

**AMENDMENT 5 TO THE  
ADMINISTRATIVE SERVICES AGREEMENT**

**WITH  
LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT**

This Amendment is made part of the Administrative Services Agreement and is effective January 1, 2023. This Amendment supplements and amends the Agreement between Employer and Anthem Health Plans of Kentucky, Inc. dba Anthem Blue Cross and Blue Shield dba Anthem. If there are any inconsistencies between the terms of the Agreement or its Schedules and this Amendment, the terms of this Amendment shall control.

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

IN WITNESS WHEREOF, the Parties have caused this Amendment 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: \_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

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

This Schedule A shall govern the Agreement Period from January 1, 2023 through December 31, 2023. 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, 2023 to the end of the day of December 31, 2023.

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

Incurred from 01/01/2015 through 12/31/2023 and

Paid from 01/01/2023 through 12/31/2023.

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. Administrative Services Fees**

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

- Employer's Member to Subscriber ratio is not within +/-5% of 1.95;
- Anthem is not the sole administrator for medical and pharmacy benefits under Employer's Plan;
- Employer's enrollment is not within +/-10% of 3,098 Subscribers;
- Employer moves any of the Plan benefits administered under this Agreement to another administrator or to a public or private exchange;
- A change in law or regulation that materially impacts underwriting assumptions made at the time of the offer or renewal.

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

**A. Base Administrative Services Fee**

**PPO (All)**

Base Administrative Services Fee \$32.81 per Subscriber per month

**HSA (All)**

Base Administrative Services Fee \$32.81 per Subscriber per month

Article 3(a) Retroactivity.

Notwithstanding anything to the contrary in the Agreement, Anthem reserves the right to limit the effective date of retroactive enrollment to a date not earlier than 60 days prior to the date the notice is received and Anthem reserves the right to limit retroactive terminations to a maximum of 60 days prior to the date the notice is received. Anthem reserves the right to not process Claims for retroactive additions beyond 60 days and to not pursue recovery of Claims for retroactive terminations beyond 60 days. Additionally, Anthem is not required to initiate recovery services if the Provider agreement or any law or regulation precludes recovery. Anthem shall credit per Subscriber per month and per Member per month Administrative Services Fees for each retroactive deletion up to a maximum of 60 days and shall charge Administrative Services Fees for each retroactive addition up to a maximum of 60 days.

**B. Health and Wellness Program Fees**

Enhanced Clinical, Health and Wellness Foundational Package included in base fee

**C. Other Fees or Credits**

Rx admin Fee: \$2.90 per Subscriber per month

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

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

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

Fees and Costs for Independent Dispute Resolution. Notwithstanding anything to the contrary in the Agreement, Employer shall assume liability for payment of all fees and costs, including but not limited to arbitrator fees, charged to or paid by Anthem as part of independent dispute resolution processes.

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

Traditional Network Savings Fee. Employer agrees to pay an additional amount based on the difference between Billed Charges for Covered Services and the Traditional Provider Negotiated Amount. The "Traditional Provider Negotiated Amount" is the amount Anthem, an Anthem Affiliate and/or Host Blue is contractually obligated to pay a Traditional Provider under a negotiated fee schedule, before application of Member cost-share amounts, such as deductibles, copayments and coinsurance. Prescription Drug Claims, Claims paid on a capitated basis and Payment Innovation Program payments are excluded from the fee calculation. This fee applies to certain Providers who are paid by Anthem, an Anthem Affiliate and/or Host Blue according to a Traditional Network fee schedule ("Traditional Provider").

The Traditional Network Savings Fee is equal to 50% per Claim

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

Unidentified Recoveries. Anthem shall retain any funds received through recovery processes that are paid to Anthem and, following good faith and reasonable efforts, cannot be tied to a specific Employer or Member.

Fee for Ad Hoc Reports. Anthem shall provide, on an annual basis, up to 20 hours of time needed to generate custom or ad hoc reports at no additional charge. The charge to Employer beyond 20 hours per year is \$150.00 per hour for time needed to generate custom or ad hoc reports.

Fee for Electronic Data Feeds to an Outside Vendor. Anthem shall provide, on an annual basis, up to 12 electronic data feeds to an outside vendor in Anthem's standard format. The charge to Employer is \$1,000.00 for each additional feed.

- Implementation Fee \$1,000.00 onetime fee.
- Monthly Fee (1000+ eligible employees) \$13.58 per Subscriber enrollee in COBRA per month.
- New Subscriber COBRA rights notification \$2.90 per notice.
- HIPAA special enrollment notification \$2.90 per notice.
- Health Plan eligibility communication \$25.00 per third party administrator per month.
- Eligibility communication and premium remittance \$50.00 per third party administrator per month.
- Open Enrollment Support Services (Lite) \$15.00 per paper enrollment processed.
- Existing Subscriber COBRA rights notification \$2.00 per notice.
- Existing Subscriber HIPAA special enrollment notification \$2.00 per notice.
- Past due notices \$1.00 per notice.
- Custom programming \$125.00 per hour.
- Fees may be renegotiated in the event of substantial changes that would increase or decrease the obligations or costs of providing services including, but not limited to, program changes, legal/regulatory changes, and postal rate changes.

#### **Section 4. Paid Claims, Billing Cycle and Payment Method**

##### **A. Paid Claims**

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

##### **B. Billing Cycle**

Weekly

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

##### **C. Payment Method**

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

**Section 5. Administrative Services Fees Billing Cycle and Payment Method**

**A. Billing Cycle**

Monthly List Bill (pay as billed)

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

**B. Payment Method**

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

**Section 6. Claims Runout Services**

**A. Claims Runout Period**

Medical:

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

**B. Claims Runout Administrative Services Fee**

Medical:

The fee for Claims Runout Services will be equal to the product of the following calculation: (the Base Administrative Services Fees in effect at the time of termination of this Agreement multiplied by the current Subscriber enrollment census for the last month that Employer is effective prior to the termination date) multiplied by 3. Fees in Sections 3(B) and 3(C) of this Schedule A that (i) are associated with Claims processed or reviewed during the Claims Runout Period including without limitation subrogation fees, Claims prepayment analysis fees, recovery fees, discount share fees, network access fees; or (ii) apply to the Agreement Period but were not billed during the Agreement Period, will be billed and payable during the Claims Runout Period. Payment is due to Anthem by the Invoice Due Date.

