

SAN JUAN COUNTY

Group Number: 10040282

ADMINISTRATIVE

SERVICES

CONTRACT

TABLE OF CONTENTS

SECTION 1. DEFINITIONS 3

SECTION 2. RELATIONSHIP OF PARTIES..... 6

SECTION 3. THE GHP AND OTHER DOCUMENTS 7

SECTION 4. TERM OF AGREEMENT 8

SECTION 5. TERMINATION AND MODIFICATION 9

SECTION 6. REGENCE'S MINISTERIAL SERVICES 10

SECTION 7. PLAN SPONSOR REQUIREMENTS 13

SECTION 8. ELIGIBILITY..... 15

SECTION 9. DISPOSITION OF CLAIMS UPON TERMINATION 16

SECTION 10. INDEMNIFICATION AND LAWSUITS AGAINST THE PARTIES 17

SECTION 11. PHARMACY BENEFIT MANAGEMENT 18

SECTION 12. VISION BENEFIT MANAGEMENT 19

SECTION 13. ADDITIONAL PROVISIONS 20

SECTION 14. GENERAL..... 20

ASC HIPAA ADDENDUM..... 26

INTER-PLAN PROGRAMS ADDENDUM..... 32

BLUEPATH SHARED SAVINGS ADDENDUM 44

ADMINISTRATIVE SERVICES CONTRACT

This Administrative Services Contract (the "**Agreement**") is entered into between SAN JUAN COUNTY ("**Plan Sponsor**"), Plan Sponsor's group health plan known as the SAN JUAN COUNTY ("**GHP**"), and REGENCE BLUECROSS BLUESHIELD OF UTAH ("**Regence**"). Plan Sponsor, GHP and Regence are sometimes referred to individually as the "**Party**" and collectively as the "**Parties**." This Agreement is effective JANUARY 1ST, 2021 (the "**Effective Date**").

RECITALS

WHEREAS, Plan Sponsor has established and maintains the self-funded group health plan, GHP, for Participants (as defined below);

WHEREAS, Regence provides certain ministerial administrative services to self-funded plans, including claims processing services; and

WHEREAS, GHP and Plan Sponsor desire to retain Regence to furnish the administrative services described herein;

THEREFORE, in consideration of the mutual agreements and covenants contained in this Agreement and other good and valuable consideration the receipt of which is acknowledged, the Parties agree to the following:

AGREEMENT

SECTION 1. DEFINITIONS

The following are definitions of terms used in this Agreement. Other terms are defined where they are first used. Defined terms are capitalized when used in the defined context.

1.1 "**Addenda**" means the following when referenced collectively:

- (a) "**ASC Fee Schedule Addendum**" means the document with that title that is attached to this Agreement and that contains the list of fees and other prices for Regence's services.
- (b) "**ASC HIPAA Addendum**" means the document with that title that is attached to this Agreement and that contains the terms among the Parties that are required to comply with HIPAA.
- (c) "**Inter-Plan Programs Addendum**" means the document with that title that is attached to this Agreement and that contains the terms among the Parties that are required to comply with Regence's relationships with other BlueCross and/or BlueShield Licensees.
- (d) "**BluePath Shared Savings Addendum**" means the document with that title that is attached to this Agreement and that contains the terms among the Parties that govern applicable BluePath Shared Savings pricing.

1.2 "**Average Wholesale Price ("AWP")**" means the average wholesale price for a covered drug, as established and reported by Regence. AWP will be updated in the Regence system regularly. "AWP" does not represent a true wholesale price, but rather is a

fluctuating benchmark provided by third party pricing sources. In the event that the AWP pricing benchmark used by Regence is replaced with another industry benchmark or the methodology for calculating the AWP benchmark materially changes for any reason, Regence may switch to such new pricing benchmark or modify the pricing under this Agreement upon thirty (30) calendar days written notice to Plan Sponsor so as to maintain comparable pricing under the new benchmark or methodology as existed prior to the change.

- 1.3** “**Booklet**” means a written description of the terms and benefits for the GHP available to Participants. A Booklet will be prepared by Regence only if Regence expressly agrees to undertake that activity and subject to all other terms of this Agreement.
- 1.4** “**Business Day**” means a day on which Regence is open to the public to conduct Regence’s regular business.
- 1.5** “**COBRA**” means the Consolidated Omnibus Budget Reconciliation Act of 1985, **as amended**.
- 1.6** “**Covered Services**” means the services, supplies, treatments, or accommodations that are included within that term in the Booklet or SPD. If there is no Booklet or SPD, Covered Services means the services, supplies, treatments, or accommodations for which benefits are provided under the GHP that Regence is required to administer under Section 3.1 (including, but not limited to, any services, supplies, treatments, or accommodations to which Participant Cost-sharing is applied, regardless of whether a payment under the GHP is made).
- 1.7** “**ERISA**” means the federal Employee Retirement Income Security Act of 1974, as amended. Throughout the Agreement, this term applies only when the GHP is part of an employee welfare benefit plan regulated under the Employee Retirement Income Security Act.
- 1.8** “**GHP**” means the employee welfare benefit plan identified in the heading of this Agreement that is established or maintained by Plan Sponsor for the purpose of providing to Participants those benefits described in the Booklet produced by Regence under this Agreement.
- 1.9** “**HIPAA**” means the federal Health Insurance Portability and Accountability Act of 1996, as amended.
- 1.10** “**Incurred**” means the date upon which services or supplies have been provided to a Participant during the Term.
- 1.11** “**Maximum Allowable Cost (“MAC”)**” means the then current maximum allowable cost of certain pharmaceutical drugs, which lists and pricing may be established and amended by Regence in its sole discretion.
- 1.12** “**Paid Claim**” means the amount Regence has paid to or with respect to a Participant pursuant to this Agreement in response to a request for the payment of benefits under the GHP.
- 1.13** “**Participant**” means an individual entitled to receive benefits for Covered Services (including, but not limited to, application of an expense to Participant Cost-sharing,

whether or not a payment under the GHP is made) under the terms of the GHP at the time the Covered Services are provided.

- 1.14 “Participant Cost-sharing”** means deductibles, copayments, coinsurance, and similar amounts for Covered Services that the Participant is responsible to pay under the GHP.
- 1.15 “Participating Licensee”** means an independent licensee of the BlueCross BlueShield Association, other than Regence.
- 1.16 “Participating Provider”** means any physician, health care facility, pharmacy or other health care provider, licensed where required, performing services within the scope of its license, with whom Regence or a Participating Licensee has entered into a participation agreement which allows a Participant to obtain health care services according to certain pre-negotiated fees and other relevant terms.
- 1.17 “Plan Administrator”** means SAN JUAN COUNTY who or which the GHP designates as the plan administrator and named fiduciary for the GHP.
- 1.18 “Plan Document”** means the written document that establishes eligibility, benefits and other legal requirements of the GHP.
- 1.19 “Proprietary Materials”** means Regence proprietary and confidential records, documents, lists, books, recorded information, data stored on data processing media, trade secrets, symbols, trademarks, service marks, systems, formats, programs, procedures, protocols, contract forms, pricing data, deidentified data, utilization information, fee schedules, reasonable and customary charges profiles, designs, and business plans. Proprietary Materials specifically includes any data and information, including any data provided to Plan Sponsor or GHP in the form of a data extract or otherwise, related to the composition of the Regence network of Participating Providers, the contracted (or “allowed” amounts) paid to Participating Providers, the terms of the agreement between Regence and the Participating Providers, and the discounts to Regence offered by Participating Providers. Proprietary Materials also consist of any analyses, compilations, studies or other documents created on the basis of other Proprietary Materials.
- 1.20 “Retail Generic Discount”** means the lowest of the usual and customary (“U&C”), MAC or AWP percentage minus the discount rate specified in the ASC Fee Schedule Addendum for all non-MAC pharmacy products.
- 1.21 “Run-out Claims Processing” or “Run-out”** means Regence will continue to process claims and otherwise provide administrative services with regard to claims Incurred prior to the date of termination of this Agreement.
- 1.22 “Regence Affiliates”** means Asuris Northwest Health, Cambia Health Solutions, Inc., Commencement Bay Risk Management Insurance Company, Healthcare Management Administrators, Inc., LifeMap Assurance Company, Regence BlueCross BlueShield of Oregon, Regence BlueShield of Idaho, Inc., Regence BlueCross BlueShield of Utah, Regence BlueShield and ValueCare.
- 1.23 “Standard Report”** means a report that Plan Sponsor, Plan Administrator, or GHP can generate through Regence’s employer reporting platform.

- 1.24** “**Standard Transactions**” has the meaning set out in 45 C.F.R. § 162.103.
- 1.25** “**SPD**” means summary plan description and is a written summary of the terms and benefits of the GHP available to Participants. An SPD will be prepared by Regence only if Regence expressly agrees to undertake that activity and subject to all other terms of this Agreement. A GHP with different benefit plan options may describe those options in one SPD or in separate SPDs for each alternative benefit plan option.
- 1.26** “**SBC**” means the summary of benefits and coverage that is made available to Participants. Regence will prepare the SBC only where it expressly agreed to prepare the SPD under the terms of this Agreement.
- 1.27** “**Term**” means the period of time this Agreement remains in effect. The initial Term is defined in Section 4.2 of this Agreement and the Agreement may renew for subsequent twelve (12) month periods, each of which is referred to as a Term. If the Agreement is terminated early for any reason prior to the expiration of a full twelve (12) month period, the shorter period between the first day of the Term and the date the Agreement is terminated is the Term.

SECTION 2. RELATIONSHIP OF PARTIES

- 2.1 Regence Acting in Ministerial Capacity Only.** Except as may otherwise be provided in Section 6, the Parties acknowledge and agree that Regence is acting solely in a ministerial capacity in performing Regence’s duties and obligations under this Agreement and will have no discretionary authority or responsibility with respect to the administration of the GHP. While Regence may use Regence’s reasonable business practices and Regence’s reasonable understanding of the terms of the GHP in carrying out Regence’s duties under this Agreement, Regence will have no discretionary authority and instead the Plan Administrator will have the ultimate responsibility for interpreting and administering the provisions of the GHP. Regence will abide by all decisions of the Plan Administrator on all questions of substance and procedure concerning the GHP. Regence is not the plan administrator or a GHP-named fiduciary under ERISA, COBRA, HIPAA or other applicable law. Regence will not be responsible for advising the Plan Sponsor or the Plan Administrator with respect to their fiduciary duties under the Agreement or for making any recommendations with respect to the investment of GHP assets.
- 2.2 Regence is Not Insuring any GHP Liabilities.** Regence does not insure or underwrite any liability associated with the GHP and will have no financial risk or liability with respect to the provision of benefits under the GHP.
- 2.3 Authority.** Plan Sponsor grants Regence the authority to serve as an agent of the Plan Sponsor and Plan Administrator in carrying out Regence’s duties under this Agreement, but only those Regence duties that are expressly stated in this Agreement or as mutually agreed in writing by the Parties.
- 2.4 Plan Sponsor Responsible for Adoption of Plan.** Plan Sponsor, and not Regence, has the sole and ultimate authority and responsibility for sponsoring, adopting, amending, designing and terminating the GHP.
- 2.5 Plan Administrator and Fiduciary.** With respect to the GHP, Plan Administrator is the plan administrator and the GHP-named fiduciary for purposes of § 402(a)(1) of ERISA (if applicable), COBRA, HIPAA and other applicable law, and, as such, is responsible and

liable for administering all aspects of the GHP and all related regulatory compliance. The duties of the Plan Sponsor, the Plan Administrator, or both specifically include, but are not limited to, the following:

- (a) ensure the GHP is in compliance with any applicable state and federal laws, including but not limited to ERISA, COBRA, HIPAA, and the Internal Revenue Code;
- (b) perform any applicable nondiscrimination testing;
- (c) amend the GHP as necessary to ensure ongoing compliance with applicable law;
- (d) provide Participants copies of the SPD or Booklet, summaries of material modifications, summary annual reports, and Summary of Benefits and Coverage (SBC);
- (e) file any required tax or governmental returns (including but not limited to Form 5500 returns; IRS Section 6055 or 6056 reporting, or Massachusetts 1099 Attestations);
- (f) respond to requests;
- (g) except as otherwise provided in the section "Regence's Ministerial Services", adjudicate Participant claim appeals; and
- (h) execute and retain required GHP documentation.

2.6 Final Responsibility and Determinations. Plan Sponsor, Plan Administrator, or both, will have the final responsibility and liability for payment of all benefits under the GHP. Plan Sponsor and Plan Administrator will pay all expenses incident to the operation of the GHP. In its capacity as ERISA plan administrator, Plan Administrator will be the final arbiter as to the interpretation of the GHP and the determination of eligibility for coverage and payment of benefits. All final determinations as to a Participant's entitlement to GHP benefits are to be made by the Plan Sponsor, Plan Administrator, or both, including any determination upon an appeal of a denied claim for GHP benefits.

