ITEM # 19-0545

Victoria A. Sirica
Contractual Agreement Unit Manager
Cigna

May 30, 2019

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Hartford, CT 06152
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Bernadette Salazar
Director, Human Resources
City of Santa Fe
200 Lincoln Ave
Santa Fe, NM 87501

RE: Administrative Services Only Account No. 3338881

Dear Bernadette Salazar:

This letter will serve as an amendment to the Administrative Services Only Agreement between Cigna Health and Life Insurance Company ("**CHLIC**") and City of Santa Fe ("**Employer**"), effective July 1, 2015, (the "Agreement") and as amended July 1, 2016 and July 1, 2017.

Effective as of July 1, 2019, the Agreement is hereby amended as set forth below. Any provision or subsection set forth in this Amendment shall be deemed to: (a) replace in its entirety the same subsection in the current Agreement; and/or (b) add new provisions or subsections. Only those provisions and subsections set forth in this Amendment are deemed amended or added, and all provisions and subsections not identified herein shall be deemed unaffected by this Amendment and, accordingly, shall remain in full force and effect.

"Run-Out Claims" in "Definitions," of the Administrative Services Only Agreement is hereby amended in its entirety as follows:

Run-Out Claims means claims for Plan Benefits relating to health care services and products that are incurred but not processed prior to termination of this Agreement; termination of a Plan benefit option or termination of eligible Members, as applicable.

Section 1, "Term and Termination of Agreement," of the Administrative Services Only Agreement, is hereby amended to add provision v. to the existing language as follows:

v. Notwithstanding the foregoing, all provisions in this Agreement reasonably related to CHLIC's administration of the Plan's Pharmacy Benefit (as such term is defined in Appendix A) (the "Pharmacy Benefit Provisions"), shall continue in effect for no less than thirty-six (36) months commencing on July 1, 2019, except that, if any of the following dates occurs, the Pharmacy Benefit Provisions set forth in the Schedule of Financial Charges and Appendix A will cease being in effect as of such date:

   a. The effective date of any Applicable Law or governmental action which prohibits performance of the activities in connection with the Pharmacy Benefit required by this Agreement;

   b. The date upon which Employer fails to fund the Bank Account as required by this Agreement for claims under the Pharmacy Benefit provided CHLIC notifies Employer of its election to terminate the Pharmacy Benefit Provisions;

   c. The date upon which Employer fails to pay CHLIC any charges in connection with the Pharmacy Benefit identified in this Agreement when due, provided CHLIC notifies Employer of its election to terminate the Pharmacy Benefit Provisions; or

d. The date that is sixty (60) days after notice by either Employer or CHLIC ("non-defaulting party") of the material breach by the other (the "defaulting party") of a material obligation of the defaulting party related to the Pharmacy Benefit (other than failure to fund the Bank Account or failure to pay any charges when due pursuant to Sections 1.v.b and 1.v.c above) that is not cured to the reasonable satisfaction of the non-defaulting party within a reasonable time following the initial notice of breach.

During such thirty-six (36) month period (or shorter period, as applicable under (a), (b), (c) or (d) above), CHLIC will continue to be the exclusive provider of Pharmacy Benefit administration services for the Plan's Pharmacy Benefit.

In the event that Employer purports to terminate such arrangement or enters into an agreement with another pharmacy benefit manager ("PBM") or other third party to provide any or all pharmacy benefit management services for Employer's benefit plan prior to the end of such thirty-six (36) month period, then, within thirty (30) days of CHLIC's written request, Employer shall pay CHLIC the amount of $1.50 per the average monthly number of Members who were enrolled in the Plan's Pharmacy Benefit from the beginning of the thirty-six (36) month period to the effective date of such purported termination or other agreement multiplied by the number of months remaining until the end of the thirty-six (36) month period. However, if Employer terminates its CHLIC medical coverage under this Agreement, no such fee shall apply.

