performance Period, or if the Agreement or the Pharmacy Services Schedule is terminated for non-payment, then Employer shall forfeit any right to collect any further payments under any outstanding Performance Guarantees, whether such Performance Guarantees are for a prior or current Measurement Period or Performance Period.
- G. PBM reserves the right to make changes to any of the Performance Guarantees provided in the Attachments to this Exhibit C upon the occurrence, in PBM's determination, of either:

1. a change to the Plan benefits or the administration of the Plan initiated by Employer that results in a substantial change in the services to be performed by PBM or the measurement of a Performance Guarantee;
2. an increase or decrease of 10.00% or more of the number of Members that were enrolled for coverage on the latter of the effective date or renewal date of this Pharmacy Services Schedule;
3. a failure by Employer to implement its responsibilities under the clinical management programs that are part of the Plan;
4. a failure by Employer to adopt the Formulary;
5. a change in the proportionate mix of Employer's retail and home delivery Prescription Drug Claims of more than 10.00% (including but not limited to a change in the overall Members' percentage of usage of retail versus mail order pharmacies);
6. a change in pharmacy utilization patterns of more than 10.00% (including but not limited to a change in the overall Members' percentage of usage of Brand Drugs versus Generic Drugs versus Specialty Drugs);
7. a change that results in PBM no longer being the exclusive source of Prescription Drug Rebates for Employer's Plan;
8. the determination that Employer has an on-site pharmacy with 340b designation or any such designation where the pharmacy receives upfront pricing discounts from pharmaceutical manufacturers, that was not disclosed or known by PBM as of the effective date of this Attachment to Exhibit C;
9. PBM is no longer the sole administrator for Employer's Prescription Drug Plan;
10. a government action or major change in pharmaceutical industry practices that eliminates or materially reduces the manufacturer Drug Rebate program; or
11. a failure by Employer to maintain the selected Formulary and applicable clinical edits or Employer has excepted Members from application of the selected Formulary and clinical edits that prevent full savings from accruing.
12. product offering decisions by drug manufacturers that result in a reduction of Prescription Drug Rebates, including the introduction of a lower cost alternative product which may replace an existing Brand Drug that is eligible for Prescription Drug Rebates; an unexpected launch of a Generic Drug; or a Brand Drug converted to over-the-counter ("OTC") status, recalled or withdrawn from the market.
13. Should there be a change in occurrence as indicated above and these changes negatively impact PBM's ability to meet the Performance Guarantees, PBM shall have the right to modify the Performance Guarantees contained in the Attachments.

Guarantees apply only as long as there are at least 95,538 Annualized Adjusted Prescription Drug Claims.

- H. For the purposes of calculating compliance with the Performance Guarantees contained in the Attachments to this Exhibit C, if a delay in performance of, or inability to perform, a service underlying any of the Performance Guarantees is due to circumstances that are beyond the control of PBM, or its Vendors, including but not limited to any act of God, civil riot, floods, fire, acts of terrorists, acts of war or power outage, such delayed or non-performed service will not count towards the measurement of the applicable Performance Guarantee.
- I. As determined by PBM, Performance Guarantees may be measured using either aggregated data or Employer-specific Data. The term Employer-specific Data means the data associated with Employer's Plan that has not been aggregated with other Employer data. Performance Guarantees will specify if Employer-specific Data shall be used for purposes of measuring performance under the Performance Guarantee.

- J. If any Performance Guarantees are tied to a particular program and its components, such Performance Guarantees are only valid if Employer participates in the program and its components for the entirety of the Measurement Period associated with the Performance Guarantee.
- K. Employer acknowledges and agrees that each Performance Guarantee will be measured based on the Measurement Period as described in the Attachments to this Exhibit C and prorated to account for Employer specific Effective or renewal dates when measured using aggregated data. The Performance Guarantee will begin on the Employer Effective Date. However, if the Employer terminates the Pharmacy Benefits Schedule before the end of a Measurement Period, the Performance Guarantee measured will be based on the entire Measurement Period during which the termination occurred.

Section 2. Payment:

