

187-2014

ADMINISTRATIVE SERVICES AGREEMENT

This Administrative Services Agreement ("Agreement") is entered into by and between Lexington Fayette-Urban County Government ("Employer") and Anthem Health Plans of Kentucky, Inc. dba Anthem Blue Cross and Blue Shield ("Anthem") and is effective as of January 1, 2015 upon the following terms and conditions:

1. Employer is the sponsor of a self-funded Group Health Plan (as defined below) providing, among other things, health care benefits to certain eligible employees and their qualified dependents.
2. Employer desires to retain Anthem as an independent contractor to administer certain elements of Employer's Group Health Plan.
3. Anthem desires to administer certain elements of Employer's Group Health Plan pursuant to the terms of this Agreement.

In consideration of the promises and the mutual covenants contained in this Agreement, Anthem and Employer (the "Party" or "Parties" as appropriate) agree as follows:

ARTICLE 1 - DEFINITIONS

For purposes of this Agreement and any amendments, attachments or schedules to this Agreement, the following words and terms have the following meanings unless the context or use clearly indicates another meaning or intent:

ADMINISTRATIVE SERVICES FEE. The amount payable to Anthem in consideration of its administrative services and operating expenses as indicated in Section 3 of Schedule A, excluding any cost for stop loss insurance coverage or any other policy of insurance, if applicable. All additional charges not included in the Administrative Services Fee are specified elsewhere in this Agreement.

AGREEMENT PERIOD. The period of time indicated in Section 1 of Schedule A.

ANTHEM AFFILIATE. An entity controlling, under common control with or controlled by Anthem.

BENEFITS BOOKLET. A description of the portion of the health care benefits provided under the Plan that is administered by Anthem.

BILLED CHARGES. The amount that appears on a Member's Claim form (or other written notification acceptable to Anthem that Covered Services have been provided) as the Provider's charge for the services rendered to a Member, without any adjustment or reduction and irrespective of any applicable reimbursement arrangement with the Provider.

BLUE CROSS BLUE SHIELD ASSOCIATION ("BCBSA"). An association of independent Blue Cross and Blue Shield companies.

CLAIM. Written or electronic notice of a request for reimbursement of any health care service or supply on a form acceptable to Anthem.

CLAIMS RUNOUT SERVICES. Processing and payment of Claims that are incurred but unreported and/or unpaid as of the date this Agreement terminates.

COVERED SERVICE. Any health care service or supply rendered to Members for which benefits are eligible for reimbursement pursuant to the terms of the applicable Benefits Booklet.

GROUP HEALTH PLAN OR PLAN. An employee welfare benefit plan established by the Employer, in effect as of the Effective Date, as described in the Plan Documents, as they may be amended from time to time.

INTER-PLAN PROGRAMS. Blue Cross and Blue Shield Association programs, including the BlueCard Program, where Anthem can process certain Claims for Covered Services received by Members, which may include accessing the reimbursement arrangement of a Provider that has contracted with another Blue Cross and/or Blue Shield plan.

INVOICE DUE DATE. The date on the invoice provided to Employer indicating when payment is due.

MEMBER. The individuals, including the Subscriber and his/her dependents, as defined in the Benefits Booklet, who have satisfied the Plan eligibility requirements of Employer, applied for coverage, and been enrolled for Plan benefits.

NETWORK PROVIDER. A physician, health professional, hospital, pharmacy, or other individual, organization and/or facility that has entered into a contract, either directly or indirectly, with Anthem to provide Covered Services to Members through negotiated reimbursement arrangements.

PAID CLAIM. The amount charged to Employer for Covered Services or services provided during the term of this Agreement. Paid Claims may also include any applicable interest and any surcharges assessed by a state or government agency. In addition, Paid Claims shall be determined as follows:

1. Provider and Vendor Claims. Except as otherwise provided in this Agreement, Paid Claims shall mean the amount Anthem actually pays the Provider or Vendor without regard to whether Anthem reimburses such Provider or Vendor on a percentage of charges basis, a fixed payment basis, a global fee basis, single case rate, or other reimbursement methodology or whether such amount is more or less than the Provider's or Vendor's actual Billed Charges for a particular service or supply.
2. Prescription Drug Claims. This provision is intentionally deleted.
3. Performance Payments. If a Provider or Vendor participates in any Anthem program in which performance incentives, rewards or bonuses ("Performance Payments") are paid based on the achievement of certain goals, outcomes or performance standards adopted by Anthem (collectively, "Performance Targets"), Paid Claims shall also include the amount of such Performance Payments. Such Performance Payments may be charged to Employer on a per Claim, lump sum, per Subscriber, per Member, or a pro-rata apportionment basis. The amount charged to Employer may be greater than the amount actually paid to any one particular Provider or Vendor pursuant to the terms of the contract with such Provider or Vendor. Anthem shall retain the difference, if any, between the amount invoiced to Employer and the amount paid to any Provider or Vendor as a fee Anthem charges to oversee such programs. In no event shall the amount charged to Employer be greater than its proportionate share of total Performance Payments.
4. Fees Paid to Manage Care or Costs. Paid Claims may also include fees paid to Providers or Vendors for managing the care or cost of care for designated Members. In addition, Paid Claims may also include an amount Anthem charges to oversee programs and such program charges, if any, shall be provided in Section 4 of Schedule A.
5. Claims Payment Pursuant to any Judgment, Settlement, Legal or Administrative Proceeding. Paid Claims shall include any Claim amount paid as the result of a settlement, judgment, or legal, regulatory or administrative proceeding brought against the Plan and/or Anthem, or otherwise agreed to by Anthem, with respect to the decisions made by Anthem regarding the coverage of or amounts paid for services under the terms of the Plan. Paid Claims also includes any amount paid as a result of Anthem's billing dispute resolution procedures with a Provider or Vendor. Any Claims paid pursuant to this provision will count towards any stop loss accumulators under a stop loss agreement with Anthem.
6. Claims Payment Pursuant to Inter-Plan Programs and Other BCBSA Programs. Paid Claims shall include any amount paid for Covered Services that are processed through Inter-Plan Programs or for any amounts paid for Covered Services provided through another BCBSA program (e.g. BCBSA Blue Distinction Centers for Transplant). More information about Inter-Plan Programs is found in Article 15 of this Agreement.
7. Claims Payment Pursuant to a Consumer Directed Health Plan Account. If applicable to Plan benefits and as indicated on Schedule B of this Agreement, Paid Claims shall include any amount actually paid by Anthem from a consumer directed health plan account, such as a health reimbursement account or a health incentive account.

PLAN DOCUMENTS. The documents that set forth the terms of the Plan, and which include the Benefits Booklet.

PROPRIETARY INFORMATION AND CONFIDENTIAL INFORMATION. Employer's Proprietary Information is information about the systems, procedures, methodologies and practices used by Employer to run its operations and the Plan and other non-public information about Employer. Anthem's Proprietary Information is non-public, trade secret, commercially valuable, or competitively sensitive information, or other material and information relating to the products, business, or activities of Anthem or an Anthem Affiliate, including but not limited to: (1) Information about Anthem's Provider networks, Provider negotiated fees, Provider discounts, and Provider contract terms; (2)

information about the systems, procedures, methodologies, and practices used by Anthem and Anthem Affiliates in performing their services such as underwriting, Claims processing, Claims payment, and health care management activities; and (3) combinations of data elements that could enable information of this kind to be derived or calculated.

Anthem's Confidential Information is information that Anthem or an Anthem Affiliate is obligated by law or contract to protect, including but not limited to: (1) Social Security numbers; (2) Provider tax identification numbers (TINs); (3) National Provider Identification Numbers (NPIs); (4) Provider names, Provider addresses, and other identifying information about Providers; and (5) drug enforcement administration (DEA) numbers, pharmacy numbers, and other identifying information about pharmacies.

PROVIDER. A duly licensed physician, health professional, hospital, pharmacy or other individual, organization and/or facility that provides health services or supplies within the scope of an applicable license and/or certification and meets any other requirements set forth in the Benefits Booklet.

SUBSCRIBER. An employee or retiree of Employer or other eligible person (other than a dependent) who is enrolled in the Plan.

VENDOR. A person or entity other than a Provider, including an Anthem Affiliate, that provides services or supplies pursuant to a contract with Anthem.

ARTICLE 2 - ADMINISTRATIVE SERVICES PROVIDED BY ANTHEM

- a. Anthem shall process the enrollment of eligible individuals and termination of Members as directed by the Employer subject to the provisions of this Agreement. Anthem shall, with the assistance of Employer, respond to direct routine inquiries made to it by employees and other persons concerning eligibility in the Plan.
- b. Anthem shall perform the following Claims administrative services:
 1. Process Claims with a Claims Incurred Date indicated in Section 1 of Schedule A and provide customer service at a level consistent with industry standards, including investigating and reviewing such Claims to determine what amount, if any, is due and payable according to the terms and conditions of the Benefits Booklet and this Agreement. Anthem shall perform coordination of benefits ("COB") with other payors, including Medicare. In processing Claims, Anthem shall utilize Anthem's medical policies and medical policy exception process, its definitions of medical necessity, its precertification and/or preauthorization policies and applicable Claim timely filing limits.
 2. Disburse to the applicable individuals or entities (including Providers and Vendors) payments that it determines to be due according to the provisions of the Benefits Booklet.
 3. Provide notice in writing when a Claim for benefits has been denied which notice shall set forth the reasons for the denial and the right to a full and fair review of the denial under the terms of the Benefits Booklet and shall otherwise satisfy applicable regulatory requirements governing the notice of a denied Claim.
- c. Employer delegates to Anthem fiduciary authority to determine claims for benefits under the Plan as well as the authority to determine appeals of any adverse benefit determinations under the Plan. Anthem shall administer complaints, appeals and requests for independent review according to Anthem's complaint and appeals policy, and any applicable law or regulation, unless otherwise provided in the Benefits Booklet. In carrying out this authority, Anthem is delegated full discretion to determine eligibility for benefits under the Plan and to interpret the terms of the Plan. Anthem shall be deemed to have properly exercised such authority unless a Member proves that Anthem has abused its discretion or that its decision is arbitrary and capricious. Anthem is a fiduciary of the Plan only to the extent necessary to perform its obligations and duties as expressed in this Agreement and only to the extent that its performance of such actions constitutes fiduciary action. Anthem shall not act as the administrator of the Plan nor shall it have any fiduciary responsibility in connection with any other element of the administration of the Plan. Anthem shall charge Employer the fee described in Section 3.C of Schedule A for any independent review conducted pursuant to this provision.
- d. Anthem shall have the authority, in its discretion, to institute from time to time, utilization management, case management, disease management or wellness pilot initiatives in certain designated geographic areas.

These pilot initiatives are part of Anthem's ongoing effort to find innovative ways to make available high quality and more affordable healthcare and will apply equally to Members of both insured and self-funded plans. A pilot initiative may affect some, but not all Members under the Plan. These programs will not result in the payment of benefits which are not provided in the applicable Benefits Booklet, unless otherwise agreed to by the Employer. Anthem reserves the right to discontinue a pilot initiative at any time without advance notice to Employer.

- e. Anthem shall perform recovery services as provided in Article 13.
- f. Anthem shall issue identification cards to Subscribers and/or Members, as applicable, and the content and design of the identification cards shall comply with BCBSA regulations.
- g. Anthem shall provide certificates of creditable coverage as required by the Health Insurance Portability and Accountability Act of 1996 ("HIPAA") with respect to Members' participation in the Plan. Employer agrees to promptly provide Anthem with any information relating to a Subscriber's employment history as may be necessary for Anthem to provide the certificates of creditable coverage.
- h. Anthem shall provide Members and potential Members access to an online directory of Providers contracted with Anthem ("Provider Directories"). Such Provider Directories shall also be available and distributed in booklet format upon Member request. Additionally, if applicable to Plan benefits, Anthem shall ensure that Members and potential Members have access to the BlueCard directory of Providers via a website sponsored by BCBSA.
- i. Anthem reserves the right to make benefit payments to either Providers or Members at its discretion. Employer agrees that the terms of the Plan will include provisions for supporting such discretion in determining the direction of payment including, but not limited to, a provision prohibiting Members from assigning their rights to receive benefit payments, unless otherwise prohibited by applicable law.
- j. If applicable to the Plan benefits and as indicated in Schedule B of this Agreement, Anthem may provide or arrange for the provision of the following managed care services:
 - 1. Conduct medical necessity review, utilization review, and a referral process, which may include, but is not limited to: (a) preadmission review to evaluate and determine the medical necessity of an admission or procedure and the appropriate level of care, and for an inpatient admission, to authorize an initial length of stay; (b) concurrent review throughout the course of the inpatient admission for authorization of additional days of care as warranted by the patient's medical condition; (c) retrospective review; and (d) authorizing a referral to a non-Network Provider. Anthem shall have the authority to waive a requirement if, in Anthem's discretion, such exception is in the best interest of the Member or the Plan, or is in furtherance of the provision of cost effective services under this Agreement.
 - 2. Perform case management to identify short and long term treatment programs in cases of severe or chronic illness or injury. Anthem may, but is not required to, customize benefits in limited circumstances by approving otherwise non-Covered Services if, in the discretion of Anthem, such exception is in the best interest of the Member and the Plan.
 - 3. Provide access to a specialty network of Providers if the Plan includes a specialty network. Anthem reserves the right to establish specialty networks for certain specialty or referral care.
 - 4. Provide any other managed care services incident to or necessary for the performance of the services set forth in this Article 2.
- k. If applicable to the Plan benefits and as indicated in Schedule B of this Agreement, Anthem shall offer wellness programs and other programs to help Employer effectively manage the cost of care, and Employer shall pay fees for the programs selected by Employer only if such fees are indicated in Section 3(B) of Schedule A. Employer shall abide by all applicable policies and procedures of the programs selected, which may require Employer to provide requested information prior to Anthem initiating the service.
- l. On behalf of Employer, Anthem shall produce and maintain a master copy of the Benefits Booklet and make changes and amendments to the master copy of the Benefits Booklet and incorporate any approved changes or amendments pursuant to Article 18(a) of this Agreement. Employer shall determine, in its sole discretion, whether Anthem has accurately produced the Benefits Booklet and has fully implemented the

approved changes or amendments. Until Employer has approved the Benefits Booklet, Anthem will administer the quoted benefits according to Anthem's most similar standard Benefits Booklet language.

- m. Anthem will provide Employer with Plan data and assistance necessary for preparation of the Plan's information returns and forms required by federal or state laws. Anthem shall prepare and mail all IRS Form 1099's and any other similar form that is given to Providers or brokers.
- n. Anthem shall administer unclaimed funds pursuant to unclaimed property or escheat laws and shall make any required payment and file any required reports under such laws.
- o. Unless otherwise agreed to by the Parties and specified in the Benefits Booklet, Anthem's standard policies and procedures, as they may be amended from time-to-time, will be used in the provision of services specified in this Agreement. In the event of any conflict between this Agreement and any of Anthem's policies and procedures, this Agreement will govern.
- p. This provision is intentionally omitted
- q. Select state laws require Employers to finance health related initiatives through residency-based assessments and/or surcharges added to certain Paid Claims. After Employer completes any applicable forms, Anthem shall make all assessment and/or surcharge payments on behalf of Employer to the appropriate pools administered by the respective states, based primarily upon Anthem's Paid Claims information and Member information provided to Anthem by Employer. Examples of such assessments and surcharges include, but are not limited to, the Massachusetts Health Safety Net Trust Fund, the New York Health Care Reform Act and the Michigan Health Insurance Claims Assessment Act.
- r. Anthem shall provide required notices describing Member's rights under the Women's Health and Cancer Rights Act (WHCRA) upon a Member's enrollment and at least annually thereafter.
- s. Anthem shall have the authority to build and maintain its Provider network. Nothing in this Agreement shall be interpreted to require Anthem to maintain negotiated fees or reimbursement arrangements or other relationships with certain Providers or Vendors. Anthem will be solely responsible for acting as a liaison with Providers including, but not limited to, responding to Provider inquiries, negotiating rates with Providers or auditing Providers.
- t. If a catastrophic event (whether weather-related, caused by a natural disaster, or caused by war, terrorism, or similar event) occurs that affects Members in one or more locations, and such catastrophic event prevents or interferes with Anthem's ability to conduct its normal business with respect to such Members or prevents or interferes with Members' ability to access their benefits, Anthem shall have the right, without first seeking consent from Employer, to take reasonable and necessary steps to process Claims and provide managed care services in a manner that may be inconsistent with the Benefits Booklet in order to minimize the effect such catastrophic event has on Members. As soon as practicable after a catastrophic event, Anthem shall report its actions to Employer. Employer shall reimburse Anthem for amounts paid in good faith under the circumstances and such amounts shall constitute Paid Claims, even if the charges incurred were not for services otherwise covered under the Benefits Booklet.
- u. Anthem shall submit any claim that is required to be filed under any stop loss policy issued by Anthem or an Anthem Affiliate. Anthem shall have no obligation to prepare or file any claim for excess risk or stop loss coverage under a policy not issued by Anthem or an Anthem Affiliate. Anthem shall provide Employer with Claims data pursuant to Article 11 of this Agreement if Employer chooses to file a claim under a stop loss policy issued by an entity other than Anthem or an Anthem Affiliate. Anthem shall assume no liability or responsibility to Employer for inconsistencies between the determination of Covered Services under the Benefits Booklet and this Agreement and the determination of coverage by an unaffiliated stop loss carrier.
- v. This provision is intentionally omitted.
- w. If a Member is a Massachusetts resident, Anthem shall mail the Member any notices required by the Massachusetts Health Care Reform Act ("HCRA") reflecting coverage during the current and prior Agreement Period. If a Member works in Massachusetts for Employer, but resides in another State, Anthem will only provide such notices if Employer notifies Anthem at least 60 days prior to any notice deadline imposed by HCRA that such Member requires the HCRA notices.