**Section 7. Inter-Plan Arrangements**

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

**Negotiated Arrangement Fees:**

Any administrative and/or network access fees will not be greater than the comparable Access Fee and/or AEA that would be charged under the BlueCard Program (CFA and ITS will continue to apply). Continued participation in any Negotiated Arrangement generally requires meeting certain membership criteria in the Host Blue service area. If membership declines below those thresholds, Claims for Members in the applicable Host Blue service area may, at the direction of the Host Blue, revert to the standard Access Fee and AEA described above. If membership changes such that Employer may qualify for a Negotiated Arrangement in a state not listed below, Anthem will attempt to negotiate an arrangement with that state during its semi-annual review process and implement the negotiated fees and such fees will be reflected in Section 7 of Schedule A for the next Agreement Period.

Florida & West Virginia

Included in the Base Administrative Services Fee

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

**Notice of Loss of Grandfathering Status**

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

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

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

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

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

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

This Schedule B shall govern the Agreement Period from January 1, 2023 through December 31, 2023. For purposes of this Agreement Period, this Schedule B shall supplement and amend the Agreement between the Parties. If there are any inconsistencies between the terms of the Agreement including any prior Schedules and this Schedule B, the terms of this Schedule B shall control.

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

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

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

**Management Services**

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

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

- Responsible Reporting Entity for the Plan
- Information for preparation of SBC

### **Claims and Customer Services**

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

### **Care Management**

- Health Care Management
  - Referrals
  - Utilization management
  - Case management
  - Anthem Medical Policy
- SpecialOffers
- Member Digital Tools

### **Networks**

- Network Access and Management
- Online Provider directory



**Other Services Required by Federal Law (as of the applicable effective date)**

- Advance explanation of benefits upon Provider request
- Member cost transparency tool access
- Continuity of care administration for Provider termination from the network
- Air ambulance Provider reporting
- Upon request, Anthem will provide the non-quantitative treatment limitation analysis for the standard services that Anthem provides under the Agreement. Anthem will also provide reasonable assistance to Employer in the event of a regulatory audit for compliance with the Mental Health Parity and Addiction Equity Act.
- Posting of machine readable files on a monthly basis for the services Anthem administers for the Plan on [www.anthem.com](http://www.anthem.com)
- Aggregated Consolidated Appropriations Act Section 204 reporting (currently referred to as RxDC reporting) as applicable for the services that Anthem provides under the Agreement. This reporting does not include the D1 Premium and Life Years report.

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

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

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

This Schedule C provides certain guarantees pertaining to Anthem's performance under the Agreement between the Parties ("Performance Guarantees") and shall be effective for the period from January 1, 2023 through December 31, 2023 (the "Performance Period"). Descriptions of the terms of each Performance Guarantee applicable to the Parties are set forth in the Attachments (the "Attachments") to this Schedule C and made a part of this Schedule C. This Schedule shall supplement and amend the Agreement between the Parties. If there are any inconsistencies between the terms of the Agreement including any prior Schedules and this Schedule C, the terms of this Schedule C shall control. If there are any inconsistencies between the terms contained in this Schedule, and the terms contained in any of the Attachments to this Schedule C, the terms of the Attachments to this Schedule C shall control unless otherwise specified.

**Section 1. General Conditions**

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

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

**Section 2. Payment**

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

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

**Section 3. Performance Guarantee Amounts at Risk**

**Amount at Risk**

The total amount at risk for the below performance guarantees between Anthem and Lexington-Fayette Urban County Government shall not exceed the following:

- o Operations Guarantees:
  - 15.000% of Base Medical Admin fees.
- o Network Guarantees:
  - 10.000% of Base Medical Admin fees.

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

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**ATTACHMENT 1 TO SCHEDULE C**

**Performance Guarantees**

**TO ADMINISTRATIVE SERVICES AGREEMENT**

**WITH**

**Lexington-Fayette Urban County Government  
Operation Performance Guarantees**

This Attachment is made part of Schedule C and will be effective for the Performance Period from January 1, 2023 through December 31, 2023. This Attachment is intended to supplement and amend the Agreement between the Parties.

**Operations Performance Guarantees**

<b>Performance Category</b>	<b>Year 1</b>
Claims Timeliness (14 Calendar Days)	1.500% of Base Admin. Services Fees
Claims Financial Accuracy	1.500% of Base Admin. Services Fees
Claims Accuracy	1.500% of Base Admin. Services Fees
Open Enrollment ID Card Issuance	1.500% of Base Admin. Services Fees
Processing of Ongoing Eligibility Information	1.500% of Base Admin. Services Fees
Average Speed to Answer	1.500% of Base Admin. Services Fees
Call Abandonment Rate	1.500% of Base Admin. Services Fees
Member Satisfaction – NPS	1.500% of Base Admin. Services Fees
Management Reports	1.500% of Base Admin. Services Fees
Account Management Satisfaction	1.500% of Base Admin. Services Fees
<b>Total Amount At Risk – Operations</b>	<b>15.000% of Base Medical Admin fees</b>