- A. If PBM fails to meet any of the obligations specifically described in a Performance Guarantee described in the Attachments to this Exhibit C, PBM shall pay Employer the amount set forth in the Section describing the Performance Guarantee. Payment shall be in the form of a credit on Employer's invoice for Administrative Services Fees that will occur annually unless otherwise stated in the Performance Guarantee.
- B. Notwithstanding the above, PBM has the right to offset any amounts owed to Employer under any of the Performance Guarantees contained in the Attachments to this Exhibit C against any amounts owed by Employer to PBM under: (1) any Performance Guarantees contained in the Attachments to this Exhibit C; or (2) the Agreement.
- C. Notwithstanding the foregoing, PBM's obligation to make payment under the Performance Guarantees is conditioned upon Employer's timely performance of its obligations provided in the Agreement and the Pharmacy Schedule, in this Exhibit C and the Attachments, including providing PBM with the information or data required by PBM in the Attachments. PBM shall not be obligated to make payment under a Performance Guarantee if Employer or Employer's vendor's action or inaction adversely impacts PBM's ability to meet any of its obligations provided in the Attachments related to such Performance Guarantee, that expressly includes but is not limited to Employer or its vendor's failure to timely provide PBM with accurate and complete data or information in the form and format expressly required by PBM.
- D. Where the Amount at Risk for a Performance Guarantee is on a percentage of a Per Subscriber Per Month (PSPM) fee basis, the Guarantee will be calculated by multiplying the PSPM amount by the actual annual enrollment during the Measurement Period.
- E. PBM shall reconcile the pricing Performance Guarantees described in Attachment 1 to Exhibit C on an annual basis, calculated in accordance with Section 4 of this Exhibit C. The reconciliation for each year of the Performance Period will be submitted to Employer within 90 days after the end of the Measurement Period and any resulting value shortfall shall be paid by PBM to Employer within 30 days following submission of the reconciliation report.
- F. PBM shall pass through rebate amounts collected by PBM as described in Attachment 1 to Exhibit C on a quarterly basis in accordance with Section 3 of this Exhibit C to Employer within 180 days after the end of the calendar quarter. PBM will pass through additional collections from prior quarters in subsequent quarterly disbursements. PBM shall reconcile the Performance Guarantees for each rebate Performance Guarantee described in Attachment 1 to Exhibit C on an annual basis, calculated in accordance with Section 3 of this Exhibit C. The reconciliation for each Measurement Period will be submitted to Employer within 10 months following the end of the Measurement Period and any resulting value shortfall shall be paid by PBM to Employer within 30 days following the reconciliation. Prescription Drug Rebates collected post annual reconciliation attributable to the reconciled Measurement Period shall be retained by PBM.

Section 3. Prescription Drug Rebate Performance Guarantees

- A. Any payment due to Employer under a rebate Performance Guarantee will not be offset by favorable results achieved in any other rebate Performance Guarantee. Any payment due to Employer under this Performance Guarantee will not be offset by favorable results achieved in the Prescription Drug pricing Performance Guarantee
- B. This Performance Guarantee will be determined by comparing the total Prescription Drug Rebates Performance Guarantee to the Prescription Drug Rebates credited to the Employer pursuant to the Pharmacy

Services Schedule and Section 3(B) of Exhibit A. If the total Prescription Drug Rebates Performance Guarantee exceeds the Prescription Drug Rebates credited to the Employer, PBM will credit Employer the difference.

- C. For purposes of these Performance Guarantees, the following Claims will not be included in the calculation:
- Medicare Part D Claims;
 -
 - 340b pharmacy;
 - Prescriptions filled in Massachusetts, Alaska, Hawaii, or Puerto Rico, or filled in any state that imposes some form of Most Favored Nations limitations on pharmacy reimbursement;
 - Vaccines and Supplies;
 -
 - Claims paid on the basis of U&C charges;
 - Compound Drugs;
 -
 - Over-the-counter drugs;
 - Member-submitted Claims;
 -
 - Government Reimbursement Claims;
 -
 - Out-of-Network Claims;
 -
 - Mail Non-Specialty Claims less than 60 days supply;
 - Claims with greater than 50% Member cost share;
 -
 - Multi-Source Brands

Section 4. Prescription Drug Pricing Performance Guarantees

- A. To determine any payment due to Employer under these Prescription Drug pricing Performance Guarantees, each Performance Guarantee is calculated based on the Prescription Drugs that were paid during the Measurement Period for:
1. Retail pharmacy
 2. Home Delivery
 3. Retail 90
 4. Specialty Drugs

(each such subset of Paid Claims for Prescription Drugs is referred to as a "Pricing Guarantee Category").

Each guarantee within a Pricing Guarantee Category is then compared to the sum of appropriate portion of the Paid Claims for Prescription Drugs plus any Member cost shares associated with each Performance Guarantee within that Pricing Guarantee Category. Paid Claims for Prescription Drugs include Ingredient Costs plus Dispensing Fees. Therefore, Paid Claims for Prescription Drugs dispensed by a retail pharmacy are separated into Brand and Generic Ingredient Costs and Brand and Generic Dispensing Fees. These Ingredient Costs and Dispensing Fees are compared against each identified Performance Guarantee provided in this Pharmacy Services Schedule to determine if the Performance Guarantee is met.