2.7 Regence is an Independent Contractor. Regence is and will remain an independent contractor with respect to the services being performed under the terms of this Agreement and will not for any purpose be deemed an employee of Plan Sponsor, GHP, or Plan Administrator, and Regence will not be deemed to be a partner or to be governed by any legal relationship other than that of independent contractor. Regence does not assume any responsibility for the general policy design of the GHP, the adequacy of the funding thereof nor any act, omission or breach of duty by Plan Sponsor or Plan Administrator.

2.8 GHP Acts Through Plan Administrator. Any actions, directions, or representations made by Plan Administrator to Regence may be considered the actions, directions, or representations of the GHP.

SECTION 3. THE GHP AND OTHER DOCUMENTS

3.1 GHP Adopted. The most current Plan Document and SPD or Booklet describing the GHP benefits that have been adopted by Plan Sponsor are incorporated into this Agreement by reference. If Plan Sponsor changes or adds any benefits under the GHP, Regence will

not be required to administer those changes or additions unless all of the following conditions have been met:

- (a) Plan Sponsor has provided advance notice to Regence of the Plan Sponsor's intent to change or add benefits under the GHP;
- (b) Regence has provided Plan Sponsor advanced written notice of Regence's willingness and ability to adequately administer the changes or additions; and
- (c) Plan Sponsor agrees to any changes in the fees required by Regence to administer the changes or additions by agreeing to a written amendment to the ASC Fee Schedule Addendum proposed by Regence.

3.2 Administrative Information. Plan Sponsor will furnish Regence with any and all instructions, contracts, information or documents deemed necessary by Regence to properly perform Regence's obligations under this Agreement. Such information will include, but not be limited to, copies of the Plan Document and the SPD or Booklet, and any and all amendments or successor documents. Regence, at the request of Plan Sponsor and as part of Regence's ministerial duties under this Agreement, may prepare and/or print an SPD or Booklet and other documents that communicate summary details of the GHP to Participants. However, Plan Sponsor retains ultimate authority as to the content, distribution, and legal or regulatory requirements related to GHP, including the Plan Document and SPD or Booklet.

3.3 Other Benefit Plans. If Plan Sponsor adopts additional self-funded benefit plans, Plan Sponsor may negotiate with Regence for the inclusion of such plans under this Agreement.

3.4 Interpretation. The terms and conditions of this Agreement govern over any conflicting or inconsistent terms in the Plan Document or SPD or Booklet.

SECTION 4. TERM OF AGREEMENT

4.1 Term. The initial term of this Agreement will commence on the Effective Date and terminate after 12 months, unless terminated sooner under Section 5.

4.2 Renewal. After the completion of the initial 12-month period, this Agreement will automatically renew for additional twelve- (12-) month periods on each subsequent anniversary of the Effective Date but subject to a revised ASC Fee Schedule Addendum proposed in advance by Regence, unless:

- (a) by or before the anniversary of the Effective Date, the Parties have not completed negotiation of an agreement to an amended ASC Fee Schedule Addendum and any other amendments to this Agreement proposed by any Party; or
- (b) any Party has given thirty (30) days advance written notice prior to the anniversary of the Effective Date of the Party's intent not to renew the Agreement.

If, by the conclusion of any Term, the Parties have not completed the negotiations for, and execution of, a new ASC Fee Schedule Addendum, but termination of this Agreement has not occurred, Regence at Regence's discretion may continue Regence's services under

the Agreement, except that Regence's newly proposed and unexecuted ASC Fee Schedule Addendum will be in effect.

SECTION 5. TERMINATION AND MODIFICATION

5.1 Termination Without Cause. Any Party may terminate this Agreement without cause upon thirty (30) days prior written notice to the other Parties.

5.2 Termination For Cause. This Agreement terminates, and Regence's obligation to process claims and pay benefits will cease upon such termination, in accord with any of the following:

- (a) thirty (30) days after written notice has been given by Regence to GHP or Plan Sponsor, or by GHP or Plan Sponsor to Regence, of the breach of material obligations under this Agreement; provided that such breach has not been cured within such thirty (30) day period. Notwithstanding the foregoing, Plan Sponsor's default in any payment under this Agreement will be subject to termination under Section 5.2(b).
- (b) upon three (3) business days written notice, in Regence's sole discretion, if Plan Sponsor fails to pay:
 - (1) Paid Claims to Regence by their due date, or if Plan Sponsor does not pay any other payment due under this Agreement by its due date; or,
 - (2) administrative fees, charges or other amounts due to Regence under the terms of this Agreement (including maintenance of the Advance Deposit, if applicable);
- (c) upon three (3) business days written notice, in Regence's sole discretion:
 - (1) if Plan Sponsor assigns this Agreement, unless such assignment had Regence's prior approval in writing; or
 - (2) if Plan Sponsor is sold (including a sale of substantially all assets of Plan Sponsor) or merges, unless such sale or merger had Regence's prior approval in writing;
- (d) as of the effective date of any law, regulation, or interpretation if any law or regulation is enacted which prohibits the continuance of this Agreement, or any existing law or regulation is interpreted by Regence to so prohibit the continuance of this Agreement;
- (e) if Plan Sponsor terminates the GHP, provided that Plan Sponsor will provide Regence with written notice thirty (30) days prior to termination;
- (f) if the GHP is modified, unless this Agreement is amended to make such modified plan the GHP under this Agreement;
- (g) ten (10) days following the occurrence of any of the following if not reversed or cured prior to the expiration of the ten (10) day period:
 - (1) a finding or admission that Plan Sponsor or GHP is insolvent;

- (2) the date that Plan Sponsor or GHP files for the protection provided under any bankruptcy law;
- (3) the date that Plan Sponsor's or GHP's creditors seek to have Plan Sponsor or GHP declared bankrupt or placed under the protection of the Bankruptcy Court; or
- (4) the date that Plan Sponsor or Plan Sponsor's creditors or GHP or GHP's creditors seek to have a receiver appointed to manage Plan Sponsor's business or GHP.

5.3 Other Rights to Terminate. Regence's right to terminate pursuant to this Section 5 will be in addition to and not a limitation of any right to terminate (or right to offset) under any other provisions of this Agreement.

5.4 Late Payment and Reinstatement. Any payment received by Regence after termination of this Agreement will be deposited for security purposes only and will not be deemed to have been accepted for reinstatement or as an accord and satisfaction. This Agreement will be reinstated only upon the written endorsement of Regence.

5.5 Modification. Except as otherwise specifically provided in this Agreement, this Agreement may be modified only by a written agreement signed by an authorized representative of each Party.

SECTION 6. REGENGE'S MINISTERIAL SERVICES

6.1 Claim Processing. During the Term of this Agreement and any period of Run-out Claims Processing, Regence will issue benefit payments and denials, along with explanations of benefits, to or on behalf of Participants in accordance with the terms of the GHP, Regence's medical and payment policies, and any Participating Provider contracts, for those claims Incurred between the Claims Incurred dates presented in Item 3 of the ASC Fee Schedule Addendum. Regence will discontinue processing any and all claims upon termination of this Agreement and completion of any period of Run-out, regardless of the Incurred date of the claim, as further provided in Section 9.1 of this Agreement. In evaluating claims, Regence will use Regence's claim processing system of edits and other applicable standards to determine whether claims are Covered Services.

6.2 General Administrative Services. Regence will:

- (a) answer Participant inquiries regarding eligibility, GHP benefits, status of benefit payments, complaints and requests for forms;
- (b) although the design of the GHP is the sole responsibility of Plan Sponsor, upon request of the Plan Sponsor, assist in the development and design of the GHP, both initially and in connection with benefit revisions, additions and extensions;
- (c) upon the separate written request of the Plan Sponsor and subject to Section 3.2 and the payment of additional fees to be indicated by Regence, draft, prepare and print SPDs, SBCs, or Booklets and other Participant materials;
- (d) upon request of the Plan Sponsor, assist with the enrollment of Participants;
- (e) maintain eligibility files based upon information provided by Plan Sponsor;

- (f) issue identification cards to GHP or Participants;
- (g) initiate reasonable overpayment, subrogation, and similar right of reimbursement recovery efforts in accordance with Regence's standard business practices;
- (h) provide Plan Sponsor with access to Regence's employer reporting platform;
- (i) provide Participants with access to Participating Providers. Plan Sponsor will not attempt to establish or negotiate its own health care provider contracted network;
- (j) administer unclaimed provider and Participant funds pursuant to unclaimed property or escheat laws and shall make any required payment and file any required reports under such laws. The Plan represents and warrants that Regence's administration of unclaimed funds is not inconsistent with the GHP and any of its accompanying Plan Documents;
- (k) upon request of the Plan Sponsor and in Regence's sole discretion as a courtesy to the group, provide Plan Sponsor with information related to premium equivalents, estimates of the claims impacts of GHP design changes, and estimates of claims incurred but not yet reported. Any such information provided by Regence to the Group is merely provided as a courtesy, and Regence specifically disclaims the accuracy or validity of any such information. Plan Sponsor acknowledges Plan Sponsor should seek professional advice related to such information from a qualified actuary or other qualified professional; and
- (l) provide the necessary data for the Plan Sponsor and/or Plan Administrator to file its required state, federal, and/or any other governmental forms, including, but not limited to, data required for Massachusetts 1099 Attestations and IRS 6055 and 6056 reporting.
- (m) allow Plan Sponsor and its Participants to access certain consumer convenience programs, acknowledging that Regence may receive administrative fees related to the administration and utilization of such consumer convenience.

6.3 Processing Errors. Claim processing errors may result from a number of causes, including retroactive termination, provider billing errors, claims analyst mistakes, incorrect information from a Participating Provider or Participant, or other reasons. In addition, claims processing adjustments may result from a number of causes, including coordination of benefits recovery, third party liability recovery, audit or investigation findings and other reasons. If Regence becomes aware Regence has underpaid a claim or has misquoted GHP benefits to a Participant or Participating Provider, for whatever reason, Regence will reprocess the claim and pay the appropriate amount, charging the amount as a claims expense to Plan Sponsor. If Regence becomes aware Regence has paid benefits to an ineligible person or pays more than the correct amount, for whatever reason, Regence will reprocess the claim at the appropriate amount, attempt to recover appropriately, and, if successful, credit Plan Sponsor with the amount less Regence's reasonable collection expenses. Plan Sponsor acknowledges that Regence will have no obligation to initiate court proceedings or other proceedings to recover such payments. Claim processing errors and adjustments occur in the normal course of business and that, as long as Regence makes reasonable attempts to correct the errors and make the adjustments, Regence has met Regence's obligation to Plan Sponsor and Regence will not be considered to be negligent under Section 10.2(c) of this Agreement. If Regence is

unsuccessful in recovering such payments, Regence will notify the Plan Sponsor so that the Plan Sponsor may take whatever action it deems necessary to collect or obtain any such recovery.

6.4 Non-Standard Reports. If Plan Sponsor or Plan Administrator requests any non-Standard Report and Regence, in its sole discretion, agrees to provide such report, Regence reserves the right to charge for non-Standard Reports. Non-Standard Reports shall be subject to a charge of \$150 per hour or \$1,200 minimum, whichever is greater, for required programming time. All other charges for non-Standard Reports shall be agreed upon by the Parties in writing before the reports are prepared.

6.5 Claims Adjudication and Appeals.

(a) **Appeals:** Plan Sponsor may choose to delegate to Regence the discretionary authority to administer and make appeals decisions for all, some, or none of the member appeal levels. The Plan Sponsor's designation is indicated in the ASC Fee Schedule Addendum.

(1) **If Plan Sponsor maintains control of member appeals:** Plan Sponsor agrees and acknowledges that Regence has no fiduciary responsibility for Plan Sponsor's appeal decisions if Plan Sponsor assumes responsibility for all member appeals, including review by an Independent Review Organization ("IRO"). Plan Sponsor further agrees and acknowledges that Regence is not responsible for any fees related to a member's IRO voluntary claims appeal.

(2) **If Plan Sponsor delegates the first level of member appeals to Regence:** Regence shall not accept any fiduciary responsibility for Regence's first level appeals decisions. Regence will return any subsequent appeals to the submitter and refer the submitter to the Plan Sponsor for adjudication and final determination. Plan Sponsor further agrees and acknowledges that Regence is not responsible for any fees related to a member's IRO voluntary claims appeal.

