

Agreement to Provide Prescription Drug Benefit Facilitation Services

This Agreement to Provide Prescription Drug Benefit Management Services is made by and between Benecard Services, Inc., a New Jersey corporation, and Township of Middletown ("CLIENT").

Recitals

WHEREAS, CLIENT offers a self-funded health plan and provides its eligible Members prescription drug benefits through that Plan; and

WHEREAS, Benecard Services Inc., DBA BeneCard Prescription Benefit Facilitator ("BENECARD PBF"), provides prescription drug benefit administration and related services to clients; and

NOW THEREFORE, in consideration of the mutual promises in this Agreement, the parties agree as follows:

Article I Definitions

Unless otherwise defined in this Agreement, all capitalized terms, including their single and plural forms, shall have the meanings given them in Appendix A.

Article II BeneCard PBF Responsibilities

A. CLIENT Services Representative:

BENECARD PBF agrees to provide CLIENT a client services representative who shall be responsible for coordinating the services under this Agreement. The representative shall be available at CLIENT's reasonable request and will act as liaison for resolution of operational issues as they arise.

B. Implementation Services:

BENECARD PBF agrees to provide CLIENT standard implementation service. Standard implementation shall include: loading electronic eligibility files received from CLIENT or its prior administrator in a format acceptable to BENECARD PBF; setting up CLIENT's Plan Specifications in its computer systems; implementing CLIENT's clinical programs from Appendix F, if any; and providing standard communication materials as provided in Article II, C. Additional charges may be imposed for implementation services materially in excess of standard implementation services. CLIENT will agree to plan specifications by agreeing to inclusions and exclusions, copays, day supplies, clinical programs and pharmacy network on plan documentation form signed by CLIENT.

C. Identification Cards and Brochures:

BENECARD PBF will provide a standard Identification Card and standardized custom descriptive brochures and other standard materials for each Member. Responsibility for costs, including all inventories, of producing and mailing such materials shall be set out in Appendix D.

D. Pharmacy Services:

(a) Retail Pharmacy Services: BENECARD PBF agrees to maintain a nationwide network of Participating Pharmacies. If areas of limited access are identified and agreed upon, BENECARD PBF shall use commercially reasonable efforts to enroll additional Participating Pharmacies. Participating Pharmacies are independent healthcare service providers and shall not be considered an agent, representative or subcontractor of BENECARD PBF. BENECARD PBF will have the responsibility to contract with Participating Pharmacies. The parties acknowledge that Benecard PBF is responsible for all participating pharmacy remuneration, whether in shortfall or excess of Client reimbursements specified in Appendix B

(b) Claim Processing: BENECARD PBF agrees to process all valid Clean Claims transmitted from Participating Pharmacies, the Mail Order Pharmacy, the Specialty Pharmacy, and Members in accordance with Appendix B (Prescription Pricing Schedule), CLIENT's Plan Specifications, National Council for Prescription Drug Programs ("NCPDP") standards, or any other standards required by applicable Law, including, but not limited to, HIPAA. BENECARD PBF shall refer to CLIENT those Member inquiries and disputes related to the processing or payment of Claims which are beyond the authority of BENECARD PBF to resolve. CLIENT agrees that Members utilizing Non-Participating Pharmacies or not presenting prescription identification card must submit Direct Reimbursement Claims in order for those Claims to be processed. Out-of-network claims will be processed in accordance with the CLIENT's Plan Specifications.

(c) Call Centers: BENECARD PBF agrees to maintain a Member and Pharmacy call center for the purpose of answering all Member or Pharmacy inquiries related to the pharmacy program services described in this Agreement. BENECARD PBF shall maintain a toll-free telephone number for use by Members and Pharmacies that is accessible 24/7/365.

(d) Pharmacy Audits: BENECARD PBF agrees to audit Claims submitted by Participating Pharmacies. BENECARD PBF will make a commercially reasonable effort to recoup all overpayments made to a Participating Pharmacy and attributable to Claims for Covered Drugs. All amounts actually recovered will be credited against the CLIENT claims invoice. BENECARD PBF shall not be required to participate in any litigation, arbitration or mediation to recover overpayments. BENECARD PBF will cooperate with any such CLIENT effort.

(e) Mail Order and Specialty Pharmacy Services: BENECARD PBF agrees to make available a Mail Order Pharmacy and exclusive Specialty Pharmacy identified in Appendix G. The Mail Order Pharmacy and the Specialty Pharmacy shall dispense and ship Covered Drugs to the Member designated to receive those Drugs, or to the prescribing physician or health care provider. Participating Pharmacies are independent medical service providers and shall not be considered an agent, representative, or subcontractor of BENECARD PBF.

(f) Professional Judgment: Retail Pharmacies, the Mail Order Pharmacy, and the exclusive Specialty Pharmacy may refuse to provide Covered Drugs to a Member if, in the professional judgment of the dispensing pharmacist, the Covered Drugs should not be provided.

E. Formulary and Rebate Services:

CLIENT agrees to participate exclusively in BENECARD PBF's Rebate program and select Formularies. CLIENT authorizes BENECARD PBF to manage the Formulary and CLIENT's Rebate participation, for CLIENT and its Members. BENECARD PBF shall access rebates on behalf of CLIENT through a third-party rebate aggregator.

(a) Formulary Changes: BENECARD PBF's clinical management and Pharmacy and Therapeutics Committee shall provide a Formulary to the CLIENT and CLIENT acknowledges that Rebate administration may require changes to the Formulary or CLIENT plan design. CLIENT shall cooperate in adopting such changes. Should CLIENT elect not to adopt required changes, BENECARD PBF and CLIENT shall mutually agree upon CLIENT'S Formulary and plan design decision(s) and Rebates may be adjusted. CLIENT shall not be owed a rebate for any drug which BENECARD PBF does not receive a Rebate and understands rebates are not guaranteed.

(b) Formulary Support: CLIENT agrees to cooperate with BENECARD PBF in encouraging Members' Formulary Drug utilization. BENECARD PBF will publish the Formulary on BENECARD PBF's website and communicate such Formularies to pharmacies and Members.

F. Website:

BENECARD PBF agrees to maintain a website which CLIENT and its Members may use to identify and to access Participating Pharmacies, the Mail Order Pharmacy and the Specialty Pharmacies and to access Prescription Claims History, Formulary and other program information. Upon completion of the necessary confidentiality agreements with BENECARD PBF, CLIENT may be provided access to on-line-administration (OLA) updating and reporting tools. BENECARD PBF reserves the right, in its sole discretion, to modify its website and information posted on its website from time to time.

G. Standard Reports:

CLIENT may choose from a set of standard reports that will be provided through electronic or other agreed upon media no later than thirty (30) calendar days after the close of each month and forty-five (45) calendar days after the close of each quarter. Non-standard reports will be provided, and may incur additional cost. BENECARD PBF will provide an estimate of such costs and shall begin work on such non-standard reports within a mutually agreed time frame.

H. Clinical Services:

BENECARD PBF will provide CLIENT with the Clinical Services selected by the CLIENT as set out on Appendix F **hereof**. Material changes to the Clinical Services selected may result in modification of the fees in Appendix D, and any guarantees hereunder.

I. Appeals:

BENECARD PBF shall provide the Member/Eligible Life a claims appeal process meeting the requirements of applicable federal and state law. All decisions requiring discretion about plan interpretation shall be the responsibility of the CLIENT. BENECARD PBF shall consult with the CLIENT's designated Plan representative before any decision is made to expand the established meaning of Plan benefits or to deny a claim at the final internal appeals stage. If external appeal rules apply, BENECARD PBF shall refer the Member/Eligible Life to the external review entity. All costs associated with external review are the responsibility of the CLIENT. CLIENT will be charged a fee for preparation and participation in external appeals as set out in Appendix D.

Article III
CLIENT Responsibilities

A. Plan Specifications:

(a) CLIENT has provided a true, accurate and complete description of the Covered Drug benefits available to its Members. CLIENT shall retain the sole and complete discretionary authority to manage and control its Plan, including but not limited to, the authority to decide disputed claims under the Plan, eligibility reporting, financial reporting, and funding of claims.

(b) CLIENT acknowledges that BENECARD PBF has relied upon the information provided by CLIENT and its representatives in offering the terms of this Agreement. CLIENT may, at any time, alter or amend its Plan Specifications and other Plan information; provided, CLIENT notifies BENECARD PBF in writing of all such alterations or amendments not less than sixty (60) days prior to their effective date. If those alterations or amendments materially affect the CLIENT's Rebate participation, BENECARD PBF's duties or obligations under this Agreement, then the parties will negotiate in good faith for mutually acceptable modifications of this Agreement, including but not limited to, any adjustment that may be needed to the Prescription Pricing Schedule, the Rebate Guarantees or BENECARD PBF Fees. If CLIENT and BENECARD PBF are unable to agree upon modifications, then either CLIENT or BENECARD PBF may terminate this Agreement as set out in Article IV hereof.