**Additional Terms and Conditions:**

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

Performance Category	Amount at Risk	Guarantee	Penalty Calculation	Measurement and Reporting Period												
Claims Timeliness (14 Calendar Days)	Year 1: 1.500% of Base Admin. Services Fees	A minimum of 90% of Non-investigated medical Claims will be Processed Timely. Non-investigated Claims are defined as medical Claims that process through the system without the need to obtain additional information from the Provider, Subscriber or other external sources. Processed Timely is defined as Non-investigated medical Claims that have been adjudicated within 14 calendar days of receipt. This Guarantee will be calculated based on the number of Non-investigated Claims that Processed Timely divided by the total number of Non-investigated Claims. The calculation of this Guarantee does not include Claim adjustments. The calculation of this Guarantee also excludes in any quarter Claims for an Employer that requests changes to Plan benefits, until all such changes have been implemented.  This will be measured with Employer-specific Data.	<table border="1"> <thead> <tr> <th>Result</th> <th>Penalty</th> </tr> </thead> <tbody> <tr> <td>90.0% or Greater</td> <td>None</td> </tr> <tr> <td>88.0% to 89.9%</td> <td>25%</td> </tr> <tr> <td>86.0% to 87.9%</td> <td>50%</td> </tr> <tr> <td>85.0% to 85.9%</td> <td>75%</td> </tr> <tr> <td>Less than 85.0%</td> <td>100%</td> </tr> </tbody> </table>	Result	Penalty	90.0% or Greater	None	88.0% to 89.9%	25%	86.0% to 87.9%	50%	85.0% to 85.9%	75%	Less than 85.0%	100%	<u>Measurement Period</u> Annual  <u>Reporting Period</u> Annual
Result	Penalty															
90.0% or Greater	None															
88.0% to 89.9%	25%															
86.0% to 87.9%	50%															
85.0% to 85.9%	75%															
Less than 85.0%	100%															
Claims Financial Accuracy	Year 1: 1.500% of Base Admin. Services Fees	A minimum of 99% of medical Claim dollars will be processed accurately. This Guarantee will be calculated based on the total dollar amount of audited medical Claims paid correctly divided by the total dollar amount of audited medical Paid Claims. The calculation of this Guarantee includes both underpayments and overpayments. The calculation of this Guarantee does not include Claim adjustments or Claims in any quarter in which an Employer requests changes to Plan benefits, until all such changes have been implemented.	<table border="1"> <thead> <tr> <th>Result</th> <th>Penalty</th> </tr> </thead> <tbody> <tr> <td>99.0% or Greater</td> <td>None</td> </tr> <tr> <td>98.0% to 98.9%</td> <td>25%</td> </tr> <tr> <td>97.0% to 97.9%</td> <td>50%</td> </tr> <tr> <td>96.0% to 96.9%</td> <td>75%</td> </tr> <tr> <td>Less than 96.0%</td> <td>100%</td> </tr> </tbody> </table>	Result	Penalty	99.0% or Greater	None	98.0% to 98.9%	25%	97.0% to 97.9%	50%	96.0% to 96.9%	75%	Less than 96.0%	100%	<u>Measurement Period</u> Annual  <u>Reporting Period</u> Annual
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96.0% to 96.9%	75%															
Less than 96.0%	100%															
Claims Accuracy	Year 1: 1.500% of Base Admin. Services Fees	A minimum of 97% of medical Claims will be paid or denied correctly. This Guarantee will be calculated based on the number of audited medical Claims paid and denied correctly divided by the total number of audited medical Claims paid and denied. The calculation of this Guarantee excludes in any quarter Claims for an Employer that requests changes to Plan benefits, until all such changes have been implemented.	<table border="1"> <thead> <tr> <th>Result</th> <th>Penalty</th> </tr> </thead> <tbody> <tr> <td>97.0% or Greater</td> <td>None</td> </tr> <tr> <td>96.0% to 96.9%</td> <td>25%</td> </tr> <tr> <td>95.0% to 95.9%</td> <td>50%</td> </tr> </tbody> </table>	Result	Penalty	97.0% or Greater	None	96.0% to 96.9%	25%	95.0% to 95.9%	50%	<u>Measurement Period</u> Annual  <u>Reporting Period</u> Annual				
Result	Penalty															
97.0% or Greater	None															
96.0% to 96.9%	25%															
95.0% to 95.9%	50%															

			<p>94.0% to 75% 94.9%</p> <hr/> <p>Less than 100% 94.0%</p>													
Open Enrollment ID Card Issuance	Year 1: 1.500% of Base Admin. Services Fees	100% of Subscriber digital ID cards will be available or Member physical ID cards will be mailed to open enrollment participants no later than the Employer's effective date provided that Anthem receives an Accurate Eligibility File. An Accurate Eligibility File is defined as: (1) an electronic eligibility file formatted in a mutually agreed upon manner; (2) received by Anthem no later than 30 calendar days prior to the Employer's effective date; and, (3) contains an error rate of less than 1%. This Guarantee will be calculated based on the total number of open enrollment ID cards available to Subscribers or mailed to Members within the timeframe set forth above divided by the total number of Members eligible to receive open enrollment ID cards. This will be measured with Employer-specific Data.	<table border="1"> <thead> <tr> <th>Result</th> <th>Penalty</th> </tr> </thead> <tbody> <tr> <td>100%</td> <td>None</td> </tr> <tr> <td>99.0% to 99.9%</td> <td>\$100 per ID Card not to exceed 25% of amount at risk for this measure</td> </tr> <tr> <td>98.0% to 98.9%</td> <td>50%</td> </tr> <tr> <td>97.0% to 97.9%</td> <td>75%</td> </tr> <tr> <td>Less than 97.0%</td> <td>100%</td> </tr> </tbody> </table>	Result	Penalty	100%	None	99.0% to 99.9%	\$100 per ID Card not to exceed 25% of amount at risk for this measure	98.0% to 98.9%	50%	97.0% to 97.9%	75%	Less than 97.0%	100%	<p><b>Measurement Period</b></p> <p>Employer's effective date</p> <p><b>Reporting Period</b></p> <p>60 calendar days following the Employer's effective date</p>
Result	Penalty															
100%	None															
99.0% to 99.9%	\$100 per ID Card not to exceed 25% of amount at risk for this measure															
98.0% to 98.9%	50%															
97.0% to 97.9%	75%															
Less than 97.0%	100%															
Processing of Ongoing Eligibility Information	Year 1: 1.500% of Base Admin. Services Fees	100% of Employer's ongoing electronic eligibility files will be processed timely. Timely Processing is defined as electronic eligibility files processed and updated on the eligibility database within 7 business days of receipt of an eligibility file. This Guarantee only applies to the processing of eligibility files submitted by Employer outside of an open enrollment period. This Guarantee does not apply to the first production files after setup and testing, COBRA files, or Defective Eligibility Files. A Defective Eligibility File is defined as an eligibility file that has data errors, includes all records that do not pass Anthem's enrollment business rules, or does not allow for Anthem's automatic processing. This Guarantee does not apply to errors that have to be processed manually in the system. Anthem's payment of this Guarantee is conditioned upon receipt of eligibility files in a format mutually agreed upon by the Parties. This Guarantee will be calculated by (1) dividing the total number of eligibility files processed within the timeframe set forth above by (2) the number of Employer's eligibility files processed. This will be measured with Employer-specific Data.	<table border="1"> <thead> <tr> <th>Result</th> <th>Penalty</th> </tr> </thead> <tbody> <tr> <td>100%</td> <td>None</td> </tr> <tr> <td>98.0% to 99.9%</td> <td>25%</td> </tr> <tr> <td>96.0% to 97.9%</td> <td>50%</td> </tr> <tr> <td>94.0% to 95.9%</td> <td>75%</td> </tr> <tr> <td>Less than 94.0%</td> <td>100%</td> </tr> </tbody> </table>	Result	Penalty	100%	None	98.0% to 99.9%	25%	96.0% to 97.9%	50%	94.0% to 95.9%	75%	Less than 94.0%	100%	<p><b>Measurement Period</b></p> <p>Annual</p> <p><b>Reporting Period</b></p> <p>Annual</p>
Result	Penalty															
100%	None															
98.0% to 99.9%	25%															
96.0% to 97.9%	50%															
94.0% to 95.9%	75%															
Less than 94.0%	100%															