- B. Any payment due to Employer under any Performance Guarantee within a Pricing Guarantee Performance Category will not be offset by: (i) favorable results achieved in any other Performance Guarantee within that same Pricing Guarantee regardless of the Performance Category, (ii) overall favorable results for a Pricing Guarantee Performance Category, (iii) any rebate guarantee.
- C. The following conditions apply to this Performance Guarantee:
1. This Performance Guarantee applies to Claims submitted by Network Providers applicable to Employer's Plan.
 2. Drugs identified at the time the prescription is filled as Single Source Generics, will be included in the Generic Discount and Generic Dispensing Fee Performance Guarantees.

D. PBM Reserves the right to make changes to any of the Prescription Drug Rebate Performance Guarantees provided in the Attachments to this Exhibit C upon the occurrence, in the PBM's determination, of either

1. The percentage of Claims subject to a consumer driven health plan (CDHP) is materially different from the assumption used to develop the Prescription Drug Pricing Performance Guarantee.

E. The following Claims will be excluded from this Performance Guarantee:

- Medicare Part D Claims;
-
- 340b pharmacy;
- Prescriptions filled in Massachusetts, Alaska, Hawaii, or Puerto Rico, or filled in any state that imposes some form of Most Favored Nations limitations on pharmacy reimbursement;
- Vaccines and Supplies;
-
- Claims paid on the basis of U&C charges;
- Compound Drugs;
-
- Over-the-counter drugs;
- Member-submitted Claims;
-
- Government Reimbursement Claims.
-
- Out-of-Network Claims;
-
- Mail Non-Specialty Claims less than 60 days supply;

F. In the event that there are court or government imposed or industry wide or pricing source initiated changes in the AWP reporting source or source changes in the methodology used for calculating AWP, including, without limitation, changes in the mark-up factor used in calculating AWP (collectively, the "AWP Changes"), the terms of any financial relationship between the Parties that relate to AWP will be modified by PBM such that the value of AWP for the purpose of such relationship(s) will have the same economic equivalence in the aggregate to the value used by the Parties prior to the AWP Change. The intent of this provision is to preserve the relative economics of both Parties for such financial relationships based upon AWP to that which existed immediately prior to the AWP Change.

In the event that the AWP pricing benchmark used by PBM's PBM hereunder is replaced with another benchmark calculation, PBM may switch to such new pricing benchmark. If a change to Pricing Guarantees is deemed necessary PBM will provide written notice of new pricing terms at least 30 days before the effective date of the change.

**ATTACHMENT 1 TO EXHIBIT C
Performance Guarantees
TO ADMINISTRATIVE SERVICES AGREEMENT
WITH
Employer Legal Name**

Pharmacy Performance Guarantees

This Attachment is made part of Exhibit C and will be effective for the Performance Period from 1/1/2021 through 12/31/2023. This Attachment is intended to supplement and amend the Agreement between the Parties. The Measurement Period for these Performance Guarantees will be annual, unless otherwise specified herein. These Performance Guarantees are guaranteed upon offer and acceptance of renewal of the medical portion of the Agreement.

Pharmacy Performance Guarantee	Measurement and Reporting Period
Prescription Drug Rebate Guarantees	<u>Measurement Period</u> Annual
<u>Minimum Drug Rebates:</u>	
(a) The Prescription Drug Rebates Employer receives from PBM will not be less than the following amounts ("Total Drug Rebates Guarantee"):	<u>Reporting Period</u> Annual

NATIONAL FORMULARY

NON-SPECIALTY DRUGS

BRAND NAME PRESCRIPTION DRUGS

(1) An amount equal to the sum of \$214.28 (YR1) \$233.62 (YR2) \$250.03 (YR3) per Paid Claim for Non-Specialty Brand Name Prescription Drugs dispensed at **retail pharmacy** Network Providers ; plus

(2) An amount equal to the sum of \$576.60 (YR1) \$648.26 (YR2) \$702.18 (YR3) per Paid Claim for Non-Specialty Brand Name Prescription Drugs dispensed at **home delivery** Network Providers for a supply for 60 days or greater.

SPECIALTY DRUGS

BRAND NAME PRESCRIPTION DRUGS

(1) An amount equal to the sum of \$2,067.48 (YR1) \$2,371.85 (YR2) \$2,725.42 (YR3) per Paid Claim for Specialty Brand Name Prescription Drugs dispensed at **retail pharmacy** Network Providers; plus

(2) An amount equal to the sum of \$1,471.31 (YR1) \$1,664.76 (YR2) \$1,899.79 (YR3) per Paid Claim for Specialty Brand Name Prescription Drugs dispensed at **home delivery** Network Providers.