- x. Anthem is the responsible reporting entity ("RRE") for the Plan as that term is defined pursuant to Section 111 of the Medicare, Medicaid and SCHIP Extension Act of 2007. In order to fulfill its RRE obligation, Anthem requires information from the Employer, including, but not limited to, Member Social Security Numbers. Employer shall cooperate with Anthem and timely respond to any request for information made by Anthem.
- y. Anthem will provide Employer with Plan information and assistance necessary for the preparation of the Plan's Summary of Benefits and Coverage ("SBC") related to the elements of the Plan that Anthem administers. Employer is solely responsible for ensuring that the SBC accurately reflects the benefits Employer will offer and for finalizing and distributing the SBC to Subscribers. Notwithstanding the provisions in Article 18(a), if Employer's open enrollment period is at a time other than 30 days prior to the end of an Agreement Period, Employer agrees to provide Anthem with any changes to the benefits Anthem administers at least 60 days prior to the start of the open enrollment period.

ARTICLE 3 - OBLIGATIONS OF EMPLOYER

- a. Employer shall furnish to Anthem initial eligibility information regarding Members. Employer is responsible for determining eligibility of individuals and advising Anthem in a timely manner, through a method agreed upon by the Parties, as to which employees, dependents, and other individuals are to be enrolled Members. Anthem reserves the right to limit the effective date of retroactive enrollment to a date not earlier than 60 days prior to the date notice is received. Such retroactive enrollments shall be subject to Anthem's receipt of any applicable Administrative Services Fees as indicated in Section 3(A) of Schedule A. Employer shall keep such records and furnish to Anthem such notification and other information as may be required by Anthem for the purpose of enrolling Members, processing terminations, effecting COBRA coverage elections, effecting changes in single or family coverage status, effecting changes due to a Member becoming eligible or ineligible for Medicare, effecting changes due to a leave of absence, or for any other purpose reasonably related to the administration of eligibility under this Agreement. Employer acknowledges that prompt and complete furnishing of the required eligibility information is essential to the timely, accurate, and efficient processing of Claims.

Employer shall notify Anthem monthly of the Subscribers, dependents, or other individuals that will be or have become ineligible for benefits under the Plan. Upon receipt of such notice, Anthem shall terminate coverage effective as of the date specified in the Benefits Booklet. Employer shall give Anthem advance notice, if possible, of any Member's expected termination and/or retirement. Anthem reserves the right to limit retroactive terminations to a maximum of 60 days prior to the date notice is received. Anthem shall credit Employer Administrative Services Fees for such retroactive terminations as indicated in Section 3(A) of Schedule A.

If Anthem has paid Claims for persons no longer eligible for reasons including, but not limited to, Anthem having been provided inaccurate eligibility information, or Anthem having received notice of a retroactive change to enrollment, then Employer shall reimburse Anthem for all unrecovered Paid Claim amounts to the extent that the amounts have not already been paid by Employer.

- b. Employer has the discretionary authority and control over the management of the Plan, and all discretionary authority and responsibility for the administration of the Plan except as delegated to Anthem in Article 2(c) of this Agreement. Employer retains all final authority and responsibility for the Plan and its operation and Anthem is empowered to act on behalf of Employer in connection with the Plan only as expressly stated in this Agreement or as otherwise agreed to by the Parties in writing.
- c. It is understood and agreed that the provision of any notice, election form, or communication and the collection of any applicable premium or fees required by or associated with Title X of the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("COBRA"), or any other applicable law governing continuation of health care coverage, shall be the sole responsibility of Employer and not Anthem, except as otherwise agreed to in a written agreement between the Parties.
- d. Employer is solely responsible for compliance with the Family and Medical Leave Act ("FMLA") and, to the extent applicable to Employers' wellness program(s), for compliance with the Americans with Disabilities Act, the Internal Revenue Code, federal and state nondiscrimination laws, and other federal and state laws and regulations governing wellness programs.

- e. Employer agrees to and shall collect those contributions from Subscribers that are required by Employer for participation in the Plan. If Employer elects Anthem's stop loss coverage, Employer shall abide by Anthem's participation and contribution guidelines.
- f. Unless otherwise agreed to by the Parties in writing, Employer shall prepare and distribute all notices or summaries of changes or material modifications to the Plan. Employer shall ensure that if it creates any documents that refer to benefits offered under the Plan, the documents will accurately reflect the terms of the Benefits Booklet.
- g. To the extent that Medicare, Medicaid, the Veterans Administration or any other federal or state agency or entity asserts a reimbursement right against Employer, the Plan, or Anthem pursuant to that agency's or entity's rights under applicable law with respect to Claims processed by Anthem under this Agreement, the Employer shall be responsible for reimbursing Anthem any such amounts determined to be owed.
- h. Employer shall give notice to Anthem of the expected occurrence of any of the following events (including a description of the event), with such notice to be given at least 30 days prior to the effective date of the event, unless such advance notice is prohibited by law or contract in which case, notice will be provided as soon as practicable:
 - 1. Change of Employer's name; or
 - 2. Any insolvency, receivership or inability of Employer to pay its debts as they become due.
- i. The Employer shall have the sole responsibility, in accordance with state or federal law, to develop procedures for determining whether a medical child support order is a "qualified" medical child support order. The Employer shall provide notice to Anthem once it has made such determination.
- j. The Employer may request Anthem, on an exception basis, to process and pay Claims that were denied by Anthem or take other actions with respect to the Plan that are not specifically set forth in this Agreement or the Benefits Booklet. In such cases, any payments shall not count toward the stop loss accumulators under a stop loss agreement issued by Anthem, unless otherwise agreed to by Anthem. Anthem may charge Employer a processing fee that has been mutually agreed to by the Parties prior to the processing of the Claim. Anthem shall not be responsible for any liability associated with any act or omission undertaken at the direction of, or in accordance with, instructions received from the Employer under this provision.

ARTICLE 4 - CLAIMS PAYMENT METHOD

- a. Employer shall pay or fund Paid Claims according to the Claims payment method described in Section 4 of Schedule A. Employer shall pay or fund such amounts by the Invoice Due Date. In addition, from time to time, the Parties acknowledge that Employer may request a review of the appropriateness of a Claim payment and, during the review period, Employer shall pay or fund such Claim.
- b. The Parties acknowledge that, from time to time, a Claims adjustment may be necessary as a result of coordination of benefits, subrogation, workers' compensation, other third party recoveries, payment errors and the like, and that the adjustment will take the form of a debit (for an additional amount paid by Anthem) or a credit (for an amount refunded to Employer). The Parties agree that such Claims adjustment shall be treated as an adjustment to the Claims payment made in the billing period in which the adjustment occurs, rather than as a retroactive adjustment to the Claim in the billing period in which it was initially reported as paid. Any Claims credit may be reduced by a fee charged by Vendors as indicated in Article 13 of this Agreement. In addition, a credit shall not be provided to Employer for a recovery related to a Claim that was covered under stop loss coverage provided by Anthem.

ARTICLE 5 - ADMINISTRATIVE SERVICES FEE

During the term of this Agreement, Employer shall pay Anthem the Administrative Services Fee, described in Section 3 of Schedule A. Employer shall pay the Administrative Services Fee and other fees authorized under this Agreement by the applicable Invoice Due Date according to the payment method described in Section 5 of Schedule A.

ARTICLE 6 - RENEWAL SCHEDULES

If Anthem offers to renew this Agreement at the end of an Agreement Period, then Anthem shall provide Employer with the terms and conditions of the proposed renewal in writing within the time period provided in Section 1 of Schedule A. Employer shall notify Anthem in writing of its selection from the renewal options by indicating its selection and signing Anthem's designated renewal form. If Anthem does not receive a signed acceptance of the renewal from Employer prior to the start of the next Agreement Period, Employer's payment of the amounts set forth in the renewal shall constitute Employer's acceptance of the terms. Anthem shall provide a revised Schedule A that will become part of this Agreement without the necessity of securing Employer's signature.

ARTICLE 7 - CLAIMS RUNOUT SERVICES

- a. Claims Runout Services shall be provided for the period of time provided in Section 6 of Schedule A (the "Claims Runout Period"), except such Claims Runout services shall not be provided in the event that termination is due to non-payment pursuant to Article 19(a) of this Agreement. During the Claims Runout Period, the terms of this Agreement shall continue to apply. Anthem shall have no obligation to process or pay any Claims or forward Claims to Employer beyond the Claims Runout Period. Any amounts recovered beyond the Claims Runout Period shall be retained by Anthem as reasonable compensation for services under this Agreement. Anthem shall, however, return any recoveries for which Anthem had received monies, but had not processed the recovery prior to the end of the Claims Runout Period. In addition, Employer shall have no obligation to reimburse Anthem for any amounts paid by Anthem due to adjustments to Claims after the end of the Claims Runout Period.
- b. The Administrative Services Fee for the Claims Runout Period, if applicable, is provided in Section 6 of Schedule A. Paid Claims and the Administrative Services Fee shall be invoiced and paid in the same manner as provided in Sections 4 and 5 of Schedule A, unless otherwise provided or agreed to in writing by the Parties.

ARTICLE 8 - LATE PAYMENT PENALTY

If Employer fails to timely pay or fund any amount due to Anthem under this Agreement, Employer agrees to pay a late payment penalty for each day the payment is late. The late payment penalty shall be calculated at the rate of 12% simple interest per annum (365 days), and shall be included on a subsequent invoice and payable by the Invoice Due Date. If applicable, Employer agrees to reimburse Anthem for any expenses charged to Anthem by a financial institution, Provider or Vendor due to Employer's failure to maintain sufficient funds in a designated bank account. Any acceptance by Anthem of late payments shall not be deemed a waiver of its rights to terminate this Agreement for any future failure of Employer to make timely payments.

ARTICLE 9 - HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT

- a. Anthem's duties and responsibilities in connection with the requirements imposed by the Health Insurance Portability and Accountability Act ("HIPAA") and the privacy and security regulations promulgated thereunder will be set forth in a separate business associate agreement between the Parties.
- b. In the event the Plan submits Claims or eligibility inquiries or any other HIPAA covered transaction as defined in 45 CFR Part 160 and 162 to Anthem through electronic means, the Plan and Anthem shall comply with all applicable requirements of HIPAA and the Plan and Anthem shall require any of their respective agents or subcontractors to comply with all applicable requirements of HIPAA.

ARTICLE 10 - PROPRIETARY AND CONFIDENTIAL INFORMATION

- a. Each Party retains ownership of its Proprietary Information and Confidential Information (collectively "Information") and neither conveys ownership rights in its Information nor acquires ownership rights in the other Party's Information by entering into this Agreement or performing its obligations hereunder. Nothing in this Agreement shall impair or limit a Party's right to use and disclose its Information for its own lawful business purposes.

- b. Each Party shall maintain the other Party's Information in strict confidence, and shall institute commercially reasonable safeguards to protect it.
- c. Employer shall use and disclose Anthem's Information solely for the purpose of administering the Plan. Employer shall not, without Anthem's advance written consent, (1) use or disclose Anthem's Information, or reports or summaries thereof, for any purpose, other than administering the Plan; (2) combine Anthem's Information with other data to create or add to an aggregate database that will or could be made available to any third party; (3) combine Anthem's Information provided for a particular purpose with any other data received from Anthem's Information provided for another purpose; or, (4) sell or disclose Anthem's Information to any other person or entity except as expressly permitted by this Article 10.
- d. Employer may disclose the minimum amount of Anthem's Information necessary to Employer's stop loss carriers, consultants, auditors, and other third parties engaged by Employer (each a "Plan Contractor"), provided that: (i) each such third party needs to know such Information in order to provide services to Employer; (ii) the restrictions set forth in subsection c. of this Article 10 shall apply to each such third party as well as to Employer; and (iii) prior to such disclosure, each such third party shall enter into a confidentiality agreement (or an appropriate amendment to an existing one, as applicable) with Anthem, with respect to the planned disclosure.
- e. Upon termination of this Agreement, each Party shall return or destroy the other Party's Information or retain the Information in accordance with its reasonable record retention policies and procedures; provided; however that each Party shall continue to comply with the provisions of this Article 10 for as long as it retains the other Party's Information.
- f. This Agreement shall not be construed to restrict the use or disclosure of information that: (1) is public knowledge other than as a result of a breach of this Agreement; (2) is independently developed by a Party not in violation of this Agreement; (3) is made available to a Party by any person other than the other Party, provided the source of such information is not subject to any confidentiality obligations with respect to it; or, (4) is required to be disclosed pursuant to law, order, regulation or judicial or administrative process, but only to the extent of such required disclosures and after reasonable notice to the other Party.

ARTICLE 11 - DATA REPORTS

- a. Upon Employer's request and only as permitted by the business associate agreement entered into between the Parties, Anthem will provide Anthem's standard account reporting package. Prior to Anthem providing data or reports to Employer, the Parties must mutually agree to the types, format, content and purpose of the reports requested. If Employer requests from Anthem information that is not part of Anthem's standard account reporting package, and such request is approved by Anthem, Employer agrees to pay a mutually agreed upon charge to Anthem for such additional reports.
- b. If Employer requests Anthem to provide a data extract or report to any Plan Contractor for use on Employer's behalf and Anthem agrees to do so: (i) to the extent such extract or report includes protected health information ("PHI") as defined in HIPAA, Anthem's disclosure of the PHI and Plan Contractor's subsequent obligations with respect to the protection, use, and disclosure of the PHI will be governed by Employer's applicable business associate agreements with Anthem and the Plan Contractor; and (ii) to the extent such data or report includes Anthem's Proprietary Information and/or Anthem's Confidential Information, Employer acknowledges and agrees that Plan Contractor shall be subject to the restrictions set forth in Article 10 of this Agreement and shall enter into a confidentiality agreement with Anthem (or amend an existing one, as applicable) prior to Anthem's release of the extract or report.
- c. Employer agrees not to contact, or to engage or permit a Plan Contractor to contact on Employer's behalf, any health care Provider concerning the information in any reports or data extracts provided by Anthem unless the contact is coordinated by Anthem.
- d. In addition to their unlimited rights to use Anthem's Proprietary Information and Confidential Information, Anthem and Anthem Affiliates shall also have the right to use and disclose other Claim-related data collected in the performance of services under this Agreement or any other agreement between the Parties, so long as: (1) the data is de-identified in a manner consistent with the requirements of HIPAA; or (2) the data is used or disclosed for research, health oversight activities, or other purposes permitted by law; or (3) a Member has consented to the release of his or her individually identifiable data. The data used or

disclosed shall be used for a variety of lawful purposes including, but not limited to, research, monitoring, benchmarking and analysis of industry and health care trends. Anthem may receive remuneration for the data only if permitted by HIPAA.