Average Speed to Answer	Year 1: 1.500% of Base Admin. Services Fees	The average speed to answer (ASA) will be 45 seconds or less. ASA is defined as the average number of whole seconds members wait and/or are in the telephone system before receiving a response from a customer service representative (CSR) or an interactive voice response (IVR) unit. This Guarantee will be calculated based on the total number of calls received in the customer service telephone system.	<table border="1"> <thead> <tr> <th>Result</th> <th>Penalty</th> </tr> </thead> <tbody> <tr> <td>45 seconds or less</td> <td>None</td> </tr> <tr> <td>46 to 48 seconds</td> <td>25%</td> </tr> <tr> <td>49 to 51 seconds</td> <td>50%</td> </tr> <tr> <td>52 to 54 seconds</td> <td>75%</td> </tr> <tr> <td>55 or more seconds</td> <td>100%</td> </tr> </tbody> </table>	Result	Penalty	45 seconds or less	None	46 to 48 seconds	25%	49 to 51 seconds	50%	52 to 54 seconds	75%	55 or more seconds	100%	<u>Measurement Period</u> Annual  <u>Reporting Period</u> Annual
Result	Penalty															
45 seconds or less	None															
46 to 48 seconds	25%															
49 to 51 seconds	50%															
52 to 54 seconds	75%															
55 or more seconds	100%															
Call Abandonment Rate	Year 1: 1.500% of Base Admin. Services Fees	A maximum of 5.0% of member calls will be abandoned. Abandoned Calls are defined as member calls that are waiting for a customer service representative (CSR), but are abandoned before connecting with a CSR. This Guarantee will be calculated based on the number of calls abandoned divided by the total number of calls received in the customer service telephone system. Calls that are abandoned in less than 5 seconds will not be included in this calculation.	<table border="1"> <thead> <tr> <th>Result</th> <th>Penalty</th> </tr> </thead> <tbody> <tr> <td>5.0% or Less</td> <td>None</td> </tr> <tr> <td>5.01% to 5.40%</td> <td>25%</td> </tr> <tr> <td>5.41% to 5.70%</td> <td>50%</td> </tr> <tr> <td>5.71% to 5.99%</td> <td>75%</td> </tr> <tr> <td>6.0% or Greater</td> <td>100%</td> </tr> </tbody> </table>	Result	Penalty	5.0% or Less	None	5.01% to 5.40%	25%	5.41% to 5.70%	50%	5.71% to 5.99%	75%	6.0% or Greater	100%	<u>Measurement Period</u> Annual  <u>Reporting Period</u> Annual
Result	Penalty															
5.0% or Less	None															
5.01% to 5.40%	25%															
5.41% to 5.70%	50%															
5.71% to 5.99%	75%															
6.0% or Greater	100%															