B. Eligibility Files:

(a) CLIENT shall provide BENECARD PBF with a true, accurate and complete eligibility file, in an electronic or paper format, on a frequency mutually agreeable to CLIENT and BENECARD PBF, identifying all eligible Members and their dependents, together with all relevant information required by BENECARD PBF to process Claims and to provide its services under this Agreement. The full file format shall include CLIENT number, group code, Member I.D., effective date, last name, first name, gender, relation code, birth date, primary street address, City, State, and five (5) digit zip code for each member and dependent. Partial or change file

formats must be agreed to between the parties. CLIENT shall be solely responsible for ensuring the accuracy of its eligibility records as submitted to BENECARD PBF, and shall be obligated to pay BENECARD PBF for all amounts due to BENECARD PBF hereunder for Claims for Members shown as eligible on the date the claim was adjudicated.

(b) Eligibility updates shall be prospective and shall be provided before the Member effective date for new adds, and shall include, but not be limited to, changes in enrollment status, such as additions of Members and dependents, name changes, address changes, contact information updates, group effective dates and termination dates of members and/or dependents resulting from divorce, marriage, death, etc., coverage reinstatements, survivor benefit updates, together with the effective date of all such changes. Eligibility updates shall be provided by CLIENT in a format and on a frequency mutually agreeable to CLIENT and BENECARD PBF. BENECARD PBF will implement CLIENT's changes to the eligibility updates provided CLIENT notifies BENECARD PBF of such changes in accordance with the provisions of this Agreement. Terminated Members may be reported retrospectively. In the event a terminated Member uses his/her Prescription Drug benefits prior to receipt of the update, the claim charges incurred on behalf of such individual, and the associated administrative fee, will be the responsibility of CLIENT.

C. Payment:

(a) Fee Invoice: BENECARD PBF shall invoice CLIENT monthly (unless an alternate payment schedule is mutually agreed upon) for the BENECARD PBF Administrative Fees as set forth in Appendix D, which fees shall be due and owing upon CLIENT's receipt of the applicable invoice, and CLIENT agrees to promptly pay BENECARD PBF all such BENECARD PBF Fees upon receipt. CLIENT will remit payment for fees or claims to Benecard Services, Inc., BENECARD PBF, JPMorgan Chase Bank, N.A. ABA #021000021, Beneficiary Name Benecard Services Inc., BENECARD PBF Lockbox Deposit Account, Account # 816864110.

(b) Claim Funding: CLIENT acknowledges that BENECARD PBF will process payment of Claims on CLIENT's behalf twice monthly (unless an alternate payment schedule is mutually agreed upon), after funding is received from CLIENT and deposited into BENECARD PBF's Claims payment account. CLIENT shall have sole financial responsibility for the funding of Claims and agrees that BENECARD PBF is not an insurer, lender or guarantor of the funding of those Claims. BENECARD PBF shall invoice CLIENT twice each month for its Claim Charges, which shall be due and owing 48 hours after receipt of the invoice via electronic funding. Following funding by CLIENT, BENECARD PBF shall reimburse Participating Pharmacies, Mail Order Pharmacy, Specialty pharmacy, and Members (when DMR applies) on CLIENT's behalf for all claims processed for the cycle period. To meet the cleared funds requirement, CLIENT must pay by ACH or wire transfer. CLIENT agrees to have cleared funds in BENECARD PBF's possession on each date disbursements are made, in amounts sufficient to cover all CLIENT's Claim Charges. The parties will follow the BENECARD PBF procedure for cleared funds. For the purpose of having adequate funds to pay valid Claims and BENECARD PBF Fees in a timely manner, BENECARD PBF may require an advanced deposit from CLIENT in an amount equal to one month's anticipated claims and fee payments, which shall be immediately replenished if any of these funds are used. BENECARD PBF and CLIENT may evaluate this amount from time to time and may reduce or increase this amount based on actual billed claims during each payment cycle. CLIENT further agrees that the Claims payment account into which CLIENT's money may be deposited may contain

money from one or more other clients receiving BENECARD PBF's services. CLIENT further agrees that BENECARD PBF may retain interest earnings not in excess of market rates pending clearance of funds for the payment of Claims.

(c) Failure to Make Funds Available: If CLIENT fails to provide BENECARD PBF sufficient funds to cover all Claims and BENECARD PBF Fees on their due date, BENECARD PBF shall have the right to suspend Claim processing immediately and to notify Participating Pharmacies, Members, and/or other persons that Claim processing is suspended. CLIENT shall be responsible for any late fees or statutory interest penalties to Participating Pharmacies caused by the CLIENT's late funding. If CLIENT fails at any time to pay any amounts due and owing under this Agreement, then in addition to any other remedies available in contract, at Law, or in equity, BENECARD PBF shall have the right to offset any unpaid amounts against any amounts (including, but not limited to Rebates) owed to CLIENT by BENECARD PBF. CLIENT acknowledges that Participating Pharmacies may pursue payment for unpaid claims directly from CLIENT.

(d) Collection: CLIENT shall be responsible for all out-of-pocket expenses of collection of CLIENT obligations, including, but not limited to attorneys' fees and costs incurred by BENECARD PBF in connection with enforcing this Agreement. The rights and remedies set forth in this paragraph are in addition to other rights and remedies available to BENECARD PBF at Law or in equity.

D. Member Communications:

BENECARD PBF will assist CLIENT in meeting its responsibility for disclosing to Members all benefit information legally required to be disclosed. BENECARD PBF will cooperate with CLIENT to provide information about the Prescription Drug Program to CLIENT for its inclusion in communications to Members.

E. CLIENT Representatives:

(a) Consultants and Brokers: If applicable, CLIENT shall provide BENECARD PBF with a signed and dated agent-of-record letter acknowledging that a consultant or broker retained by CLIENT may receive a fee or commission in connection with sales and administrative services provided by consultant or broker. BENECARD PBF will administer CLIENT's fee payments to such consultants or brokers on CLIENT's behalf, at CLIENT's direction. BENECARD PBF will continue to make such payments until an agent-of-record letter is rescinded or replaced. BENECARD PBF will pay Brown and Brown Metro, LLC, Consultant or Broker for CLIENT, \$1.30 per claim to offset the reasonable cost of proposal and consulting services for CLIENT. The CLIENT will not be billed for this amount.

(b) CLIENT's Representatives: CLIENT represents and warrants that any contracted consultant, administrator, broker, or other person which is identified by CLIENT to BENECARD PBF, is and shall be CLIENT's agent and representative on any and all matters in connection with

this Agreement, including, but not limited to, (i) additions, deletions and modifications of eligibility listings provided to BENECARD PBF; (ii) payment to BENECARD PBF of claims, services and fees; (iii) plan design and coverage decisions; and (iv) the provision and receipt of contractually required or permitted notices. CLIENT acknowledges and agrees that BENECARD PBF shall be entitled to rely upon any and all such acts and omissions by any such contracted consultant, administrator, broker or other person and, further, that any and all such acts and omissions shall be binding upon CLIENT.

F. Exclusivity:

(a) CLIENT agrees that BENECARD PBF will be the sole and exclusive processor of claims covered under CLIENT's Plan, during the term of this Agreement and any extensions thereof. Unless otherwise agreed to by BENECARD PBF and CLIENT, BENECARD PBF shall be the sole and exclusive provider of all Services described in this Agreement, including BENECARD PBF Mail Order and Specialty Pharmacy services (as referenced in Appendix G).

(b) CLIENT agrees that BENECARD PBF may delegate to parties contracted by BENECARD PBF certain administrative functions and BENECARD PBF services. BENECARD PBF shall retain full responsibility for the performance of the subcontracted service.

Article IV

Term of Agreement; Termination; and Remedies

A. Term:

This Agreement shall become effective on January 1, 2021 and shall continue in full force and effect for an initial term of three (3) years and shall continue for additional one year terms thereafter from year to year. BENECARD PBF will provide 30 days advance written notice to CLIENT of any fee increases for a renewal term.

B. Termination:

- a) Cause: Either CLIENT or BENECARD PBF may give the other party written notice of a material, substantial, and continuing breach of this Agreement. If the breaching party does not cure such breach within fifteen (15) days from the date such notice is sent, then this Agreement may be terminated immediately at the option of the notifying party. BENECARD PBF shall have the right to terminate this Agreement upon not less than ten (10) days' prior written notice if CLIENT fails to pay any amounts due and owing under this Agreement.
- b) Change in Law: Either CLIENT or BENECARD PBF shall have the right to terminate this Agreement upon not less than sixty (60) days' prior written notice if the parties are unable to agree to modifications of this Agreement because of a Change in Law, as more fully described in Article X, Paragraph H (Change in Law).

- c) HIPAA: CLIENT shall have the right to terminate this Agreement, as more fully provided in Appendix E (HIPAA), Paragraph VI (Termination for Cause).

C. Effect of Termination; Survival:

The expiration or termination of this Agreement shall not affect the continuing obligations of either party while this Agreement is in effect. Without limiting the foregoing, Article II E (Formulary and Rebate Services), Article III C (d) (Collection; Interest), Article IV E (Run-Out Period; Return of Funds), Article VI B (Non-Liability), Article VII (Indemnification), Article IX (Use of Records and Confidentiality), Article X (General Provisions), and Appendix E (HIPAA) shall survive the expiration or termination of this Agreement for any reason whatsoever.

D. Other Remedies; Notification of Termination:

A party's right to terminate this Agreement shall not be exclusive of any other remedies available to the terminating party under this Agreement, at Law or in equity.