ARTICLE 12 - CLAIMS AUDIT

- a. At Employer's expense, Employer shall have the right to audit Claims on Anthem's premises, during regular business hours and in accordance with Anthem's audit policy, which may be revised from time to time. A copy of the audit policy shall be made available to Employer upon request.
- b. If Employer elects to utilize a third-party auditor to conduct an audit pursuant to this Agreement and Anthem's audit policy, such auditor must be mutually acceptable to Employer and Anthem. Anthem will only approve auditors that are independent and objective and will not approve auditors paid on a contingency fee or other similar basis. Anthem reserves the right to charge a fee to Employer for expenditure of time by Anthem's employees in completing any audit. An auditor or consultant must execute a confidentiality and indemnification agreement with Anthem pertaining to Anthem's Proprietary and Confidential Information prior to conducting an audit.
- c. Employer may conduct an audit once each calendar year and the audit may only relate to Claims processed during the current year or immediately preceding calendar year (the "Audit Period") and neither Employer nor anyone acting on Employer's or the Plan's behalf, shall have a right to audit Claims processed prior to the Audit Period. The scope of the audit shall be agreed to in writing by the Parties prior to the commencement of the audit.
- d. Employer shall provide to Anthem copies of all drafts, interim and/or final audit reports at such time as they are made available by the auditor or consultants to Employer. Any errors identified and/or amounts identified as owed to Employer as the result of the audit shall be subject to Anthem's review and approval prior to initiating any recoveries of Paid Claims pursuant to Article 13 of this Agreement. Anthem reserves the right to terminate any audit being performed by or for Employer if Anthem determines that the confidentiality of its information is not properly being maintained or if Anthem determines that Employer or auditor is not following Anthem audit policy.
- e. An audit performed pursuant to this Agreement shall be the final audit for the Audit Period and for any prior Audit Period unless otherwise agreed to in writing by the Parties; however, Claims may be re-audited if Employer is required to conduct the audit by a government agency with which it has a contractual arrangement.

ARTICLE 13 - RECOVERY SERVICES

- a. Pursuant to the provisions of this Article 13(a), Anthem shall review Paid Claims processed under this Agreement (including during any Claims Runout Period) to determine whether such claims have been paid accurately and identify recoveries that can be pursued. Employer will receive the entire amount of any recovery obtained on its behalf. In performing these recovery services, Anthem shall not be obligated to retain outside counsel or other third parties if Anthem's recovery efforts are not successful. The cost of these services provided by Anthem for recovery efforts under this Article 13(a) is included in Anthem's Administrative Services Fee, as set forth in Section 3.A of Schedule A.
- b. Anthem may become aware of additional recovery opportunities by means other than reviewing Paid Claims processed under this Agreement. Employer grants Anthem the authority and discretion in those instances to do the following: (1) determine and take steps reasonably necessary and cost-effective to effect recovery; (2) select and retain outside counsel; (3) reduce any recovery obtained on behalf of the Plan by its proportionate share of the outside counsel fees and costs incurred during litigation or settlement activities to obtain such recovery; and (4) negotiate and effect any settlement of the Employer's and Plan's rights by, among other things, executing a release waiving the Employer's and Plan's rights to take any action inconsistent with the settlement.
- c. During the term of this Agreement and any applicable Claims Runout Period, Anthem may pursue payments to Members by any other person, insurance company or other entity on account of any action, claim, request, demand, settlement, judgment, liability or expense that is related to a Claim for Covered Services ("Subrogation Services"). Anthem shall charge Employer a fee provided in Schedule A to this

Agreement ("Subrogation Fee"). Any subrogation recoveries shall be net of the Subrogation Fee. Subrogation Fees will not be assessed on subrogation recoveries until they are received by Anthem and credited to Employer.

- d Anthem will engage third parties: (1) to conduct a review of Paid Claims processed under this Agreement and perform other recovery related services that are in addition to the standard recovery services provided under Article 13(a); and (2) to conduct audits of Provider and Vendor contracts. The purpose of these services is to determine whether Paid Claims processed under this Agreement have been paid accurately and, if they have not been paid accurately, to pursue recoveries. If Anthem makes a recovery as a result of the services described in this Article 13(d), then Anthem shall receive a fee provided in Schedule A as compensation for its services, a portion of which shall be paid to third parties for their services, and Employer will receive the remaining recovery amount.
- e In exercising its authority pursuant to Articles 13(a) through (d), Anthem shall determine which recoveries it will pursue, and in no event will Anthem pursue a recovery if it reasonably believes that the cost of the collection is likely to exceed the recovery amount or if the recovery is prohibited by law or an agreement with a Provider or Vendor. Anthem will not be liable for any amounts it does not successfully recover. Anthem shall retain any recoveries it obtains as a result of its recovery services or audits if the cost to administer the refund is likely to exceed the amount of the refund. Employer further understands and agrees that Anthem shall have authority to enter into a settlement or compromise on behalf of the Employer and Plan regarding these recovery, subrogation and audit services, including, but not limited to, the right to reduce future reimbursement to Provider or Vendor in lieu of a lump sum settlement. Anthem may have contracts with Network Providers or Vendors or there may be judgments, orders, settlements, applicable laws or regulations that limit Anthem's right to make recoveries under certain circumstances. Anthem may, but is not required to, readjudicate Claims or adjust Members' cost share payments related to the recoveries made from a Provider or a Vendor. Anthem shall credit Employer net recovery amounts after deduction of fees and costs as set forth in this Article 13 not later than 150 days following the receipt of the total recovery amount. If Anthem does not credit Employer within 150 days of its receipt of the total recovery amount, Anthem shall pay Employer interest calculated at the Federal Reserve Funds Rate in effect at the time of the payment. In no event, however, will Anthem be liable to credit Employer for any recovery after the termination date of this Agreement and any Claims Runout Period, and Employer acknowledges and agrees that such sums shall be retained by Anthem as reasonable compensation for recovery services provided by Anthem.

ARTICLE 14 - PHARMACY BENEFITS AND SERVICES

This Article has been intentionally deleted in its entirety.

ARTICLE 15 - INTER-PLAN PROGRAMS (THE LANGUAGE IN THIS ARTICLE IS REQUIRED BY BCBSA.)

- a. Out of Area Services. Anthem has a variety of relationships with other Blue Cross and/or Blue Shield Licensees referred to generally as "Inter-Plan Programs." Claims for certain services may be processed through one of these Inter-Plan Programs and presented to Anthem for payment in accordance with the rules of the Inter-Plan Programs policies then in effect. The Inter-Plan Programs available to Members under this Agreement are described generally below. Typically, Members' Claims are processed through an Inter-Plan Program when Members obtain care from health care Providers that have a contractual agreement (i.e., are "Network Providers") with a local Blue Cross and/or Blue Shield Licensee ("Host Blue"). In some instances, Members may obtain care from non-Network Providers. Anthem's payment practices in both instances are described below.
- b. BlueCard® Program. Under the BlueCard® Program, when Members access Covered Services within the geographic area served by a Host Blue, Anthem will remain responsible to Employer for fulfilling Anthem's contractual obligations. However, in accordance with applicable Inter-Plan Programs policies then in effect, the Host Blue will be responsible for providing such services as contracting and handling substantially all interactions with its Network Providers. The financial terms of the BlueCard Program are described generally below. Individual circumstances may arise that are not directly covered by this description; however, in those instances, Anthem's action will be consistent with the spirit of this description.

1. **Liability Calculation Method Per Claim.** The calculation of the Member liability on Claims for Covered Services processed through the BlueCard Program will be based on the lower of the Network Provider's Billed Charges or the negotiated price made available to Anthem by the Host Blue.

The calculation of Employer liability on Claims for Covered Services processed through the BlueCard Program will be based on the negotiated price made available to Anthem by the Host Blue. Sometimes, this negotiated price may be greater than Billed Charges if the Host Blue has negotiated with its Network Provider(s) an inclusive allowance (e.g., per case or per day amount) for specific health care services. Host Blues may use various methods to determine a negotiated price, depending on the terms of each Host Blue's health care Provider contracts. The negotiated price made available to Anthem by the Host Blue may represent a payment negotiated by a Host Blue with a health care Provider that is one of the following:

- i. an actual price. An actual price is a negotiated payment without any other increases or decreases, or
- ii. an estimated price. An estimated price is a negotiated payment 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 representing the aggregate payments negotiated by the Host Blue with all of its health care Providers or a similar classification of its Providers and other Claim- and non-Claim-related transactions. Such transactions may include the same ones as noted above for an estimated price.

Host Blues using either an estimated price or an average price may, in accordance with Inter-Plan Programs policies, prospectively increase or reduce such prices to correct for over- or underestimation of past prices (i.e., prospective adjustments may mean that a current price reflects additional amounts or credits for Claims already paid to Providers or anticipated to be paid to or received from Providers). However, the amount paid by the Member and Employer is a final price; no future price adjustment will result in increases or decreases to the pricing of past Claims. The BlueCard Program requires that the price submitted by a Host Blue to Anthem is a final price irrespective of any future adjustments based on the use of estimated or average pricing. If a Host Blue uses either an estimated price or an average price on a Claim, it may also hold some portion of the amount that Employer pays in a variance account, pending settlement with its Network Providers. Because all amounts paid are final, neither variance account funds held to be paid, nor the funds expected to be received, are due to or from Employer. Such payable or receivable would be eventually exhausted by health care Provider settlements and/or through prospective adjustment to the negotiated prices. Some Host Blues may retain interest earned, if any, on funds held in variance accounts.

A small number of states require Host Blues either (i) to use a basis for determining Member liability for Covered Services that does not reflect the entire savings realized, or expected to be realized, on a particular Claim, or (ii) to add a surcharge. Should the state in which health care services are accessed mandate liability calculation methods that differ from the negotiated price methodology or require a surcharge, Anthem would then calculate Member liability and Employer liability in accordance with applicable law.

2. **Return of Overpayments.** Under the BlueCard Program, recoveries from a Host Blue or its Network Providers can arise in several ways, including, but not limited to, anti-fraud and abuse recoveries, health care Provider/hospital audits, credit balance audits, utilization review refunds, and unsolicited refunds. In some cases, the Host Blue will engage a third party to assist in identification or collection of recovery amounts. The fees of such a third party may be netted against the recovery. Recovery amounts determined in this way will be applied in accordance with applicable Inter-Plan Programs policies, which generally require correction on a Claim-by-Claim or prospective basis.

- c. **Negotiated National Account Arrangements.** As an alternative to the BlueCard Program, Member Claims for Covered Services may be processed through a negotiated National Account arrangement with a Host Blue. For purposes of this Article, a "National Account" is an employer that has membership in more than one state.

If Anthem and Employer have agreed that (a) Host Blue(s) shall make available a custom health care Provider network(s) in connection with this Agreement, then the terms and conditions set forth in Anthem's negotiated National Account arrangement(s) with such Host Blue(s) shall apply. In negotiating such arrangement(s), Anthem is not acting on behalf of or as an agent for Employer, the Plan or Members.

Employer agrees that Anthem will not have any responsibility in connection with the processing and payment of Claims when Members access such network(s), except as may be set forth in the relevant participation agreement.

Member Liability Calculation. Member liability calculation will be based on the lower of either Billed Charges or negotiated price made available to Anthem by the Host Blue that allows Members access to negotiated participation agreement networks of specified Network Providers outside of Anthem's service area.

- d. **Non-Network Providers Outside Anthem's Service Area.**

1. **Member Liability Calculation.** When Covered Services are provided outside of Anthem's service area by non-Network Providers, the amount a Member pays for such services will generally be based on either the Host Blue's non-Network Provider local payment or the pricing arrangements required by applicable state law. In these situations, the Member may be responsible for the difference between the amount that the Non-Network Provider bills and the payment Anthem will make for the Covered Services as set forth in this paragraph.

2. **Exceptions.** In some exception cases, Anthem may pay Claims from non-Network Providers outside of Anthem's service area based on the Provider's Billed Charges, such as in situations where a Member did not have reasonable access to a Network Provider, as determined by Anthem in Anthem's sole and absolute discretion or by applicable state law. In other exception cases, Anthem may pay such a Claim based on the payment it would make if elsewhere in this Agreement, where the Host Blue's corresponding payment would be more than Anthem's in-service area non-Network Provider payment, or in its sole and absolute discretion, Anthem may negotiate a payment with such a Provider on an exception basis. In any of these exception situations, the Member may be responsible for the difference between the amount that the non-Network Provider bills and the payment Anthem will make for the Covered Services as set forth in this paragraph.

- e. **Inter-Plan Program Fees and Compensation.** Employer understands and agrees to reimburse Anthem for certain fees and compensation which it is obligated under BlueCard or any other Inter-Plan Program, to pay to the Host Blues, to the BCBSA, and/or to BlueCard or Inter-Plan Program vendors, as described below. Fees and compensation under BlueCard and other Inter-Plan Programs may be revised in accordance with the specific Program's standard procedures for revising such fees and compensation, which do not provide for prior approval by any groups. Such revisions typically are made annually as a result of Program policy changes and/or vendor negotiations. These revisions may occur at any time during the course of a given calendar year, and they do not necessarily coincide with the Agreement Period. With respect to Negotiated National Account Arrangements, the participation with the Host Blue may provide that Anthem must pay an administrative and/or network access fee to the Host Blue. For this type of negotiated participation arrangement, any such administrative and/or network access fee will not be greater than the comparable fees that would be charged under the BlueCard Program. Anthem will charge these fees as described in Section 7 of Schedule A.

ARTICLE 16 - CLAIMS LITIGATION

- a. Anthem shall defend against any legal action or proceeding brought against Anthem to recover a claim for benefits under the Plan as administered by Anthem. If a demand for benefits under the Plan is asserted, or litigation, investigation, or other proceedings are commenced against Anthem by a Member, or by any other

party on behalf of a Member, in connection with the Plan, Anthem shall provide notice to Employer as soon as practicable. Anthem will select and retain counsel and pay its related attorneys' fees. If Employer or Plan are also named in the legal action or proceeding, Employer reserves the right to retain separate counsel for itself, in its sole discretion and at its own expense, and separate counsel for the Plan. If during such litigation, investigation or proceedings Employer and Anthem are both represented by the same counsel selected by Anthem and a conflict of interest arises, the selected counsel shall continue to represent Anthem's interests. Employer shall waive any conflict for such representation and retain its own counsel, or separate counsel for the Plan, at its own expense. Each Party will provide the other with reasonable cooperation in the defense of any such matter. Anthem is authorized to settle or compromise any claim to recover benefits under the Plan arising out of a course of legal action with the approval of Employer, which approval shall not be unreasonably withheld.

- b. Anthem is not an insurer of benefits under the Plan nor does it underwrite the risk or otherwise assume any risk for the payment of benefits under the Plan. Under all circumstances, Employer shall be liable to pay Plan benefits awarded or paid by settlement, judgment, or otherwise.
- c. In the event of any legal action or proceeding against the Employer or Plan pertaining to Covered Services described in the Benefits Booklet, Anthem shall make available to Employer, the Plan, and their respective counsel, such evidence that is not privileged or otherwise confidential and is relevant to such action or proceeding.

ARTICLE 17 - INDEMNIFICATION

Except for legal actions or proceedings seeking benefits under the Plan, which are governed by Article 16 of this Agreement, Anthem shall indemnify, defend and hold harmless Employer, and its directors, officers, employees, agents and affiliates, from and against any and all losses, claims, damages, liabilities, costs and expenses (including without limitation, reasonable attorneys' fees and costs) resulting from : (1) Anthem's or its subcontractor's gross negligence or willful misconduct in the performance of the obligations under this Agreement, and/or (2) Anthem's failure to provide information required under this Agreement or otherwise required by law that results in a sanction or penalty being assessed against Employer, and/or (3) Anthem's or its subcontractor's breach of fiduciary duties. Anthem's obligations to provide indemnification under this Agreement shall be contingent upon Employer seeking indemnification: (i) providing Anthem with prompt written notice of any claim for which indemnification is sought, (ii) allowing Anthem to control the defense and settlement of such claim; provided however, that Anthem agrees not to enter into any settlement or compromise of any claims or action in a manner that admits fault or imposes any restrictions or obligations on Employer without Employer's prior written consent, which will not be unreasonably withheld, and, (iii) cooperating fully with Anthem in connection with such defense and settlement.