<p>Member Satisfaction – NPS</p>	<p>Year 1: 1.500% of Base Admin. Services Fees</p>	<p>This Guarantee establishes a Quality Benchmark transactional Net Promoter Score (NPS) of 40. Anthem will either: (i) meet or exceed the Quality Benchmark; or, (ii) there will be an improvement in the Net Promoter Score from the Baseline Period.</p> <p>The survey is conducted after a member contacts a customer service representative (CSR). Each member who completes a transaction with Anthem will be asked to provide a rating on a scale from 0 (Not at All Likely) to 10 (Extremely Likely) to a question that asks how likely the member would recommend Anthem to a friend or colleague based on the member's most recent transaction. The transactional Net Promoter Score will be calculated by subtracting the percentage of Detractors (members who provide a rating from 0 to 6) from the percentage of Promoters (members who provide a rating of 9 or 10).</p> <p>To determine the results for (i), Anthem shall compare the Net Promoter Score in the Measurement Period to the Quality Benchmark. The improvement for (ii) will be determined by comparing the Net Promoter Score in the Measurement Period to the Net Promoter Score in the Baseline Period. The Baseline Period is the equivalent time period preceding the Measurement Period.</p>	<table border="1"> <thead> <tr> <th>Result</th> <th>Penalty</th> </tr> </thead> <tbody> <tr> <td>Net Promoter Score increased</td> <td>None</td> </tr> <tr> <td colspan="2" style="text-align: center;">OR</td> </tr> <tr> <td>If Net Promoter Score stayed the same or decreased AND is</td> <td></td> </tr> <tr> <td>40 or Greater</td> <td>None</td> </tr> <tr> <td>39.0 to 39.9</td> <td>25%</td> </tr> <tr> <td>38.0 to 38.9</td> <td>50%</td> </tr> <tr> <td>37.0 to 37.9</td> <td>75%</td> </tr> <tr> <td>Less than 37.0</td> <td>100%</td> </tr> </tbody> </table>	Result	Penalty	Net Promoter Score increased	None	OR		If Net Promoter Score stayed the same or decreased AND is		40 or Greater	None	39.0 to 39.9	25%	38.0 to 38.9	50%	37.0 to 37.9	75%	Less than 37.0	100%	<p><b>Measurement Period</b></p> <p>Annual</p> <p><b>Reporting Period</b></p> <p>Annual</p>
Result	Penalty																					
Net Promoter Score increased	None																					
OR																						
If Net Promoter Score stayed the same or decreased AND is																						
40 or Greater	None																					
39.0 to 39.9	25%																					
38.0 to 38.9	50%																					
37.0 to 37.9	75%																					
Less than 37.0	100%																					
<p>Management Reports</p>	<p>Year 1: 1.500% of Base Admin. Services Fees</p>	<p>Standard automated reports will be made available to Employer by no later than 25 calendar days following the end of the month. The reports will include financial, utilization and clinical information.</p>	<table border="1"> <thead> <tr> <th>Result</th> <th>Penalty</th> </tr> </thead> <tbody> <tr> <td>Reports are late 1 month</td> <td>None</td> </tr> <tr> <td>Reports are late 2 months</td> <td>25%</td> </tr> <tr> <td>Reports are late 3 or more months</td> <td>100%</td> </tr> </tbody> </table>	Result	Penalty	Reports are late 1 month	None	Reports are late 2 months	25%	Reports are late 3 or more months	100%	<p><b>Measurement Period</b></p> <p>Annual</p> <p><b>Reporting Period</b></p> <p>Annual</p>										
Result	Penalty																					
Reports are late 1 month	None																					
Reports are late 2 months	25%																					
Reports are late 3 or more months	100%																					

Account Management Satisfaction	Year 1: 1.500% of Base Admin. Services Fees	<p>A minimum average score of 3 will be attained on the Account Management Satisfaction Survey (AMSS). A minimum of 3 responses per Employer to the AMSS is required to base the score on Employer-specific responses only. If 3 responses are received from the Employer, an average score is calculated by adding the scores from each respondent divided by the total number of Employer respondents. If fewer than 3 responses are received, the score will be calculated as follows:</p> <p>2 Employer responses: 2/3 of the score will be based on Employer-specific AMSS results and 1/3 of the score will be based on the aggregate score of all AMSS results received by the Account Management Team.</p> <p>1 Employer- response: 1/3 of the score will be based on Employer- specific AMSS results and 2/3 of the score will be based on the aggregate score of all AMSS results received by the Account Management Team.</p> <p>0 Employer responses: The score will be based on the aggregate score of all AMSS results received by the Account Management Team.</p>	<b>Result</b>	<b>Penalty</b>	<u>Measurement Period</u>  Annual  <u>Reporting Period</u>  Annual
			3.0 or higher	None	
			2.5 to 2.9	25%	
			2.0 to 2.4	50%	
			Less than 2.0	100%	

**ATTACHMENT 2 TO SCHEDULE C**

**Performance Guarantees**

**TO ADMINISTRATIVE SERVICES AGREEMENT**

**WITH**

**Lexington-Fayette Urban County Government  
Network Guarantees**

This Attachment is made part of Schedule C and will be effective for the Performance Period from January 1, 2023, through December 31, 2023. This Attachment is intended to supplement and amend the Agreement between the Parties.

**Network Guarantees**

<b>Performance Category</b>	<b>Year 1</b>
Network Provider Discount	10.000% of Base Admin. Services Fees
<b>Total Amount At Risk - Network</b>	<b>10.000% of Base Medical Admin fees</b>

**Additional Terms and Conditions**

- This/These Guarantee(s) applies to following time periods:(Measurement Period)  
Year 1: Claims Incurred from January 01, 2023 through December 31, 2023 and Paid from January 01, 2023 and through December 31, 2023.
- This Guarantee excludes the following Providers: Cincinnati Childrens Hospital in OH, Riley Childrens Hospital in IN, Vanderbilt Hospital in TN, and Nationwide in Columbus, OH
- This Guarantee excludes all charges for any Member whose allowed Claims exceed \$250,000.00 during the Measurement Period.
- Anthem has the right in its sole discretion to modify or terminate this Guarantee if any of these occur:
  - Anthem is no longer the sole administrator for Employer's Plan.
  - Employer fails to maintain at least an average enrollment of 3037 Subscribers.
  - The geographic distribution of Subscribers changes by more than 5% in any state or 10% in total from the Employer census provided for purposes of establishing this Guarantee.
  - A change is initiated by Employer that results in a substantial change in the services to be performed by Anthem or; the measurement of a Performance Guarantee.
  - The Advantage Network is not implemented in the following locations: CA, DC/MD, FL, GA, MN, MO, NH, NY, PA, & WI.