E. Run-Out Period; Return of Funds:

Claims for Covered Drugs dispensed prior to the termination of this Agreement will be processed and paid by BENECARD PBF in accordance with the terms of this Agreement for a run-out period not to exceed six (6) months following the termination date, provided CLIENT continues to make all payments specified in this Agreement. The per-Eligible Life-per-month fee set out on Appendix D shall not be charged during the remainder of the run-out period. CLIENT must continue to fund Claims as set out herein. All undisputed and unapplied funds previously received from CLIENT shall be returned to CLIENT within sixty (60) days of the end of such run-out period.

F. Transition to Another Pharmacy Benefit Manager After Termination:

PBF will cooperate fully with the Client and a new Pharmacy Benefit Manager in event of a termination of this Agreement by either party. Cooperation includes assuring a smooth and timely transfer of PBF's responsibilities, including all Client records and other information critical to administering this Agreement. Notwithstanding the foregoing, Client or its new vendor will be responsible to pay PBM's reasonable and industry standard costs of transition files, as indicated in Appendix D.

Article V
Compliance with Law

CLIENT and BENECARD PBF agree to comply with all applicable federal and state Laws and regulations, including, but not limited to, HIPAA, and to enter into such other agreements or amendments or modifications of this Agreement to assure compliance with all such Laws. Without limiting the foregoing, CLIENT and BENECARD PBF agree to the provisions of Appendix E (HIPAA).

Article VI

Limitation of Liability

A. Arbitration: Any controversy or claim arising out of or relating to this Agreement, or the breach hereof, or the negotiations leading up to the entry into this Agreement, whether based in tort or contract and whether statutory or common law, shall be settled by binding arbitration in accordance with the commercial arbitration rules of the American Arbitration Association, and judgment upon the award rendered by the arbitrator may be entered in any court having jurisdiction thereof. The arbitration shall be held at BENECARD PBF's option, in Clifton, New Jersey or at BENECARD PBF's principal place of business. The interpretation and enforcement of this arbitration provision shall be governed by The Federal Arbitration Act. The arbitrator shall have no authority to award any party attorney fees, punitive, exemplary, multiplied, treble, or consequential damages, and each party hereby irrevocably waives any right to seek such damages in arbitration or in judicial proceedings.

B. Non-Liability: BENECARD PBF shall under no circumstances be liable for any negligence, wrongful act, error, or omission of any health care provider, other person, practitioner, pharmacist, pharmacy, physician, manufacturer, or distributor of pharmaceuticals, or their employees providing services or goods pursuant to the terms of this Agreement, nor shall BENECARD PBF assume any responsibility in any manner for any claim, loss or damage sustained by any person as a result of the providing or the failure to provide pharmaceutical services or goods pursuant to the terms of this Agreement. EACH PARTY'S LIABILITY TO THE OTHER HEREUNDER SHALL IN NO EVENT EXCEED THE ACTUAL PROXIMATE LOSSES OR DAMAGES CAUSED BY BREACH OF THIS AGREEMENT. IN NO EVENT SHALL EITHER PARTY OR ANY OF THEIR RESPECTIVE AFFILIATES, DIRECTORS, EMPLOYEES OR AGENTS, BE LIABLE FOR ANY INDIRECT, SPECIAL, INCIDENTAL, CONSEQUENTIAL, EXEMPLARY OR PUNITIVE DAMAGES, OR ANY DAMAGES FOR LOST PROFITS RELATING TO A RELATIONSHIP WITH A THIRD PARTY, HOWEVER CAUSED OR ARISING, WHETHER OR NOT THEY HAVE BEEN INFORMED OF THE POSSIBILITY OF THEIR OCCURRENCE.

Article VII Indemnification

Subject to Article VI. B (Non-Liability) and in consideration of CLIENT's covenants, representations, and warranties in this Agreement, BENECARD PBF agrees to indemnify, defend, and hold CLIENT harmless from any and all third party actions, claims, damages, expenses (including attorneys' fees and costs), and losses arising from a material breach by BENECARD PBF of its covenants or a material inaccuracy in its representations and warranties in this Agreement. In consideration of BENECARD PBF's covenants, representations and warranties in this Agreement, CLIENT agrees to indemnify, save, defend and hold BENECARD PBF harmless from any and all third party actions, claims, damages, expenses (including attorneys' fees and costs), and losses arising from (1) a material breach by CLIENT of its covenants or a material inaccuracy in its representations and warranties in this Agreement; (2) CLIENT's Plan design; or (3) coverage and claims decisions by CLIENT or its Plan.

Article VIII Maintenance of Records and Audits

A. **Maintenance of Records:** BENECARD PBF agrees to maintain and to keep true and correct books and records of all Claim Charges; eligibility files; ; CLIENT Formulary and Rebate information; reports; Pharmacy and pharmaceutical manufacturer agreements; and other information related to BENECARD PBF's services under this Agreement in a format acceptable to BENECARD PBF and for a period of ten (10) years from the date of each underlying transaction or event or as required by Law, whichever is greater.

B. **Transparency of Records:** Upon written request and completion of required confidentiality agreements, CLIENT shall have access to the contract with any third party providing formulary or rebate services, subject to the confidentiality terms in said agreement(s), and other information related to BENECARD PBF's services under this Agreement unless otherwise prohibited.

C. **Audits:** The parties acknowledge that drug transactions covered by this Agreement may be subject to audit by government authorities during and after the term of this Agreement. CLIENT shall be responsible to reimburse BENECARD PBF for any audit findings requiring payment for claims or refunds of amounts previously paid to such auditing entities. Once per calendar year, CLIENT or its designated representative, at CLIENT's expense, may audit information pertaining to any one year to verify BENECARD PBF's performance under this Agreement provided, (i) CLIENT is current on its payment obligations under this Agreement, (ii) the designated representative is acceptable to BENECARD PBF, (iii) the designated representative does not, in BENECARD PBF's sole discretion, have a conflict of interest with BENECARD PBF, (iv) the designated representative had prescription benefit adjudication and processing knowledge and background, (v) a mutually acceptable confidentiality agreement among CLIENT, the designated representative, and BENECARD PBF is executed, and (vi) subject to the confidentiality terms in any vendor agreements that relate to drug transactions covered by the audit. Each audit shall be conducted upon not less than sixty (60) calendar days' prior written notice and only during BENECARD PBF's normal business hours. CLIENT shall have the right to audit off-site Claim Charges and Claim payments, which BENECARD PBF agrees to provide in its standard electronic format. No audit shall be conducted during December or January of any year. BENECARD PBF agrees to cooperate with CLIENT in conducting its audit. CLIENT agrees to provide the audit report with BENECARD PBF within sixty (60) days of the date on the final audit report.

Article IX

Use of Records and Confidentiality

A. **Protected Health Information:** CLIENT acknowledges that Protected Health Information will be obtained by BENECARD PBF and third parties contracted to BENECARD PBF in providing services under this Agreement and such Protected Health Information will be obtained from and/or distributed to CLIENT, Participating Pharmacies, the Mail Order Pharmacy, the Specialty Pharmacy, and Members' physicians for drug utilization review and other purposes related to the services provided in connection with this Agreement. Subject to the provisions of Appendix E (HIPAA), CLIENT permits BENECARD PBF to use and disclose such data in performance of its duties and obligations in connection with this Agreement.

B. **De-Identified PHI:** BENECARD PBF shall not sell, give or otherwise commercialize the use of any de-identified PHI. CLIENT grants BENECARD PBF permission, during and after the expiration or term of this Agreement, to use and/or transfer to third parties de-identified Protected

Health Information collected, created or received by BENECARD PBF for research, profiling, and other business purposes required for the performance of its Services hereunder. BENECARD PBF shall retain full ownership rights over all resultant data.

C. Confidential, Commercial Information: CLIENT and BENECARD PBF agree not to use or disclose the other's proprietary, trade secrets, and confidential information ("Confidential Information") to any third party, while this Agreement is in effect or after its expiration or termination, except (1) as specifically contemplated by this Agreement; (2) with the other's prior written consent; (3) as required by Law; or (4) to the extent such information becomes generally available to the public, through no action or fault of the receiving party. Such Confidential Information shall include, but not be limited to: with respect to BENECARD PBF: the terms and conditions of this Agreement; BENECARD PBF's business operations and strategies; Pharmacy and Therapeutics Committee meeting minutes, procedures, processes and protocols; Pharmacy reimbursement rates including, but not limited to, MAC lists; Pharmacy and pharmaceutical manufacturer agreements; Formulary and Rebate information; reporting packages, and BENECARD PBF's clinical and pharmacy audit services, algorithms, procedures, processes, and protocols; and with respect to CLIENT: its business operations and strategies. CLIENT and BENECARD PBF shall cease using the other's Confidential Information upon termination of this Agreement or a subsequent agreement between the parties and shall return or destroy such information at the disclosing party's written direction.

Article X **General Provisions**

A. Notices: All notices required or permitted under, or related to, this Agreement or the subject matter herein shall be deemed to have been given if written notice is delivered or deposited properly addressed to:

BENECARD PBF:
Benecard Services, Inc.
5040 Ritter Road
Mechanicsburg, PA 17055

CLIENT:
Township of Middletown
1 Kings Highway
Middletown, NJ 07748

Either CLIENT or BENECARD PBF may change its address for receipt of such notice by providing like written notice to the other party.