Prescription Drug Pricing Guarantees

<u>Measurement Period</u>
Annual
<u>Reporting Period</u>
Annual

Prescription Drug Pricing:

(a) The Prescription Drug Pricing Guarantees for Ingredient Cost Discount and Dispensing Fees will be the amounts listed under the following Pricing Guarantee Categories:

NATIONAL RETAIL PHARMACY NETWORK

RETAIL PHARMACY NETWORK PROVIDERS

The guarantees for retail pharmacy Network Providers will be the following amounts:

1. Brand Discount: AWP minus 18.00% (YR1) 18.15% (YR2) 18.30% (YR3)

Pharmacy Performance Guarantee

- 2. Brand Dispensing Fee: \$0.45 (YR1) \$0.45 (YR2) \$0.45 (YR3)
- 3. Generic Discount: AWP minus 83.00% (YR1) 83.15% (YR2) 83.30% (YR3)
- 4. Generic Dispensing Fee: \$0.45 (YR1) \$0.45 (YR2) \$0.45 (YR3)

RETAIL 90 PHARMACY NETWORK PROVIDERS

The guarantees for retail pharmacy RETAIL 90 Network Providers dispensing 84-90 day supplies will be the following amounts:

- 1. Brand Discount: AWP minus 21.50% (YR1) 21.50% (YR2) 21.50% (YR3)
- 2. Brand Dispensing Fee: \$0.35 (YR1) \$0.35 (YR2) \$0.35 (YR3)
- 3. Generic Discount: AWP minus 83.00% (YR1) 83.15% (YR2) 83.30% (YR3)
- 4. Generic Dispensing Fee: \$0.35 (YR1) \$0.35 (YR2) \$0.35 (YR3)

MAIL/HOME DELIVERY OPTIONS

HOME DELIVERY PHARMACY

The guarantees for home delivery for a supply of 60 days or greater will be the following amounts:

- 1. Brand Discount: AWP minus 24.00% (YR1) 24.15% (YR2) 24.30% (YR3)
- 2. Brand Dispensing Fee: \$0.00 (YR1) \$0.00 (YR2) \$0.00 (YR3)
- 3. Generic Discount: AWP minus 85.00% (YR1) 85.15% (YR2) 85.15% (YR3)
- 4. Generic Dispensing Fee: \$0.00 (YR1) \$0.00 (YR2) \$0.00 (YR3)

SPECIALTY SERVICE OPTIONS

SPECIALTY DRUGS

The guarantees for Specialty DRUGS will be the following amounts:

- 1. Discount: AWP minus 19.00% (YR1) 19.15% (YR2) 19.30% (YR3)
- 2. Dispensing Fee: \$0.00 (YR1) \$0.00 (YR2) \$0.00 (YR3)

**EXHIBIT B – PHARMACY SERVICES
OF THE PHARMACY BENEFITS ADMINISTRATIVE SERVICES SCHEDULE
TO
ADMINISTRATIVE SERVICES AGREEMENT
WITH
LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT**

This Exhibit B shall govern the Agreement Period from 1/1/2021 through 12/31/2021 and is made part of this Pharmacy Benefits Administrative Services Schedule. This Exhibit is intended to supplement the Agreement between the Parties as it relates to Pharmacy Services only. In the event of an inconsistency between the applicable provisions of this Pharmacy Services Schedule and the Agreement, the terms of this Pharmacy Services Schedule shall govern, but only as they relate to Pharmacy Services. Except as set forth herein, all other terms and conditions of the Agreement remain in full force and effect.

The following is a list of standard services that PBM will provide under this Pharmacy Services Schedule for the Pharmacy Administrative Services Fees set forth on Section 3 of Exhibit A. These services will be furnished to Employer in a manner consistent with PBM's standard policies and procedures for self-funded plans. PBM may also offer services to Employer that have an additional fee. If Employer has purchased such services, those services and any additional fees are also set forth on Exhibit A.

Prescription Benefit Services

- Home delivery pharmacy
- Specialty Pharmacy Services
 - Prescription eServices
 - Pharmacy locator
 - Online Formulary
- Point of sale Claims processing (not including pharmacy COB services with are subject to additional fees)
- Home delivery Claims processing
- Home delivery call center with toll free number
- Home delivery regular shipping and handling
- Standard management reports
- Ad hoc reports up to 20 hours (subject to additional programming charge)
- Concurrent Drug Utilization Review (DUR) programs
- Retrospective DURs
- Administrative override (i.e., vacation, lost, stolen or spilled medications)
- Pharmacy help desk with toll free number
- Daily Claims review audits of Network Pharmacies
- Assistance in determining "creditable prescription drug coverage" under Medicare Part D

**EXHIBIT C - PERFORMANCE GUARANTEES
OF THE PHARMACY BENEFITS ADMINISTRATIVE SERVICES SCHEDULE
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ADMINISTRATIVE SERVICES AGREEMENT
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Lexington-Fayette Urban County Government**

This Exhibit C provides certain guarantees pertaining to PBM's performance under the Agreement between the Parties ("Performance Guarantees") and shall be effective for each year in the period from 1/1/2021 through 12/31/2023 (the "Performance Period"). Descriptions of the terms of each Performance Guarantee applicable to the Parties are set forth in the Attachments (the "Attachments") to this Exhibit C and made a part of this Exhibit C. This Exhibit shall supplement and amend the Pharmacy Benefits Administrative Services Schedule between the Parties. If there are any inconsistencies between the terms of the Agreement and this Exhibit C, the terms of this Exhibit C shall control. If there are any inconsistencies between the terms contained in this Exhibit, and the terms contained in any of the Attachments to this Exhibit C, the terms of the Attachments to this Exhibit C shall control.