Performance Category	Amount at Risk	Guarantee	Penalty Calculation	Measurement and Reporting Period												
Network Provider Discount	Year 1: 10.000% of Base Admin. Services Fees	<p>Anthem guarantees a minimum Network Provider Discount of 60.000%. This Guarantee excludes the following Providers: Cincinnati Childrens Hospital in OH, Riley Childrens Hospital in IN, Vanderbilt Hospital in TN, and Nationwide in Columbus, OH. This Guarantee excludes the Total Claims Charges for any Member that exceeds \$250,000.00 in paid claims in the Measurement Period and Capitated Claims.</p> <p>Eligible Claim Charges are defined as charges for Covered Services provided to Members enrolled in PPO Plans. Eligible Claim Charges will be based on Anthem primary Claims only and will not include charges related to Prescription Drug Claims, Inter-Plan Program fees, state surcharges, Anthem Provider payment innovation programs or services rendered outside the United States. Allowed Amount is defined as the amount paid by Anthem to PPO Network Providers on Eligible Claim Charges plus any Member cost shares.</p> <p>This Guarantee will be calculated by dividing the PPO Network Provider Allowed Amounts by the PPO Network Provider Eligible Claim Charges. The resulting percentage shall be subtracted from 100% to determine the Network Provider Discount.</p> <p>Anthem has the right in its sole discretion to modify or terminate this Guarantee if any of the following conditions occur:</p> <ul style="list-style-type: none"> <li>•Anthem is no longer the sole administrator for Employer's Plan.</li> <li>•Employer fails to maintain at least an average enrollment of 3,037 Subscribers.</li> <li>•The geographic distribution of Subscribers changes by more than 5% in any state or 10% in total from the Employer census provided for purposes of establishing this Guarantee.</li> </ul> <p>Only Claims submitted to a Blue Cross and/or Blue Shield licensee for processing and adjudication shall be considered for purposes of this Discount Guarantee. This Guarantee will terminate on the date any federal price transparency law or regulation goes into effect. This will be measured with Employer-specific Data.</p>	<table border="1"> <thead> <tr> <th>Result</th> <th>Penalty</th> </tr> </thead> <tbody> <tr> <td>60.0% or Greater</td> <td>None</td> </tr> <tr> <td>59.0% to 59.9%</td> <td>25%</td> </tr> <tr> <td>58.0% to 58.9%</td> <td>50%</td> </tr> <tr> <td>57.0% to 57.9%</td> <td>75%</td> </tr> <tr> <td>Less than 57.0%</td> <td>100%</td> </tr> </tbody> </table>	Result	Penalty	60.0% or Greater	None	59.0% to 59.9%	25%	58.0% to 58.9%	50%	57.0% to 57.9%	75%	Less than 57.0%	100%	<p><u>Measurement Period</u></p> <p><u>Reporting Period</u></p> <p>Annual</p>
Result	Penalty															
60.0% or Greater	None															
59.0% to 59.9%	25%															
58.0% to 58.9%	50%															
57.0% to 57.9%	75%															
Less than 57.0%	100%															

**EXHIBIT A - FEES & EXPENSES  
OF THE PHARMACY BENEFITS ADMINISTRATIVE SERVICES SCHEDULE  
TO  
ADMINISTRATIVE SERVICES AGREEMENT  
WITH  
Lexington-Fayette Urban County Government**

This Exhibit A shall govern the Agreement Period from January 1, 2023 through December 31, 2025 and is made part of this Pharmacy Benefits Administrative Services Schedule. This Exhibit is intended to supplement the Agreement between the Parties as it relates to Pharmacy Services only. In the event of an inconsistency between the applicable provisions of this Pharmacy Services Schedule and the Agreement, the terms of this Pharmacy Services Schedule shall govern, but only as they relate to Pharmacy Services. Except as set forth herein, all other terms and conditions of the Agreement remain in full force and effect.

**Section 1. Effective Date and Renewal Notice**

This Agreement Period shall be from 12:01 a.m. January 1, 2023 to the end of the day of December 31, 2025.

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

- Incurred from January 1, 2023 through December 31, 2025 and
- Paid from January 1, 2023 through December 31, 2025.

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

**Section 2. Broker and Consultant Base Compensation**

Not Applicable

**Section 3. Pharmacy Administrative Services Fees**

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

**A. Pharmacy Base Administrative Services Fee**

Pharmacy Base Administrative Services Fee. The Pharmacy Administrative Services Fees shall also include a fee that will be charged monthly for services related to pharmacy benefits management including, but not limited to, pharmacy mail services, clinical services, and customer services. Such fee shall be:

January 1, 2023 through December 31, 2023 per Subscriber per month two dollars and ninety cents (\$2.90)

January 1, 2024 through December 31, 2024 per Subscriber per month two dollars and ninety cents (\$2.90)

January 1, 2025 through December 31, 2025 per Subscriber per month two dollars and ninety cents (\$2.90)

**B. Drug Rebate Allocation**

1. PBM and/or its Vendor has negotiated programs with pharmaceutical manufacturers for drug rebates on certain Prescription Drugs dispensed to Members and has arranged for payments of such rebates to be made directly to PBM ("Drug Rebate Programs"). PBM has entered into such Drug Rebate Programs on its behalf and not on behalf of Employer, and therefore retains all rights, title, and interest to any and all actual Prescription Drug Rebates it receives from manufacturers and/or its Vendor. Such Drug Rebate Programs are not based solely on the Prescription Drug utilization of one Employer Plan, but rather are based on the Prescription Drug utilization of all individuals enrolled in PBM managed programs. The Prescription Drug Rebates are conditioned on certain Prescription Drugs being included on the Formulary that PBM requires Employer to adopt as part of its Plan. Employer shall be paid or credited a portion or the amount attributable to its actual or estimated value of Prescription Drug Rebates as described in Section 3(B) of Exhibit A.
2. PBM may receive and retain Manufacturer Administrative Fees directly from pharmaceutical manufacturers. In addition, PBM may receive and retain service fees from pharmaceutical manufacturers for providing services (e.g., Provider and Member education programs that promote clinically appropriate and safe dispensing and use of Prescription Drugs). For purposes of this Pharmacy Services Schedule, Manufacturer Administrative Fees and service fees received by PBM shall not be considered Prescription Drug Rebates.
3. Prescription Drug Rebates: PBM will pay to Employer 100% of the Prescription Drug Rebates attributable to Employer's Plan subject to PBM's timely and actual receipt of payment and accompanying data from pharmaceutical manufacturers. On a Quarterly basis, PBM shall credit Employer the Prescription Drug Rebates it has collected. PBM shall have the right to collect from Employer any rebate amount that PBM is required to pay a pharmaceutical manufacturer as a result of a pharmaceutical manufacturer audit or for any other reason. Provided, however, if the total Prescription Drug Rebates Performance Guarantee, as defined in Exhibit C, exceeds the amount described herein, the PBM will pay the Employer the difference.
4. Medical Drug Rebates. PBM shall pay to Employer 100.00% (YR1) 100.00% (YR2) 100.00% (YR3) of the Medical Drug Rebates earned through participation in the applicable pharmacy programs and attributable to Employer's Plan subject to PBM's timely and actual receipt of payment and accompanying data from pharmaceutical manufacturers subject to any deduction for shared savings under Section 3(C) of this Exhibit A. The actual rebate amount will be determined by reconciling the Medical Drug Rebate amount payable against shared savings on an annual basis.  
  