B. Trademarks: BENECARD PBF retains all rights, title, and interest in and reserves the right to use and control the use of the words Benecard Services, Inc., Benecard, BeneRx, BENECARD PBF, Pharmacy Benefit Facilitator, RxTrainer, and all symbols, trademarks, logotypes, and service marks presently existing or hereafter established.

CLIENT acknowledges that BENECARD PBF's web site contains graphics, information, photos, software, text, and other material (together, "Content") that are protected by copyright, trademark, trade secret, and other intellectual property law, and that these rights are valid and protected in all forms, media, and technologies existing now or later developed. CLIENT agrees not to modify, publish, transmit, create derivative works, or in any way exploit any of the Content in whole or in part except for the purposes of this Agreement. If CLIENT maintains a website with Plan information for access by its Members, then BENECARD PBF grants CLIENT, during the term of this Agreement, a non-exclusive right to establish a link (i.e. a graphical image file provided by BENECARD PBF) to BENECARD PBF's website and to post on CLIENT's website information related to BENECARD PBF and the uses described above. CLIENT agrees that all information on, and modifications to, its website related to BENECARD PBF or the above uses shall be subject to BENECARD PBF's prior written approval, which shall not be unreasonably withheld.

C. **Entire Agreement:** This Agreement, all appendices, attachments, exhibits, and schedules, and all Plan Specifications, policies, and procedures referenced herein contain the complete understanding between the parties and supersede all discussions and writings between the parties that may have occurred before entering into this Agreement. There are no other agreements or undertakings, written or oral, in effect between the parties relating to the subject matter herein.

D. **Effect of Invalidity:** If any provision of this Agreement is held invalid or unenforceable by a court of competent jurisdiction, the other provisions of this Agreement shall remain in full force and effect. Any provision of this Agreement held invalid or unenforceable only in part or degree shall remain in full force and effect to the extent not held invalid or unenforceable, and the parties authorize and request the court to revise any invalid, unenforceable or unreasonable provision in a manner that results in the provision being enforceable while remaining as similar as legally possible to the purpose and intent of the original.

E. **Amendment:** This Agreement may be amended or modified solely through a writing signed by authorized persons on behalf of both parties.

F. **Assignment and Binding Effect:** Neither party may assign or transfer its rights or obligations under this Agreement, in whole nor in part, without the other party's prior written consent, which shall not be unreasonably withheld, except that either party shall have the right to assign or transfer its rights and obligations to a successor entity. This Agreement shall inure to the benefit of and shall be binding upon the parties hereto and their respective successors and permitted assigns.

G. **Choice of Law:** This Agreement shall be governed by and construed in accordance with applicable federal Law, including HIPAA. To the extent such Law does not apply, the Law of the State of New Jersey, without regard to its choice-of-law principles, shall govern all claims arising out of or relating to this Agreement, whether based in tort or contract or warranty, or statutory or common law.

H. **Change in Law:** In the event of any change in Laws which materially alters the rights, duties, obligations, or cost of performance of either party under this Agreement, the parties will work in good faith toward mutually acceptable modifications of this Agreement. If CLIENT and

BENECARD PBF are unable to agree upon modifications, then either CLIENT or BENECARD PBF may terminate this Agreement as set out in Section IV hereof.

I. Independent Parties: This Agreement is not intended, and shall not be construed, to create any relationship between CLIENT and BENECARD PBF other than that of independent contractors. Neither CLIENT nor BENECARD PBF shall be construed to be the agent, partner, employee, fiduciary, or representative of the other and neither party shall have the right to make any representations concerning the duties, obligations or services of the other except as consistent with the express provisions of this Agreement or as otherwise authorized in writing by the other party.

J. Third Party Beneficiaries: This Agreement is not intended, and shall not be construed, to create third party beneficiary rights in any person except for each Participating Pharmacy that agrees CLIENT is exclusively liable for the funding of Claims and for the sole purpose of receiving funding of Participating Pharmacy's own Claims by CLIENT in accordance with Article III, C, (b) (Claim Funding).

K. Force Majeure: Neither party shall be liable in any manner for any delay in performance of its obligations hereunder beyond such party's reasonable control, including, but not limited to, any delay or failure due to epidemic outbreaks, strikes, labor disputes, riots, earthquakes, storms, floods, or other extreme weather conditions, fires, explosions, acts of God, embargoes, terrorist acts, war or other outbreak of hostilities, government acts or regulations, or the failure or inability of carriers, suppliers, delivery services, or communication providers to provide services necessary to enable a party to perform its obligations hereunder.

L. Construction: This Agreement shall be construed and interpreted neutrally and without regard to the party that drafted it. Article, section and paragraph headings in the Agreement are for convenience only and are not a part of this Agreement. Such headings shall not affect the meaning or construction of any provision herein. All references to appendices, articles, exhibits, paragraphs, and sections shall be references to appendices, articles, exhibits, paragraphs, and sections of this Agreement, unless otherwise stated. Any reference to days shall be a reference to calendar days unless otherwise stated in this Agreement.

IN WITNESS WHEREOF, and intending to be legally bound, the parties have executed this Agreement as of the day and year of acceptance written below.

CLIENT: TOWNSHIP OF MIDDLETOWN

By: _____

Name: _____

Title: _____ Date: _____

BeneCard PBF: BENECARD SERVICES, INC.

By: _____

Name: _____

Title: _____ Date: _____

CONFIDENTIAL

APPENDIX A DEFINITIONS

The following capitalized terms, including their single and plural forms, shall have the meanings set forth below:

“Agreement” - means this Agreement to Provide Prescription Drug Benefit Services and all amendments, appendices, modifications, schedules and exhibits to this Agreement.

“Average Wholesale Price” or “AWP” - means the average wholesale price for a Prescription Drug or other pharmaceutical product, as published by Medi-Span® or another nationally recognized pricing source at the discretion of BENECARD PBF. Unless there is a system complication which disallows so, the average wholesale price will be updated by or on behalf of PBF at least once each business week.

“BENECARD PBF Fees” - means fees paid by CLIENT to BENECARD PBF for BENECARD PBF Services as set forth in Appendix D.

“Biologics” or “Biological Products” - as defined under Section 351 of the Public Health Service (PHS) Act, Biologics or a biological product is a “virus, therapeutic serum, toxin, antitoxin, vaccine, blood, blood component or derivative, allergenic product, or analogous product applicable to the prevention, treatment, or cure of a disease or condition of human beings.”

“Biosimilar(s)” - means a Prescription Drug(s) whose active drug substance is made by a living organism or derived from a living organism by means of recombinant DNA or controlled gene expression methods and approved under the guidelines of the FDA provided by the Biologics Price Competition and Innovation Act (BPCI Act). Pursuant to the BPCI, a biological product may be demonstrated to be “biosimilar” if data show that, among other things, the product is “highly similar” to an already-approved biological product. FDA will require licensed biosimilar and interchangeable biological products to meet the Agency’s exacting standards of safety and efficacy. Biologics Price Competition and Innovation Act (BPCI Act) refers to the pathway as provided under the Patient Protection and Affordable Care Act (Affordable Care Act), signed into law on March 23, 2010, which amends the Public Health Service Act (PHS Act) to create an abbreviated licensure pathway for biological products that are demonstrated to be “biosimilar” to or “interchangeable” with an FDA-licensed biological product. This pathway is provided in the part of the law known as the Biologics Price Competition and Innovation Act (BPCI Act).

“Brand Drug” - Shall mean and refer to prescription drug(s) designated with either “M”, “N”, and “O” in Medispan’s Multi-Source Code field.

“Cash Business” - means those Claims involving payment of the entire cost of the drug by the individual receiving such drug due to such individual not being covered by any Benefit Plan which provides for payment of the entire, or any portion of, the cost of the drug and/or involving members for which CLIENT and/or a provider of prescription drug benefit coverage maintains no eligibility information. Cash Business includes a network discount program in which the Member may access pharmacy discount rates, but for which there is no underlying funded

benefit. Cash Business does not mean Claims involving payment of the entire cost of the drug by the individual receiving the drug due to exhaustion of his or her prescription drug benefit or Claims initially paid for by the Member where the Member is entitled to subsequent reimbursement from the provider of the prescription drug benefit coverage or where the Member's copayment is larger than the cost of the drug.

"Claim" - means a contractual payment request submitted by a Participating Pharmacy, the Mail Order Pharmacy or the Specialty Pharmacy dispensing one or more Prescription Drugs and transmitted in accordance with the electronic transaction standards set forth in 45 CFR Parts 160, 162 and 164 or provided in a written form acceptable to BENECARD PBF, and any Direct Reimbursement Claim submitted by a Member.

"Claim Charge" - means the price paid by CLIENT to BENECARD PBF for Covered Drugs dispensed to Members, plus any applicable federal, state or local tax, fee, or surcharge.

"Clean Claim" - means a claim which can be processed and successfully adjudicates without BENECARD PBF intervention.

"Compound Prescription" means a prescription where two or more medications are mixed together, and in which, at minimum, one medication must be a Federal Legend Drug. The end product must not be available in an equivalent commercial form. A prescription will not be considered a compound prescription if it is reconstituted or if, to the active ingredient, only water, alcohol or sodium chloride solutions are added.

"Covered Drugs" - means those Prescription Drugs including, but not limited to Maintenance Drugs, Specialty Drugs, insulin syringes and supplies, over the counter preparations, and other pharmacy devices and supplies that are covered by CLIENT's Plan Specifications and are prescribed by a physician or other health care provider duly authorized under applicable Law to prescribe such a Prescription Drug.