ARTICLE 18 - CHANGES IN BENEFITS BOOKLET AND AGREEMENT

- a. Either Party reserves the right to propose changes to the provisions described in the Benefits Booklet by giving written notice to the other Party not less than 90 days prior to the start of an Agreement Period and such changes will be made to the Benefits Booklet as mutually agreed to in writing by the Parties. Either Party may also propose changes to the Benefits Booklet at a time other than the start of an Agreement Period and such changes will be made to the Benefits Booklet if mutually agreed to in writing by the Parties. Anthem's incorporation of the requested changes into the Benefits Booklet shall constitute Anthem's acceptance of the Employer's requested changes. If Anthem initiates the proposed changes and does not receive written notice from Employer prior to the effective date of the proposed changes that such changes are unacceptable, the changes shall be deemed acceptable by Employer and Anthem shall incorporate such changes into the Benefits Booklet.
- b. If changes to the provisions of the Benefits Booklet are mandated as a result of a change to any applicable state or federal law, Anthem shall have the right to make such changes to the Benefits Booklet to comply with the law and shall provide written notice to Employer at least 30 days prior to the effective date of the change, unless the effective date specified in the law is earlier.
- c. Anthem also reserves the right to change the Administrative Services Fee at a time other than the start of an Agreement Period upon the occurrence of one or more of the following events: (1) a change to the Plan benefits initiated by Employer that results in a substantial change in the services to be provided by Anthem; (2) a change in ownership as described in Article 3(h) of this Agreement; (3) a change in the total number of Members resulting in either an increase or decrease of 10% or more of the number of Members enrolled for

coverage on the date the Administrative Services Fee was last modified; (4) a change in Employer contribution as described in Article 3(e) of this Agreement; (5) a change in nature of Employer's business resulting in a change in its designated Standard Industrial Classification ("SIC") code; or (6) a change in applicable law that results in an increase in the cost or amount of administrative services from those currently being provided by Anthem under this Agreement. Anthem shall provide notice to Employer of the change in the Administrative Services Fee at least 30 days prior to the effective date of such change. If such change is unacceptable to Employer, either Party shall have the right to terminate this Agreement by giving written notice of termination to the other Party before the effective date of the change. If Employer accepts the proposed Administrative Services Fee, Anthem shall provide a revised Schedule A that will then become part of this Agreement without the necessity of securing Employer's signature on the Schedule.

- d. In the event any action of any department, branch or bureau of the federal, state or local government is initiated or taken ("Action") against a Party to this Agreement and such Action materially and adversely affects that Party's performance of the obligations under this Agreement, the affected Party shall notify the other Party of the nature of the Action and provide copies of pertinent documents supporting the reason(s) for the Action. If a modification to the Agreement is needed as a result of the Action, the Parties shall meet within 30 days of the notice by the affected Party to the other Party and shall, in good faith, attempt to negotiate a modification to this Agreement that minimizes or eliminates the impact of the Action. If the Parties are unable to minimize or eliminate the impact of the Action, then either Party may terminate this Agreement by giving at least 90 days notice of termination. This Agreement may be terminated sooner if agreed to by the Parties or required by the government entity initiating or taking the Action.
- e. No modification or change in any provision of this Agreement, including but not limited to, changes at renewal, shall be effective unless and until approved in writing by an authorized representative of Anthem and evidenced by an amendment or new Schedule attached to this Agreement.

ARTICLE 19 - TERMINATION AND/OR SUSPENSION OF PERFORMANCE

- a. Notwithstanding any other provision of this Article, this Agreement automatically terminates, without further notice or action, if Employer fails to pay or fund any amount due under this Agreement within 14 days of the date of Anthem's notice to Employer of a delinquent amount owed. Such termination shall be effective as of the last period for which full payment was made. In addition, this Agreement automatically terminates, without further notice or action, at the end of each Agreement Period unless Anthem offers to renew this Agreement and Employer accepts such offer of renewal pursuant to Article 6 of this Agreement. Upon termination of this Agreement, Employer shall remain liable for all payments due to Anthem under the terms of this Agreement. Notwithstanding the above, Anthem has the right to suspend performance of its obligations under this Agreement if full payment is not made by the Invoice Due Date. Anthem shall have no obligation to pay any Claims under the Agreement until all required payments have been paid in full.
- b. If either Party fails to comply with any material duties and obligations under this Agreement other than payment of amounts due under this Agreement, the other Party shall have the right to: (1) terminate this Agreement by giving the non-compliant Party at least 45 days prior written notice of termination; or (2) upon 10 days written notice to the other Party, suspend performance of its obligations under this Agreement. Employer acknowledges and agrees that in the event it is the non-compliant Party, Anthem shall have no liability to any Member. A non-compliant Party shall have the right to cure a breach of this Agreement, other than non-payment of amounts due, within 10 days after being notified in writing by the non-breaching Party that such breach occurred. Upon acceptance in writing by the non-breaching Party that the breach is cured, this Agreement may be reinstated retroactive to the date of the breach or suspension of performance. Notwithstanding any other provision of this Agreement, a Party may seek injunctive or other equitable relief from a court of competent jurisdiction should there be any unauthorized use or disclosure of Proprietary Information or Confidential Information by the other Party.
- c. If there shall occur any change in the condition (financial or otherwise) of Employer or an Employer Affiliate that, in the reasonable opinion of Anthem, has a material adverse effect upon the validity, performance, or enforceability of this Agreement, on the financial condition or business operation of Employer (or Employer Affiliate), or on the ability of Employer to fulfill its obligations under this Agreement, then Anthem shall have the right to require Employer to provide adequate assurance of future performance, such as a letter of credit or other method of assurance acceptable to Anthem. Examples of such a change could include, but would not be limited to the actual, or Anthem's reasonable anticipation of: (1) any voluntary or involuntary case or proceedings under bankruptcy law with respect to Employer or an Employer Affiliate; (2) any receivership,

liquidation, dissolution, reorganization or other similar case or proceeding with respect to Employer or an Employer Affiliate; (3) any appointment of a receiver, trustee, custodian, assignee, conservator or similar entity or official for Employer or an Employer Affiliate; or (4) any assignment for the benefit of creditors or sale of all or substantially all of Employer's assets or a key Employer Affiliate's assets.

If such further assurance is required by Anthem, Anthem may, at any time after the date of notice to Employer of such requirement, suspend performance of its obligations under this Agreement until the date of receipt by Anthem of such adequate assurance without being liable to Employer, the Plan or any Member for such suspension. If such adequate assurance is not received within 30 days of the request, Anthem may terminate this Agreement.

- d. Subject to the provisions of Article 7 of this Agreement, if this Agreement terminates and Anthem makes payment of any Claim that would otherwise have been payable under the terms of this Agreement after the termination date, Employer shall be liable to reimburse Anthem for such Claim to the extent that the amounts have not already been paid by Employer.
- e. Employer may terminate this Agreement at any time other than at the end of an Agreement Period by giving Anthem 30 days prior written notice of its intent to terminate. Pursuant to this provision, at the time of termination, Employer must have paid Claims and Administrative Services Fees. Notwithstanding the foregoing, Employer may terminate this Agreement if funds are not appropriated or are not otherwise available for the purpose of making payments without incurring any obligation for payment after the date of termination, regardless of the terms of this Agreement. Employer shall provide Anthem 30 days prior written notice of termination under this provision if funding is not appropriated or funds are not available
- f. In connection with the termination of this Agreement and upon Employer's request, Anthem shall provide reports that are part of Anthem's standard account reporting package at no extra charge. However Anthem shall have no obligation to provide the reports after the termination date of this Agreement if such termination is due to non-payment pursuant to Article 19(a) of this Agreement. Upon Employer's request, Anthem shall also provide data extract files to Employer for an additional fee mutually agreed to by the Parties. In no event shall Anthem be obligated to produce more than two sets of reports following the termination date of this Agreement.

ARTICLE 20 - LIMITATION ON ACTIONS AND GOVERNING LAW

- a. No action by either Party alleging a breach of this Agreement may be commenced after the expiration of 3 years from the date on which the claim arose.
- b. This Agreement shall be governed by, and shall be construed in accordance with the laws of Kentucky but without giving effect to that state's rules governing conflict of laws.

ARTICLE 21 - NO WAIVER

No failure or delay by either Party to exercise any right or to enforce any obligation herein, and, no course of dealing between Employer and Anthem, shall operate as a waiver of such right or obligation or be construed as or constitute a waiver of the right to enforce or insist upon compliance with such right or obligation in the future. Any single or partial exercise of any right or failure to enforce any obligation shall not preclude any other or further exercise, or the right to exercise any other right or enforce any other obligation.

ARTICLE 22 - ASSIGNMENT AND SUBCONTRACTING

- a. Unless it has first obtained the written consent of an officer of the other Party, neither Party may assign this Agreement to any other person. Notwithstanding the foregoing, Anthem may, with advance written notice to Employer, assign or otherwise transfer its rights and obligations hereunder, in whole or in part, to: (i) any affiliate of Anthem; or (ii) any entity surviving a transaction involving the merger, acquisition, consolidation, or reorganization of Anthem, or in which all or substantially all of Anthem's assets are sold. Additionally, Employer may, with advance written notice to Anthem, assign, delegate, or otherwise transfer its rights and obligations hereunder, in whole, to (i) any affiliate of Employer; or (ii) any entity surviving a transaction involving the merger, acquisition, consolidation or reorganization of Employer, or in which all or substantially all of Employer's assets are sold, provided that such affiliate or other assignee presents, in Anthem's

opinion, an equivalent or better financial status and credit risk. Either Party is required to provide advance written notice under this provision only to the extent permissible under applicable law and the reasonable terms of the agreement(s) governing such merger, acquisition, consolidation, reorganization, or asset sale.

If advance written notice is not allowed, notice shall be provided as soon as practicable. Upon receipt of notice of an assignment of this Agreement, the other Party may terminate this Agreement by providing the assigning Party with 30 days advance written notice of termination. Any assignee of rights or benefits under this Agreement shall be subject to all of the terms and provisions of this Agreement.

- b. Either Party may subcontract any of its duties under this Agreement without the prior written consent of other Party; however, the Party subcontracting the services shall remain responsible for fulfilling its obligations under this Agreement.

ARTICLE 23 - NOTICES

- a. Any notice or demand pursuant to Articles 19 and 22 of this Agreement shall be deemed sufficient when made in writing as follows: to Employer, by first class mail, personal delivery, or electronic mail or overnight delivery with confirmation capability, to its principal office shown upon the records of Anthem; to Anthem, by first class mail, personal delivery, electronic mail or overnight delivery with confirmation capability, to the designated Anthem sales representative.
- b. A notice or demand shall be deemed to have been given as of the date of deposit in the United States mail with postage prepaid or, in the case of delivery other than by mail, on the date of actual delivery at the appropriate address.
- c. Employer shall be obligated to provide all notices to Members as may be necessary to effectuate any change in or termination of the Agreement.

ARTICLE 24 - ADMINISTRATION

- a. Employer, on behalf of itself and its Members, hereby expressly acknowledges its understanding that this Agreement constitutes a contract solely between Employer and Anthem, that Anthem is an independent corporation operating under a license with BCBSA permitting Anthem to use the Blue Cross and Blue Shield Service Marks in Kentucky and that Anthem is not contracting as the agent of BCBSA. Employer further acknowledges and agrees that it has not entered into this Agreement based upon representations by any person other than Anthem and that no person, entity, or organization other than Anthem shall be held accountable or liable to it for any of Anthem's obligations to Employer created under this Agreement. This paragraph shall not create any additional obligations whatsoever on the part of Anthem other than those obligations created under other provisions of this Agreement.
- b. Anthem is providing administrative services only with respect to the portion of the Plan described in the Benefits Booklet. Anthem has only the authority granted it pursuant to this Agreement. Anthem is not the insurer or underwriter of any portion of the Plan. Anthem has no responsibility or liability for funding benefits provided by the Plan, notwithstanding any advances that might be made by Anthem. Employer retains the ultimate responsibility and liability for all benefits and expenses incident to the Plan, including but not limited to, any applicable taxes that might be imposed relating to the Plan.
- c. This provision has been intentionally deleted in its entirety.
- d. Employer shall ensure that sufficient amounts are available to cover Claims payments, the monthly Administrative Services Fee, and other fees or charges.

ARTICLE 25 - ENTIRE AGREEMENT

- a. The following documents will constitute the entire Agreement between the Parties: this Agreement, including any amendments and Schedules thereto, and the Benefits Booklet.
- b. This Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.
- c. This Agreement supersedes any and all prior agreements between the Parties, whether written or oral, and other documents, if any, addressing the subject matter contained in this Agreement.
- d. If any provision of this Agreement is held to be invalid, illegal or unenforceable in any respect under applicable law, order, judgment or settlement, such provision shall be excluded from the Agreement and the balance of this Agreement shall be interpreted as if such provision were so excluded and shall be enforceable in accordance with its terms.

ARTICLE 26 - DISPUTE RESOLUTION

This Article has been intentionally deleted in its entirety.

ARTICLE 27 - MISCELLANEOUS

- a. Employer and Anthem are separate legal entities. Anthem is strictly an independent contractor. Nothing contained in this Agreement shall cause either Party to be deemed a partner, member, agent or representative of the other Party, nor shall either Party have the expressed or implied right or authority to assume or create any obligation on behalf of or in the name of the other Party through its actions, omissions or representations.
- b. Except as may be explicitly set forth in this Agreement, nothing herein shall be construed as an implied license by a Party to use the other Party's name, trademarks, domain names, or other intellectual property. Neither Party shall use the name, trademarks, domain names, or any other name or mark of the other Party in any press release, printed form, advertising or promotional materials or otherwise, without the prior written consent of the other Party. In addition, Employer has no license to use the Blue Cross and/or Blue Shield trademarks or derivative marks (the "Brands") and nothing in the Agreement shall be deemed to grant a license to Employer to use the Brands. Any references to the Brands made by Employer in its own materials are subject to prior review and approval by Anthem.
- c. Nothing contained herein shall cause either Party to be deemed an agent for service of legal process for the other Party.
- d. Anthem may pay Performance Payments to Providers or Vendors as described in the definition of Paid Claim in this Agreement. Anthem may perform a periodic settlement or reconciliation based on the Provider's or Vendor's performance and experience against established Performance Targets that would: (1) require the Provider or Vendor to repay a portion of a Performance Payment previously paid by Anthem; or (2) require Anthem to make additional payments. Employer acknowledges and agrees that it has no responsibility for additional payments to Providers or Vendors nor any right in any discounts or excess money refunded or paid to Anthem from Providers or Vendors pursuant to such settlement/reconciliation arrangements, and neither it nor the Plan has any legal right or beneficial interest in such sums retained by Anthem. Similarly, if Providers or Vendors do not achieve established Performance Targets, Anthem is not obligated to refund any amounts previously charged Employer. In turn, if under any such settlement/reconciliation Anthem is required to pay Providers or Vendors excess compensation for Member management performance, risk-sharing rewards, or other performance incentives, it shall not seek payment from the Employer or the Plan, and neither the Employer nor the Plan shall have any liability in connection with such amounts. Such Providers or Vendors may include Anthem Affiliates. In calculating any Member co-insurance amounts in accordance with the Benefit Booklet, Anthem does not take into account these settlement/reconciliation arrangements.
- e. The Parties acknowledge that Anthem, in making decisions regarding the scope of coverage of services under the Benefits Booklet, is not engaged in the practice of medicine. Providers are not restricted in

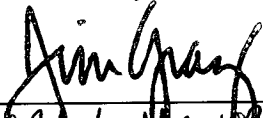
exercising their independent medical judgment by contract or otherwise and do not act on behalf of, or as agents for, Anthem or the Plan.


- f. In addition to any other provision providing for survival upon termination of this Agreement, the Parties' rights and obligations under Articles 10, 11, 12, 13, 16, 17, 19, 24, 25(a), 25(c) and 27(d) shall survive the termination of this Agreement for any reason.
- g. Each Party shall comply with all laws and regulations applicable to their respective duties and obligations assumed under this Agreement.
- h. Anthem and Employer agree to the performance standards set forth in Schedule C.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by affixing the signatures of duly authorized officers.