(3) **If Plan Sponsor delegates entire member appeals process to Regence:** Regence hereby acknowledges and agrees that it shall act as a fiduciary to the GHP, meeting the same standards that are required by ERISA fiduciaries, solely for the purpose of reviewing denied claims under the Plan, including first and second levels of internal appeals and IRO external appeals. Plan Sponsor acknowledges and agrees that Regence shall not have any other fiduciary duties or responsibilities under the GHP. In consideration of Regence assuming fiduciary responsibility for all levels of member appeals, per the ASC Fee Schedule Addendum, Plan Sponsor agrees to pay Regence the Claims Administration Fee surcharge and to reimburse Regence for any fees (at cost) related to a member's IRO voluntary claims appeal. Plan Sponsor also agrees to use a Regence-approved IRO.

(b) **Litigation:** Plan Sponsor agrees and acknowledges that Regence shall have no authority or obligation to act on behalf of the GHP or Participants as a fiduciary or otherwise with respect to any litigation, including litigation by Participants for

benefits under the GHP, except as may otherwise be required under Regence's indemnification obligations under this Agreement.

SECTION 7. PLAN SPONSOR REQUIREMENTS

- 7.1 Fees.** Plan Sponsor will pay Regence all administrative fees as set forth on ASC Fee Schedule Addendum, and any other fees set forth in this Agreement or other applicable Addenda. The ASC Fee Schedule Addendum and any other Addenda will be amended on an annual basis or as otherwise set forth in this Agreement.
- 7.2 Automatic Fee Adjustments for Increase of Administration.** If, during any Term of the Agreement, Regence's administrative duties change or Regence's expenses of administration increase for the reasons stated in this Section 7.2, Regence may provide reasonable notice to Plan Sponsor of an alternative ASC Fee Schedule Addendum and such new ASC Fee Schedule Addendum will go into effect automatically. Regence may adjust the ASC Fee Schedule Addendum automatically in the following situations: (1) Regence's costs increase due to legislative or regulatory changes; (2) Regence's costs increase due to a change in agent commissions; (3) Regence's costs increase due to mutually agreed upon benefit changes or additional Regence services; or, (4) GHP enrollment increases or decreases by 10 percent or more at any time during the Term relative to the "Enrollment Assumption" listed in Item 2 of the ASC Fee Schedule Addendum. Upon reasonable notice to Plan Sponsor, such fee adjustment will apply as of the first month following the triggering event and continue for the remainder of the Term.
- 7.3 State Tax Fees.** Regence will bill Plan Sponsor for any and all taxes and/or fees, including taxes or fees which may be mandated or assessed on benefit payments made by Regence on behalf of the GHP, including but not limited to taxes required to be paid to the state of New York or fees assessed to support Vermont's Health Information Technology Fund. Any such fee will be billed monthly.
- 7.4 Funds for Payment of Benefits.** Plan Sponsor will provide to Regence all funds necessary to pay GHP benefits.
- 7.5 Claims Call.** Regence will notify Plan Sponsor once a week using an agreed-upon method (such as by email, confirmed facsimile or telephone) of the amount of Paid Claims since the Effective Date (if this is the first such notification under this Agreement) or since the most recent previous notification (if this notification is other than the first under this Agreement), plus the amount of applicable fees shown in the ASC Fee Schedule Addendum, which may be due. This notification is referred to as the "Claims Call", and will occur as indicated in the ASC Fee Schedule Addendum.
- 7.6 Payment of Funds.** Plan Sponsor will pay to Regence the amount of each Weekly Claims Call communicated to Plan Sponsor under Section 7.5 according to the terms set forth on the ASC Fee Schedule Addendum.
- 7.7 Advance Deposit.** Prior to the Effective Date of this Agreement, Plan Sponsor will pay to Regence an advance deposit as set out in the ASC Fee Schedule Addendum. The advance deposit is calculated on the basis of the enrollment assumption documented in the ASC Fee Schedule Addendum. Each time this Agreement is renewed for an additional Term, Regence will re-evaluate the enrollment assumption and advance deposit and, if necessary, Plan Sponsor will pay to Regence the amount needed to bring the advance deposit to the re-evaluated amount. Regence may recalculate the advance deposit during

a Term, and Plan Sponsor will bring the advance deposit to the recalculated amount, if either:

- (a) the number of Participants for the first month of the Term differs by ten percent (10%) or more from the enrollment assumption from which the advance deposit was calculated; or
- (b) the average number of Participants during the Term changes by ten percent (10%) or more from the number enrolled at the beginning of the Term.

After a final accounting by Regence following termination of this Agreement and completion of any period of Run-out, Regence will refund the balance of the advance deposit remaining after offset of any amount owed to Regence for any reason. Regence is entitled to any earned interest from the advance deposit.

7.8 Subrogation and Right of Reimbursement. Regence will make reasonable efforts to identify and pursue potential prepay and/or post-pay subrogation and similar rights of reimbursement recovery opportunities with regard to claims Incurred during the Term under GHP, in accordance with Regence's standard business practices. Plan Sponsor will notify Regence of subrogation and right of reimbursement opportunities of which Plan Sponsor becomes aware. A fee or fixed percentage of subrogation and right of reimbursement recoveries will be withheld to cover Regence's costs of pursuit of such recoveries and is identified as the subrogation/right of reimbursement fee in the ASC Fee Schedule Addendum. These subrogation/right of reimbursement fees will be in addition to any other fees and expenses that Regence is entitled to, or otherwise obligated to pay, out of any subrogation or similar right of reimbursement recovery. In the event Regence obtains a subrogation or overpayment recovery from another party which is considered in whole or in part reimbursement for Paid Claim(s) for which Plan Sponsor is solely liable under the terms of this Agreement, then the Plan Sponsor's account will be credited, less any amount that Regence incurs to collect the overpayment or subrogation recovery, including but not limited to attorney's fees, costs, third-party collections' fees, or other expenses that are paid to effectuate the recovery, and net of any stop-loss reinsurance credited first to Commencement Bay Risk Management Insurance Company as set forth in the ASC Fee Schedule Addendum. Unless notified to the contrary by the Plan Sponsor by or before the later of the termination date or the completion of any period of Run-out, Regence will continue, after termination and completion of any Run-out, to pursue GHP subrogation and similar right of reimbursement files that are then in its possession and will be entitled to withhold the subrogation/right of reimbursement fee from recoveries it obtains on those files. Regence's pursuit of recoveries under this provision, whether before or after the termination date and completion of any period of Run-out, will continue only as long as Regence determines such recoveries are active and viable. If permissible, Regence may offset any payment due from a Participant or recipient against any unpaid claim payment due to the Participant or recipient. The subrogation/right of reimbursement fee is calculated from the amount recovered, net of any attorney fees, costs, or other expenses that are paid to effectuate the recovery, and net of any stop-loss reinsurance credited first to Commencement Bay Risk Management Insurance Company set forth in the ASC Fee Schedule Addendum. Regence's fees for collecting overpayments or subrogation amounts as set forth in the ASC Fee Schedule Addendum will apply to all Paid Claims, whether processed during the Term, after termination, or after completion of any Run-out, irrespective of their eligibility for reimbursement under the Stop-loss insurance policy purchased by Plan Sponsor. If Plan Sponsor is reimbursed under the Stop-Loss insurance policy for a Paid Claim or Paid Claims to which this Section 7.8

applies, Plan Sponsor's Claim Call invoice will include a separate line itemization in the amount of Regence's fees. Regence will calculate and withhold the subrogation/right of reimbursement fee from each net recovery and then credit the remaining net balance to the Plan Sponsor's account. If the subrogation/right of reimbursement fees, costs, or other expenses associated with the validation and distribution of the refund exceed the net balance, then Regence will not remit the net balance to the Plan.

- 7.9 Late Fees.** If administrative fees, claims or other invoices are not paid to Regence by the due date, Regence may in its discretion charge a late fee up to 1.5% per month. Late fees are calculated from the date payment is due. Late fees are not part of the administrative services fee.
- 7.10 Independent Review Organization (IRO) Administration and Fees.** Plan Sponsor is responsible for reimbursing Regence for fees billed to Regence by an independent medical review organization (IRO) related to a Participant's claims appeal. Plan Sponsor agrees to use a Regence approved IRO.
- 7.11 Federal Tax Fees.** Plan Sponsor is responsible for any and all taxes and/or fees, including taxes or fees which may be mandated or assessed on benefit payments made by Regence on behalf of the GHP, including but not limited to taxes required to be paid to the federal government for Carrier Market Share Tax, Reinsurance Assessment or Patient Centered Outcome Research Trust Fund.
- 7.12 Information Necessary to Comply with Governmental Requirements.** Plan Sponsor will provide the information necessary for Regence to comply with Regence's obligations under any federal or state law related to this Agreement, including but not limited to the social security numbers of the Participants, the working status of Participants, and tax identification number of the group, as required by the Medicare Secondary Payor reporting requirements applicable to third party administrators for group health plans under Section 111 of the Medicare, Medicaid and SCHIP Extension Act of 2007.
- 7.13 Shared Savings Program Fees.** Regence may engage in Shared Savings Programs and other payment avoidance activities as described in the BluePath Shared Savings Addendum. Plan Sponsor shall pay a percentage of the Shared Savings as set forth in the ASC Fee Schedule Addendum to Regence as compensation for its Shared Savings Program services, and Plan Sponsor will receive the remaining savings amount. Regence will report the amount of its compensation for payment avoidance activities and Shared Savings to Plan Sponsor on Plan Sponsor's Claims Call invoice. For clarity, Plan Sponsor acknowledges and agrees that Regence's services under this Section 7.13 are not fiduciary activities as defined in ERISA because such activities do not constitute an adverse benefit determination for participants under the claims and appeals regulations or an exercise of discretion or control over plan assets or administration. Regence shall determine which recoveries it will pursue or Claims that it or its contracted vendor will review prior to or after payment. Regence will not be liable for any amounts it does not successfully recover, nor shall Regence be liable to Plan Sponsor to the extent that it approves certain Claims for payment as a result of Regence's Claims prepayment analysis activities or other Shared Savings Programs.

SECTION 8. ELIGIBILITY

- 8.1 Eligibility.** Plan Sponsor, not Regence, is responsible for determining and maintaining Participant eligibility records. Plan Sponsor will provide Participant eligibility records to

Regence in a form acceptable to Regence and upon an agreed frequency. Plan Sponsor agrees to comply with the terms and conditions for eligibility and enrollment set forth in the GHP.

- 8.2 Commencement of Coverage.** A Participant's coverage begins on the first day of the month (assuming eligibility, satisfaction of probationary periods, payment of the rate and other requirements of eligibility), and terminates on the last day of a month. Administrative fees are not pro-rated for partial months of coverage.
- 8.3 Timely Information.** Plan Sponsor acknowledges that Regence's ability to effectively perform the administrative services required by this Agreement depends upon Plan Sponsor's furnishing to Regence timely information in the form of properly completed applications and data for those Participants who are eligible for coverage and timely notice of those who terminate coverage. This information must be provided in a form acceptable to Regence.
- 8.4 No Liability if Information Not Timely.** Regence will not be liable for non-performance or delay in the performance of this Agreement caused by or contributed to in whole or in part by the failure of Plan Sponsor to timely furnish any information necessary to determine eligibility for coverage or for adjudication of benefits.
- 8.5 Retroactive Termination.** Regence will not retroactively cancel any members upon the request of the Plan Sponsor except in cases where Regence believes there is sufficient evidence of fraud.
- 8.6 No Liability if Information Not Correct or Complete.** Regence will not be liable for any claims payment errors based on incorrect or incomplete eligibility information. If Regence or Plan Sponsor identifies such an error, and if the Plan Sponsor requests that Regence pursue recovery of any overpayment based on the incorrect eligibility information Regence received, Plan Sponsor will pay Regence a fee of thirty percent (30%) of any recovery to cover Regence's costs of this pursuit. This fee will be in addition to any other fees and expenses that Regence is entitled to, or otherwise obligated to pay, out of any recovery. Plan Sponsor will indemnify and hold harmless Regence for any and all liability Regence incurs as a result of its pursuit of overpayment errors based on incorrect or incomplete eligibility information.

SECTION 9. DISPOSITION OF CLAIMS UPON TERMINATION

- 9.1 Termination of Administrative Services.** The Parties agree that Regence will provide Run-out Claim Processing services after the termination of this Agreement. Regence will continue to perform Run-out Claim Processing services, however, only:
- (a) for the amount of time presented in the Runout Period of the ASC Fee Schedule Addendum (or any other written agreement of the Parties for Run-out Claims Processing services);
 - (b) for claims Incurred prior to the termination date;
 - (c) if Plan Sponsor pays the Run-out Claim Processing fees presented on the ASC Fee Schedule Addendum (or any other written agreement of the Parties for Run-out Claims Processing services) in a timely manner; and

- (d) if the Plan Sponsor remits an additional deposit (or increases the existing amount of any existing deposit) to Regence prior to the termination of the Agreement, in an amount to be determined in Regence's sole discretion, based upon Regence's reasonable estimate of (i) claims Incurred but not paid, and (ii) the Run-out administrative expenses, as calculated by Regence.