"Direct Member Reimbursement Claim" - means a manual claim for direct reimbursement of a Prescription Drug expense submitted by a Member in a format acceptable to BENECARD PBF.

"Dispensing Fee" - means the agreed upon fee for a Pharmacy's dispensing of a Covered Drug, in addition to the drug ingredient charge.

"Eligible Life" - means every individual identified by CLIENT to BENECARD PBF as eligible to receive Covered Drug benefits in accordance with the provisions.

"FDA" - means the United States Food and Drug Administration.

"Formulary" - means a list of Covered Drugs developed, published and periodically revised and reviewed by BENECARD PBF's clinical management and Pharmacy and Therapeutics Committee adopted by CLIENT or its Plan,. A Formulary will contain both Preferred and Non Preferred Formulary Drugs.

“Generic Drug” - Shall mean and refer to prescription drug(s) designated with a “Y” in Medispan’s Multi-Source Code field.

“HIPAA” - means the Health Insurance Portability and Accountability Act of 1996, as amended from time to time.

“HIPAA Privacy Rule” - means the rules and regulations related to the use and disclosure of individuals’ Protected Health Information under 45 CFR Parts 160 and 164.

“Identification Card” - means a card containing specific information concerning a Member, the Member’s dependents and CLIENT’s Plan Specifications. An Identification Card is not intended and shall not be construed to create proof of an individual’s eligibility for Covered Drug benefits.

“Law” - means any federal, state, local, foreign or sovereign Indian nation law, ordinance, rule, regulation or judicial or administrative interpretation thereof.

“Limited Distribution Drug” - means a drug which can only be obtained through either limited distributors, or a restricted channel as mandated by the manufacturer or FDA and/or is in limited supply as determined by BENE CARD PBF.

“MAC” - means BENE CARD PBF’s proprietary compensation level established and modified by BENE CARD PBF in its discretion for generic Covered Drugs.

“Mail Order Pharmacy” - means a mail service pharmacy that is contracted with BENE CARD PBF to dispense/process Prescription Drugs via mail or other parcel delivery service to individuals including Members. The Mail Service Pharmacies identified in Appendix G shall be the sole pharmacy or pharmacies authorized as PBM’s Mail Service Pharmacy.

“Maintenance Drugs” - means Prescription Drugs prescribed for the treatment of chronic conditions.

“Member” - means the cardholder identified by CLIENT as the principal eligible to receive Covered Drug benefits in accordance with the provisions of this Agreement.

“NCPDP” - means the National Council for Prescription Drug Programs or its successor.

“Non-Participating Pharmacy” - means any retail Pharmacy that is not a Participating Pharmacy. BENE CARD PBF may allow a Non-Participating Pharmacy to dispense Prescription Drug to individuals including Members during the process of entering into an Agreement for Participating Retail Pharmacy.

“Non-Preferred Formulary Drug” - means a list of drugs which has been developed, published, and periodically revised by BENE CARD PBF’S clinical management and Pharmacy and Therapeutics Committee. These drugs will be listed on the Formulary with a Non-Preferred status.

“New to Market Drug” - means any drug that is not on the market as of the effective date as of this agreement.

“Over the Counter” (OTC) - means drugs which are defined by the FDA as safe and effective for use by the general public without a prescription, and which are classified by Medi-Span.

“Participating Pharmacy” - means a Pharmacy that is assigned a National Council of Prescription Drug Programs (“NCPDP”) number and enters into an agreement with BENECARD PBF to dispense Prescription Drugs to individuals including Members.

“Pharmacy” - means a corporation, limited liability company, partnership, proprietorship or other legal entity that owns or operates a licensed pharmacy.

“Plan” - means CLIENT’s self-funded health plan, which provides pharmacy benefits to Members as described in CLIENT’s Plan document.

“Plan Specifications” - means a description of CLIENT’s Plan related to Prescription Drug benefits and coverage limitations, including the framework of policies, interpretations, rules, practices and procedures applicable to such benefits, required by CLIENT and set forth in a mutually agreed upon document.

“Preferred Formulary Drug” - means a list of drugs which has been developed, published, and periodically revised by BENECARD PBF’S clinical management and Pharmacy and Therapeutics Committee. These drugs will be listed on the Formulary with a Preferred status.

“Prescription Drug” - means an FDA-approved or state restricted drug or drug product that may, under Law, be dispensed only pursuant to a prescription order or authorized refill of a prescription order.

“Protected Health Information” or “PHI” - means individually identifiable health information related to the past, present, or future physical or mental health or condition of a Member; the provision of care health care to a Member; or the past, present or future payment for the provision of health care to a Member, as more fully defined in 45 CFR §160.103, and all other patient information protected under Law.

“Rebates” - mean retrospective remuneration received either from a manufacturer or via a third party which is directly attributable to the utilization of eligible members.

“Specialty Clinical Consultation List” -- means a list of drugs that require elevated levels of clinical counseling and monitoring as defined by the BENECARD PBF Clinical staff. Drugs on this list are considered specialty for the purposes of claims adjudication.

“Specialty Drug” - means a Prescription Drug usually characterized as a prescription drug that may require special distribution service, handling and/or administration procedures.

“Specialty Pharmacy” - means exclusive specialty pharmacy that is contracted with BENECARD PBF to dispense Specialty Drugs to individuals including Members. The Specialty Pharmacies

identified in Appendix G shall be the sole pharmacy or pharmacies authorized as PBM's Specialty Pharmacy.

"Specialty Rebate List" - means a list of drugs identified for the purposes of specialty rebates only.

"Usual and Customary Price" or "U&C" - means the retail price charged by a Non-Participating Pharmacy or a Participating Pharmacy for a particular Prescription Drug in a cash or uninsured transaction on the date such drug is dispensed.

CONFIDENTIAL

APPENDIX B
PRESCRIPTION PRICING SCHEDULES

Change in Reimbursement Methodology

If an industry wide change occurs in reimbursement methodology on or after implementation of this Agreement, which materially alters the agreed upon pricing benchmark, the parties will negotiate in good faith on a replacement methodology. The parties agree to modify the reimbursement discounts under this Agreement using the new pricing benchmark and will attempt to maintain the parties' respective economic positions under the Agreement such that the total reimbursement of a product using the new pricing benchmark is the same as before the discontinuation of the contracted pricing benchmark. CLIENT and BENECARD PBF acknowledge that this Appendix B is based, in whole or in part, upon the reported AWP of Covered Drugs. If AWP is no longer reported, in whole or in part, by the pricing service subscribed to by BENECARD PBF for Claim processing, then the MAC prices, AWP discounts, Dispensing Fees, and other items described in the Prescription Pricing Schedule may no longer be in effect and BENECARD PBF shall have the right to amend the Prescription Pricing Schedule upon written notice to conform to the pricing negotiated with Participating Pharmacies, the Mail Order Pharmacy and the Specialty Pharmacy. For purposes of this provision, the source of published wholesale acquisition cost ("WAC"), "AWP" or other generally accepted methodology shall be the same to the extent feasible. BENECARD PBF shall use its best efforts to require the pricing methodology switch will be cost neutral to CLIENT.

Material Change in Pharmacy Network: The exclusion or withdraw of a major pharmacy chain from the Participating Pharmacy Network may impact the overall pricing guarantees in this Appendix. BENECARD PBF shall use best efforts to provide CLIENT 60 days prior written notice of the impact of any such change.

SCHEDULE A
Claims Processing by Channel
[Retail; Mail; Specialty]

Retail

CLIENT will pay Benecard for Covered Drugs dispensed and submitted by Retail Network Pharmacies an amount equal to the lowest of (i) the dispensing pharmacies submitted usual and customary price (U&C); (ii) the maximum allowable cost ("MAC"), where applicable plus, dispensing fee, or (iii) discounted AWP plus dispensing fee. Members will never pay more than their plan copayment or coinsurance, discounted cost, MAC, or the pharmacy's Usual and Customary or contract price, whichever is lowest. Compounds dispensed at retail are subject to a compounding fee that varies by participating pharmacy. Federal, state, local taxes and fees may apply and are excluded from guaranteed discounts.

Mail

CLIENT will pay BENECARD PBF for Covered Drugs dispensed and submitted through Mail pharmacies outlined in Appendix G in an amount equal to the lowest of (i) the maximum allowable cost ("MAC") where applicable plus dispensing fee, or (ii) discounted AWP plus dispensing fee. Compounds dispensed at mail order are subject to a \$22.50 dispensing fee. Federal, state, local taxes and fees may apply and are excluded from guaranteed discounts.

Benecard Central Fill Specialty CLIENT will pay BENECARD for Covered Drugs dispensed and submitted through Benecard Central Fill Specialty outlined in Appendix G. Federal, state, local taxes and fees may apply and are excluded from guaranteed discounts.

Retail Specialty CLIENT will pay BENECARD PBF for Covered Drugs dispensed and submitted by Retail Network Pharmacies an amount equal to the lowest of (i) the dispensing pharmacies submitted usual and customary price (U&C); (ii) the maximum allowable cost ("MAC"), where applicable plus, dispensing fee, or (iii) discounted AWP plus dispensing fee. Members will never pay more than their plan copayment or coinsurance, discounted cost, MAC, or the pharmacy's Usual and Customary or contract price, whichever is lowest. Compounds dispensed at retail are subject to a compounding fee that varies by participating pharmacy. Federal, state, local taxes and fees may apply and are excluded from guaranteed discounts.