Lexington Fayette-Urban County Government

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

By: 
Title: JM GRAY, Mayor
Date: 8-15, 14

By: 
Title: President
Date: June 25, 2014

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

This Schedule A shall govern the Agreement Period from January 1, 2015 through December 31, 2015. 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, 2015 to the end of the day of December 31, 2015.

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

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

Not Applicable

Section 3. Fees

A. Administrative Services Fee

Administrative Services Fee:

PPO

Composite \$ 44.45 per Subscriber per month

HSA

Composite \$ 44.45 per Subscriber per month

Vision

Composite \$ 0.92 per Subscriber per month

COBRA Administration - \$ 0.80 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. Optional Program Fees

Not Applicable

C. Other Fees or Credits

Fee for Subrogation Services. The charge to Employer is 25% of gross subrogation recovery, or, if outside counsel is retained, 15% of the net recovery after a deduction for outside counsel fees.

Fee for Provider Audit Performed by External Vendors. The charge to Employer is 25% of the amount recovered from Vendor audits of Provider activity, including but not limited to credit balance, hospital bill audits, DRG readmissions and high-cost drug audits.

Fee for Overpayment Identification Provided by External Vendors. The charge to Employer is 25% of the amount recovered from review of Claims and membership data to identify overpayments, including but not limited to COB, duplicates, contract compliance and eligibility.

Fee for Collection Services Provided by External Vendors. The charge to Employer is 25% of the amount recovered by a Vendor in collecting receivables.

Implementation Credit. Anthem shall provide a one-time implementation credit of \$100,000. This credit will be given by way of an invoice credit.

Fee for Independent Claims Review: \$550.00 per independent review

Section 4. Paid Claims, Billing Cycle and Payment Method

A. Paid Claims

Paid Claims also include the following amounts or charges:

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 Fee 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 Fees

Claims Runout Administrative Services Fee will be waived.

Section 7. Other Amendments. The Administrative Services Agreement is otherwise amended as follows:

Inter-Plan Programs Fees

As described in Article 15, certain fees and compensation may be charged each time a Claim is processed through Inter-Plan Programs, which include the BlueCard Program, Negotiated National Account Arrangements, and non-Network Provider Claims pricing arrangements. (Non-Network Provider Claims fees include, but are not limited to administrative expense allowance fees, Central Financial Agency fee and ITS transaction fee). The extent to which these fees and compensation are (i) included in the Administrative Services Fee; or (ii) included in Paid Claims or separately billed to Employer is as follows:

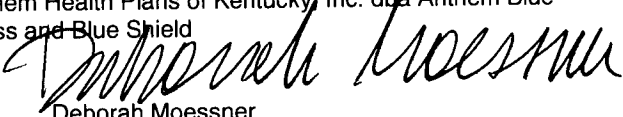
Included in Administrative Services Fee:

All BlueCard Program and Inter-Plan Program fees, including the access fee, administrative expense allowance fee, Negotiated National Account Arrangements fee, Central Financial Agency fee, ITS transaction fee and Non-Network Provider Claim fees. If Employer requests paper copies of PPO directories from a non-Anthem state, a fee may be charged by the Host Blue for those directories and charged to the Employer.

Included in Paid Claims or separately billed to Employer:

Not applicable

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

By: 
Deborah Moessner

Title: President

Date: June 25, 2014

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

This Schedule B shall govern the Agreement Period from January 1, 2015 through December 31, 2015. 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.

SERVICES INCLUDED IN THE ADMINISTRATION FEE IN SECTION 3A OF SCHEDULE A

Management Services

- Anthem standard Benefits and administration, unless otherwise noted below:
 - Anthem definitions and exclusions
 - Anthem complaint and appeals process
 - Claims incurred and paid as provided in Schedule A
 - Accumulation toward plan maximums beginning at zero on effective date
 - Anthem Claim forms
 - Standard ID card
 - Standard Explanation of Benefits
- Acceptance of electronic submission of eligibility information in HIPAA-compliant format
- Preparation of Benefits Booklet (accessible via internet)
- Account reporting - standard data reports
- 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

Claims and Customer Services

- Claims processing services
- Coordination of Benefits
- Recovery Services
- Medicare crossover processing
- Complaint and appeals processing
 - One mandatory level of appeal, one voluntary level of appeal
- 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

Health Care Management

- Health Care Management
 - Referrals
 - Utilization management
 - Case management
 - Anthem Medical Policy
- SpecialOffers
- HealthCare Advisor
- Care Comparison (where available)
- Transplant services - Blues Distinction
- Healthy Solutions Newsletter (available online)
- MyHealth (Member Portal)
 - Electronic Health Risk Assessment
 - Personal Health Record
 - Online Communities
 - Member Alerts
- AIM bundle: Radiology RQI, Cardiology RQI & Imaging Cost and Quality
- Health and Wellness Services
 - ConditionCare
 - Asthma
 - Pulmonary disease
 - Congestive heart failure
 - Coronary artery disease
 - Diabetes
 - Future Moms
 - ComplexCare
 - 24/7 NurseLine
 - My Health Advantage Gold Level - without daily reminders

Networks

- Access to networks
 - Provider Network
 - Mental Health/Substance Abuse Network
 - Coronary Services Network
 - Human Organ and Tissue Transplant Network

- Complex and Rare Cancer Network
- Bariatric Surgery Network


- Cost Management/Quality improvement program
 - Credentialing
 - Hospital audit program
 - Anthem standard Claims bundling edits

- Anthem.com Provider directory

OPTIONAL PROGRAMS - FEES LISTED IN SECTION 3B, 3C OR 4A OF SCHEDULE A

In addition to the services listed above, Anthem agrees to provide all services that are listed in Schedule A and for which Employer has agreed to pay a separate fee.

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


By: Deborah Moessner

Title: President

Date: June 25, 2014

**SCHEDULE C
TO
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, 2015 through December 31, 2015 (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.

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. The Performance Guarantees shall also contain a measurement period (the "Measurement Period") for which any Performance Guarantee will be calculated. 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.
 - 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 methodology.
 - 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: (1) the performance of any service team, business unit, or measurement group assigned by Anthem; and (2) 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 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 Anthem or the measurement of a Performance Guarantee; or
 - 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.
- Should there be a change in occurrence as indicated above and these changes negatively impact Anthem's ability to meet the Performance Guarantees, Anthem shall have the right to modify the Performance Guarantees contained in the Attachments.
- 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,

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.

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 describing 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 required by Anthem in the Attachments. Anthem shall not be obligated to make payment under the Performance Guarantee if Employer fails to meet any of its obligations provided in the Attachments related to such Performance Guarantee.

Maximum Amount Payable Under the Performance Guarantees*

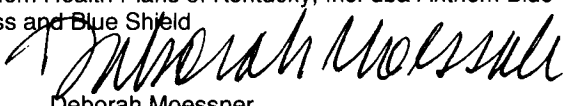
Notwithstanding any other provision contained in this Schedule or the Attachments to this Schedule, the maximum amount Anthem shall be obligated to pay to Employer is equal to the sum of:

45% of the medical Administrative Services Fee for the Agreement Period. The medical Administrative Service Fee is defined as:

\$44.45 Per Subscriber per month charge for PPO and HSA

multiplied by the actual enrollment during the Agreement Period.

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

By:  _____
Deborah Moessner

Title: President

Date: June 25, 2014

**ATTACHMENT 1 TO SCHEDULE C
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, 2015 through December 31, 2015. This Attachment is intended to supplement and amend the Agreement between the Parties.

Operations Performance Guarantees

Performance Category	Performance Criteria	Performance Standard	How Measured	% of Annual Medical Admin Fees at Risk*
Claims Processing	Percentage of total claim submissions processed within a certain timeframe	90% within 14 calendar days	Standard Quarterly PG Reporting	3%
Financial Accuracy	Total claim dollars paid correctly divided by total dollars paid	99.5%	Standard Quarterly PG Reporting	2%
Claim Payment Accuracy	Total number of claims free of financial error divided by total number of claims processed	99.5% based on a tiered basis.	Standard Quarterly PG Reporting Penalty will be calculated as follows: 99.5% or Greater: None 97.5% to 99.4%: 25% 95.5% to 97.4%: 50% 93.5% to 95.4%: 75% Less than 93.5%: 100%	2%
Customer/Member Service	Phone accessibility	Average Speed of Answer within 45 seconds; 5% calls abandoned	Standard Quarterly PG Reporting	2%

Performance Category	Performance Criteria	Performance Standard	How Measured	% of Annual Medical Admin Fees at Risk*
	Satisfaction of account service	Satisfaction of Account Service	<p>Account Management Survey:</p> <p>A minimum average score of 3 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>	2%

Performance Category	Performance Criteria	Performance Standard	How Measured	% of Annual Medical Admin Fees at Risk*
	Patient Satisfaction	<p>Member Satisfaction (assume this is what is meant by Customer Satisfaction):</p> <p>A minimum average score of 85% will be attained on the service skills component of the member satisfaction survey.</p> <p>The survey is conducted within 48 hours of a member calling a Customer Care Representative (CCR). Each member caller is asked to rate the CCR on five attributes using a five point scale. The response is scored based on the total number of attributes that a member caller rates as positive divided by the number of attributes for which the member caller provides an answer ("Member Score"). This Guarantee will be calculated by determining the average of all Member Scores.</p>	Standard Quarterly PG Reporting	2%
Delivery of Management Reports	Delivery date of management reports versus end of reporting period	Paid reports within 30 days and incurred reports within 90 days	Standard automated reports will be made available to LFUCG by no later than 30 calendar days following the end of the month. The reports will include financial, utilization and clinical information. This will be measured with LFUCG-specific data.	2%

Performance Category	Performance Criteria	Performance Standard	How Measured	% of Annual Medical Admin Fees at Risk*
Implementation/ Ongoing Service	Eligibility loaded and ID cards prepared	Distributed before effective date	Standard Quarterly PG Reporting - An accurate eligibility file is defined as (1) an eligibility file formatted in a mutually agreed upon manner; (2) received by Anthem outside of an open enrollment period; and, (3) contains an error rate of less than 1%. This Guarantee will be calculated based on the total number of ongoing ID cards mailed to members within the timeframe set forth above divided by the total number of members eligible to receive ongoing ID cards.	2%
	On-going Eligibility	Timely processing is defined as electronic eligibility files processed and updated on the eligibility database within [7] [5] business days of receipt of an eligibility file. This Guarantee only applies to the processing of eligibility files submitted by LFUCG outside of an open enrollment period. This Guarantee does not apply to a defective eligibility file. 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 total number of eligibility files processed within the timeframe set forth above by (2) the number of LFUCG's eligibility files processed. This will be measured with LFUCG specific date. Penalty will be calculated as follows: 100%: None 98% to 99.9%: 25% 96.0% to 97.9%: 50% 94.0% to 95.9%: 75% Less than 94.0%: 100%	2%

Performance Category	Performance Criteria	Performance Standard	How Measured	% of Annual Medical Admin Fees at Risk*
	Plan Documents/Amendments	Delivered within 45 days of plan - effective date	Agreed	2%
	Booklets completed	By date to be specified	Agreed	2%
	Quality of data	Data systems will be operated based on professional standards	Included in Ongoing Eligibility and Claims Accuracy	0%
	Semi-Annual client service meetings and specific overall satisfaction with service		Agreed	2%

**ATTACHMENT # 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, 2015 through December 31, 2015. This Attachment is intended to supplement and amend the Agreement between the Parties.

In-Network Discount Guarantee

Performance Category	Performance Criteria	How Measured	% of Annual Medical Admin Fees at Risk*
In-Network Discount Guarantees	Plus or Minus Achievement of Overall Targeted Discount Percentage	<p>A minimum Network Provider Discount of 55.5%. This guarantee excludes claims for a single inpatient stay where the allowed amount exceeds \$250,000. Eligible claim charges are defined as charges for covered services provided to members enrolled in the PPO or H.S.A plans. Eligible claim charges will not include charges related to Medicare Claims, Prescription Drug Claims, Inter-Plan program fees, COB, state surcharges, Anthem Provider payment innovation programs or services rendered outside the United States and Puerto Rico.</p> <p>Allowed amount is defined as the amount by Anthem to PPO and H.S.A Network Providers on eligible claim charges plus any member cost shares. This Guarantee will be calculated by dividing the PPO and H.S.A Network Provider Allowed Amount by the PPO and H.S.A Network Provider Eligible Claim Charges. The resulting percentage shall be subtracted from 100% to determine the Network Provider Discount.</p> <p>Penalty will be calculated as follows: 55.5% or Greater: None 54.5% to 55.4%: 25% 53.5% to 54.4%: 50% 52.5% to 53.4%: 75% Less than 53.4%: 100%</p> <p>Measurement period applies to claims incurred from 1/1/2015 through 12/31/2015 and paid from 1/1/2015 through 12/31/2015. Reporting period is annual.</p>	20%

AGREEMENT BETWEEN LEXINGTON FAYETTE-URBAN COUNTY GOVERNMENT (“EMPLOYER”) AND ANTHEM INSURANCE COMPANIES, INC. ON BEHALF OF ITSELF AND ITS AFFILIATES (“ANTHEM”)

Employer will offer its employees the ability to participate in a High Deductible Health Plan ("HDHP") through Anthem. Employer also desires to make available to its employees a Health Savings Account ("HSA"). The high deductible health plan may be offered either through an insurance policy or through an Administrative Services Only ("ASO") Agreement. The HSA will be held in the custody of The Bank of New York Mellon ("Custodian"). Custodian provides the HSA pursuant to an Agreement with Anthem Holding Corp. ("Holding"), an affiliate of Anthem Blue Cross Blue Shield and Anthem Blue Cross with 100% common ownership. Holding is the Anthem affiliate that administers the HSA business with Custodian.

- (1) **Need for High Deductible Health Plan.** If the group health plan is through an ASO Agreement, Employer represents and warrants that, to the best of its knowledge, the group health plan sponsored and maintained by Employer pursuant to which medical coverage is provided to its employees electing to open a Health Savings Account with Custodian ("Account Beneficiaries") will be, at all times relevant to this Agreement, an HDHP, in accordance with Section 223 of the Internal Revenue Code of 1986, as amended (the "Code").
- (2) **Accounts Not Subject to ERISA.** Employer acknowledges and agrees that the Health Savings Accounts owned by its employees and held by Custodian ("the HSA Custodial Accounts") shall not be employee benefit plans and the assets held in the HSA Custodial Accounts shall not be plan assets subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA"). Employer acknowledges and agrees that at all times relevant to this Agreement participation in HSAs by Employees shall be completely voluntary; and Employer shall not: (i) limit the ability of Account Beneficiaries to move monies in their HSAs to another HSA (except to the extent of restrictions imposed by the Code; (ii) impose any conditions on the utilization of HSA Custodial Account monies beyond those permitted by the Code; (iii) represent or advise that the HSAs are an employee welfare benefit plan established or maintained by the employer; or (iv) receive any payment or compensation in connection with an HSA. Employer agrees that it will advise Custodian as soon as practicable in the event that it becomes aware of any facts or has reason to believe that the HSA Custodial Accounts may be subject to ERISA. Employer acknowledges that Anthem may, from time to time, change the Custodian and may subcontract other aspects of its performance. Anthem may not, however, require any Account beneficiary to close an HSA with BNY Mellon.
- (3) **Custodian Will Follow Employer’s Funding Instructions.** Custodian shall have no responsibility with respect to contributions paid by Employer, Account Beneficiaries or other contributor or transferor to the HSA Custodial Accounts, other than to receive the contributions paid or transferred to Custodian and allocate them in accordance with clear instructions received from Employer, Account Beneficiaries, or other contributor or transferor. Custodian shall have no obligation to take affirmative actions to collect monies paid as contributions, such as, by way of example, to pursue a check from Employer or an Account Beneficiary or other contributor or transferor that does not clear. To the extent that the instructions

provided to Custodian with respect to contributions are not clear to Custodian, Custodian shall undertake reasonable steps to obtain additional information to clarify the ambiguity(ies). In the event that Custodian does not promptly receive information sufficient to clarify the ambiguity(ies), Custodian reserves the discretion to take such acts as it deems appropriate with respect to such contributions.