Employer shall not be eligible to earn Medical Drug Rebates as of the effective date of the elimination or reduction of the applicable pharmacy programs: Right Drug Right Channel – Pharmacy to Medical, Right Drug Right Channel – Medical to Pharmacy, Site of Care and Medical Specialty Drug Review

**A. Other Fees or Credits**

Fee for Pharmacy Prior Authorization. N/A per authorization.

Fee for Step Therapy. PBM shall charge a fee of N/A per pharmacy Claim.

Fee for Quantity Limits. PBM shall charge a fee of N/A per pharmacy Claim for applying frequency and quantity limits to certain Prescription Drugs.

Fee for Pharmacy Physician Review. N/A per review.

Fee for Vaccine Administration. PBM shall charge a fee for the administration of vaccines at a retail pharmacy location of N/A.

Fee for Custom Communications. PBM shall charge a fee of \$2.00 per custom communication requested by the Employer.

Fee for Prescriptions Filled at Employer's On-site Pharmacy. Included in the Pharmacy Administrative Services Fees.

Fee for Member-Submitted Claims. PBM shall charge a fee of \$2.50 per Claim for each Member-submitted Claim.

Fee for Clinical Care Gap Outreach Program (Enhanced)(also referred to as Rx Care Nexus Program) Program. Included in the Pharmacy Administrative Services Fee.

Fee for Specialty Cost Optimization. The charge to Employer for administration and management of the Specialty Cost Optimization Program is 50% of the shared savings attained through PBM's Specialty Cost Optimization Program capped at \$0.50 PMPM. PBM's shared savings fee shall be deducted from the Medical Drug Rebate due Employer. In no event will PBM charge Employer a shared savings fee if the Medical Drug Rebate due to the Employer is less than the shared savings fee due to PBM.

Fee for Pharmacy Network Audit. The charge to Employer is 25.00% of the total amount recovered from periodic onsite or field audits of Network Pharmacies, including but not limited to, audits to determine compliance with billing requirements and the terms and conditions of the Network Pharmacy agreements. These audits are separate and distinct from Claims processing and financial accuracy audits.

Unidentified Recoveries. PBM shall retain any funds received through recovery processes that are paid to PBM and, following good faith and reasonable efforts, cannot be tied to a specific Employer or Member.

Fee for Pharmacy Coordination of Benefits. Included in the Pharmacy Administrative Services Fee.

Fee for Member Communications. PBM shall charge a fee of \$1.30 per letter for the following programs:

- Non-FDA approved drug block
- Re-labeler program
- Safety Communications /Drug Recalls and Withdrawals
- New Implementation Formulary Disruption Letters
- Commercial Formulary Member Notifications (includes Newly Available Generic Notification when required by law)

Fee for Employer Reporting – Base Package. PBM's Base Package is included at no cost and includes access to RxGuide (unlimited). All custom reporting requests will be charged at \$150 per hour of time needed to generate customized ad hoc reports.

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

The Early Termination Fee shall be calculated by multiplying \$1.50 PSPM by (i) the average monthly Subscriber count for the 6 months immediately prior to termination; multiplied by (ii) the number of months remaining in the Performance Period. Upon termination of the Agreement, 0.00% of unpaid Rebates for services prior to termination will be retained by PBM subject to the provisions of Article 7. If Employer intends to terminate the pharmacy portion of the Plan before the end of the Performance Period, Employer must provide PBM with the required termination notice under Section G of the Pharmacy Services Schedule. In the event Employer terminates the pharmacy portion of the Plan before the end of the Performance Period, the applicable Early Termination Fee will be billed to Employer with the amount due within 30 days of the termination date.

Invoices for Prescription Drug Claims

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

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

Billing cycles and payment methods are contained in Schedule A.

**Section 5. Claims Runout Services**

**A. Claims Runout Period**

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

**B. Claims Runout Administrative Services Fee**

**Pharmacy:**

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



**Section 6. Other Amendments.** The Pharmacy Benefits Administrative Services Schedule is otherwise amended as follows:

Not Applicable

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

Lexington-Fayette Urban County Government

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

By:

By:

\_\_\_\_\_

\_\_\_\_\_

Title:

Title:

\_\_\_\_\_

\_\_\_\_\_

Date:

Date:

\_\_\_\_\_

\_\_\_\_\_

CarelonRx, Inc.

By:

\_\_\_\_\_

Title:

\_\_\_\_\_

Date:

\_\_\_\_\_

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

This Exhibit B shall govern the Agreement Period from January 1, 2023 through December 31, 2025 and is made part of this Pharmacy Benefits Administrative Services Schedule. This Exhibit is intended to supplement the Agreement between the Parties as it relates to Pharmacy Services only. In the event of an inconsistency between the applicable provisions of this Pharmacy Services Schedule and the Agreement, the terms of this Pharmacy Services Schedule shall govern, but only as they relate to Pharmacy Services. Except as set forth herein, all other terms and conditions of the Agreement remain in full force and effect.