SCHEDULE B
Guarantees
[Retail; Mail; Specialty]

Pricing Guarantee

Within 120 days after the end of each Contract year, BENECARD will reconcile all pricing guarantees as billed to CLIENT for claims incurred during the contract year as set forth below. If the actual performance is less than the guaranteed amounts, BENECARD will make up any net shortfall on a dollar for dollar basis. For purposes of this guarantee, net shortfall is defined as the aggregate shortfall of all pricing guarantees. Surpluses in one guarantee may be used to offset shortfalls in another guarantee. The effective rate guarantee for ingredient cost is calculated by subtracting the total ingredient cost paid from the corresponding 100% of AWP value for brand and generic claims (based on Medi-Span), then dividing that number by the corresponding 100% of AWP value. The average dispensing fee guarantees, if applicable, are calculated by dividing the total amount of dispensing fees paid, by the total number of prescriptions dispensed. Guarantees assume participation in our standard clinical programs, no significant change(s) to information provided as part of the RFP, retail network, enrollment, drug coverage, or plan design that could have a material impact on eligibility, utilization, or drug mix. In the event that material shifts of 2% or greater in specialty utilization or 10% more or less in utilization in any other given channel from historical claims detail provided during RFP process or renewal process or material shifts of 10% in life count beyond what was specified at any time during the initial term, then BENECARD PBF reserves the right to adjust the guarantees. In the event any of BENECARD PBF's vendor contracts change materially, BENECARD PBF reserves the right to adjust guarantees accordingly. Financial Guarantees that are impacted by CLIENT's plan design are only valid when a supportive plan design is adopted by the CLIENT. CLIENT entered overrides via Online Administration tool ("OLA") or CLIENT directed overrides are excluded from guarantees. Prescription claims previously paid under coverage by medical insurance carrier are excluded from guarantees. Certain claims, as determined by BENECARD PBF, shall be excluded from guarantees, including but not limited to the following: Prescriptions filled in states that impose "most favored nations" regulations on retail pharmacies reimbursement, Prescriptions filled in Alaska, Hawaii, Massachusetts, and all US territories including, but not limited to, American Samoa, Guam, the Northern Mariana Islands, Puerto Rico, and the Virgin Islands, OTC products, Compound drugs, certain controlled substances (C-II's), certain generic oral contraceptives, certain medical devices and supplies, paper pharmacy claims if reimbursement at submitted amount less copayment, patent litigated claims, generics in limited supply, home infusion claims, Medicaid claims, long-term care pharmacy claims, VA claims, direct member reimbursement claims if requested by CLIENT to be paid at a rate other than what would have been paid had the member used a participating pharmacy, Affordable Care Act (ACA) OTC products, vaccines, Biologics, and any supplies related to the drug dispensed. Certain drugs which require Drug Wholesaler Special Handling Provisions are not subject to guarantees. CLIENT acknowledges drug price increases due to market conditions, new to market product, manufacturer changes or drug wholesaler's Select Special Priced Products including, but not limited to Limited Distribution Drugs (LDD) are not subject to financial guarantees, unless otherwise specified.

Retail 30

Open Network	AWP Discount			Dispensing Fee
	Year 1	Year 2	Year 3	All Three Years
Retail 30 Brand	19.00%	19.25%	19.50%	\$0.85
Retail 30 Generic	82.00%	82.25%	82.50%	\$0.85

Retail 90

Open Network	AWP Discount			Dispensing Fee
	Year 1	Year 2	Year 3	All Three Years
Retail 90 Brand	21.00%	21.25%	21.50%	\$ 0.10
Retail 90 Generic	83.50%	83.75%	84.00%	\$0.10

Mail

Pharmacies listed in Appendix G	AWP Discount			Dispensing Fee
	Year 1	Year 2	Year 3	All Three Years
Mail Order Brand	23.50%	23.75%	24.00%	\$0.00
Mail Order Generic	84.00%	84.25%	84.50%	\$0.00

Benecard Central Fill Specialty

Pharmacies listed in Appendix G	AWP Discount	Specialty Dispensing and Management Fee
Benecard Central Fill Specialty	19.00%	\$0.00

Retail Specialty

	AWP Discount	Dispensing Fee
Specialty Retail	15.00%	\$1.75

APPENDIX C
REBATES

Primary Formulary	Year 1	Year 2	Year 3
Retail 30 Brand Drug (1 to 83 day supply)	\$131.00	\$153.00	\$153.00
Retail 90 Brand Drug (assumes 84 day supply +)	\$406.00	\$473.00	\$473.00
Mail Brand Drug	\$366.00	\$433.00	\$433.00
Specialty Brand Drug	\$1,110.00	\$1,233.00	\$1,233.00

- A. Eligible Claims:** Eligible Claims are any electronically or manually adjudicated Claim paid for a Covered Prescription Drug Service within existing benefit limits for an active eligible Member. Eligible Claims exclude (i) any reversals or Claims for non-eligible Members; (ii) any Claims from Cash Business; (iii) any Claims for Compound Prescriptions; (iv) any Claims from a Workers' Compensation plan or other statutory plan providing monetary awards for persons injured on the job; (v) any Claims from Medicaid business; (vi) any Claims from 340B Covered Entities; (vii) any Claims for vaccines, over-the-counter products or over-the-counter equivalents, excluding diabetic test strips; (viii) any Claims for Covered Prescription Drug Services dispensed by a Long-Term Care Pharmacy, Home Infusion Pharmacy, Indian Health Service/Tribal/Urban Health Pharmacy, or Territory Pharmacy; any Military or VA Hospital Pharmacy (ix) any Claims for Medicare Parts B and D; and (x) any claims that originate outside of the United States. CLIENT shall not be owed a Rebate for any drug which BENECARD PBF does not receive a Rebate acknowledges the terms outlined in section H below.
- B. Duplicate Rebates:** Any Claims for which CLIENT receives Rebates from another source, including, but not limited to, direct contracts with drug manufacturers or Claims for Members who have obtained pharmacy benefits from federal health care programs (including, but not limited to, Medicaid, Medicare, or any other state or federal health care programs) shall not result in Rebates due and owing to CLIENT for the same drugs. If any Members have drug utilization that is submitted for government program Rebates from drug manufacturers, then CLIENT shall pay BENECARD PBF all Rebates improperly made by BENECARD PBF and reimburse BENECARD PBF its fees and costs related to such Rebates; and BENECARD PBF shall have the right to terminate CLIENT's participation in the Rebate program. Duplicate rebates also include duplicate prescriptions meaning same covered Prescription Drug Service, prescription number, pharmacy fill date and refill number. This category includes Duplicate Prescriptions (as defined above) across previous submissions from all of a Manufacturer's customers, as well as Claims for which a Plan under this Agreement provides secondary coverage in a coordination of benefits scenario.

- C. Exclusive Rebates:** CLIENT agrees not to participate directly or indirectly in any other Formulary or Rebate program related to Claims processed by BENECARD PBF pursuant to this Agreement. If a manufacturer or BENECARD PBF determines that CLIENT or its Members have submitted Prescription Drug utilization, directly or indirectly, to pharmaceutical manufacturers for purposes of Rebates, then CLIENT shall pay BENECARD PBF all Rebates improperly paid in connection with its utilization and reimburse BENECARD PBF its fees and costs related to such Rebates; and BENECARD PBF shall have the right to terminate CLIENT's participation in the Rebate program.
- D. Rebate Eligibility:** CLIENT acknowledges that its eligibility to receive Rebates are subject to: (i) CLIENT's Plan design, including, but not limited to the adoption of applicable plan benefit designs; (ii) CLIENT's participation in Formulary Support programs; (iii) payment in full of all outstanding claims funding, advanced funding, and BENECARD PBF administrative fees; (iv) and the remaining provisions of this Agreement. CLIENT acknowledges that Direct Reimbursement Claims or benefits not funded by CLIENT may not be eligible for Rebates.
- E. Client Eligibility:** means an organization that: (i) is an employer, union, third party administrator, insurer, HMO or other health plan sponsor or other entity that issues or administers one or more Plan(s); (ii) offers prescription drug benefits to Members (including MA-PD or PDP plans and Qualified Retiree Prescription Drug ("QRPD") Plans as defined in 42 C.F.R. § 423.882); (iii) is responsible for 50% or greater of the aggregate annual costs of all Covered Drugs dispensed for all of such entity's Members; and (iii) is under a written agreement with Client for the provision of formulary and Rebate Services .
- F. Rebate Changes:** CLIENT acknowledges that its eligibility to receive credits for Rebates or to receive a Rebate amount/percentage may change because of changes in its benefit plan design, changes to the number of covered members or pharmacy Claims volume of greater than 10% (e.g. channel, formulary, line of business, etc.) as compared to the data and claims experience provided by CLIENT during RFP process which has a material impact on BENECARD's ability to obtain Rebates, CLIENT changes to the Formulary, including but not limited to Utilization Management changes that cause a negative impact to rebates government action including government best-price policies, government action including government best-price policies, a change in any law, regulation, interpretation of a law or regulation, or any change within the PBM marketplace which would lead to a deviation from the current economic environment upon which these Guaranteed Rebates are based. Rebate changes also include unexpected market events such as generics launched at risk, authorized Generic Drug launches, products launched at risk, introduction of biosimilars. , the loss of patent protection for Brand Drugs or the extension of such protection, the entry of Generic Drugs into the marketplace, changes in BENECARD PBF's contracts or performance related to those contracts with other firms associated with providing pharmaceutical rebates, and other situations which make it commercially unreasonable for BENECARD PBF to collect Rebates. BENECARD PBF shall use reasonable effort to provide not less than forty-five (45) days' written notice to CLIENT of any such change in Rebates or change in Rebate Guarantee amounts.