Section 1. General Conditions

- A. The Performance Guarantees described in the Attachments to this Exhibit C shall be in effect only for the Performance Period indicated above, unless specifically indicated otherwise in the Attachments. Each Performance Guarantee shall specify a/an:
 - 1. Allocation. The term Allocation is the percent of total Amount at Risk to each Performance Guarantee.
 - 2. Amount at Risk. The term Amount at Risk means the amount PBM may pay if it fails to meet the target(s) specified under the Performance Guarantee.
 - 3. Measurement Period. The term Measurement Period is the period of time under that PBM's performance is measured, that may be the same as or differ from the period of time equal to the Performance Period.
 - 4. Performance Category. The term Performance Category describes the general type of Performance Guarantee.
 - 5. Reporting Period. The term Reporting Period refers to how often PBM will report on its performance under a Performance Guarantee.
 - 6. Service Feature. The term Service Feature is a service standard stipulated and defined to be guaranteed.
- B. PBM shall conduct an analysis of the data necessary to calculate any one of the Performance Guarantees within the timeframes provided in the Attachments to this Exhibit C. In addition, any calculation of Performance Guarantees, reports provided, or analysis performed by PBM shall be based on PBM's then current measurement and calculation methodology, that shall be available to Employer upon request.
- C. Any audits performed by PBM to test compliance with any of the Performance Guarantees shall be based on a statistically valid sample size with a 95% confidence level.
- D. If the Agreement is not executed, PBM shall have no obligation to make payment under these Performance Guarantees.
- E. Unless otherwise specified in the Attachments to this Exhibit C, the measurement of the Performance Guarantee shall be based on data that is maintained and stored by PBM or its Vendors.
- F. If Employer terminates the Agreement or the Pharmacy Services Schedule between the Parties prior to the end of the Performance Period, or if the Agreement or the Pharmacy Services Schedule is terminated for non-payment, then Employer shall forfeit any right to collect any further payments under any outstanding Performance Guarantees, whether such Performance Guarantees are for a prior or current Measurement Period or Performance Period.
- G. PBM reserves the right to make changes to any of the Performance Guarantees provided in the Attachments to this Exhibit C upon the occurrence, in PBM's determination, of either:

1. a change to the Plan benefits or the administration of the Plan initiated by Employer that results in a substantial change in the services to be performed by PBM or the measurement of a Performance Guarantee;
2. an increase or decrease of 10.00% or more of the number of Members that were enrolled for coverage on the latter of the effective date or renewal date of this Pharmacy Services Schedule;
3. a failure by Employer to implement its responsibilities under the clinical management programs that are part of the Plan;
4. a failure by Employer to adopt the Formulary;
5. a change in the proportionate mix of Employer's retail and home delivery Prescription Drug Claims of more than 10.00% (including but not limited to a change in the overall Members' percentage of usage of retail versus mail order pharmacies);
6. a change in pharmacy utilization patterns of more than 10.00% (including but not limited to a change in the overall Members' percentage of usage of Brand Drugs versus Generic Drugs versus Specialty Drugs);
7. a change that results in PBM no longer being the exclusive source of Prescription Drug Rebates for Employer's Plan;
8. the determination that Employer has an on-site pharmacy with 340b designation or any such designation where the pharmacy receives upfront pricing discounts from pharmaceutical manufacturers, that was not disclosed or known by PBM as of the effective date of this Attachment to Exhibit C;
9. PBM is no longer the sole administrator for Employer's Prescription Drug Plan;
10. a government action or major change in pharmaceutical industry practices that eliminates or materially reduces the manufacturer Drug Rebate program; or
11. a failure by Employer to maintain the selected Formulary and applicable clinical edits or Employer has excepted Members from application of the selected Formulary and clinical edits that prevent full savings from accruing.
12. product offering decisions by drug manufacturers that result in a reduction of Prescription Drug Rebates, including the introduction of a lower cost alternative product which may replace an existing Brand Drug that is eligible for Prescription Drug Rebates; an unexpected launch of a Generic Drug; or a Brand Drug converted to over-the-counter ("OTC") status, recalled or withdrawn from the market.