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

**Prescription Benefit Services**

- **Mail Order Pharmacy.** A Network Pharmacy that provides Covered Prescription Services to Members via mailing or shipping utilizing the United States Postal Service and/or other common shipping carrier, including FedEx and/or United Parcel Service.
- Specialty Pharmacy Services
  - Prescription eServices
  - Pharmacy locator
  - Online Formulary
- Point of sale Claims processing (not including pharmacy COB services)
- Mail Order Claims processing
- Mail Order call center with toll free number
- Mail Order regular shipping and handling
- Standard management reports
- Concurrent Drug Utilization Review (DUR) programs
- Retrospective DURs
- Pharmacy help desk with toll free number
- Daily Claims review audits of Network Pharmacies
- Assistance in determining "creditable prescription drug coverage" under Medicare Part D
- Integration of medical and pharmacy Claims data for proactive prior authorizations (i.e., a Member's diagnosis from medical Claims is incorporated into the pharmacy Claim system to seamlessly approve prior authorizations where diagnoses are required)

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

This Exhibit C provides certain guarantees pertaining to PBM's performance under the Agreement between the Parties ("Performance Guarantees") and shall be effective for each year in the period from 1/1/2023 through 12/31/2025 (the "Performance Period"). Descriptions of the terms of each Performance Guarantee applicable to the Parties are set forth in the Attachments (the "Attachments") to this Exhibit C and made a part of this Exhibit C. This Exhibit shall supplement and amend the Pharmacy Benefits Administrative Services Schedule between the Parties. If there are any inconsistencies between the terms of the Agreement and this Exhibit C, the terms of this Exhibit C shall control. If there are any inconsistencies between the terms contained in this Exhibit, and the terms contained in any of the Attachments to this Exhibit C, the terms of the Attachments to this Exhibit C shall control.

**Section 1. General Conditions**

- A. The Performance Guarantees described in the Attachments to this Exhibit C shall be in effect only for the Performance Period indicated above, unless specifically indicated otherwise in the Attachments. Each Performance Guarantee shall specify a/an:
  - 1. Allocation. The term Allocation is the percent of total Amount at Risk to each Performance Guarantee.
  - 2. Amount at Risk. The term Amount at Risk means the amount PBM may pay if it fails to meet the target(s) specified under the Performance Guarantee.
  - 3. Measurement Period. The term Measurement Period is the period of time under that PBM's performance is measured, that may be the same as or differ from the period of time equal to the Performance Period.
  - 4. Performance Category. The term Performance Category describes the general type of Performance Guarantee.
  - 5. Reporting Period. The term Reporting Period refers to how often PBM will report on its performance under a Performance Guarantee.
  - 6. Service Feature. The term Service Feature is a service standard stipulated and defined to be guaranteed.
- B. PBM shall conduct an analysis of the data necessary to calculate any one of the Performance Guarantees within the timeframes provided in the Attachments to this Exhibit C. In addition, any calculation of Performance Guarantees, reports provided, or analysis performed by PBM shall be based on PBM's then current measurement and calculation methodology, that shall be available to Employer upon request.
- C. Any audits performed by PBM to test compliance with any of the Performance Guarantees shall be based on a statistically valid sample size with a 95% confidence level.
- D. If the Agreement is not executed, PBM shall have no obligation to make payment under these Performance Guarantees.
- E. Unless otherwise specified in the Attachments to this Exhibit C, the measurement of the Performance Guarantee shall be based on data that is maintained and stored by PBM or its Vendors.
- F. If Employer terminates the Agreement or the Pharmacy Services Schedule between the Parties prior to the end of the Performance Period, or if the Agreement or the Pharmacy Services Schedule is terminated for non-payment, then Employer shall forfeit any right to collect any further payments under any outstanding Performance Guarantees, whether such Performance Guarantees are for a prior or current Measurement Period or Performance Period.
- G. Guarantees apply only as long as there are at least 69,462 Annualized Adjusted Prescription Drug Claims.

- H. PBM reserves the right to make changes to any of the Performance Guarantees provided in the Attachments to this Exhibit C upon the occurrence, in PBM's determination, of any of the following:
1. a change to the Plan benefits or the administration of the Plan initiated by Employer that results in a substantial change in the services to be performed by PBM or the measurement of a Performance Guarantee;
  2. an increase or decrease of 20.00% or more of the number of Members that were enrolled for coverage on the latter of the effective date or renewal date of this Pharmacy Services Schedule;
  3. a failure by Employer to implement its responsibilities under the clinical management programs that are part of the Plan;
  4. a failure by Employer to adopt the Formulary;
  5. a change in the proportionate mix of Employer's retail and mail order Prescription Drug Claims of more than 20.00% (including but not limited to a change in the overall Members' percentage of usage of retail versus Mail Order Pharmacies);
  6. a change in pharmacy utilization patterns of more than 20.00% (including but not limited to a change in the overall Members' percentage of usage of Brand Drugs versus Generic Drugs versus Specialty Drugs);
  7. a change that results in PBM no longer being the exclusive source of Prescription Drug Rebates for Employer's Plan;
  8. the determination that Employer has an on-site pharmacy with 340b designation or any such designation where the pharmacy receives upfront pricing discounts from pharmaceutical manufacturers, that was not disclosed or known by PBM as of the effective date of this Attachment to Exhibit C;
  9. PBM is no longer the sole administrator for Employer's Prescription Drug Plan;
  10. a government action or major change in pharmaceutical industry practices that eliminates or materially reduces the manufacturer Drug Rebate program; or
  11. a failure by Employer to maintain the selected Formulary and applicable clinical edits or Employer has exempted Members from application of the selected Formulary and clinical edits that prevent full savings from accruing.
  12. product offering decisions by drug manufacturers that result in: (a) a reduction of Prescription Drug Rebates, including the introduction of a lower cost alternative product which may replace an existing Brand Drug that is eligible for Prescription Drug Rebates; (b) an unexpected launch of a Brand Drug and/or Generic Drug; (c) unforeseen delays in expected Brand Drug and/or Generic Drug launches; or (d) a Brand Drug converted to over-the-counter ("OTC") status, recalled or withdrawn from the market.
  13. A failure by Employer to maintain and implement a Plan design wherein non-preferred drugs have either a \$15.00 higher Copayment or a 50% higher coinsurance (ex: preferred = 30%, non-preferred = 45%) than preferred Prescription Drugs.

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

- I. For the purposes of calculating compliance with the Performance Guarantees contained in the Attachments to this Exhibit C, if a delay in performance of, or inability to perform, a service underlying any of the Performance Guarantees is due to circumstances that are beyond the control of PBM, or its Vendors, including but not limited to any act of God, civil riot, floods, fire, pandemics, 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.
- J. As determined by PBM, Performance Guarantees may be measured using either aggregated data or Employer-specific Data. The term Employer-specific Data means the data associated with Employer's