Section 2.c of the Administrative Services Only Agreement is hereby amended in its entirety as follows:

c. Employer hereby delegates to CHLIC the authority, responsibility and discretion to determine coverage under the Plan based on the eligibility and enrollment information provided to CHLIC by Employer. Employer also hereby delegates to CHLIC the authority, responsibility and discretion to (i) make factual determinations and to interpret the provisions of the Plan to make coverage determinations on claims for Plan Benefits, (ii) conduct a full and fair review of each claim which has been denied as defined by ERISA, (iii) decide level one mandatory appeals of "Urgent Care Claims" (as that term is defined in ERISA), and (iv) conduct first and second level appeals for all "Concurrent", "Pre-service" and "Post-service" claims (as those terms are defined under ERISA) and notify the Member or the Member's authorized representative of its decision. Employer will ensure that all summary plan description materials provided to Members reflect this delegation of discretionary authority.

Sections 5.a and 5.c of the Administrative Services Only Agreement are hereby amended in their entirety as follows:

a. Eligibility Determinations and Information. Employer is responsible for administering Plan enrollment. In determining any person's right to benefits under the Plan, CHLIC shall rely upon enrollment and eligibility information provided by the Employer and CHLIC shall have no liability for administering the Plan in reliance upon enrollment and eligibility information provided by Employer. Such information shall identify the effective date of eligibility and the termination date of eligibility and shall be provided promptly on a monthly basis (unless otherwise agreed to in writing by CHLIC) to CHLIC in a format and with such other information as reasonably may be required by CHLIC for the proper administration of the Plan.

c. Reconciliation of Eligibility and Information and Default Terminations. CHLIC will periodically share potential discrepancies in eligibility information with Employer. Employer will review and reconcile any discrepancies within thirty (30) days of receipt and provide CHLIC corrected eligibility information. If Employer fails to timely do so, CHLIC may terminate coverage for any Member not listed as eligible in Employer's submitted eligibility information.

The Schedule of Financial Charges and Exhibit B, "Services" are hereby deleted in their entirety and replaced with the Schedule of Financial Charges and Exhibit B, "Services," as attached hereto.

The terms of the Administrative Services Only Agreement identified above, as mentioned herein, will be effective as of July 1, 2019. Please indicate your agreement to the amendment by signing the enclosed copy of this letter where indicated and returning it to me. Alternatively, this amendment shall become effective on the effective date indicated unless Employer notifies CHLIC either electronically or in writing (at the address indicated above) within sixty (60) days of the date of this letter that it does not accept all the terms of this amendment notwithstanding any provision to the contrary in the Administrative Services Only Agreement. In that case, CHLIC shall cooperate to negotiate mutually agreeable terms with Employer. Once agreement with respect to the terms of the amendment is reached, the amendment will apply retroactively to the effective date.

Sincerely,

7/10/2019

Victoria A. Sirica
Its Contractual Agreement Unit Manager
Duly Authorized
Cigna Health and Life Insurance Company

Accepted by: **City of Santa Fe**

By: _____

Name: _____

Title: _____

Executed this ____ day of _____, in the year _____

IN WITNESS WHEREOF, the parties have executed this Administrative Services Only Agreement "Amendment" on the date set forth below.

CITY OF SANTA FE:

ALAN WEBBER, MAYOR

DATE: 6/28/19

CONTRACTOR:
CIGNA

NAME & TITLE Victoria A Sinea Contractual Agreement unit manager

DATE: 7/10/2019

ATTEST:

YOLANDA Y. VIGIL, CITY CLERK
CC mtg 6.26.2019

APPROVED AS TO FORM:

6/13/19

ERIN K. MCSHERRY, CITY ATTORNEY

APPROVED:

MARY MCCOY, FINANCE DIRECTOR

Business Unit Line Item
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Appendix A

Schedule of Financial Charges

Certain fees and charges identified in this Schedule of Financial Charges will be billed to Employer monthly in accordance with CHLIC's then standard billing practices. However, CHLIC is authorized to pay all fees and charges from the Bank Account unless otherwise specified in this Agreement.