13. Should there be a change in occurrence as indicated above and these changes negatively impact PBM's ability to meet the Performance Guarantees, PBM shall have the right to modify the Performance Guarantees contained in the Attachments.

Guarantees apply only as long as there are at least 95,538 Annualized Adjusted Prescription Drug Claims.

- H. For the purposes of calculating compliance with the Performance Guarantees contained in the Attachments to this Exhibit C, if a delay in performance of, or inability to perform, a service underlying any of the Performance Guarantees is due to circumstances that are beyond the control of PBM, or its Vendors, including but not limited to any act of God, civil riot, floods, fire, acts of terrorists, acts of war or power outage, such delayed or non-performed service will not count towards the measurement of the applicable Performance Guarantee.
- I. As determined by PBM, Performance Guarantees may be measured using either aggregated data or Employer-specific Data. The term Employer-specific Data means the data associated with Employer's Plan that has not been aggregated with other Employer data. Performance Guarantees will specify if Employer-specific Data shall be used for purposes of measuring performance under the Performance Guarantee.

- J. If any Performance Guarantees are tied to a particular program and its components, such Performance Guarantees are only valid if Employer participates in the program and its components for the entirety of the Measurement Period associated with the Performance Guarantee.
- K. Employer acknowledges and agrees that each Performance Guarantee will be measured based on the Measurement Period as described in the Attachments to this Exhibit C and prorated to account for Employer specific Effective or renewal dates when measured using aggregated data. The Performance Guarantee will begin on the Employer Effective Date. However, if the Employer terminates the Pharmacy Benefits Schedule before the end of a Measurement Period, the Performance Guarantee measured will be based on the entire Measurement Period during which the termination occurred.

Section 2. Payment:

- A. If PBM fails to meet any of the obligations specifically described in a Performance Guarantee described in the Attachments to this Exhibit C, PBM shall pay Employer the amount set forth in the Section describing the Performance Guarantee. Payment shall be in the form of a credit on Employer's invoice for Administrative Services Fees that will occur annually unless otherwise stated in the Performance Guarantee.
- B. Notwithstanding the above, PBM has the right to offset any amounts owed to Employer under any of the Performance Guarantees contained in the Attachments to this Exhibit C against any amounts owed by Employer to PBM under: (1) any Performance Guarantees contained in the Attachments to this Exhibit C; or (2) the Agreement.
- C. Notwithstanding the foregoing, PBM's obligation to make payment under the Performance Guarantees is conditioned upon Employer's timely performance of its obligations provided in the Agreement and the Pharmacy Schedule, in this Exhibit C and the Attachments, including providing PBM with the information or data required by PBM in the Attachments. PBM shall not be obligated to make payment under a Performance Guarantee if Employer or Employer's vendor's action or inaction adversely impacts PBM's ability to meet any of its obligations provided in the Attachments related to such Performance Guarantee, that expressly includes but is not limited to Employer or its vendor's failure to timely provide PBM with accurate and complete data or information in the form and format expressly required by PBM.
- D. Where the Amount at Risk for a Performance Guarantee is on a percentage of a Per Subscriber Per Month (PSPM) fee basis, the Guarantee will be calculated by multiplying the PSPM amount by the actual annual enrollment during the Measurement Period.
- E. PBM shall reconcile the pricing Performance Guarantees described in Attachment 1 to Exhibit C on an annual basis, calculated in accordance with Section 4 of this Exhibit C. The reconciliation for each year of the Performance Period will be submitted to Employer within 90 days after the end of the Measurement Period and any resulting value shortfall shall be paid by PBM to Employer within 30 days following submission of the reconciliation report.
- F. PBM shall pass through rebate amounts collected by PBM as described in Attachment 1 to Exhibit C on a quarterly basis in accordance with Section 3 of this Exhibit C to Employer within 180 days after the end of the calendar quarter. PBM will pass through additional collections from prior quarters in subsequent quarterly disbursements. PBM shall reconcile the Performance Guarantees for each rebate Performance Guarantee described in Attachment 1 to Exhibit C on an annual basis, calculated in accordance with Section 3 of this Exhibit C. The reconciliation for each Measurement Period will be submitted to Employer within 10 months following the end of the Measurement Period and any resulting value shortfall shall be paid by PBM to Employer within 30 days following the reconciliation. Prescription Drug Rebates collected post annual reconciliation attributable to the reconciled Measurement Period shall be retained by PBM.

Section 3. Prescription Drug Rebate Performance Guarantees

- A. Any payment due to Employer under a rebate Performance Guarantee will not be offset by favorable results achieved in any other rebate Performance Guarantee. Any payment due to Employer under this Performance Guarantee will not be offset by favorable results achieved in the Prescription Drug pricing Performance Guarantee
- B. This Performance Guarantee will be determined by comparing the total Prescription Drug Rebates Performance Guarantee to the Prescription Drug Rebates credited to the Employer pursuant to the Pharmacy

Services Schedule and Section 3(B) of Exhibit A. If the total Prescription Drug Rebates Performance Guarantee exceeds the Prescription Drug Rebates credited to the Employer, PBM will credit Employer the difference.