CLIENT agrees that BENECARD PBF shall not have any liability or obligation to CLIENT or its Members for any failure by rebate aggregator or other persons associated with providing pharmaceutical rebates to pay any Rebates, any breach of an agreement related to the transactions contemplated by this Agreement by any such manufacturer or other person, or any negligence or willful misconduct of any such manufacturer or other person. BENECARD PBF shall not be required to institute or participate in any litigation, arbitration or mediation to obtain Rebates.

G. Data Exchange: CLIENT agrees that, consistent with the HIPAA Privacy Rule and other applicable Law, BENECARD PBF may provide data submissions to third parties, or its rebate intermediary, in exchange for Rebates.

H. Rebate Payments: Benecard will retain all pharmaceutical rebate remuneration. In lieu of rebates, Client will receive flat rebate payments in the form of administrative credits. BENECARD PBF may offset from the Rebate amount any amount owed by CLIENT for unfunded claims, advance funding, and/or BENECARD PBF administrative fees. BENECARD PBF, on a quarterly basis, shall use reasonable commercial efforts to pay such Rebate amounts during the month in which they are received and validated, but no later than the end of the immediately following month. CLIENT acknowledges and agrees that BENECARD PBF's operating account may include monies representing Rebates attributable to other clients and their members. CLIENT further agrees that amounts owed by BENECARD PBF are contractual obligations for payment and Rebates are not Plan assets, and BENECARD PBF shall have the right to retain interest earnings on such amounts and Rebates including administrative fees paid directly in the connection to administrating, invoicing, allocating, and collecting the Rebates under the BENECARD PBF Rebate program.

I. Rebate Reports: BENECARD PBF shall provide CLIENT a quarterly report of Rebates attributable to CLIENT when the Rebates are credited.

APPENDIX D
BENECARD PBF FEES AND CLIENT CREDITS

CLIENT: Township of Middletown

For the period January 1, 2021 to December 31, 2023

CLIENT is responsible for the cost of any unused inventories of ID cards, brochures, etc. due to changes or termination.

CLIENT may also receive credits related to rebates and audit recoveries.

The following services are included in our pricing offers:

- Program Analysis and Benefit Modeling
- Open Enrollment Participation and Support
- Toll-Free Call Center Support
- Member Welcome Packet
- Member Online Access to Benefit Details and Health Information
- Implementation Support
- Plan Setup (unlimited plan design parameters)
- Plan Design Changes (mid contract, contract renewal)
- Electronic and Manual Eligibility Submission
- Online Eligibility Access
- Medical Financial Data Integration
- Secure Data Transfer via FTP or VPN Connection
- Electronic Claims Processing
- Claim History (access to two years of history online)
- Access to BeneCard PBF's National Network of Pharmacies
- Network Management and Communications
- Network Pharmacy Audits (pass through 100% of audit recoveries)
- Customizable Report Package
- Access to Online Reporting Tool
- Claims Detail File (NCPDP format)
- Formulary Management via P&T Committee
- Formulary Communications Online at www.benecardpbf.com
- Concurrent, Retrospective, and Prospective DUR Edits
- Fraud, Waste and Abuse (online edits)
- Clinical and Industry News Alerts for MEMBER GROUPs

Additional Services available to CLIENT at additional cost:

Service Provided by BeneCard PBF	Fee
Member Submitted Claims Processing	\$2.50 per claim
Medicaid Secondary Claims Processing	\$2.50 per claim
Annual Benefit Summary (EOB)	\$1.50 plus postage
Customized Identification Card containing Client's logo or other customizations outside of standard	To be provided based on customization.
Replacement ID Cards	Typically \$1.69 plus postage
Drug Quantity Management and Step Therapy	Edits are included. If a clinical prior authorization override is required, a fee of \$45 applies to each.
Administrative Prior Authorization	\$5.00 per plan prior authorization
Clinical Prior Authorization and Internal Appeals	\$45 per authorization
Clinical Communications	\$2.00 per clinical communication letter plus postage Clinical Letter Options: <ul style="list-style-type: none"> • Clinical Cost Management Letters: • Fraud, Waste & Abuse – Retrospective • Polypharmacy
Enhanced Retrospective and Prospective DUR	Enhanced RDUR and prospective DUR are each offered at \$1.60 PMPM for those members participating in the program.
Internal Appeals reviewed by Medical Director	\$55 per review by Medical Director
External Appeals reviewed by Independent Review Organization (IRO)	Costs passed through from IRO to Client
External Appeals at administrative or judicial level	\$150.00 Per Hour for preparation and participation in external appeals, plus reasonable travel expenses, if applicable.
Programming to support specialized reporting or plan design	\$150 per hour
Transition files	Cost per transition file is \$1,500.
Comprehensive copay assistance program	\$0.83 per life (employee and dependent[s]) per month. Vendor fees will be passed through to the client should they increase.

Please note: Additional production and postage costs may apply to optional mailing initiatives such as mail promotion, satisfaction surveys, formulary mailings, medication safety, and physician prescribing patterns. Costs typically average \$2.00 per mailing plus postage. These mailings would be initiated at the client's request and discretion.

CONFIDENTIAL

APPENDIX E

HIPAA

BUSINESS ASSOCIATE AGREEMENT

I. Definitions

Catch-all definition:

The following terms used in this Agreement shall have the same meaning as those terms in the HIPAA Rules: Breach, Data Aggregation, Designated Record Set, Disclosure, Health Care Operations, Individual, Minimum Necessary, Notice of Privacy Practices, Protected Health Information, Required By Law, Secretary, Security Incident, Subcontractor, Unsecured Protected Health Information, and Use.

Specific definitions:

- (a) Business Associate. "Business Associate" shall generally have the same meaning as the term "business associate" at 45 CFR 160.103.
- (b) Covered Entity. "Covered Entity" shall generally have the same meaning as the term "covered entity" at 45 CFR 160.103.
- (c) HIPAA Rules. "HIPAA Rules" shall mean the Privacy, Security, Breach Notification, and Enforcement Rules at 45 CFR Part 160 and Part 164.
- (d) Service Agreement. "Service Agreement" shall mean that agreement by and between the Covered Entity and the Business Associate under which the Business Associate provides services to the Covered Entity.

II. Obligations and Activities of Business Associate. Business Associate agrees to:

- (a) Not Use or Disclose Protected Health Information other than as permitted or required by the Agreement or as required by law;
- (b) Use appropriate safeguards, and comply with Subpart C of 45 CFR Part 164 with respect to electronic Protected Health Information, to prevent Use or Disclosure of Protected Health Information other than as provided for by the Agreement;
- (c) Report to Covered Entity any Use or Disclosure of Protected Health Information not provided for by the Agreement including Breaches of Unsecured Protected Health Information as required at 45 CFR 164.410, and any Security Incident of which it becomes aware, following discovery and without unreasonable delay, but in no event later than fifteen (15) days after it becomes aware of such Breach or Security Incident.

In addition to providing the Covered Entity with the information required pursuant to 45 CFR 164.410 (C), the Business Associate shall also provide the Covered Entity with any other information that it reasonably requests.

Business Associate shall not (i) notify or otherwise contact any participant or beneficiary with respect to a Breach of Unsecured Protected Health Information or Security Incident, or (ii) report any such Breach or Security Incident to any media outlet, the Secretary or any other government agency, without first notifying Covered Entity and attempting to coordinate a response. The parties shall cooperate in good faith with respect to their notification obligations under the HIPAA rules and other applicable law.

(d) In accordance with 45 CFR 164.502(e)(1)(ii) and 164.308(b)(2), if applicable, ensure that any subcontractors that create, receive, maintain, or transmit Protected Health Information on behalf of the Business Associate agree to the same restrictions, conditions, and requirements that apply to the Business Associate with respect to such information;

(e) Make available Protected Health Information in a Designated Record Set to the Covered Entity, the Individual, or the Individual's designee, as appropriate and necessary to satisfy Covered Entity's obligations under 45 CFR 164.524;

(f) Make any amendment(s) to Protected Health Information in a Designated Record Set as directed or agreed to by the Covered Entity pursuant to 45 CFR 164.526, or take other measures as necessary to satisfy Covered Entity's obligations under 45 CFR 164.526;

(g) Maintain and make available the information required to provide an accounting of Disclosures to the Covered Entity, the Individual, or the Individual's designee, as appropriate and necessary to satisfy Covered Entity's obligations under 45 CFR 164.528;

(h) To the extent the Business Associate is to carry out one or more of Covered Entity's obligation(s) under Subpart E of 45 CFR Part 164, comply with the requirements of Subpart E that apply to the Covered Entity in the performance of such obligation(s); and

(i) Make its internal practices, books, and records available to the Secretary for purposes of determining compliance with the HIPAA Rules.