If Plan Sponsor breaches paragraph (c) or (d), all administrative services required of Regence under any term of this Agreement or otherwise, including but not limited to claims processing and payments, will immediately cease; except that, if Regence reasonably concludes that it is legally required to continue providing administrative services, Run-out Claims Processing will continue and Plan Sponsor is obligated to pay Regence for its Run-out Claims Processing services under the terms of this Agreement.

9.2 Disposition of Claims after Termination. After termination of this Agreement and completion of any period of Run-out, Regence will deny:

- (a) all claims under the GHP that are in the possession of Regence for which payment has not been issued, regardless of the date the claims were Incurred; and
- (b) all claims under the GHP that are received by Regence thereafter.

Plan Sponsor will pay Regence all benefit payments and administration charges that are due Regence and remain unreimbursed at the time of or after termination and completion of any period of Run-out. Regence will not be obligated to provide any further services after the termination of this Agreement and completion of any period of Run-out. Regence may in its sole discretion, however, perform certain post Run-out services on a time and materials basis.

SECTION 10. INDEMNIFICATION AND LAWSUITS AGAINST THE PARTIES

10.1 Claims Disputes. In the event a dispute arises with a Participant or other third party over GHP benefits or any action taken by Regence related to the payment of GHP benefits in the performance of Regence's duties under the Agreement (referred to in this Agreement as a "Claim Dispute"), the Parties agree to the following.

- (a) **Notification of Dispute.** When a Party reasonably determines that a Claim Dispute may arise, the Party will promptly notify the other Parties in writing as to the issues involved in the Claim Dispute.
- (b) **Litigation Defense.** If Regence is a party to any legal action related to or arising out of a Claim Dispute, Regence will defend itself against any such legal action (including, but not limited to, litigation, arbitration, and/or mediation) brought by or on behalf of any Participant or other third party, and Regence will have full discretionary authority in all matters related to the conduct, defense, or settlement of any such action, including, but not limited to, the selection of counsel and pursuit of any counter- or cross-claim. As provided in Section 10.2(c), GHP and Plan Sponsor, jointly and severally, are responsible for Regence's costs in defending any legal action related to or arising out of a Claim Dispute including but not limited to, the payment of counsel and filing, court, arbitrator, mediator, and other similar fees and expenses, and Plan Sponsor and GHP, jointly and severally, agree to

reimburse and indemnify Regence for such costs as they are incurred by Regence and billed, with supporting documentation, to GHP or Plan Sponsor.

10.2 Indemnification. The Parties agree to the following indemnification provisions:

- (a) Plan Sponsor and GHP, jointly and severally, will indemnify, defend and hold harmless Regence, Regence Affiliates, and their respective directors, officers, employees (acting in the course of their employment, but not as claimant) and agents, for that portion of any liability, settlement and related expense (including the cost of legal defense through and including any appeals) resulting solely and directly from Plan Sponsor's or GHP's breach of this Agreement, negligence, gross negligence, willful misconduct, criminal conduct, fraud or breach of a fiduciary responsibility related to or arising out of this Agreement.
- (b) Subject to Section 10.2(c), Regence will indemnify, defend and hold harmless Plan Sponsor and GHP, their affiliates and their respective directors, officers, employees (acting in the course of their employment, but not as claimant) and agents, for that portion of any liability, settlement and related expense (including the cost of legal defense through and including any appeals) resulting solely and directly from Regence's breach of this Agreement, negligence, gross negligence, willful misconduct, criminal conduct, fraud or breach of a fiduciary responsibility related to or arising out of this Agreement.

Notwithstanding anything herein to the contrary, Plan Sponsor and GHP, jointly and severally, will remain obligated for: (1) indemnifying Regence for any Claim Dispute under Section 10.1 of this Agreement; (2) indemnifying Regence from any claim or loss which results from Plan Sponsor's incorrect certification of Participant eligibility; (3) the payment of all GHP benefits; and, (4) the payment of all benefits, costs or damages when the acts giving rise to the liability were performed by Plan Sponsor or GHP, or by Regence upon Plan Sponsor's or GHP's express direction. Regence will not be considered negligent if Regence's claims processing services are performed in accord with the standards of Section 6.3.

SECTION 11. PHARMACY BENEFIT MANAGEMENT

- 11.1 Pharmacy Benefit Management.** Regence, through its Pharmacy Benefit Manager ("PBM"), Prime Therapeutics ("Prime"), or Regence's then-current PBM, will administer and adjudicate claims through its pharmacy network, including the establishment of agreements with pharmacies participating in such networks ("Participating Pharmacies") for the provision of pharmacy services to Participants. PBM administration is contingent on the financial assumptions and qualifications outlined in this Agreement and those articulated in the ASC Fee Schedule Addendum. The contract pricing with Participating Pharmacies may be at various compensation terms and rates. Plan Sponsor will pay Regence all administrative fees as set forth in the ASC Fee Schedule Addendum, and any other fees set forth in this Agreement or other applicable Addenda. The ASC Fee Schedule Addendum and any other Addenda will be amended on an annual basis or as otherwise set forth in this Agreement. Plan Sponsor, Plan Administrator and GHP acknowledge that amounts specified in the ASC Fee Schedule Addendum and charges for particular claims are not necessarily the same as the arrangement between Regence and its PBM (or between the PBM and Participating Pharmacies. Any positive or negative financial impacts resulting from differences between the PBM arrangement and this

Agreement will be for the account of Regence and/or its PBM. Participant Cost-Sharing will be calculated using reimbursement to the Participating Pharmacy.

- 11.2 Pharmacy Discounts.** Regence will administer the fees outlined in the ASC Fee Schedule Addendum. Plan Sponsor, Plan Administrator and GHP agree all pricing discounts outlined in the ASC Fee Schedule Addendum are target discounts and not guaranteed discounts, unless stated otherwise in the ASC Fee Schedule Addendum. Regence will use best efforts to meet the discounts outlined in the ASC Fee Schedule Addendum. To meet the discounts, Regence may need to increase or decrease the Maximum Allowable Cost (MAC). Plan Sponsor shall be entitled to retain any savings resulting from Regence achieving a deeper discount than the net effective discount, nor will Regence be penalized for not meeting the net effective discounts unless stated otherwise in the ASC Fee Schedule Addendum. Additional terms and conditions governing the administration of Pharmacy Discounts, including any applicable discount exclusions, are set forth in the ASC Fee Schedule Addendum.
- 11.3 Rebates.** Regence may participate in arrangements with drug manufacturers that allow Regence to receive monetary rebates based, among other things, on the volume of certain prescription drugs purchased by or on behalf of Participants under the GHP ("Rebates"). Rebates received by Regence from drug manufacturers will be paid (or credited) to Plan Sponsor as outlined in the ASC Fee Schedule Addendum. Additional terms and conditions governing the administration of Rebates, including any applicable rebate exclusions, are set forth in the ASC Fee Schedule Addendum.
- 11.4 Limitation on Use of Other Pharmacy Services.** Plan Sponsor, Plan Administrator and GHP agree not to participate in any other formulary or similar discount program, or enter into any direct or indirect contracts with pharmaceutical manufacturers with respect to the products and services dispensed to Plan Sponsor, Plan Administrator and GHP's plan participants. If Plan Sponsor, Plan Administrator and GHP, enters into the aforementioned direct or indirect contract, Regence will be excused from any targets outlined in the ASC Fee Schedule Addendum for so long as those direct or indirect contracts are in effect.
- 11.5 Reservation of Rights.** Plan Sponsor, Plan Administrator and GHP recognize that the PBM industry is volatile. Regence reserves the right to modify or amend the financial targets in the event of: (1) a change in the scope of services to be performed by Regence or the assumptions upon which the financial provisions included in the Agreement are based and/or any government imposed or industry wide change that would impede Regence's ability to provide the pricing described in this document, including any prohibition or restriction on Regence's ability to receive rebates from pharmaceutical manufacturers; (2) a change in Plan Sponsor's alignment with Prime, or its then-current PBM (3) implementation or addition of 100% member paid plan; (4) a greater than ten percent (10%) change in the total number of plan participants from the execution of this Agreement; or (5) a change in the arrangement between Regence and Prime, or its then-current PBM.

SECTION 12. VISION BENEFIT MANAGEMENT

- 12.1 Vision Management.** Regence, through a vendor relationship with Vision Service Plan (VSP), will administer and adjudicate claims through its vision provider network, including the establishment of agreements with Participating Vision Providers for the provision of vision services to Participants. The contract pricing with Participating Vision Providers may be at various compensation terms and rates. Plan Sponsor will pay Regence all

administrative fees as set forth in the ASC Fee Schedule Addendum, and any other fees set forth in this Agreement or other applicable Addenda. The ASC Fee Schedule Addendum and any other Addenda will be amended on an annual basis or as otherwise set forth in this Agreement.

- 12.2 Rescissions or Retroactive Terminations.** Notwithstanding anything in Section 8.5, neither Regence nor VSP will reprocess any claims for a Participant regardless of the reasons for the Participant's coverage being rescinded or retroactively terminated.

SECTION 13. ADDITIONAL PROVISIONS

The following provisions are incorporated by reference into this Section 13:

- (a) the ASC Fee Schedule Addendum;
- (b) the ASC HIPAA Addendum;
- (c) the Inter-Plan Arrangements Addendum;
- (d) the BluePath Shared Savings Addendum.

SECTION 14. GENERAL

- 14.1 Insurance.** Each Party will obtain, at its own cost, and keep in force adequate policies providing comprehensive general liability and other insurance in amounts consistent with industry standards as may be necessary to insure the Party and its agents and employees against any claim or claims for damages arising out of the performance of its obligations under this Agreement. If any Party procures one or more claims-made policies to satisfy its obligations under this Agreement, the Party will obtain any extended reporting endorsement ("tail coverage") required to continuously maintain such coverage in effect for all acts, omissions, events or occurrences during the Term of this Agreement, without limit or restriction as to the making of the claim or demand. Evidence of the insurance coverage required under this Section will be made available to a Party upon request.
- 14.2 Joint Ownership of Certain Records; Confidentiality.** The Parties agree that records and documents that constitute "protected health information" as that term is defined in 45 CFR 160.103 and that pertain to administration of the GHP will be and remain the joint property of the GHP and Regence. All Proprietary Materials are the sole property of Regence. Regence will have the right to protect the confidentiality of the Proprietary Materials and will not be required to make such Proprietary Materials available to anyone. Plan Sponsor agrees to maintain the confidentiality of any Proprietary Materials Regence provides, and Plan Sponsor will not provide any Proprietary Materials to any other person, including any data extracts or summary information, except to the extent such Proprietary Materials have been made available to the public without fault of the Plan Sponsor. In the event of a termination of this Agreement, Regence will cooperate with the Plan Sponsor to provide copies of certain requested jointly owned information. Plan Sponsor or GHP agrees to reimburse Regence for the reasonable cost of such assistance and copies.
- 14.3 Entire Agreement.** This Agreement, its Addenda and Exhibits supersede and replace all prior oral or written agreements, if any, between Plan Sponsor and Regence and is the entire agreement between the Parties.