- (4) **Custodian Will Rely on the Accuracy of Employer's Instructions.** Custodian shall be entitled to rely on any information or instructions from Employer, Account Beneficiaries or any other third party retained or acting on behalf of or for the benefit of any of them, and shall have no obligation to verify or confirm the accuracy or completeness thereof, and shall have no responsibility for any actions or inactions taken in accordance with any such instructions received by Custodian.
- (5) **Employer Will Follow CIP Procedures.** In order to permit the Custodian of the HSA Custodial Accounts and other entities to fulfill obligations to establish and maintain a Customer Identification Program ("CIP") pursuant to the USA Patriot Act, the Bank Secrecy Act, the Money Laundering Control Act and all other applicable anti-money laundering laws, now or hereafter existing, and all regulations promulgated pursuant thereto, as well as all rules, rulings, interpretations, advisories, orders, decrees, guidelines, interpretations and applications thereof, Employer shall follow those CIP procedures Custodian specifies from time to time.
- (6) **Employer May not Recoup Contributions.** Employer shall not be entitled to recoup any contributions made by it to an HSA Custodial Account, except for correction or errors and related adjustments which may be processed at Custodian's discretion.
- (7) **Employer Must Provide Information in a Timely Manner.** Employer shall provide Custodian with such documents, instructions, and information at such times and in such form and manner as may be reasonably requested by Custodian in order for Custodian to facilitate provision of the HSA accounts. Employer acknowledges that any delay in providing such documents, instructions and/or information to Custodian may result in a delay or preclude provision of HSA account services. Employer shall be responsible for any additional services, fees, expenses and liabilities arising from the failure to provide such documents, instructions or information.
- (8) **Each Party is Responsible for Actions of its Subcontractors. Each party** shall be responsible for the performance of services under this Agreement by its subcontractors, agents and representatives to the same extent as though such services were performed by the Party pursuant to this Agreement.
- (9) **Employer Does Not Have Ownership Interest.** The Employer shall not be the account holder or have any ownership interest in the HSA Custodial Accounts.
- (10) **Limits on Use of Trademarks.** The Employer shall have no right to use: (i) any of the trademarks, service marks, logos or other indicia of origin, of Custodian or Anthem unless the party owning such names or mark(s) expressly consents in writing to such use; and (ii) all software, materials, information, processes, and products, including Anthem's and the Custodian's websites and the contents thereof, used by Holding or its affiliates and/or Custodian to perform HSA services, all

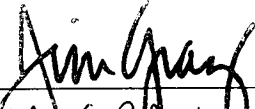
modifications made thereto, and such entities work records are such entities' proprietary information.

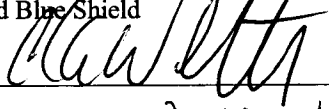
- (11) **Employer Must Provide Information.** The Employer or its designee shall provide to Holding or its affiliate any and all information reasonably necessary to effect money transfer transactions to Custodian for HSA services with respect to the HSA Custodial Accounts.
- (12) **Limitation on Liability of Custodian.** Custodian is not responsible for claims, damages or liabilities arising from (i) failure to perform any services or other obligation other than those expressly agreed to pursuant to its agreement with Holding, (ii) acts or omissions based on duly authorized instructions or directions received from Holding or its affiliate, Employer or Account Beneficiaries or their agents, representatives or employees or any third parties acting on behalf of them, or (iii) errors or failure to provide the services required by Custodian under its agreement with Holding to the extent such errors or failure is caused by (1) incomplete, inaccurate or untimely information provided by Holding or its affiliate, Employer, Account Beneficiaries or Third Party Information, (2) failure of Holding to perform its obligations or provide resources as required by its agreement with Custodian (Holding is, however, liable for failure to perform its obligations), or (3) a Force Majeure Event.
- (13) **General Limitation on Liability.** NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN THIS AGREEMENT, NEITHER Holding OR ITS AFFILIATE, CUSTODIAN NOR EMPLOYER NOR THEIR RESPECTIVE AFFILIATES SHALL, UNDER ANY CIRCUMSTANCES, BE LIABLE TO THE OTHERS OR THEIR RESPECTIVE AFFILIATES OR ANY OTHER PARTY FOR ANY CONSEQUENTIAL, INCIDENTAL, INDIRECT, PUNITIVE, EXEMPLARY, SPECIAL OR SIMILAR DAMAGES OF ANY KIND OR NATURE WHATSOEVER (INCLUDING DAMAGES RELATING TO LOSS OF PROFITS, INCOME, GOODWILL, OR DATA), EVEN IF Holding OR ITS AFFILIATE OR EMPLOYER OR THEIR RESPECTIVE AFFILIATES HAVE BEEN APPRISED OF THE LIKELIHOOD OF SUCH DAMAGES OCCURRING.
- (14) **General.** This Agreement remains in effect until terminated by either party and may not be assigned without the written consent of the other party which shall not be unreasonably withheld. This Agreement shall be governed by the laws of the State of Indiana.
- (15) **Fees.** Employer shall not be responsible for fees or costs incurred in connection with the HSA except as specifically agreed to in the Lumenos/Mellon Group Employer HSA Financial Addendum.

IN WITNESS WHEREOF, and intending to be legally bound, the parties hereto have caused this Agreement to be executed by their duly authorized representatives.

By: Lexington Fayette-Urban County Government

By: Anthem Health Plans, Inc. dba Anthem Blue
Cross and Blue Shield

Signature: 
Name: JIM GRAY
Title: MAYOR
Date: 8.15.14

Signature: 
Name: Kennan Wethington
Title: Kentucky Sales RVP
Date: 7/31/2014



Health. Join In.™
 Anthem Insurance Companies, Inc.
 120 Monument Circle
 Indianapolis, IN 46204

STOP LOSS POLICY

This policy is entered into by and between Lexington Fayette-Urban County Government ("Employer") and Anthem Insurance Companies Inc., 120 Monument Circle, Indianapolis, IN 46204, d.b.a. Anthem Blue Cross and Blue Shield ("Anthem") for the purpose of establishing stop loss coverage and is effective as of January 1, 2015 upon the terms and conditions herein ("Policy").

If there are any inconsistencies between this Policy and any prior stop loss agreements or the Administrative Services Agreement between Anthem and Employer, the terms and conditions of this Policy shall control.

In consideration of the promises and the mutual covenants contained in this Policy, Anthem and Employer (the "Party" or "Parties" as appropriate) agree as follows:

ARTICLE 1 DEFINITIONS

For purposes of this Policy and any amendments, attachments, or schedules to this Policy, the following words and terms have the following meanings unless the context or use clearly indicates another meaning or intent. If a term is not defined, the term shall have the same meaning as defined in the Administrative Services Agreement between the Parties.

CLAIMS RUN-IN. Claims that are Incurred prior to the effective date of this Policy and processed by a third party administrator other than Anthem.

ELIGIBLE CLAIM DATE PERIOD. The dates during which Claims for benefits provided under the terms of the Plan must be Incurred and paid in order to be covered by this Policy.

INCURRED. The date on which a supply is obtained or a service is rendered to a Member.

LINES OF COVERAGE. The benefit plan(s) administered by Anthem and provided in Schedule A.

PAID CLAIM. A Claim for services rendered or supplies provided to a Member under the terms of the Plan, provided such Claim has been received, adjudicated, and paid by Anthem. Paid Claim shall have the same meaning as contained in the Administrative Services Agreement between the Parties, unless specifically excluded as indicated in Sections 4(e) and 5(d) of Schedule A.

SPECIFIC STOP LOSS LIMIT. The threshold total dollar amount of Paid Claims for which Employer is financially responsible with respect to a Subscriber or Member as indicated in Section 4(a) of Schedule A. Subject to the terms of this Policy, Anthem is financially responsible for Paid Claims in excess of the Specific Stop Loss Limit.

ARTICLE 2 SPECIFIC STOP LOSS COVERAGE

2.1 When the total amount of Paid Claims pertaining to Subscribers or Members and Lines of Coverage provided in Sections 4(a) and 4(b) of Schedule A exceeds the Specific Stop Loss Limit provided in Section 4(c) of Schedule A, Anthem shall reimburse Employer for such excess.

However, Anthem's reimbursement under this Article 2 shall begin with the invoice on which the Specific Stop Loss Limit is exceeded.

2.2 In the event that the Specific Stop Loss Limit is reached, no amount in excess of the Specific Stop Loss Limit shall be applied towards attainment of any Aggregate Stop Loss Limit.

- 2.3 Certain Paid Claims may be excluded from the specific stop loss coverage provided in this Policy. These exclusions are provided in Section 4(e) of Schedule A as applicable.

ARTICLE 3

- 3 This Article has been intentionally omitted.

ARTICLE 4 LIMITATIONS ON COVERAGE

- 4.1 Unless otherwise noted in Schedule A, Paid Claims for Members are covered under the term of the Eligible Claim Date Period of this Policy.
- 4.2 Claims that are covered by another contract shall not count toward the attainment of the stop loss limit(s) under this Policy. In addition, Paid Claims that are covered under the term of an Eligible Claim Date Period will not count toward attainment of any stop loss limit(s) under a subsequent Policy Period.
- 4.3 Under the Administrative Services Agreement, the Employer may request Anthem to process and pay Claims that were denied by Anthem or take other actions with respect to the Plan that are not specifically provided in the Benefits Booklet. In such cases, payments shall not count toward the stop loss accumulators under this Policy unless otherwise agreed to in writing by Anthem.
- 4.4 If a Member does not enroll when first eligible or within the applicable enrollment period provided in the Plan for a special enrollment event, the Member shall be considered a "Late Enrollee" as defined under the Plan. Paid Claims for a Late Enrollee shall not apply towards the stop loss limits under this Policy unless Anthem first provides Employer with written approval and the effective date of coverage under this Policy. Anthem has the right to allow or deny stop loss coverage under this Policy for a Late Enrollee. Anthem shall not cover under this Policy any Late Enrollee not disclosed by the Employer to Anthem.
- 4.5 A Claim incurred during the Eligible Claim Date Period but not paid until after the expiration of the Eligible Claim Date Period is not eligible for coverage under this Policy Period. Employer may pursue stop loss coverage under this Policy only if Employer demonstrates that Anthem acted in bad faith to delay processing and payment of the Claim until after the expiration of the Eligible Claim Date Period.

ARTICLE 5 SETTLEMENT

- 5.1 Within 90 days after the end of each Eligible Claim Date Period (or after the termination of this Policy and any applicable Claims Run-out), Anthem shall furnish Employer with a settlement calculation and any additional data which, in Anthem's opinion, is needed to explain to Employer the settlement calculation. Anthem has the right to offset any amounts owed by Employer under this Policy or the Administrative Services Agreement against any amounts owed by Anthem to Employer.
- 5.2 If, based on the settlement calculation for a Policy Period, Anthem must pay Employer an amount due under the terms of this Policy, Anthem shall pay Employer with the invoice that includes the settlement calculation.
- If, based on the settlement calculation Employer must pay Anthem an amount under the terms of this Policy, then Employer shall pay Anthem no later than 30 days following receipt of the invoice.

ARTICLE 6 STOP LOSS PREMIUM RATES

The premium rates for the specific stop loss coverage provided in this Policy are indicated in Section 4(d) of Schedule A. The premium rates for the aggregate stop loss coverage provided in this Policy are indicated in Section 5(c) of Schedule A. Employer shall pay Anthem such amounts by the Invoice Due Date.

**ARTICLE 7
LATE PAYMENT PENALTY**

If Employer fails to timely pay any amount due to Anthem under this Policy, Employer shall pay a late payment penalty for each day the payment is late. The late payment penalty shall be calculated at the rate of 12% simple interest per annum (365 days), and shall be included on a subsequent invoice and payable by the Invoice Due Date.

If applicable, Employer agrees to reimburse Anthem for any expenses charged to Anthem by a financial institution, Provider or Vendor due to Employer's failure to maintain sufficient funds in a designated bank account. Any acceptance by Anthem of late payments shall not be deemed a waiver of its rights to terminate this Policy for any future failure of Employer to make timely payments.

**ARTICLE 8
CHANGES IN TERMS OR CONDITIONS**

8.1 If Anthem offers to renew this Policy at the end of a Policy Period, then Anthem shall provide Employer with the terms and conditions of the proposed renewal in writing within the time period provided in Section 1 of Schedule A. The Employer shall notify Anthem in writing of its selection from the renewal options by indicating its selection and signing Anthem's designated renewal form. If Anthem does not receive a signed acceptance of the renewal from Employer prior to the start of the next Policy Period, the Employer's payment of the amounts provided in the renewal shall constitute Employer's acceptance of the terms. Anthem shall provide a revised Schedule A that will become part of this Policy without the necessity of securing Employer's signature.

8.2 Anthem reserves the right to make changes to this Policy, to Schedule A, or other applicable Run-in or Run-out Schedules at a time other than the start of a Policy Period upon the occurrence of one or more of the following events:

(1) a change to the Plan benefits initiated by Employer that results in a substantial change in the services as determined by Anthem; (2) a change in ownership (including but not limited to a merger, consolidation, or transfer of all or substantially all of Employer's assets); (3) a change in the total number of Members resulting in either an increase or decrease of 10% or more of the number of Members enrolled for coverage on the date the stop loss premium was last modified; (4) a change in the Employer contribution; (5) a change in the nature of Employer's business resulting in a change in its designated Standard Industrial Classification ("SIC") code; or (6) a change in applicable law affecting this Policy or any of the Plan Documents.

Anthem shall provide notice to Employer of any change at least 30 days prior to the effective date of such change. If such change is unacceptable to Employer, either Party shall have the right to terminate this Policy by giving written notice of termination to the other Party before the effective date of the change. If Employer accepts the proposed change, Anthem shall provide a revised Schedule A that will then become part of this Policy without the necessity of securing Employer's signature on the Schedule A.

8.3 No modification or change in any provision of this Policy, including but not limited to, changes at renewal, shall be effective unless and until approved in writing by an authorized representative of Anthem and evidenced by an amendment or new Schedule attached to this Policy.

8.4 Any payments made under this Policy shall only be for the benefit of Employer. Anthem has no obligation or liability under this Policy to provide benefits to Subscribers or Members. No Subscriber or Member shall have the right to any of the proceeds of any stop loss insurance obtained by Employer pursuant to this Policy.

**ARTICLE 9
SUBROGATION AND OTHER RECOVERIES**

Any subrogation or other recovery received by the Plan will not be used to satisfy any of the stop loss limits under this Policy. Anthem will first be repaid any amounts it has reimbursed under this Policy or under a previous stop loss agreement between the Parties. Any remaining recovery amounts shall be credited or paid to Employer as described in the Administrative Services Agreement.

**ARTICLE 10
TERMINATION**

- 10.1 This Policy automatically terminates as follows:
- 10.1.1 At the end of each Policy Period unless the Policy is renewed pursuant to Article 8 of this Policy.
 - 10.1.2 Upon the termination of the Administrative Services Agreement.
 - 10.1.3 At the end of the month in which fewer than 100 Subscribers are covered under the Plan.
 - 10.1.4 If Employer changes to a third party administrator other than Anthem for the Claims that are subject to this Policy.

Upon termination of this Policy, the Parties shall remain liable for all payments due under this Policy.

- 10.2 The Employer may terminate this Policy at any time other than at the end of a Policy Period by giving Anthem 30 days written notice of its intent to terminate.
- 10.3 Notwithstanding any other provision of this Article 10, this Policy automatically terminates, without further notice or action, if Employer fails to pay any premium amounts due under this Policy within 7 days of the date of Anthem's notice to the Employer of a delinquent amount owed ("Grace Period"). Such termination shall be effective as of the last period for which full payment was made. During the Grace Period, the stop loss coverage will remain in effect provided the premium is paid before the end of the Grace Period. Any acceptance of a delinquent payment by Anthem shall not be deemed a waiver of this provision for termination of this Policy. Delivery of payment to Anthem or Anthem's receipt and negotiation of a tendered payment through its automatic deposit procedures shall not be deemed acceptance or a waiver of such termination. If this Policy is terminated due to nonpayment of premium, Claims Run-out coverage, if any, will not apply.
- 10.4 Notwithstanding any other provision of this Policy, if Employer engages in fraudulent conduct or misrepresentation, Anthem may rescind, cancel, or terminate this Policy, effective on the date of the fraudulent conduct or misrepresentation regardless of the date Anthem's discovered such conduct. Employer shall be liable to Anthem for any and all payments made, as well as losses or damages sustained by Anthem arising as a result of such Employer conduct.
- 10.5 In the event that this Policy terminates or is terminated prior to the end of a Policy Period, the stop loss limits under this Policy shall not be prorated, and Anthem shall not reimburse Employer for any Paid Claims unless the Specific Stop Loss Limit and/or the Aggregate Stop Loss Limit or the Minimum Aggregate Stop Loss Limit, if greater, have been met. Only amounts accumulated towards any stop loss limits under this Policy through the date of termination will be used in the determination of whether such limits have been met. Anthem shall have no obligation to refund to Employer any stop loss premiums paid by Employer under this Policy.