MEDICAL/DENTAL ADMINISTRATION CHARGES		
Product	**Description**	**Charge**
Medical	HRA Open Access Plus (OAP) with Care Management Preferred (All Plans)	**$46.40/employee/month**
Medical	Open Access Plus (OAP) with Care Management Preferred (All Plans)	**$41.26/employee/month**
Dental	Dental Preferred Provider Organization (DPPO)	**$3.67/employee/month**
MEDICAL/DENTAL NETWORK ACCESS FEE, UTILIZATION MANAGEMENT FEE AND OPTIONAL PROGRAM FEE		
Product	**Description**	**Charge**
Medical	HRA OAP Access Fee (All Plans)	**$24.14/employee/month Included in Medical Administration Charge**
Medical	OAP Access Fee (All Plans)	**$24.14/employee/month Included in Medical Administration Charge**
Dental	DPPO Access Fee	**$0.86/employee/month Included in Dental Administration Charge**

	CIGNA CHOICE FUND AND OTHER CONSUMER DIRECTED ACCOUNT ADMINISTRATION SERVICES AND CHARGES	
	Product	**Charge**
	• Cigna Choice Fund Health Reimbursement Account (HRA) Administration	**For HRA OAP Products: $5.14/employee/month Included in Medical Administration Charge**
Health Advisor – A	The Health Advisor program focuses on engaging targeted Members related to a variety of wellness and prevention topics, and is designed to facilitate healthy behaviors and promote achievement of health-related goals. The program includes the following components: • Health and wellness coaching on high blood pressure, high cholesterol, healthy eating, physical activity and pre-diabetes using multiple coaching sessions, behavior modification techniques and other motivational interviewing and coaching styles to encourage behavior change that helps Participants reach established goals. • Education and referral coaching on program topics with referral to appropriate internal and external resources available • Access to educational materials and web based Member tools and resources • Identification of gaps in care and outreach to Member to provide coaching for those identified with gaps for high cholesterol, high blood pressure • Support of Participants identified through predictive modeling with certain preference sensitive care conditions by supplying impartial evidence based medical information, to empower Participants to understand the potential benefits/ disadvantages of a specific course of action and make more informed care decisions. • Answering health and medical related questions • Counseling Participants on prevention and the benefits of compliance with prescribed medications and treatments	**For HRA OAP Only: Included in Medical Access Fee**

	• Dependent Care Flexible Spending Account (DFSA) Administration	**For DFSA Products: Included at No Additional Cost**
	• Health Care Flexible Spending Account (FSA) Administration	**For FSA Products: $5.79/employee/month**

AMOUNTS PAID TO CHLIC

Amounts paid by CHLIC with its own funds on behalf of Employer or the Plan with respect to charges for which Employer or the Plan is obligated to pay under this Agreement including Plan Benefits, Bank Account Payments (including fixed per person payments and pay-for-performance payments to Participating Providers), governmental taxes or assessments.

CIGNA PHARMACY BENEFIT MANAGEMENT FEES, CHARGES AND RELATED PROVISIONS

PHARMACY ADMINISTRATION FEE

Cigna Pharmacy Product Administration Fee, only if applicable, is separate from the Medical Administration Charge shown above, but included on same billing line as the Medical Administration Charge for billing purposes only.

CHARGES FOR COVERED DRUGS

Drugs Dispensed by Cigna Home Delivery Pharmacy: CHLIC will charge Employer for Covered Drugs dispensed to Members by Cigna Home Delivery Pharmacy based on the following charges, subject to the "PBM Pricing – Additional Provisions" section:

Brand Drug Claims: AWP minus an Actuarially Estimated average discount of 23.00%.

Generic Drug Claims: The Generic Drug's charge on a CHLIC MAC List which generates an Actuarially Estimated average discount on Generic Drugs across those CHLIC clients in the aggregate using such MAC List of AWP minus 84.00%.