- 14.4 Non-Waiver.** The failure or refusal of any Party to enforce or enjoin any breach or violation of any provision of this Agreement will not be a waiver of that Party's right to enforce any subsequent breach.
- 14.5 Time is of the Essence.** Time is of the essence in the performance of this Agreement.
- 14.6 Relationship to Blue Cross and Blue Shield Association.** Plan Sponsor and GHP on behalf of themselves and their Participants hereby expressly acknowledge the understanding that this Agreement constitutes an Agreement solely between Plan Sponsor, GHP and Regence, which is an independent corporation operating under a license from the Blue Cross and Blue Shield Association, an association of independent Blue Cross and Blue Shield Plans (the "Association"), permitting Regence to use the Blue Cross and Blue Shield Service Marks in the state of Utah, and that Regence is not contracting as the agent of the Association. Plan Sponsor and GHP on behalf of themselves and their Participants further acknowledge and agree that they have not entered into this Agreement based upon representations by any person or entity other than Regence and that no person or entity other than Regence will be held accountable or liable to Plan Sponsor or the Participants for any of Regence's obligations to Plan Sponsor created under this Agreement. This paragraph will not create any additional obligations whatsoever on the part of Regence other than those obligations created under other provisions of this Agreement
- 14.7 Audit Rights.** During the Term of this Agreement, the period of Run-out, and for a period of six (6) months following the Agreement's termination and completion of any period of Run-out, Plan Sponsor or GHP (or its designated claims auditing representative, if approved by Regence in writing) will have the right to initiate an examination of Regence's records. Examined records will relate only to the GHP benefits. Any such audit will be conducted during regular business hours at Regence's offices, and following sixty (60) days prior written notice. Any examination of individual Participants' health benefit payment records will be carried out in a manner specifically designed to protect the confidentiality of the Participants' medical information in compliance with all federal and state laws governing confidentiality and privacy of health information. All audits will be limited to information relating to the Term in which the audit is conducted and/or the immediately preceding Term and will be concluded within eighteen (18) months of the last day of the Term under audit. Plan Sponsor or GHP will pay all expenses incurred by Regence, GHP and Plan Sponsor relating to the audit. Regence will not be required to disclose any information in violation of applicable law. Regence does not permit any extrapolation from a sample of claims to make determinations about the universe of claims processed as a whole.

Prior to commencement of any audit, Plan Sponsor, GHP and its outside auditor, if any, will execute a written audit agreement with Regence which sets forth the terms and conditions of the audit according to Regence's most recent external audit policy. Regence reserves the right to deny access to a third-party contingency fee auditor.

With regard to its contracts with Participating Providers, the terms of which are not otherwise publicly available, Regence reserves the right to deny access to the contracts. At Regence's sole discretion, Regence will provide access to its contracts with Participating Providers only (i) for the purpose of ensuring that a claim was correctly paid by the claims processing system at the appropriately contracted rate, and (ii) only in a manner that Regence deems would protect the confidential and/or proprietary information contained therein. This reservation of right pertains not only to the actual contracts but

also to any data, reports or other information generated from which the terms of the contracts could be determined, which are considered Proprietary Material under the Definition Section of this Agreement.

- 14.8 Severability.** In the event any one or more of the terms, conditions or provisions contained in the Agreement or any application thereof is declared invalid, illegal or unenforceable in any respect by any arbitrator or court of competent jurisdiction, the validity, legality or enforceability of the remaining terms, conditions or provisions of this Agreement and any other application thereof will not in any way be affected or impaired thereby, and this Agreement will be construed as if such invalid, illegal or unenforceable provisions were not contained herein.
- 14.9 Restriction on Assignment.** No Party will assign or transfer any of its rights, or delegate any of its duties or obligations hereunder, directly or indirectly, without the prior written consent of the other Parties. A Party may, with the prior written consent of the other Parties, assign this Agreement in its entirety to any person or entity, other than a direct competitor of a Party, which acquires the business of the assigning Party or with which the Party merges or is consolidated or affiliated, provided that the permitted assignee agrees in writing to be bound by the terms of this Agreement. Any attempted assignment, transfer or delegation in violation of this paragraph will be null and void.
- 14.10 Notices.** Except for a revised ASC Fee Schedule Addendum under Section 4.2 or an alternative ASC Fee Schedule Addendum under Section 7.2 (which would be effective as provided in those sections) and except for endorsements or amendments to this Agreement (which would be effective on the endorsement or amendment effective date), all notices, requests, demands, and other communications required or permitted to be given or made under the Agreement will be in writing and will be effective on the date of actual hard copy receipt (including by confirmed email receipt), and will be sent to Plan Sponsor, GHP or Regence, as the case may be, to such address, person, or entity as set forth below, or as any Party will designate by notice to the other Parties in accordance herewith.
- 14.11 Binding Effect.** This Agreement will be binding upon, inure to the benefit of, and be enforceable by, the Parties hereto and their respective successors and permitted assigns.
- 14.12 No Third-Party Beneficiaries.** Nothing in this Agreement, express or implied, is intended to confer on any person, other than the Parties hereto, any right or remedy of any nature whatsoever; and nothing in this Agreement will create, or be deemed to create, any rights, obligations or legal relationship between Regence and any Participant.
- 14.13 Force Majeure.** No Party will be deemed to be in violation of this Agreement if it is prevented from performing its obligations by events beyond its control including, without limitation, acts of God, war or insurrection, terrorism, flood or storm, strikes, or rule or action of the government or agency. The Parties will make a good faith effort, however, to assure Participants have access to Participating Provider services consistent with applicable law, despite such events.
- 14.14 Survival.** All rights and obligations will cease upon termination or expiration of this Agreement, except for the rights and obligations set forth in Sections 7, 9, 10, 14.1, 14.2, the Inter-Plan Arrangements Addendum, and as specified in Section 6 of the ASC HIPAA Addendum.

- 14.15 Headings.** The headings used in this Agreement are solely for convenience of reference, are not part of this Agreement, and are not to be considered in construing or interpreting this Agreement.
- 14.16 Counterparts.** This Agreement may be executed in one or more counterparts, each of which will be deemed an original, and all of which together will constitute one and the same instrument.
- 14.17 Fidelity Bond.** Plan Sponsor will provide a fidelity bond for fiduciaries and every person who handles funds or other property of the GHP if required by ERISA for the benefit of the GHP.
- 14.18 Bankruptcy.** If bankruptcy, receivership, or liquidation proceedings are commenced with respect to any Party hereto, and if this Agreement has not otherwise been terminated, then a non-filing Party may suspend all further performance of this Agreement pursuant to Section 365 of the Bankruptcy Code or any similar or successor provision of Federal or State law. Any such suspension of further performance by a non-filing Party pending the defaulting Party's assumption or rejection of this Agreement will not be a breach of this Agreement and will not affect the non-filing Party's right to pursue or enforce any of its rights under this Agreement or otherwise.
- 14.19 Class Actions.** Plan Sponsor and Regence recognize that, from time to time, Regence or Plan Sponsor or GHP may receive notice of a pending class action that seeks recovery on behalf of a class that may include Regence or Plan Sponsor (a "Class Action"). Notwithstanding any language to the contrary in this Agreement, Regence will have no duty to participate in the "Class Action" on behalf of Plan Sponsor or GHP. Regence does not have a duty to notify Plan Sponsor or GHP (or any plan) of receipt of notice of any "Class Action". Plan Sponsor or GHP may request that Regence provide information for a Class Action or assist in pursuing a recovery for Plan Sponsor in a Class Action. Regence will have the sole discretion to accept or reject such a request. If accepted, the services provided will be subject to the payment of additional administrative fees and other related costs to Regence by Plan Sponsor.
- 14.20 Governing Law.** Unless preempted by federal law, this Agreement will be governed, construed, performed and enforced in accordance with the laws of the State of Utah.
- 14.21 Dispute Resolution.** If a dispute should arise out of this Agreement or a breach thereof, the Parties will attempt in good faith to resolve the dispute informally through discussion, the exchange of documents, or meetings following a Party's written notice of the existence and nature of the dispute.

If the Parties are unable to resolve the dispute within 30 days after the date of such written notice, they will, while continuing to attempt to resolve the dispute, also establish a procedure for mediation of the dispute in the event it is not resolved.

If the Parties are unable to resolve the dispute, or to agree to a procedure for mediation of the dispute, within 60 days after the date of the written notice of dispute, then the dispute will be submitted to mediation, initiated by written notice from a Party, in accordance with the model procedures of the International Institute for Conflict Prevention & Resolution.

In the event the Parties are not able to resolve the dispute as described above, the Parties may submit the matter to binding arbitration in accordance with the commercial arbitration

rules of the American Arbitration Association unless the Parties agree to another method of dispute resolution. The Arbitration will be conducted in the Utah county where the Plan Sponsor resides. The Parties agree that the arbitrator's award will be final and binding, may include an apportionment of attorney fees and costs, and may be enforced in any court having jurisdiction thereof.

[signature { page } { pages } to follow]

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their duly authorized representatives on the dates indicated.

This Agreement may be signed in counterparts. A fax transmission of a signature page will be considered an original signature page. At the request of a Party, each other Party will confirm a fax-transmitted signature page by delivering an original signature page to the requesting Party.

ACCEPTED:

**PLAN SPONSOR
SAN JUAN COUNTY**

**REGENCE BLUECROSS BLUESHIELD OF
UTAH**

By: _____
Name: _____
Title: _____
Date: _____

By: David M Pankey
Name: David M Pankey
Title: Director of Underwriting
Date: December 15, 2020

Address for Notice:

Address for Notice:

Regence
Attn: Legal Department
100 SW Market Street, MSE 12B
Portland, OR 97201
Fax: 503-225-5431

**GROUP HEALTH PLAN (GHP)
SAN JUAN COUNTY**

By: _____
Name: _____
Title: _____
Date: _____

Address for Notice:

ASC HIPAA ADDENDUM

This ASC HIPAA Addendum (the "Addendum") modifies the Administrative Services Contract between the Parties (the "Agreement") in which Group Health Plan ("GHP"), or any company that is owned or controlled by GHP (collectively referred to as "GHP") has contracted with Regence for the provision of services to, or on behalf of, GHP. Plan Sponsor, GHP and Regence are sometimes referred to individually as the "**Party**" and collectively as the "**Parties**."

The Parties acknowledge that for purposes of fulfilling the obligations of REGENCE BLUECROSS BLUESHIELD OF UTAH ("Regence") to SAN JUAN COUNTY ("Plan Sponsor") and its Group Health Plan under this Addendum, Regence is the Business Associate of GHP. The Parties agree that Regence may have access to Personal Information in order to perform Regence's obligations and services to GHP. Parties also desire to comply with the HIPAA Rules and GLB Rules that are applicable to Regence's relationship with GHP.

DEFINITIONS

General. Except as otherwise provided in this Addendum, all capitalized terms shall have the meanings as set forth and used in the HIPAA Rules.

"**GHP**" means Group Health Plan and any legal entity that is owned or controlled by it.

"**GHP Privacy Official**" means Group Health Plan's Privacy Official or designee.

"**GLB Rules**" means the requirements of all insurance commissioner regulations implementing Title V of the Gramm-Leach-Bliley Act (15 USC § 6801 et seq.).

"**HIPAA Rules**" means the applicable provisions of the Health Insurance Portability and Accountability Act of 1996, as amended by the American Recovery and Reinvestment Act of 2009 and implementing regulations.

"**Lawful Holder**" means an individual or entity that is in lawful possession of Patient Identifying Information.

"**Part 2 Rule**" means the Confidentiality of Substance Use Disorder Patient Records Rule (42 C.F.R. Part 2).

"**Patient Identifying Information**" means information that (a) would identify, directly or indirectly, an individual as having been diagnosed, treated, or referred for treatment for a substance use disorder, such as indicated through standard medical codes, descriptive language, or both and (b) is subject to the Part 2 Rule, limited to the Patient Identifying Information that one a Party receives from or on behalf of another Party.

"**Personal Information**" means any information created for or received from Plan Sponsor or GHP from which the identity of an individual can reasonably be determined, and includes, but is not limited to, all information within the meaning of "Protected Health Information" in the HIPAA Rules and "Nonpublic Personal Financial Information" as defined in the GLB Rules. Personal Information includes such information created, received, maintained, or transmitted on behalf of Plan Sponsor or GHP, in any form, electronic or otherwise.

1. Regence Obligations

- 1.1 **Uses and Disclosures.** Regence shall not use or further disclose Personal Information other than as Required by Law or as permitted in this Addendum.

- a. **Provision of Services to GHP.** Regence may use or disclose Personal Information to perform functions, activities, or services for or on behalf of Plan Sponsor or GHP within the scope of any services contract or agreement between the Parties, provided that such use or disclosure would not violate the Privacy Rule if done by Plan Sponsor or GHP.
- b. **Disclosures of Personal Information.** For privacy and security requirements under HIPAA, Personal Information other than enrollment/disenrollment information may be disclosed to the Plan Administrator of the GHP only, and may not be disclosed to the Plan Sponsor, except as provided in this section. Both the GHP and the Plan Sponsor are Parties to this Addendum to ensure Personal Information is disclosed to the correct legal entity. In the event that GHP discloses Personal Information other than enrollment/disenrollment information to the Plan Sponsor or instructs Regence to disclose such Personal Information to the Plan Sponsor, GHP hereby certifies that it has made all necessary amendments to the Plan Document and SPD in accordance with 45 CFR § 164.504.
- c. **Management and Administration of Regence**
- Management Use.** Regence may use Personal Information for the proper management and administration of Regence or to carry out the legal responsibilities of Regence.
- Management Disclosure.** Regence may disclose Personal Information for the proper management and administration of Regence, provided that disclosures are Required by Law or Regence obtains: (i) reasonable assurances from the person to whom the information is disclosed that the information will remain confidential and be used or further disclosed only as Required by Law or for the purpose for which it was disclosed to the person; and (ii) reasonable assurance that the person agrees to notify Regence of any instances of which it is aware in which the confidentiality of the information has been breached.
- d. **Data Aggregation.** Regence may use Personal Information to provide Data Aggregation services to GHP.
- e. **Minimum Necessary and Limited Data Set.** Regence's use, disclosure, or request for Personal Information shall use a Limited Data Set if practicable. If a Limited Data Set is impracticable, Regence, in its performance of the functions, activities, services, and operations undertaken for, or on behalf of, GHP, shall make reasonable efforts to use, disclose, and request only the minimum amount of Personal Information necessary to accomplish the intended purposes of the use, disclosure, or request. Regence agrees to implement and follow appropriate minimum necessary policies in the performance of its obligations under this Addendum.
- f. **Sale of Personal Information.** Regence shall not directly or indirectly receive remuneration in exchange for Personal Information except where permitted by the Addendum and consistent with applicable law.