If, based on the settlement calculation, Anthem must pay Employer an amount due under the terms of this Policy, Anthem shall pay Employer with the invoice that includes the settlement calculation.

If, based on the settlement calculation Employer must pay Anthem an amount under the terms of this Policy, then Employer shall pay Anthem no later than 30 days following receipt of the invoice.

**ARTICLE 11
NOTICES**

- 11.1 Notices under this Policy shall be deemed sufficient when made in writing as follows: to Employer, by first class mail, personal delivery, electronic mail or overnight delivery with confirmation capability, to its principal office shown upon the records of Anthem; to Anthem, by first class mail, personal delivery, electronic mail or overnight delivery with confirmation capability, to the designated Anthem sales representative.
- 11.2 A notice or demand shall be deemed to have been given as of the date of deposit in the United States mail with postage prepaid or, in the case of delivery other than by mail, on the date of actual delivery at the appropriate address.

**ARTICLE 12
GENERAL PROVISIONS**

- 12.1 No failure or delay by either Party to exercise any right or to enforce any obligation herein and no course of dealing between Employer and Anthem shall operate as a waiver of such right or obligation or be construed as or constitute a waiver of the right to enforce or insist upon compliance with such right or obligation in the future. Any single or partial exercise of any right or failure to enforce any obligation shall not preclude any other or further exercise or the right to exercise any other right or enforce any other obligation.
- 12.2 Unless it has first obtained the written consent of an officer of the other Party, neither Party may assign this Policy to any other person. Notwithstanding the foregoing, Anthem may, with advance written notice to Employer, assign or otherwise transfer its rights and obligations hereunder, in whole or in part, to: (i) any affiliate of Anthem; or (ii) any entity surviving a transaction involving the merger, acquisition, consolidation, or reorganization of Anthem, or in which all or substantially all of Anthem's assets are sold. Additionally, Employer may, with advance written notice to Anthem, assign, delegate, or otherwise transfer its rights and obligations hereunder, in whole, to (i) any affiliate of Employer; or (ii) any entity surviving a transaction involving the merger, acquisition, consolidation or reorganization of Employer, or in which all or substantially all of Employer's assets are sold, provided that such affiliate or other assignee presents, in Anthem's opinion, an equivalent or better financial status and credit risk. Either Party is required to provide advance written notice under this provision only to the extent permissible under applicable law and the reasonable terms of the agreement(s) governing such merger, acquisition, consolidation, reorganization, or asset sale. If advance written notice is not allowed, notice shall be provided as soon as practicable. Upon receipt of notice of an assignment of this Policy, the other Party may terminate this Policy by providing the assigning Party with 30 days advance written notice of termination. Any assignee of rights or benefits under this Policy shall be subject to all of the terms and provisions of this Policy. Either Party may subcontract any of its duties under this Policy without the prior written consent of other Party; however, the Party subcontracting the services shall remain responsible for fulfilling its obligations under this Policy.
- 12.3 The payment of amounts under this Policy will not include any taxes which might be paid or payable by Employer; or any tax liability, interest or penalty imposed by any regulatory or taxing authority. Employer agrees to pay Anthem for any tax liability assessed against Anthem on the basis of the stop loss coverage provided to Employer and shall reimburse Anthem for the amount of any such tax liability incurred by Anthem as the result of such tax assessment. Such reimbursement shall be due and payable when Employer receives Anthem's notification that reimbursement is due.
- 12.4 No action by either Party alleging a breach of this Policy may be commenced after the expiration of 3 years from the date on which the claim arose.
- 12.5 Employer on behalf of itself and its participants, hereby expressly acknowledges its understanding that this Policy constitutes a contract solely between Employer and Anthem, that Anthem is an independent corporation operating under a license with the Blue Cross and Blue Shield Association, an association of independent Blue Cross and Blue Shield Plans, permitting Anthem to use the Blue Cross and Blue Shield Service Marks in the State of Kentucky and that Employer further acknowledges and agrees that it has not entered into this Policy based upon representations by any person other than Anthem and that no person, entity, or organization other than Anthem shall be held accountable or liable to it for any of Anthem's obligations to Employer created under this Policy. This paragraph shall not create any additional obligations whatsoever on the part of Anthem other than those obligations created under other provisions of this Policy.
- 12.6 If there is a conflict between the terms and conditions of this Policy and the Administrative Services Agreement between the Parties, the terms and conditions of this Policy shall prevail.
- 12.7 Anthem agrees that it will not terminate this Policy during an Eligible Claim Date Period due to adverse claim experience of Member(s).

**ARTICLE 13
ENTIRE AGREEMENT**

- 13.1 The following documents will constitute the entire description of stop loss coverage between the Parties: this Policy, including any applications, amendments and Schedules thereto.

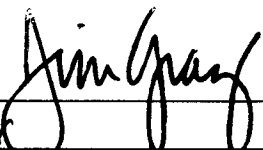
13.2 This Policy supersedes any and all prior agreements between the Parties, whether written or oral, and other documents, if any, addressing the subject matter contained in this Policy.


13.3 If any provision of this Policy is held to be invalid, illegal or unenforceable in any respect under applicable law, order, judgment or settlement, such provision shall be excluded from the Policy and the balance of this Policy shall be interpreted as if such provision were so excluded and shall be enforceable in accordance with its terms.

IN WITNESS WHEREOF, the Parties hereto have caused this Policy to be executed in duplicate by affixing the signatures of duly authorized officers.

Lexington Fayette-Urban County Government

Anthem Insurance Companies, Inc. dba Anthem Blue Cross and Blue Shield

By: 
Title: Mayor
Date: 8.15.14

By: Robert W. Hillman 
Title: President
Date: June 25, 2014

Comprehensive Health Solutions Program Fees
Claim surcharges to the extent that such surcharges are not included in the Paid Claim amount
Funds representing Employer allocation to Consumer Directed Health Plan accounts

Paid Claims shall include the following:

Prescription drug Claims administered by Bluegrass Family Health. Anthem's reimbursement under this policy for these prescription drug Claims shall occur no later than 90 days following receipt of the prescription drug Claims report, provided Employer submits a prescription drug Claims report in a format acceptable to Anthem no later than 60 days following the end of the Policy Period.

Section 5. Aggregate Stop Loss Coverage

Not applicable.

Section 6. Payment

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 7. Premium Credit

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

Section 8. Liability Maximum

This Section has been intentionally omitted.

Section 9. Other Amendments

This Policy is otherwise amended as follows:

The following definition "INVOICE DUE DATE" is added:

INVOICE DUE DATE. The date on the invoice provided to Employer indicating when payment is due.

The following definition "POLICY PERIOD" is added:

POLICY PERIOD. The term defined in Section 1 of Schedule A.

Anthem Insurance Companies, Inc. dba Anthem Blue
Cross and Blue Shield

By: Robert W. Hillman

Title: President

Date: June 25, 2014

**RUN-IN SCHEDULE
to the
STOP LOSS POLICY with
LEXINGTON FAYETTE-URBAN COUNTY GOVERNMENT**

This Schedule to the Stop Loss Policy is effective January 1, 2015. This Schedule describes the stop loss coverage applicable to Claims Run-in and shall supplement and amend the Stop Loss Policy between the Parties. If there are any inconsistencies between the terms of the Policy and this Schedule, the terms of this Schedule shall control. Additionally, if there are any inconsistencies between the terms of Schedule A and this Schedule, the terms of this Schedule shall control unless otherwise expressly addressed herein. All remaining terms of Schedule A shall apply to this Schedule.

Specific Stop Loss Coverage Applicable to Claims Run-in

Claims Run-in Period Applicable to Specific Stop Loss Coverage

Anthem shall count towards the Specific Stop Loss Limit described in this Policy Claims Incurred during the 12 month period preceding the Effective Date of this Policy ("Claims Run-in Period") and paid by a third party administrator other than Anthem. The Employer must provide a report in a format approved by Anthem that lists the total Paid Claims for the Claims Run-in Period. Anthem shall not reimburse Employer any amount due under this Policy until it has received the final report of Paid Claims for the Claims Run-in Period. Anthem shall not count towards the applicable stop loss limits any Claims Incurred during the Claims Run-in Period and processed by another third party administrator that are submitted to Anthem later than 60 days following the end of the Eligible Claim Date Period.

Total Amount of Run-In Paid Claims For a Member or That Can Apply Towards Specific Stop Loss Coverage
\$125,000.00

Total Amount of Run-In Paid Claims For All Subscribers and Members That Can Apply Towards Specific Stop Loss Coverage
\$500,000.00

Other Amendments.


This Policy is otherwise amended as follows:

Paid Claims shall include Claims administered by: Humana and Bluegrass Family Health. Anthem shall complete the settlement of these Claims within 90 days following receipt of the final Claims report.

Claims Run-In is limited to Claims that are Incurred but unreported and/or unpaid as of the date of this Policy and processed and Paid by a third party administrator other than Anthem.

The Run-in specific stop loss coverage shall apply to the following benefits under the Plan.
All Products Administered By Anthem

Anthem Insurance Companies, Inc. dba Anthem Blue Cross and Blue Shield

By: Robert W. Hillman 
Title: President
Date: June 25, 2014

Group Health Plan Business Associate Agreement

This Business Associate Agreement (“Agreement”) is effective as of January 1, 2015 and is made among Business Associate, and the Group Health Plan (“Plan”), and the Employer (“Employer”) named on the signature page of this Agreement.

WITNESSETH AS FOLLOWS:

WHEREAS, Employer has established and maintains a plan of health care benefits which is administered by the Employer or its designee as an employee welfare benefit plan as defined by Section 3(1) of the Employee Retirement Income Security Act of 1974 (“ERISA”);

WHEREAS, Employer has retained Business Associate to provide certain claims administrative services with respect to the Plan which are described and set forth in a separate Administrative Services Agreement among those parties (“ASO Agreement”), as amended from time to time;

WHEREAS, Employer is authorized to enter into this agreement on behalf of Plan;

WHEREAS, the parties to this Agreement desire to establish the terms under which Business Associate may use or disclose Protected Health Information (as defined herein) such that the Plan may comply with applicable requirements of the Health Insurance Portability and Accountability Act of 1996 and its implementing regulations (45 C.F.R. Parts 160-164) (“HIPAA Privacy Regulation” and/or “HIPAA Security Regulation”) and the requirements of the Health Information Technology for Economic and Clinical Health Act, as incorporated in the American Recovery and Reinvestment Act of 2009 (the “HITECH Act”), that are applicable to business associates, along with any guidance and/or regulations issued by the U.S. Department of Health and Human Services.

NOW, THEREFORE, in consideration of these premises and the mutual promises and agreements hereinafter set forth, the Plan, Employer and Business Associate hereby agree as follows:

PART 1—BUSINESS ASSOCIATE’S RESPONSIBILITIES

I. PRIVACY OF PROTECTED HEALTH INFORMATION

A. Confidentiality of Protected Health Information

Except as permitted or required by this Agreement, Business Associate will not use or disclose Protected Health Information without the authorization of the Individual who is the subject of such information or as required by law.

B. Prohibition on Non-Permitted Use or Disclosure

Business Associate will neither use nor disclose Individuals’ Protected Health Information except (1) as permitted or required by this Agreement, or any other agreement between the parties, (2) as permitted in writing by the Plan or its Plan administrator, (3) as authorized by Individuals, or (4) as required by law.

C. Permitted Uses and Disclosures

Business Associate is permitted to use or disclose Individuals’ Protected Health Information as follows:

1. Functions and Activities on Plan’s Behalf

Business Associate will be permitted to use and disclose Individuals’ Protected Health Information (a) for the management, operation and administration of the Plan, (b) for the services set forth in the ASO Agreement, which include (but are not limited to) Treatment, Payment activities, and/or Health Care Operations as these terms are defined in this Agreement and 45 Code of Federal Regulations § 164.501, and (c) as otherwise required to perform its obligations under this Agreement and the ASO Agreement, or any other agreement between the parties

provided that such use or disclosure would not violate the HIPAA Privacy or Security Regulations if done by the Plan and the HITECH Act,

2. Business Associate's Own Management and Administration

a. Protected Health Information Use

Business Associate may use Individuals' Protected Health Information as necessary for Business Associate's proper management and administration or to carry out Business Associate's legal responsibilities.

b. Protected Health Information Disclosure

Business Associate may disclose Individuals' Protected Health Information as necessary for Business Associate's proper management and administration or to carry out Business Associate's legal responsibilities only (i) if the disclosure is required by law, or (ii) if before the disclosure, Business Associate obtains from the entity to which the disclosure is to be made reasonable assurance, evidenced by written contract, that the entity will (x) hold Individuals' Protected Health Information in confidence, (y) use or further disclose Individuals' Protected Health Information only for the purposes for which Business Associate disclosed it to the entity or as required by law; and (z) notify Business Associate of any instance of which the entity becomes aware in which the confidentiality of any Individuals' Protected Health Information was breached.

3. Miscellaneous Functions and Activities

a. Protected Health Information Use

Business Associate may use Individuals' Protected Health Information as necessary for Business Associate to perform Data Aggregation services, and to create Deidentified Information, Summary Health Information and/or Limited Data Sets.

b. Protected Health Information Disclosure

Business Associate may disclose, in conformance with the HIPAA Privacy Regulation, Individuals' Protected Health Information to make Incidental Disclosures and to make disclosures of Deidentified Information, Limited Data Set Information, and Summary Health Information.

4. Minimum Necessary and Limited Data Set.

Business Associate's use, disclosure or request of Protected Health Information shall utilize a Limited Data Set if practicable. Otherwise, Business Associate will make reasonable efforts to use, disclose, or request only the minimum necessary amount of Individuals' Protected Health Information to accomplish the intended purpose.

D. Disclosure to Plan and Employer (and their Subcontractors)

Other than disclosures permitted by Section I.C above, Business Associate will not disclose Individuals' Protected Health Information to the Plan, its Plan administrator or Employer, or any business associate or subcontractor of such parties except as set forth in Section VIII.

E. Disclosure to Business Associate's Subcontractors and Agents

Business Associate will require its subcontractors and agents to provide reasonable assurance, evidenced by written contract, that such other entity will comply with the same privacy and security obligations with respect to Individuals' Protected Health Information as applies to Business Associate.

F. Reporting Non-Permitted Use or Disclosure, Breaches and Security Incidents

1. **Non-permitted Use or Disclosure.** Business Associate will promptly report to the Plan any use or disclosure of Individuals' Protected Health Information not permitted by this Agreement or in writing by the Plan or its Plan administrator, of which Business Associate becomes aware. Such report shall not include instances where Business Associate inadvertently misroutes Protected Health Information to a provider.
2. **Security Incidents.** In addition to reporting to Plan any use or disclosure of Protected Health Information not permitted by the Agreement, Business Associate will also report any Breach or security incidents of which Business Associate becomes aware. A security incident is an attempted or successful unauthorized access, use, disclosure, modification or destruction of information or interference with system operations in an information system, and involves only electronic Protected Health Information that is created, received maintained or transmitted by or on behalf of Business Associate, that is in electronic form. The parties acknowledge and agree that this section constitutes notice by Business Associate to Company of the ongoing existence and occurrence of attempted but Unsuccessful Security Incidents (as defined below) for which no additional notice to Company shall be required. "Unsuccessful Security Incidents" shall include, but not be limited to, pings and other broadcast attacks on Business Associate's firewall, port scans, unsuccessful log-on attempts, denials of service and any combination of the above, so long as no such incident results in unauthorized access, use or disclosure of PHI or NPFI.
3. **Breach.** Business Associate will promptly report to Plan any Breach of Unsecured PHI. Business Associate will cooperate with Plan in investigating the Breach and in meeting the Plan's obligations under the HITECH Act and other applicable Security Breach notification laws. In addition to providing notice to Plan of a Breach, Business Associate will provide any required notice to individuals and applicable regulators on behalf of Plan, unless Plan is otherwise notified by Business Associate

G. Termination for Breach of Privacy Obligations

Without limiting the rights of the parties set forth in the ASO agreement, each party will have the right to terminate this Agreement and the ASO Agreement if the other has engaged in a pattern of activity or practice that constitutes a material breach or violation of their obligations regarding Protected Health Information under this Agreement.