- C. For purposes of these Performance Guarantees, the following Claims will not be included in the calculation:
- Medicare Part D Claims;
 -
 - 340b pharmacy;
 - Prescriptions filled in Massachusetts, Alaska, Hawaii, or Puerto Rico, or filled in any state that imposes some form of Most Favored Nations limitations on pharmacy reimbursement;
 - Vaccines and Supplies;
 -
 - Claims paid on the basis of U&C charges;
 - Compound Drugs;
 -
 - Over-the-counter drugs;
 - Member-submitted Claims;
 -
 - Government Reimbursement Claims;
 -
 - Out-of-Network Claims;
 -
 - Mail Non-Specialty Claims less than 60 days supply;
 - Claims with greater than 50% Member cost share;
 -
 - Multi-Source Brands

Section 4. Prescription Drug Pricing Performance Guarantees

- A. To determine any payment due to Employer under these Prescription Drug pricing Performance Guarantees, each Performance Guarantee is calculated based on the Prescription Drugs that were paid during the Measurement Period for:
1. Retail pharmacy
 2. Home Delivery
 3. Retail 90
 4. Specialty Drugs

(each such subset of Paid Claims for Prescription Drugs is referred to as a "Pricing Guarantee Category").

Each guarantee within a Pricing Guarantee Category is then compared to the sum of appropriate portion of the Paid Claims for Prescription Drugs plus any Member cost shares associated with each Performance Guarantee within that Pricing Guarantee Category. Paid Claims for Prescription Drugs include Ingredient Costs plus Dispensing Fees. Therefore, Paid Claims for Prescription Drugs dispensed by a retail pharmacy are separated into Brand and Generic Ingredient Costs and Brand and Generic Dispensing Fees. These Ingredient Costs and Dispensing Fees are compared against each identified Performance Guarantee provided in this Pharmacy Services Schedule to determine if the Performance Guarantee is met.

- B. Any payment due to Employer under any Performance Guarantee within a Pricing Guarantee Performance Category will not be offset by: (i) favorable results achieved in any other Performance Guarantee within that same Pricing Guarantee regardless of the Performance Category, (ii) overall favorable results for a Pricing Guarantee Performance Category, (iii) any rebate guarantee.
- C. The following conditions apply to this Performance Guarantee:
1. This Performance Guarantee applies to Claims submitted by Network Providers applicable to Employer's Plan.
 2. Drugs identified at the time the prescription is filled as Single Source Generics, will be included in the Generic Discount and Generic Dispensing Fee Performance Guarantees.

D. PBM Reserves the right to make changes to any of the Prescription Drug Rebate Performance Guarantees provided in the Attachments to this Exhibit C upon the occurrence, in the PBM's determination, of either

1. The percentage of Claims subject to a consumer driven health plan (CDHP) is materially different from the assumption used to develop the Prescription Drug Pricing Performance Guarantee.

E. The following Claims will be excluded from this Performance Guarantee:

- Medicare Part D Claims;
-
- 340b pharmacy;
- Prescriptions filled in Massachusetts, Alaska, Hawaii, or Puerto Rico, or filled in any state that imposes some form of Most Favored Nations limitations on pharmacy reimbursement;
- Vaccines and Supplies;
-
- Claims paid on the basis of U&C charges;
- Compound Drugs;
-
- Over-the-counter drugs;
- Member-submitted Claims;
-
- Government Reimbursement Claims.
-
- Out-of-Network Claims;
-
- Mail Non-Specialty Claims less than 60 days supply;

F. In the event that there are court or government imposed or industry wide or pricing source initiated changes in the AWP reporting source or source changes in the methodology used for calculating AWP, including, without limitation, changes in the mark-up factor used in calculating AWP (collectively, the "AWP Changes"), the terms of any financial relationship between the Parties that relate to AWP will be modified by PBM such that the value of AWP for the purpose of such relationship(s) will have the same economic equivalence in the aggregate to the value used by the Parties prior to the AWP Change. The intent of this provision is to preserve the relative economics of both Parties for such financial relationships based upon AWP to that which existed immediately prior to the AWP Change.

In the event that the AWP pricing benchmark used by PBM's PBM hereunder is replaced with another benchmark calculation, PBM may switch to such new pricing benchmark. If a change to Pricing Guarantees is deemed necessary PBM will provide written notice of new pricing terms at least 30 days before the effective date of the change.