- g. **Marketing.** Regence shall not directly or indirectly receive payment for any use or disclosure of Personal Information for marketing purposes except where permitted by the Addendum and consistent with applicable law.
- 1.2 **Safeguards.** Regence shall use appropriate safeguards to prevent any use or disclosure of the Personal Information not provided for by this Addendum or by the HIPAA Rules.
 - 1.3 **Mitigate Harmful Effects.** Regence shall mitigate, to the extent practicable, any harmful effect that is known to Regence of a use or disclosure of Personal Information in violation of the requirements of this Addendum.
 - 1.4 **Reporting Requirements**
 - a. **Non-Permitted Use or Disclosure.** Regence shall report to GHP any use or disclosure of the Personal Information not provided for by this Addendum or by the HIPAA Rules within five (5) business days of becoming aware of such use or disclosure.
 - b. **Security Incidents.** Regence shall report within five (5) business days to GHP any Security Incident involving electronic Personal Information of which it becomes aware.
 - c. **Notices to Privacy Official.** Regence shall send all notices pertaining to Personal Information obligations that are set forth in this Addendum to the GHP Privacy Official.
 - 1.5 **Agents and Subcontractors.** Regence shall enter into a Business Associate Agreement in compliance with the HIPAA Rules with any subcontractor or agent of Regence that creates, receives, maintains, or transmits Personal Information on behalf of Regence for purposes of delivered services to GHP under this Agreement.
 - 1.6 **Inspection of Books and Records.** In a time and manner designated by the Secretary of the U.S. Department of Health and Human Services ("Secretary") or Plan Sponsor or GHP, Regence shall make its internal practices, books, and records relating to the use and disclosure of Personal Information available to the Secretary or Plan Sponsor or GHP for purposes of determining compliance with the HIPAA Rules.
 - 1.7 **HIPAA Obligations.** To the extent Regence is to carry out one or more of GHP's obligations under the HIPAA Rules, Regence will comply with the requirements of the HIPAA Rules that apply to GHP in the performance of such obligations.
 - 1.8 **Individual Rights**
 - a. **Access.** At the request of and in a reasonable time and manner designated by GHP, Regence shall provide access to Personal Information to GHP or, as directed by GHP, to an individual in order to meet the right of access requirements under the HIPAA Rules. Regence shall make access available in an electronic format when requested by GHP.
 - b. **Amendment.** Regence shall make any amendments to Personal Information as directed by GHP, or as requested by an individual, to meet

the right of amendment required by the HIPAA Rules, in a reasonable time and manner designated by GHP.

- c. **Accountings.** Regence shall document disclosures of Personal Information and information related to disclosures that would be required for GHP to respond to a request by an individual for an accounting of disclosures of Personal Information under the HIPAA Rules. Regence shall provide the accounting information to GHP or an individual in a reasonable time and manner designated by GHP to meet the time specified in the HIPAA Rules.

1.9 Standard Transactions. Regence will not enter into, nor permit its subcontractors or agents to enter into, any trading partner agreement in connection with the conduct of Standard Transactions for or on behalf of GHP that: (i) changes the definition, data condition, or use of a data element or segment in a Standard Transaction; (ii) adds any data elements or segments to the maximum defined data set; (iii) uses any code or data element that is not permitted in a Standard Transaction; or (iv) changes the meaning or intent of a Standard Transaction or its Implementation Specification.

1.10 Security

- a. **Security Rule.** Regence shall comply with the security provisions of the HIPAA Rules.
- b. **Security of Electronic Personal Information.** Regence shall have administrative, physical, and technical safeguards, and related policies and procedures that reasonably and appropriately protect the confidentiality, integrity, and availability of the electronic Personal Information.
- c. **Evaluation of Security Controls.** Regence shall make its internal security practices, policies, and procedures relating to the security of Personal Information available to GHP for evaluation. Such evaluation may include technical and non-technical security auditing and shall occur in a reasonable time and manner designated by GHP and coordinated with Regence.

2. GHP Obligations

2.1 Restrictions to Personal Information. GHP shall notify Regence of any restriction to the use or disclosure of Personal Information that GHP has agreed to under the HIPAA Rules.

2.2 Permissible Requests. GHP shall not request Regence to use or disclose Personal Information in any manner that would not be permissible under the HIPAA Rules if done by GHP.

3. Substance Use Disorder Information under 42 CFR Part 2. The Parties acknowledge that Patient Identifying Information subject to the Part 2 Rule may be exchanged under the terms of Agreements entered into between the Parties. When a Party that is a Lawful Holder (a "Disclosing Party") discloses Patient Identifying Information to another Party or permits that Party to create or receive Patient Identifying Information on behalf of the Disclosing Party (the other Party being the "Receiving Party"), the Receiving Party shall comply with the terms of this Section with respect to such information.

3.1 Receiving Party Obligations. The Receiving Party shall:

- a. Comply with the requirements of the Part 2 Rule with respect to all Patient Identifying Information the Receiving Party creates or receives on behalf of the Disclosing Party;
- b. Implement appropriate safeguards to prevent unauthorized uses and disclosures of such Patient Identifying Information; such safeguards will comply with 42 C.F.R. § 2.16;
- c. Report to the Disclosing Party any unauthorized Use, Disclosure, or Breach of Patient Identifying Information in the manner required by the Master Business Associate Agreement;
- d. Refrain from redisclosing Patient Identifying Information to any person or entity other than the Disclosing Party, unless such redisclosure is permitted by an applicable provision of the Part 2 Rule or SAMHSA published guidance; and

3.2 Disclosing Party Obligations. Disclosing Party shall:

- a. Make commercially reasonable efforts to require Part 2 Programs (as that term is defined in the Part 2 Rule) to notify Receiving Party of any Patient Identifying Information the Part 2 Program discloses directly to Receiving Party in accordance with the terms of this Agreement and
- b. Notify Receiving Party of any Patient Identifying Information Disclosing Party discloses to Receiving Party; and
- c. Disclose to Receiving Party only the minimum Patient Identifying Information necessary for Receiving Party to perform its duties under this Agreement or any underlying Agreement between the Parties.

4. Term and Termination

4.1 Term. Upon termination of this Agreement, the terms of this Addendum shall remain in effect until all of the Personal Information provided by GHP to Regence, or created, received, or maintained by Regence on behalf of GHP, is destroyed or returned to GHP. If it is infeasible to return or destroy Personal Information, Regence shall inform GHP of the reason it is not feasible and the protections in this Addendum shall extend to such information for as long as Regence retains control or possession of Personal Information.

4.2 Termination for Cause. Upon GHP's knowledge of a breach of this Addendum by Regence, GHP will have the right, but not the obligation, to: (i) provide an opportunity within the time specified in writing by GHP for Regence to cure the breach; or (ii) terminate upon written notice this Addendum and any contract or agreement to which this Addendum applies.

4.3 Effect of Termination. Notwithstanding any provision herein, Regence shall upon termination of this Addendum for any reason:

- a. Except as provided for in Section 4.3.b, return to GHP or destroy, as specified by GHP, all Personal Information that is under the control or in

the possession of Regence. If GHP specifies that Regence destroy Personal Information, Regence shall certify to GHP that the Personal Information has been destroyed;

- b. Retain Personal Information only to the extent necessary for Regence to continue its proper management and administration or to carry out its legal responsibilities, but shall return to GHP or destroy, as specified by GHP, such retained Personal Information when it is no longer needed by Regence for its proper management and administration or to carry out its legal responsibilities;
 - c. Continue its obligations under Section 1.2 (Safeguards) and Section 1.10 (Security) and comply with the HIPAA Rules with respect to electronic Personal Information to prevent use or disclosure of the Personal Information for as long as Regence retains control or possession of Personal Information; and
 - d. Not use or disclose the Personal Information retained by Regence other than for the purposes for which such Personal Information was retained and subject to the same conditions set out in Section 1.1.b (Management and Administration of Regence) that applied prior to termination.
5. **Amendment.** The Parties agree to take such action to amend this Addendum from time to time as is necessary to comply with the requirements of the HIPAA Rules or the GLB Rules.
 6. **Assignment.** This Addendum is not assignable or transferable without the prior written consent of GHP.
 7. **Survival.** The respective rights and obligations under Section 4 and Section 5 shall survive termination of this Addendum.
 8. **Supremacy.** This Addendum shall have legal superiority and control over any conflicting or limiting provision of any other contract or agreement between the Parties, whether entered into before, simultaneous, or after this Addendum.
 9. **Interpretation.** Any ambiguity in this Addendum shall be resolved in favor of a meaning that permits GHP to comply with the HIPAA Rules and the GLB Rules.
 10. **Third-Party Beneficiary.** This Addendum is for the sole benefit of the Parties hereto and their successors and permitted assigns and nothing herein express or implied shall give or be construed to give any individual or entity other than the Parties hereto any legal or equitable rights hereunder.
 11. **Counterparts.** This Addendum may be executed in counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument.

INTER-PLAN PROGRAMS ADDENDUM

This Inter-Plan Programs Addendum (the "Addendum") modifies the Administrative Services Contract by and among GHP, Plan Sponsor, and Regence (the "Agreement") for the provision of services to, or on behalf of, GHP.

DEFINITIONS

The following are definitions of terms used in this Addendum. Other terms are defined where they are first used. Defined terms are capitalized when used in the defined context.

"Access Fee" is a fee charged by the Host Blue to Regence for making its applicable provider network available to the Plan Sponsor's Participants. The Access Fee will not apply to nonparticipating provider claims. The Access Fee is charged on a per-claim basis and is charged as a percentage of the discount Regence receives from the applicable Host Blue subject to a maximum of \$2,000 per claim. When charged, Regence passes the Access Fee directly on to the Plan Sponsor.

"Administrative Expense Allowance (AEA) Fee" is a fixed per-claim dollar amount charged by the Host Blue to Regence for administrative services the Host Blue provides in processing claims for the Plan Sponsor's participants. The dollar amount is normally based on the type of claim (e.g. institutional, professional, international, etc.) and can also be based on the size of your Plan Sponsor enrollment. When charged, Regence passes the AEA Fee directly on to the Plan Sponsor.

"Accountable Care Organization (ACO)" means a group of healthcare providers who agree to deliver coordinated care and meet performance benchmarks for quality and affordability in order to manage the total cost of care for their member populations.

"Care Coordination" means an organized information-driven patient care activities intended to facilitate the appropriate responses to a Participant's healthcare needs across the continuum of care.

"Global Payment/Total Care" means a payment methodology that is defined at the patient level and accounts for either all patient care or for a specific group of services delivered to the patient such as outpatient, physician, ancillary, hospital services and prescription drugs.

"Non-Standard AEA Fee" is a financial arrangement negotiated between the Host Blue and Regence and replaces all other fees, including the Access and AEA, with the exception of Care Coordinator Fees. The Non-Standard AEA is a fixed per-claim dollar amount charged by the Host Blue to Regence for administrative services the Host Blue provides in processing the Plan Sponsor's Participants. When charged, Regence passes the Non-Standard AEA Fee directly on to the Plan Sponsor.

"Per Contract Per Month (PCPM) Fee" is a financial arrangement negotiated between the Host Blue and Regence and replaces all other fees, including the Access Fee and AEA, with the exception of Care Coordinator Fees. The PCPM dollar amount is charged on a per-contract-per-month basis by the Host Blue to Regence. For administrative services the Host Blue provides in processing claims the Plan Sponsor's Participants. The dollar amount can also be based on the size of the Plan Sponsor's enrollment. When charged, Regence passes the PCPM Fee directly on to the Plan Sponsor.