Prior to terminating this Agreement as set forth above, the terminating party shall provide the other with an opportunity to cure the material breach. If these efforts to cure the material breach are unsuccessful, as determined by the terminating party in its reasonable discretion, parties shall terminate the ASO Agreement and this Agreement, as soon as administratively feasible. If for any reason a party has determined the other has breached the terms of this Agreement and such breach has not been cured, but the non-breaching party determines that termination of the Agreement is not feasible, the party may report such breach to the U.S. Department of Health and Human Services.

H. Disposition of Protected Health Information

1. Return or Destruction Upon ASO Agreement End

The parties agree that upon cancellation, termination, expiration or other conclusion of the ASO Agreement, destruction or return of all Protected Health Information, in whatever form or medium (including in any electronic medium under Business Associate's custody or control) is not feasible given the regulatory requirements to maintain and produce such information for extended periods

of time after such termination. In addition, Business Associate is required to maintain such records to support its contractual obligations with its vendors and network providers. Business Associate shall extend the protections of this Agreement to such Protected Health Information and limit further uses and disclosures of such Protected Health Information to those consistent with applicable law for so long as Business Associate, or its subcontractors or agents, maintains such Protected Health Information. Business Associate may destroy such records in accordance with applicable law and its record retention policy that it applies to similar records.

2. Exception When Business Associate Becomes Plan's Health Insurance Issuer

If upon cancellation, termination, expiration or other conclusion of the ASO Agreement, Business Associate (or an affiliate of Business Associate) becomes the Plan's health insurance underwriter, then Business Associate shall transfer any Protected Health Information that Business Associate created or received for or from Plan to that part of Business Associate (or affiliate of Business Associate) responsible for health insurance functions.

3. Survival of Termination

The provisions of this Section I.H. shall survive cancellation, termination, expiration, or other conclusion of this Agreement and the ASO Agreement.

II. ACCESS, AMENDMENT AND DISCLOSURE ACCOUNTING

A. Access

1. Business Associate will respond to an Individual's request for access to his or her Protected Health Information as part of Business Associate's normal customer service function, if the request is communicated to Business Associate directly by the Individual. Despite the fact that the request is not made to the Plan, Business Associate will respond to the request with respect to the Protected Health Information Business Associate and its subcontractors maintain in a manner and time frame consistent with requirements specified in the HIPAA Privacy Regulation.

2. In addition, Business Associate will assist the Plan in responding to requests by Individuals that are made to the Plan to invoke a right of access under the HIPAA Privacy Regulation by performing the following functions:

Upon receipt of written notice (includes faxed and emailed notice) from the Plan, Business Associate will make available for inspection and obtaining copies by the Plan, or at the Plan's direction by the Individual (or the Individual's personal representative), any Protected Health Information about the Individual created or received for or from the Plan in Business Associate's custody or control, so that the Plan may meet its access obligations under 45 Code of Federal Regulations § 164.524, and, where applicable, the HITECH Act. Business Associate will make such information available in an electronic format where required by the HITECH Act.

B. Amendment

1. Business Associate will respond to an Individual's request to amend his or her Protected Health Information as part of Business Associate's normal customer service functions, if the request is communicated to Business Associate directly by the Individual. Despite the fact that the request is not made to the Plan, Business Associate will respond to the request with respect to the Protected Health Information Business Associate and its subcontractors maintain in a manner and time frame consistent with requirements specified in the HIPAA Privacy Regulation.

2. In addition, Business Associate will assist the Plan in responding to requests by Individuals that are made to the Plan to invoke a right to amend under the HIPAA Privacy Regulation by performing the following functions:

Upon receipt of written notice (includes faxed and emailed notice) from the Plan, Business Associate will amend any portion of the Protected Health Information created or received for or from the Plan in Business Associate's custody or control, so that the Plan may meet its amendment obligations under 45 Code of Federal Regulations §164.526.

C. Disclosure Accounting

1. Business Associate will respond to an Individual's request for an accounting of disclosures of his or her Protected Health Information as part of Business Associate's normal customer service function, if the request is communicated to the Business Associate directly by the Individual. Despite the fact that the request is not made to the Plan, Business Associate will respond to the request with respect to the Protected Health Information Business Associate and its subcontractors maintain in a manner and time frame consistent with requirements specified in the HIPAA Privacy Regulation.
2. In addition, Business Associate will assist the Plan in responding to requests by Individuals that are made to the Plan to invoke a right to an accounting of disclosures under the HIPAA Privacy Regulation by performing the following functions so that the Plan may meet its disclosure accounting obligation under 45 Code of Federal Regulations § 164.528:

a. Disclosure Tracking

Business Associate will record each disclosure that Business Associate makes of Individuals' Protected Health Information, which is not excepted from disclosure accounting under Section II.C.2.b.

The information about each disclosure that Business Associate must record ("Disclosure Information") is (a) the disclosure date, (b) the name and (if known) address of the person or entity to whom Business Associate made the disclosure, (c) a brief description of the Protected Health Information disclosed, and (d) a brief statement of the purpose of the disclosure or a copy of any written request for disclosure under 45 Code of Federal Regulations §164.502(a)(2)(ii) or §164.512. Disclosure Information also includes any information required to be provided by the HITECH Act.

For repetitive disclosures of Individuals' Protected Health Information that Business Associate makes for a single purpose to the same person or entity (including to the Plan or Employer), Business Associate may record (a) the Disclosure Information for the first of these repetitive disclosures, (b) the frequency, periodicity or number of these repetitive disclosures, and (c) the date of the last of these repetitive disclosures.

b. Exceptions from Disclosure Tracking

Business Associate will not be required to record Disclosure Information or otherwise account for disclosures of Individuals' Protected Health Information (a) for Treatment, Payment or Health Care Operations, (except where required by the HITECH Act, as of the effective dates of such requirements) (b) to the Individual who is the subject of the Protected Health Information, to that Individual's personal representative, or to another person or entity authorized by the Individual (c) to persons involved in that Individual's health care or payment for health care as provided by 45 Code of Federal Regulations § 164.510, (d) for notification for disaster relief purposes as provided by 45 Code of Federal Regulations § 164.510, (e) for national security or intelligence purposes, (f) to law enforcement officials or correctional institutions regarding inmates, (g) that are

incident to a use or disclosure that is permitted by this Agreement or the ASO Agreement, (h) as part of a limited data set in accordance with 45 Code of Federal Regulations § 164.514(e), or (i) that occurred prior to the Plan's compliance date.

c. Disclosure Tracking Time Periods

Unless otherwise provided by the HITECH Act and/or any accompanying regulations, Business Associate will have available for the Plan the Disclosure Information required by Section II.C.2.a above for the six (6) years immediately preceding the date of the Plan's request for the Disclosure Information.

d. Provision of Disclosure Accounting

Upon receipt of written notice (includes faxed and emailed notice) from the Plan, Business Associate will make available to the Plan, or at the Plan's direction to the Individual (or the Individual's personal representative), the Disclosure Information regarding the Individual, so the Plan may meet its disclosure accounting obligations under 45 Code of Federal Regulations § 164.528 and the HITECH Act.

D. Confidential Communications

1. Business Associate will respond to an Individual's request for a confidential communication as part of Business Associate's normal customer service function, if the request is communicated to Business Associate directly by the Individual. Despite the fact that the request is not made to the Plan, Business Associate will respond to the request with respect to the Protected Health Information Business Associate and its subcontractors maintain in a manner and time frame consistent with requirements specified in the HIPAA Privacy Regulation. If an Individual's request, made to Business Associate, extends beyond information held by Business Associate or Business Associate's subcontractors, Business Associate will inform the Individual to direct the request to the Plan, so that Plan may coordinate the request. Business Associate assumes no obligation to coordinate any request for a confidential communication of Protected Health Information maintained by other business associates of Plan.
2. In addition, Business Associate will assist the Plan in responding to requests by Individuals that are made to the Plan to invoke a right of confidential communication under the HIPAA Privacy Regulation by performing the following functions:

Upon receipt of written notice (includes faxed and emailed notice) from the Plan, Business Associate will begin to send all communications of Protected Health Information directed to the Individual to the identified alternate address so that the Plan may meet its access obligations under 45 Code of Federal Regulations § 164.524.

E. Restrictions

1. Business Associate will respond to an Individual's request for a restriction as part of Business Associate's normal customer service function, if the request is communicated to Business Associate directly by the Individual. Despite the fact that the request is not made to the Plan, Business Associate will respond to the request with respect to the Protected Health Information Business Associate and its subcontractors maintain in a manner and time frame consistent with requirements specified in the HIPAA Privacy Regulation.
2. In addition, Business Associate will promptly, upon receipt of notice from Plan, restrict the use or disclosure of Individuals' Protected Health Information, provided the Business Associate has agreed to such a restriction. Plan and Employer understand that Business

Associate administers a variety of different complex health benefit arrangements, both insured and self-insured, and that Business Associate has limited capacity to agree to special privacy restrictions requested by Individuals. Accordingly, Plan and Employer agree that it will not commit Business Associate to any restriction on the use or disclosure of Individuals' Protected Health Information for Treatment, Payment or Health Care Operations without Business Associate's prior written approval.

III. SAFEGUARD OF PROTECTED HEALTH INFORMATION

Business Associate will develop and maintain reasonable and appropriate administrative, technical and physical safeguards, as required by Social Security Act § 1173(d) and 45 Code of Federal Regulations §164.530(a) and (c) and as required by the HITECH Act, to ensure and to protect against reasonably anticipated threats or hazards to the security or integrity of health information, to protect against reasonably anticipated unauthorized use or disclosure of health information, and to reasonably safeguard Protected Health Information from any intentional or unintentional use or disclosure in violation of this Agreement.

Business Associate will also develop and use appropriate administrative, physical and technical safeguards to preserve the Availability of electronic Protected Health Information, in addition to preserving the integrity and confidentiality of such Protected Health Information. The "appropriate safeguards" Business Associate uses in furtherance of 45 Code of Federal Regulations §164.530(c), will also meet the requirements contemplated by 45 Code of Federal Regulations Parts 160, 162 and 164, as amended from time to time.

IV. COMPLIANCE WITH STANDARD TRANSACTIONS

Business Associate will comply with each applicable requirement for Standard Transactions established in 45 Code of Federal Regulations Part 162 when conducting all or any part of a Standard Transaction electronically for, on behalf of, or with the Plan.

V. INSPECTION OF BOOKS AND RECORDS

Business Associate will make its internal practices, books, and records relating to its use and disclosure of Protected Health Information created or received for or from the Plan available to the U.S. Department of Health and Human Services to determine Plan's compliance with 45 Code of Federal Regulations Parts 160-64 or this Agreement.

VI. MITIGATION FOR NON-PERMITTED USE OR DISCLOSURE

Business Associate agrees to mitigate, to the extent practicable, any harmful effect that is known to Business Associate of a use or disclosure of Protected Health Information by Business Associate in violation of the requirements of this Agreement.

PART 2 – PLAN'S RESPONSIBILITIES

VII. PLAN'S NOTICE OF PRIVACY PRACTICES

A. Preparation of Plan's Notice of Privacy Practices. Plan shall be responsible for the preparation of its Notice of Privacy Practices ("NPP"). To facilitate this preparation, upon Plan's or Employer's request, Business Associate will provide Plan with its NPP that Plan may use as the basis for its own NPP. Plan will be solely responsible for the review and approval of the content of its NPP, including whether its content accurately reflects Plan's privacy policies and practices, as well as its compliance with the requirements of 45 C.F.R. § 164.520. Unless advance written approval is obtained from Business Associate, the Plan shall not create any NPP that imposes obligations on Business Associate that are in addition to or that are inconsistent with the NPP prepared by Business Associate or with the obligations assumed by Business Associate hereunder.

B. Distribution of Notice of Privacy Practice. Plan shall bear full responsibility for distributing its own NPP as required by the Privacy Regulation.

C. Changes to Protected Health Information. Plan shall notify Business Associate of any change(s) in, or revocation of, permission by an Individual to Use or Disclose Protected Health Information, to the extent that such change(s) may affect Business Associate's Use or Disclosure of such Protected Health Information.

PART 3—DISCLOSURE OF PROTECTED HEALTH INFORMATION TO THE PLAN, EMPLOYER AND OTHER BUSINESS ASSOCIATES

VIII. DISCLOSURE OF PROTECTED HEALTH INFORMATION

The following provisions apply to disclosures of Protected Health Information to the Plan, Employer and other business associates of the Plan.

A. Disclosure to Plan

Unless otherwise provided by this Section VIII, all communications of Protected Health Information by Business Associate shall be directed to the Plan.

B. Disclosure to Employer

Business Associate may provide Summary Health Information regarding the Individuals in the Plan to Employer upon Employer's written request for the purpose either (a) to obtain premium bids for providing health insurance coverage for the Plan, or (b) to modify, amend or terminate the Plan.

Business Associate may provide information to Employer on whether an individual is participating in the Plan or is enrolled in or has disenrolled from any insurance coverage offered by the Plan.

C. Disclosure to Other Business Associates and Subcontractors

Business Associate may disclose Individuals' Protected Health Information to other entities or business associates of the Plan if the Plan authorizes Business Associate in writing to disclose Individuals' Protected Health Information to such entity or business associate. The Plan shall be solely responsible for ensuring that any contractual relationships with these entities or business associates and subcontractors comply with the requirements of 45 Code of Federal Regulations § 164.504(e) and § 164.504(f).

PART 4—MISCELLANEOUS

IX. AGREEMENT TERM

This Agreement will continue in full force and effect for as long as the ASO Agreement remains in full force and effect. This Agreement will terminate upon the cancellation, termination, expiration or other conclusion of the ASO Agreement.

X. AUTOMATIC AMENDMENT TO CONFORM TO APPLICABLE LAW

Upon the effective date of any final regulation or amendment to final regulations with respect to Protected Health Information, Standard Transactions, the security of health information or other aspects of the Health Insurance Portability and Accountability Act of 1996 applicable to this Agreement or to the ASO Agreement, this Agreement will automatically amend such that the obligations imposed on the Plan, Employer, and Business Associate remain in compliance with such regulations, unless Business Associate elects to terminate the ASO Agreement by providing Employer notice of termination in accordance with the ASO Agreement at least thirty (30) days before the effective date of such final regulation or amendment to final regulations.

XI. CONFLICTS

The provisions of this Agreement will override and control any conflicting provision of the ASO Agreement. All other provisions of the ASO Agreement remain unchanged by this Agreement and in full force and effect.

XII. NO THIRD PARTY BENEFICIARIES

The parties agree that there are no intended third party beneficiaries under this Agreement. This provision shall survive cancellation, termination, expiration, or other conclusion of this Agreement and the ASO Agreement.

XIII. INTERPRETATION

Any ambiguity in this Agreement or the ASO Agreement or in operation of the Plan shall be resolved to maintain compliance with the Regulations enacted pursuant to HIPAA Administrative Simplification.

XIV. DEFINITIONS

Unless otherwise defined in this Agreement, the capitalized terms set forth herein have the meanings ascribed to them under the HIPAA Privacy Regulation and/or HIPAA Security Regulation or the HITECH Act. A reference in this Agreement to the Privacy Regulation, Security Regulation or HIPAA shall mean the section as in effect or as amended,

XV. REFERENCES

References herein to statutes and regulations shall be deemed to be references to those statutes and regulations as amended or recodified.

On Behalf of the Group Health Plan and Employer:

Business Associate:

Lexington Fayette-Urban County Government

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

Name of the Group Health Plan/Employer

Name of Business Associate

Jim Gray
Signature

[Handwritten Signature]
Signature

JIM GRAY

Kennan Wethington

Printed Name

Printed Name

Mayor

Title

Kentucky Sales RVP

Title

8.15.14

Date

7/3/2014

Date