III. Permitted Uses and Disclosures by Business Associate

(a) Business Associate may Use or Disclose Protected Health Information as necessary to perform the services set forth in the underlying Service Agreement.

(b) Business Associate may Use or Disclose Protected Health Information as long as it is identified in accordance with 45 CFR 164.514(a)-(c).

(c) Business Associate may Use or Disclose Protected Health Information as required by law.

(d) Business Associate agrees to make Uses and Disclosures and requests for Protected Health Information consistent with Covered Entity's Minimum Necessary policies and procedures, as delivered to Business Associate.

(e) Business Associate may not Use or Disclose Protected Health Information in a manner that would violate Subpart E of 45 CFR Part 164 if done by Covered Entity, except for the specific Uses and Disclosures set forth below.

(f) Business Associate may Use Protected Health Information for the proper management and administration of the Business Associate or to carry out the legal responsibilities of the Business Associate.

(g) Business Associate may Disclose Protected Health Information for the proper management and administration of Business Associate or to carry out the legal responsibilities of the Business Associate, provided the Disclosures are required by law, or Business Associate obtains reasonable assurances from the person to whom the information is Disclosed that the information will remain confidential and Used or further Disclosed only as required by law or for the purposes for which it was Disclosed to the person, and the person notifies Business Associate of any instances of which it is aware in which the confidentiality of the information has been breached.

(h) Business Associate may provide Data Aggregation services relating to the health care operations of the Covered Entity.

IV. Provisions for Covered Entity to Inform Business Associate of Privacy Practices and Restrictions

(a) Covered Entity shall notify Business Associate of any limitation(s) in the Notice of Privacy Practices of Covered Entity under 45 CFR 164.520, to the extent that such limitation may affect Business Associate's Use or Disclosure of Protected Health Information.

(b) Covered Entity shall notify Business Associate of any changes in, or revocation of, the permission by an Individual to Use or Disclose his or her Protected Health Information, to the extent that such changes may affect Business Associate's Use or Disclosure of Protected Health Information.

(c) Covered Entity shall notify Business Associate of any restriction on the Use or Disclosure of Protected Health Information that Covered Entity has agreed to or is required to abide by under 45 CFR 164.522, to the extent that such restriction may affect Business Associate's Use or Disclosure of Protected Health Information.

V. Permissible Requests by Covered Entity. Covered Entity shall not request Business Associate to Use or Disclose Protected Health Information in any manner that would not be permissible under Subpart E of 45 CFR Part 164 if done by Covered Entity, except where Business Associate will Use or Disclose Protected Health Information for, and the agreement includes provisions for, Data Aggregation or management and administration and legal responsibilities of the Business Associate. Consistent with the foregoing, Covered Entity hereby authorizes and requests Business Associate to Disclose Protected Health Information on Covered Entity's behalf when Business Associate receives an authorization signed by an Individual, or the Individual's designee.

VI. Term and Termination

(a) Term. The Term of this Agreement shall be effective as of the Effective Date, and shall terminate on the termination or expiration of the Service Agreement or on the date Covered Entity terminates for cause as authorized in paragraph (b) of this Section, whichever is sooner.

(b) Termination for Cause. Business Associate authorizes termination of this Agreement by Covered Entity, if Covered Entity determines Business Associate has violated a material term of the Agreement and Business Associate has not cured the Breach or ended the violation within the time specified by Covered Entity.

(c) Obligations of Business Associate Upon Termination.

Upon termination of this Agreement for any reason, Business Associate and its Subcontractors, with respect to Protected Health Information received from Covered Entity, or created, maintained, or received by Business Associate on behalf of Covered Entity, shall:

1. Retain only that Protected Health Information which is necessary for Business Associate or its Subcontractors to continue its proper management and administration or to carry out its legal responsibilities;
2. Return to Covered Entity or, if agreed to by Covered Entity, destroy the remaining Protected Health Information that the Business Associate or its Subcontractors still maintains in any form;
3. Continue to use appropriate safeguards and comply with Subpart C of 45 CFR Part 164 with respect to electronic Protected Health Information to prevent Use or Disclosure of the Protected Health Information, other than as provided for in this Section, for as long as Business Associate or its Subcontractors retains the Protected Health Information;
4. Not Use or disclose the Protected Health Information retained by Business Associate or its Subcontractors other than for the purposes for which such Protected Health Information was retained and subject to the same conditions set out in Sections III(f) and III(g) which applied prior to termination; and
5. Return to Covered Entity or, if agreed to by Covered Entity, destroy the Protected Health Information retained by Business Associate or its Subcontractors when it is no longer needed by Business Associate for its proper management and administration or to carry out its legal responsibilities.

(d) Survival. The obligations of Business Associate under this Section VI shall survive the termination of this Agreement.

VII. Miscellaneous

(a) Regulatory References. A reference in this Agreement to a section in the HIPAA Rules means the section as in effect or as amended.

(b) Amendment. The Parties agree to take such action as is necessary to amend this Agreement from time to time as is necessary

for compliance with the requirements of the HIPAA Rules and any other applicable law.

(c) Interpretation. Any ambiguity in this Agreement shall be interpreted to permit compliance with the HIPAA Rules.

(d) Compliance with Standard Transactions. If Business Associate conducts Standard Transactions with or on behalf of Covered Entity, Business Associate will comply with each applicable requirement of 45 CFR Part 162 and will require any Subcontractor or agent involved with the conduct of such Standard Transactions to similarly comply.

(e) Security of Electronically Exchanged Data. If Business Associate and Covered Entity exchange data electronically, the Business Associate will comply and will require any Subcontractor or agent involved in the electronic exchange of data to comply with the following:

1. Business Associate shall provide and shall require its agents and Subcontractors to provide appropriate security for all data that is electronically exchanged between the parties.

2. Business Associate shall implement and maintain, and shall require its agents and Subcontractors to implement and maintain, administrative, technical and physical safeguards to protect the security, integrity and confidentiality of data electronically exchanged between the parties, including access to data as provided herein.

(f) Indemnification. Business Associate agrees to indemnify, defend and hold Covered Entity harmless from any and all actions, claims and expenses (including attorneys' fees and costs) arising from a material breach by Business Associate of its covenants, representations and warranties in this Agreement. Covered Entity agrees to indemnify, defend and hold Business Associate harmless from any and all actions, claims and expenses (including attorneys' fees and costs) arising from a material breach by Covered Entity of its covenants, representations and warranties in this Agreement. Notwithstanding the foregoing, Business Associate shall under no circumstances be liable for any negligence, wrongful act, error, omission, Breach, Disclosure, or any violation of the HIPAA Rules by any third party health care provider, pharmacy and pharmacist or their employees.

(g) Integration. This Agreement supersedes and replaces all prior agreements and understandings between the parties with respect to the subject matter hereof, including, but not limited to, any preceding business associate agreements.

APPENDIX F

CLINICAL SERVICES

The following Clinical services are included: Material changes to the Clinical Services selected may result in modification of the fees in Appendix D, and any guarantees under this Agreement. BeneCard PBF standard Prior Authorization, Quantity Limits, Step Therapy, and Specialty Lists are subject to change as approved by the P&T Committee. The maintenance and implementation of these lists are part of base administration. Custom changes are subject to additional fees. When all programs are in effect, all changes approved by the P&T Committee will apply.

Clinical Services included in Base Administrative Charge (b Focused)*:

Concurrent DUR: Online, point of sale edits, regarding drug and patient safety concerns. Edits encourage appropriate medication usage, to increase safety and decrease adverse events.

Drug Quantity Management: Point of sale edits to assure quantity of units supplied is consistent with clinical appropriate dosing guidelines.

Step Therapy: Requires use of first line alternatives before more expensive second line medications are covered.

System Limits: Maximum amounts established in the BENECARD PBF system to ensure appropriate utilization. This is set up by dosage form, unit of measure, and route of administration to identify key type errors and/or fraudulent activity.

Drug Pipeline Monitoring: Forecasting blockbuster meds and brand name products becoming available in a generic form.

Clinical News/ Blast Faxes: Identifies clinical information that is important for clients and brokers.

Trend Management: Analysis of patients with most costly inferred conditions and costs. Designed to identify cost trends for clients and provide clinical explanation and suggest programs that would be beneficial.

Specialty Drugs: Monitoring, analysis and develop mechanisms to control the cost of specialty medications as listed on the Specialty Clinical Consultation list. Personalized support and individualized education for all medications filled through Benecard Central Fill.

Audits: Review of claims to identify various clinical and adjudication discrepancies.

Benefit Modeling, Re-pricing, and Analysis: Run reports and analysis to make recommendations and track trends for clinical and utilization to recommend plan design and prescription management changes.

Starter Dose: Limits first fill of new medication for drugs when it applies.

*Additional clinical programs, be Precise and be Intelligent, have separate administrative fees.

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APPENDIX G
BENECARD PBF MAIL ORDER FACILITIES and BENECARD PBF's SPECIALTY PHARMACIES

NABP	NPI	Pharmacy Name	Address	City	State	Zip
3991913	1003053174	Benecard Central Fill of PA, LLC	5040 Ritter Road	Mechanicsburg	PA	17055
5732652	1114477122	Benecard Central Fill of FL, LLC	28000 Spanish Wells Boulevard	Bonita Springs	FL	34135

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