“Patient-Centered Medical Home (PCMH)” means a model of care in which each patient has an ongoing relationship with a primary care physician who coordinates a team to take collective responsibility for patient care and, when appropriate, arranges for care with other qualified physicians.

“Provider Incentive” means an additional amount of compensation paid to a healthcare provider by a Blue Cross and/or Blue Shield Plan, based on the provider's compliance with agreed-upon procedural and/or outcome measures for a particular group of covered persons.

“Shared Savings” means a payment mechanism in which the provider and payer share cost savings achieved against a target cost budget based upon agreed upon terms and may include downside risk.

“Value-Based Programs (VBP)” means an outcomes-based payment arrangement and/or a coordinated care model facilitated with one or more local providers that is evaluated against cost and quality metrics/factors and is reflected in provider payment

I. OUT-OF-AREA SERVICES

Overview

Regence has a variety of relationships with other Blue Cross and/or Blue Shield Licensees referred to generally as “Inter-Plan Programs.” These Inter-Plan Programs operate under rules and procedures issued by the Blue Cross Blue Shield Association (“Association”). Whenever Participants access healthcare services outside the geographic area Regence serve[s], the claim for those services may be processed through one of these Inter-Plan Programs and presented to Regence for payment. The Inter-Plan Programs available to Participants under this Agreement are described generally below.

Typically, Participants, when accessing care outside the geographic area Regence serves, obtain care from healthcare providers that have a contractual agreement (i.e., are “participating providers”) with the local Blue Cross and/or Blue Shield Licensee in that other geographic area (“Host Blue”). In some instances, Participants may obtain care from non-participating healthcare providers. Regence’s payment practices in both instances are described below

A. BlueCard® Program.

Under the BlueCard® Program, when Participants access Covered Services within the geographic area served by a Host Blue, Regence will remain responsible to Plan Sponsor for fulfilling Regence’s contractual obligations. However, the Host Blue will be responsible for providing such services as contracting and handling substantially all interactions with its participating healthcare providers. The financial terms of the BlueCard Program are described generally below.

1. Liability Calculation Method Per Claim.

The calculation of Participant liability on claims for Covered Services processed through the BlueCard Program will be based on the lower of the provider's billed charges or the negotiated price made available to Regence by the Host Blue.

The calculation of Plan Sponsor liability on claims for Covered Services processed through BlueCard will be based on the negotiated price made available to Regence

by the Host Blue. Sometimes, this negotiated price may be greater than billed charges if the Host Blue has negotiated with its participating healthcare provider(s) an inclusive allowance (e.g., per case or per day amount) for specific healthcare services.

2. Claims Pricing.

Host Blues may use various methods to determine a negotiated price, depending on the terms of each Host Blue's healthcare provider contracts. The negotiated price made available to Regence by the Host Blue may represent a payment negotiated by a Host Blue with a healthcare provider that is one of the following:

- (a) an actual price. An actual price is a negotiated payment without any other increases or decreases, or
- (b) an estimated price. An estimated price is a negotiated payment reduced or increased by a percentage to take into account certain payments negotiated with the provider and other claim- and non-claim-related transactions. Such transactions may include, but are not limited to, anti-fraud and abuse recoveries, provider refunds not applied on a claim-specific basis, retrospective settlements, and performance-related bonuses or incentives, or
- (c) an average price. An average price is a percentage of billed covered charges representing the aggregate payments negotiated by the Host Blue with all of its healthcare providers or a similar classification of its providers and other claim- and non-claim-related transactions. Such transactions may include the same ones as noted above for an estimated price.

Host Blues using either an estimated price or an average price may prospectively increase or reduce such prices to correct for over- or underestimation of past prices (i.e., prospective adjustments may mean that a current price reflects additional amounts or credits for claims already paid to providers or anticipated to be paid to or received from providers). However, the amount paid by the Participant and Plan Sponsor is a final price; no future price adjustment will result in increases or decreases to the pricing of past claims. The BlueCard Program requires that the price submitted by a Host Blue to Regence is a final price irrespective of any future adjustments based on the use of estimated or average pricing.

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

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

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

3. BlueCard Program Fees and Compensation.

Plan Sponsor understands and agrees to reimburse Regence for certain fees and compensation which Regence is obligated under the BlueCard Program to pay to the Host Blues, to the Blue Cross and Blue Shield Association (BCBSA), and/or to BlueCard Program vendors, as described below. Fees and compensation under the BlueCard Program may be revised in accordance with the Program's standard procedures for revising such fees and compensation, which do not provide for prior approval by any Plan Sponsor. Such revisions typically are made annually as a result of Program policy changes and/or vendor negotiations. These revisions may occur at any time during the course of a given calendar year, and they do not necessarily coincide with Plan Sponsor's benefit period under this Agreement.

Regence will charge these fees as follows:

- a) Fees associated with claims processing:
 - Access Fees
 - Administrative Expense Allowance (AEA) fees
 - Per Contract Per Month (PCPM) fees
 - Non-Standard AEA fees

- b) Some of these fees and compensation are charged each time a claim is processed through the BlueCard Program and include, but are not limited to, access fees, administrative expense allowance fees. An access fee may be passed on to Plan Sponsor as an additional claim liability. If one is charged, it will be a percentage of the discount/differential Regence receives from the Host Blue, based on the current rate in accordance with the Program's standard procedures for establishing the access fee rate. The access fee will not exceed \$2,000 for any claim. See ASC Fee Schedule Addendum.

- c) BlueCard Program Access Fees. A BlueCard Program access fee may be charged only if the Host Blue's arrangement with its healthcare provider prohibits billing Participants for amounts in excess of the negotiated payment. However, a healthcare provider may bill for non-covered

healthcare services and for Participant cost sharing (for example, deductibles, copayments, and/or coinsurance) related to a particular claim.

- d) How the BlueCard Program Access Fee Affects Plan Sponsor. When Regence is charged a BlueCard Program access fee, Regence may pass the charge along to Plan Sponsor as a claim expense or as a separate amount. The access fee will not exceed \$2,000 for any claim. If Regence receives an access fee credit, Regence will give Plan Sponsor a claim expense credit or a separate credit. Instances may occur in which the claim payment is zero or Regence pays only a small amount because the amounts eligible for payment were applied to patient cost sharing (such as a deductible or coinsurance). In these instances, Regence will pay the Host Blue's access fee and pass it along to Plan Sponsor as stated above even though Plan Sponsor paid little or had no claim liability.

B. Nonparticipating Providers Outside Regence Service Area

1. Participant Liability Calculation

- (a) **In General:** When Covered Services are provided outside of the Regence service area by nonparticipating providers, the amount(s) a Participant pays for such services will be based on either the Host Blue's nonparticipating healthcare provider local payment or the pricing arrangements required by applicable state law. In these situations, the Participant may be responsible for the difference between the amount that the nonparticipating provider bills and the payment Regence will make for the Covered Services as set forth in this paragraph. Payments for out-of-network emergency services will be governed by applicable federal and state law.
- (b) **Exceptions:** In some exception cases, at the Plan Sponsor's direction, Regence may pay claims from nonparticipating healthcare providers outside of the Regence service area based on the provider's billed charge. This may occur in situations where a Participant did not have reasonable access to a participating provider, as determined by Regence, in Regence's sole and absolute discretion, or by applicable state law. In other exception cases, at the Plan Sponsor's direction, Regence may pay such claims based on the payment Regence would make if Regence were paying a nonparticipating provider inside of the Regence service area, as described elsewhere in this Agreement. This may occur where the Host Blue's corresponding payment would be more than Regence's in-service area nonparticipating provider payment. Regence may choose to negotiate a payment with such a provider on an exception basis.

Unless otherwise stated, in any of these exception situations, the Participant may be responsible for the difference between the amount that the nonparticipating healthcare provider bills and the payment Regence will make for the covered services as set forth in this paragraph.

2. Fees and Compensation

Plan Sponsor understands and agrees to reimburse Regence for certain fees and compensation which we are obligated under applicable Inter-Plan Arrangement requirements to pay to the Host Blues, to the Association and/or to vendors of Inter-Plan Arrangement-related services. The specific fees and compensation that are charged to the Plan Sponsor are set forth in ASC Fee Addendum and compensation under applicable Inter-Plan Arrangements may be revised from time to time as provided for in section 3 above.

C. Blue Cross Blue Shield Global® Core

1. If Participants are outside the United States, the Commonwealth of Puerto Rico, and the U.S. Virgin Islands (hereinafter "BlueCard service area"), Participants may be able to take advantage of Blue Cross Blue Shield Global Core when accessing Covered Services. Blue Cross Blue Shield Global Core is unlike the BlueCard Program available in the BlueCard service area in certain ways. For instance, although Blue Cross Blue Shield Global Core assists Participants with accessing a network of inpatient, outpatient and professional providers, the network is not served by a Host Blue. As such, when Participants receive care from providers outside the BlueCard service area, Participants will typically have to pay the providers and submit the claims to obtain reimbursement for these services. If Participants need medical assistance services (including locating a doctor or hospital) outside the BlueCard service area, Participants should call the service center at 1.800.810.BLUE (2583) or call collect at 1.804.673.1177, 24 hours a day, seven days a week. An assistance coordinator, working with a medical professional, can arrange a physician appointment or hospitalization, if necessary.
 - (a) **Inpatient Services:** In most cases, if Participants contact the service center for assistance, hospitals will not require Participants to pay for covered inpatient services, except for Participant Cost-sharing, to begin claims processing. However, if Participants paid in full at the time of service, Participants must submit a claim to receive reimbursement for Covered Services. **Participants must contact Regence to obtain precertification for non-emergency inpatient services.**
 - (b) **Outpatient Services:** Physicians, urgent care centers and other outpatient providers located outside the BlueCard service area will typically require Participants to pay in full at the time of service. Participants must submit a claim to obtain reimbursement for Covered Services.
 - (c) **Submitting a Blue Cross Blue Shield Global Core Claim:** When Participants pay for Covered Services outside the BlueCard service area, Participants must submit a claim to obtain reimbursement. For institutional and professional claims, Participants should complete a Blue Cross Blue Shield Global Core claim form and send the claim form with the provider's itemized bill(s) to the service center (the address is on the form) to initiate claims processing. Following the instructions on the claim form will help ensure timely processing of Participants claims. The claim form is available from Regence, the service center or online at www.bcbsglobalcore.com. If Participants need assistance with claim submission, Participants should call the service center at 1.800.810.BLUE (2583) or call collect at 1.804.673.1177, 24 hours a day, seven days a week.

2. **BlueCross BlueShield Global Core-Related Fees.** Plan sponsor understands and agrees to reimburse Regence for certain fees and compensation which we are obligated under applicable Inter-Plan Arrangement requirements to pay the Host Blues, to the Association and/or to vendors of Inter-Plan Arrangement-related services. The specific fees and compensation that are charged to the Plan Sponsor under Blue Cross Blue Shield Global Core are set forth in the ASC Fee Addendum. Fees and compensation under applicable Inter-Plan Arrangements may be revised from time to time as provided for in Section 3 above.

D. **Value-Based Programs.**

Participants may access Covered Services from providers that participate in a Host Blue's and/or Regence's Value-Based Programs. A Host Blue's Value-Based Program may be delivered through the BlueCard Program. Regence's Value-Based Program applies for services rendered locally. These Value-Based Programs may include, but are not limited to, Accountable Care Organizations, Global Payment/Total Cost of Care arrangements, Patient-Centered Medical Homes and Shared Savings arrangements.

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

Regence will pass these provider payments (either from the Host Blue or from Regence when services rendered locally) on to Plan Sponsor as either an amount included in the price of the claim or an amount charged separately in addition to the claim.

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

1. **Actual Pricing:** The charge to accounts for Value-Based Programs incentives/Shared Savings settlements is part of the claim. These charges are passed to Plan Sponsor via an enhanced provider fee schedule.
2. **Supplemental Factor:** The charge to accounts for Value-Based Programs incentives/Shared Savings settlements is a supplemental amount that is included in the increase in the claim amount). The supplemental factor may be adjusted from time to time.

When such amounts are billed separately from the price of the claim, they may be billed as follows:

1. **Annual Lump Sum Billings:** There are Lump Sum billings for Regence Value-Based Programs incentives. Accountable Care Organizations, Accountable Health Network and the Total Care programs will be charged back retrospective Shared Savings Rate (SSR) are passed through the claims invoice as Discretionary Billing Items (DBI). For self-funded groups, the Annual Shared Savings Charge Back falls under "Other Activity", "Value Based Med Management Program Retrospective Settlement (month year)" on the self-funded group's bill.