**ATTACHMENT 1 TO EXHIBIT C
Performance Guarantees
TO ADMINISTRATIVE SERVICES AGREEMENT
WITH
Employer Legal Name
Pharmacy Performance Guarantees**

This Attachment is made part of Exhibit C and will be effective for the Performance Period from 1/1/2021 through 12/31/2023. This Attachment is intended to supplement and amend the Agreement between the Parties. The Measurement Period for these Performance Guarantees will be annual, unless otherwise specified herein. These Performance Guarantees are guaranteed upon offer and acceptance of renewal of the medical portion of the Agreement.

Pharmacy Performance Guarantee	Measurement and Reporting Period
Prescription Drug Rebate Guarantees	<u>Measurement Period</u> Annual
<u>Minimum Drug Rebates:</u>	
(a) The Prescription Drug Rebates Employer receives from PBM will not be less than the following amounts ("Total Drug Rebates Guarantee"):	<u>Reporting Period</u> Annual
NATIONAL FORMULARY	
NON-SPECIALTY DRUGS	
BRAND NAME PRESCRIPTION DRUGS	
(1) An amount equal to the sum of \$214.28 (YR1) \$233.62 (YR2) \$250.03 (YR3) per Paid Claim for Non-Specialty Brand Name Prescription Drugs dispensed at retail pharmacy Network Providers ; plus	
(2) An amount equal to the sum of \$576.60 (YR1) \$648.26 (YR2) \$702.18 (YR3) per Paid Claim for Non-Specialty Brand Name Prescription Drugs dispensed at home delivery Network Providers for a supply for 60 days or greater.	
SPECIALTY DRUGS	
BRAND NAME PRESCRIPTION DRUGS	
(1) An amount equal to the sum of \$2,067.48 (YR1) \$2,371.85 (YR2) \$2,725.42 (YR3) per Paid Claim for Specialty Brand Name Prescription Drugs dispensed at retail pharmacy Network Providers; plus	
(2) An amount equal to the sum of \$1,471.31 (YR1) \$1,664.76 (YR2) \$1,899.79 (YR3) per Paid Claim for Specialty Brand Name Prescription Drugs dispensed at home delivery Network Providers.	

Prescription Drug Pricing Guarantees	<u>Measurement Period</u> Annual
<u>Prescription Drug Pricing:</u>	
(a) The Prescription Drug Pricing Guarantees for Ingredient Cost Discount and Dispensing Fees will be the amounts listed under the following Pricing Guarantee Categories:	<u>Reporting Period</u> Annual

NATIONAL RETAIL PHARMACY NETWORK

RETAIL PHARMACY NETWORK PROVIDERS

The guarantees for retail pharmacy Network Providers will be the following amounts:

1. Brand Discount: AWP minus 18.00% (YR1) 18.15% (YR2) 18.30% (YR3)

Pharmacy Performance Guarantee

2. Brand Dispensing Fee: \$0.45 (YR1) \$0.45 (YR2) \$0.45 (YR3)
3. Generic Discount: AWP minus 83.00% (YR1) 83.15% (YR2) 83.30% (YR3)
4. Generic Dispensing Fee: \$0.45 (YR1) \$0.45 (YR2) \$0.45 (YR3)

RETAIL 90 PHARMACY NETWORK PROVIDERS

The guarantees for retail pharmacy RETAIL 90 Network Providers dispensing 84-90 day supplies will be the following amounts:

1. Brand Discount: AWP minus 21.50% (YR1) 21.50% (YR2) 21.50% (YR3)
2. Brand Dispensing Fee: \$0.35 (YR1) \$0.35 (YR2) \$0.35 (YR3)
3. Generic Discount: AWP minus 83.00% (YR1) 83.15% (YR2) 83.30% (YR3)
4. Generic Dispensing Fee: \$0.35 (YR1) \$0.35 (YR2) \$0.35 (YR3)

MAIL/HOME DELIVERY OPTIONS

HOME DELIVERY PHARMACY

The guarantees for home delivery for a supply of 60 days or greater will be the following amounts:

1. Brand Discount: AWP minus 24.00% (YR1) 24.15% (YR2) 24.30% (YR3)
2. Brand Dispensing Fee: \$0.00 (YR1) \$0.00 (YR2) \$0.00 (YR3)
3. Generic Discount: AWP minus 85.00% (YR1) 85.15% (YR2) 85.15% (YR3)
4. Generic Dispensing Fee: \$0.00 (YR1) \$0.00 (YR2) \$0.00 (YR3)

SPECIALTY SERVICE OPTIONS

SPECIALTY DRUGS

The guarantees for Specialty DRUGS will be the following amounts:

1. Discount: AWP minus 19.00% (YR1) 19.15% (YR2) 19.30% (YR3)
2. Dispensing Fee: \$0.00 (YR1) \$0.00 (YR2) \$0.00 (YR3)