Regence will pass these charges directly through to Plan Sponsor as a separately identified amount on the group billings annually. Regence will bill annual lump sum billings no more than 24 months after the end of Term or termination; or

2. **Per Member Per Month (PMPM) Billings:** Per Member Per Month billings for Regence and Host Blue Value-Based Programs incentives/Shared Savings settlements to accounts are outside of the claim system. Regence will pass these charges directly through to Plan Sponsor as a separately identified amount on the group billings.

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

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

- (a) Use any surplus in funds in the variance account through an adjustment to the PMPM billing amount or the reconciliation billing amount for the next measurement period; or
- (b) Address any deficit in funds in the variance account through an adjustment to the PMPM billing amount or the reconciliation billing amount for the next measurement period.

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

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

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

3. **Care Coordinator Fees.** Host Blues may also bill Regence for and/or Regence may also pay Care Coordinator Fees for provider services which Regence will pass on to GHP and Plan Sponsor as follows:
 - (a) PMPM billings; or
 - (b) Individual claim billings.

Regence and the GHP/Plan Sponsor will not impose Participant Cost-sharing for Care Coordinator Fees.

4. **Return of Overpayments.**

Under the BlueCard Program, recoveries from a Host Blue or its participating healthcare providers can arise in several ways, including but not limited to anti-fraud and abuse recoveries, healthcare provider/hospital bill audits, credit balance audits, utilization review refunds, and unsolicited refunds. In some cases, the Host Blue will engage a third party to assist in identification or collection of recovery amounts. The fees of such a third party may be charged to Plan Sponsor as a percentage of the recovery. Recovery amounts determined in this way will generally require correction on a claim-by-claim or prospective basis. Unless otherwise agreed to by the Host Blue, Regence may request adjustments from the Host Blue for full refunds from healthcare providers due to the retroactive cancellation of membership but only for one year after the date of the Inter-Plan financial settlement process for the original claim. In some cases, recovery of claim payments associated with a retroactive cancellation may not be possible if, as an example, the recovery conflicts with the Host Blue's state law or healthcare provider contracts or jeopardizes its relationship with its healthcare providers.

II. PROPRIETARY INTER-PLAN MATERIALS

A. Definitions.

Inter-Plan proprietary and confidential records, documents, lists, books, recorded information, data stored on data processing media, trade secrets, symbols, trademarks, service marks, systems, formats, programs, procedures, protocols, contract forms, pricing data, deidentified data, utilization information, fee schedules, reasonable and customary charges profiles, designs, and business plans. Proprietary Materials specifically includes any data and information, including any data provided to Plan Sponsor or GHP in the form of a data extract or otherwise, related to the composition of the networks of Blue Cross and/or Blue Shield licensees' Participating Providers, the contracted (or "allowed" amounts) paid to Participating Providers, the terms of the agreement between Blue Cross and/or Blue Shield Licensees and their respective Participating Providers, and the discounts to Blue Cross and/or Blue Shield Licensees offered by their respective Participating Providers. Proprietary Materials also consist of any analyses, compilations, studies or other documents created on the basis of other Proprietary Materials.

The GHP's obligations apply only to the extent Proprietary Inter-Plan Materials are: (a) conspicuously marked "confidential" or similar designation; (b) identified by Regence as confidential before or promptly after disclosure; or (c) disclosed in a manner, or of a type, such that the GHP should reasonably have understood under the circumstances that the information is considered confidential or proprietary. Failure by Regence to mark information as "confidential" or with a similar designation will not be determinative of the protected, confidential or proprietary character of the disclosed information.

Notwithstanding the foregoing, the term "Proprietary Inter-Plan Materials" shall not include any information that: (i) is or becomes generally available to the public other than through disclosure or other intentional misconduct by the GHP or its Representative(s); (ii) was received by the GHP from another Person without any limitations on use or disclosure, but only if to the knowledge of the GHP after due inquiry such other Person is not prohibited from using or disclosing the information by any legal, contractual, or fiduciary obligation to Regence or its Representative(s); (iii) was independently developed by the GHP without using Confidential Information; or (iv) is already known to the GHP or its Representatives on a non-confidential basis prior to the disclosure of such information by the GHP or its Representatives.

B. The GHP's Obligations

1. **Purpose and Use.** The GHP will hold the Proprietary Inter-Plan Materials in confidence and will use the Proprietary Inter-Plan Materials for the sole and limited purpose for which it was disclosed, namely, to administer and manage the Inter-Plan claims of its members ("Purpose"). The GHP shall make reasonable efforts to use, disclose, and request only the minimum amount of Proprietary Inter-Plan Materials necessary to accomplish the intended purposes of the use, disclosure, or request. The GHP agrees to implement and follow appropriate minimum necessary policies in the performance of its obligations under the Agreement. Without limiting the foregoing, the GHP will not, in whole or in part, use the Proprietary Inter-Plan Materials in either aggregate or de-identified form: (i) for any other purpose other than the Purpose; (ii) to provide services to any other party; or (iii) for its own benefit to develop normative and benchmarking data, internal or external research, analysis and product development, without the prior written consent of Regence.
2. **Resale of Proprietary Inter-Plan Materials.** The GHP will not resell Confidential Information.
3. **De-Aggregation and Identification.** The GHP will not re-identify or de-aggregate de-identified or aggregate Proprietary Inter-Plan Materials.
4. **Comingling.** The GHP will comingle Proprietary Inter-Plan Materials with other non-Blue Cross and/or Blue Shield licensee information or data only for the following purposes or with Regence's prior written approval:
 - (a) Account Servicing, defined as supporting account-specific reporting and analytics, benchmarking, development of benefit designs, Regence performance/experience, pre-sales/retention and audits;

- (b) Claims Administration, defined as providing operational support related to Claims processing and adjudication, stop-loss, re-insurance and risk-management/risk adjustment;
 - (c) Member Engagement, defined as (1) supporting members through their enrollment and benefit selection process (2) supporting ongoing access by Members to their own healthcare data, and (3) reporting and analytics related to member engagement.
 - (d) Care Management as the comingling relates to clinical data only, defined as Activities related to (1) the review and determination of benefits, such as through utilization review and utilization management including, but not limited to, certification, predetermination, concurrent review and retrospective review, depending on the nature and setting of the services provided, and (2) working with members and/or providers in the administration of approaches that assist in the conducting of cost-effective interventions in all phases of care treatment, such as through case management, catastrophic case management, and disease management.
5. **Destruction/Return of Proprietary Inter-Plan Materials.** Upon termination of this Agreement, or at the request of Regence, the GHP will return or securely destroy Proprietary Inter-Plan Materials, excluding PHI constituting the joint property of the GHP and Regence, in the GHP's possession. If the GHP is unable to return or destroy Proprietary Inter-Plan Materials due to legal or licensure requirements, the GHP must maintain the confidentiality of the Proprietary Inter-Plan Materials until the expiration of the applicable legal or licensure requirements and then destroy or return such data.
 6. **Change of Ownership/Control.** The GHP must notify Regence no later than thirty (30) days following a change of ownership or control, whether direct or indirect of or by the GHP.
 7. **Audit Rights.** During the Term of this Agreement, the period of Run-out, and for a period of six (6) months following the Agreement's termination and completion of any period of Run-out, Regence will have the right to initiate an examination of the Plan Sponsor's or the GHP's records to ensure compliance with the obligations in this Section II of the Inter-Plan Program Addendum. Examined records will relate only to Proprietary Inter-Plan Material. Any such audit will be conducted during regular business hours at the Plan Sponsor's or the GHP's offices, and following sixty (60) days prior written notice. Any examination of individual Participants' health benefit payment records will be carried out in a manner specifically designed to protect the confidentiality of the Participants' medical information in compliance with all federal and state laws governing confidentiality and privacy of health information. All audits will be limited to information relating to the Term in which the audit is conducted and/or the immediately preceding Term and will be concluded within eighteen (18) months of the last day of the Term under audit. Regence will pay all expenses incurred by Regence, the GHP and Plan Sponsor relating to the audit. Plan Sponsor or GHP will not be required to disclose any information in violation of applicable law. Plan Sponsor or GHP does not permit any extrapolation from a sample of claims to make determinations about the universe of claims processed as a whole.

Prior to commencement of any audit, Regence and its outside auditor, if any, will execute a written audit agreement with Plan Sponsor or the GHP which sets forth the terms and conditions of the audit according to Plan Sponsor's or the GHP's most recent external audit policy. Plan Sponsor or the GHP reserves the right to deny access to a third-party contingency fee auditor.

BLUEPATH SHARED SAVINGS ADDENDUM

This BluePath Shared Savings Addendum (the "Addendum") modifies the Administrative Services Contract by and among GHP, Plan Sponsor, and Regence (the "Agreement") for the provision of services to, or on behalf of, GHP that govern applicable BluePath Shared Savings pricing.

1. INTELLIGENCE DRIVEN PAYMENT SOLUTIONS

- 1.1 Description of Program.** A proprietary clinical and claim editing solution integrated with the Regence claims processing systems. An added layer of review of claims submitted by in-network providers to ensure claims processed are in compliance with Regence reimbursement policies and guidelines governing contracted providers. This is a program that uses prospective capabilities that are embedded in Regence's claims adjudication system to identify and review claims submitted by network providers and determine whether the claims submitted are consistent with Regence's provider reimbursement policies, as reflected in its network provider agreements, contractual guidelines, and medical coding standards. Regence will compare submitted claims, adjust claims that include charges that are not authorized or allowed, and will then pay the network provider the lower contracted amount. Typical examples of claims adjustments under this program include multiple charges for the same procedure, billing errors, and insufficient information regarding a service.

Please note that this program does not result in any additional liability for Plan Participants.

- 1.2 Calculation of Shared Savings.** Regence calculates the savings achieved through the Intelligence Driven Payment Solution by adding all the provider disallowed amounts to arrive at the "Total Disallowed Charges" for each Measurement Period (defined as the Term of the Agreement and then subtracting from the Total Disallowed Charges the sum of the Provider Contract Discount and the Member Benefit Responsibility. "Provider Contract Discount" means the estimated difference between the amounts network providers bill and the amount that network providers ultimately receive for services rendered under the benefit plan and "Member Benefit Responsibility" means the estimated members' cost sharing responsibility. Estimates will be based on a group's experience for each measurement period. An example of this calculation with respect to one kind of claims adjustment is as follows:

Calculation Example	
Clinical Edits	
Denied per Coding Rules	\$500
Denied Per Coding Rules	\$900
Service	
Prior Authorization Not on File	\$500
Sub Total	\$1,900
Pricing	
Network Standard Fee Schedule	\$200
Grand Total	\$2,100
Total Disallowed (Billed Charges)	
	\$1,900
Reduced for estimated Provider Contract Discount	(\$1,000)
Reduced for estimated Member Benefit Responsibility	(\$300)
Total Savings	\$600

Out of the Total Savings, Plan Sponsor will pay Regence an administrative fee as set forth in the ASC Fee Schedule Addendum as compensation for its services with respect to the Intelligence Driven Payment Solutions Program. These amounts will be billed to the Plan Sponsor on its Claims Invoice on a claim by claim basis.

2. PRIORITIZED PAYMENT REVIEWS

2.1 Description of Program. An added layer of review of claims submitted by in-network providers for consistency with Regence's medical policies. Regence's in-house team of registered nurse auditors, coders and pharmacy technicians review medical records and itemized bills submitted by the provider to determine whether claims should be paid as submitted, reduced or denied. For example, claims may be denied or reduced if the clinical professional determines that the service provided was not medically necessary, the care provided was not appropriate for the setting, the service was not pre-authorized as required by the Plan, the itemized bill included non-covered services or supplies, or the claim was billed at a level that was not substantiated by medical records Regence will pay the provider, and will bill the Plan Sponsor, only the approved amount.

Please note that this program does not result in any additional liability for Plan Participants.

2.2 Calculation of Shared Savings. Regence calculates the savings achieved through the Prioritized Payment Review Program by comparing the approved or "after" claim payment amount against the submitted or "before" claim payment amounts for each Measurement Period (defined as the Term of the Agreement). An example of this calculation for savings, in the aggregate, is as follows:

	"Before"	"After"
Billed Amount	\$337,000	\$337,000
Paid Amount	\$173,000	\$165,000
Denied Amount	\$163,000	\$171,000

Total Savings = "Before" Paid Amount – "After" Paid Amount

Total Savings \$8,000

Out of the Total Savings, Plan Sponsor will pay Regence an administrative fee as set forth in the ASC Fee Schedule Addendum as compensation for its services with respect to the Prioritized Payment Review Program. These amounts will be billed to the Plan Sponsor on its Claims Invoice on a claim by claim basis.