Specialty Drug Claims: The Specialty Drug's charge discounted as shown in the Cigna Home Delivery Pharmacy Specialty Drug List, attached as Appendix B hereto.

Dispensing Fees for Both Brand Drug Claims and Generic Drug Claims: An average Dispensing Fee of no more than $0.00.

Covered Drugs Dispensed by Retail Pharmacies in 30-day* supplies: CHLIC will charge Employer for 30-day supplies of Covered Drugs dispensed by a Retail Pharmacy based on the following charges, subject to the "PBM Pricing – Additional Provisions" section:

***A 30-day supply means any Covered Drug dispensed by a Retail Pharmacy in an amount less than an 83-day supply.**

Brand Drug Claims: The lesser of (i) AWP minus an Actuarially Estimated average discount of 19.20%; or (ii) the Retail Pharmacy's U&C

Charge.

Generic Drug Claims: The lesser of: (i) the Generic Drug's charge on a CHLIC MAC List which generates an Actuarially Estimated average discount on Generic Drugs across those CHLIC clients in the aggregate using such MAC List of AWP minus 81.25%; or (ii) the Retail Pharmacy's U&C Charge.

Specialty Generic Drug Claims: The Specialty Generic Drug's charge discounted as shown in the Specialty Drug List, attached as Appendix B hereto.

Dispensing Fees for Both Brand Drug Claims and Generic Drug Claims: An Actuarially Estimated average Dispensing Fee of no more than $1.10, except in the case of Claims adjudicated at the U&C Charge, for which no separate Dispensing Fee is charged.

Covered Drugs Dispensed by Retail Pharmacies: CHLIC will charge Employer for Claims for Covered Drugs dispensed by Retail Pharmacies regardless of days' supply based on the following charges, subject to the provisions in the section titled "PBM Pricing - Additional Provisions":

Specialty Brand Drug Claims: The lesser of (i) AWP minus an Actuarially Estimated annual average aggregate discount of 11.50%; or (ii) the Retail Pharmacy's U&C Charge.

Covered Drugs Dispensed by Retail Pharmacies in 90-day supplies:** CHLIC will charge Employer for 90-day supplies of Covered Drugs dispensed by a Retail Pharmacy based on the following charges, subject to the "PBM Pricing – Additional Provisions" section:

****A 90-day supply means any Covered Drug dispensed by a Retail Pharmacy in an amount equal to or greater than an 83-day supply.**

Brand Drug Claims: The lesser of (i) AWP minus an Actuarially Estimated average discount of 23.00%; or (ii) the Retail Pharmacy's U&C Charge.

Generic Drug Claims: The lesser of: (i) the Generic Drug's charge on a CHLIC MAC List that generates an Actuarially Estimated average discount on Generic Drugs across those CHLIC clients in the aggregate using such MAC List of AWP minus 84.00%; or (ii) the Retail Pharmacy's U&C Charge.

Specialty Generic Drug Claims: The Specialty Generic Drug's charge discounted as shown in the Specialty Drug List, attached as Appendix B hereto.

Dispensing Fees for Both Brand Drug Claims and Generic Drug Claims: An average Dispensing Fee of no more than $0.00, except in the case of Claims adjudicated at the U&C Charge, for which no separate Dispensing Fee is charged.

PBM PRICING – ADDITIONAL PROVISIONS

- The amount paid by CHLIC to the Retail Pharmacy for Claims for Covered Drugs may or may not be equal to the amount charged to Employer and/or Member, and CHLIC will absorb or retain any difference.
- For a specific Claim for a Covered Drug dispensed by a Retail Pharmacy or Cigna Home Delivery Pharmacy, and after application of any

Plan cost-share requirements, CHLIC shall charge the Employer the lowest of the following amounts:

(1) The Prescription Drug Charge; or

(2) The pharmacy's submitted U&C Charge, if any.

- For a specific Claim for a Covered Drug dispensed by a Retail Pharmacy or Cigna Home Delivery Pharmacy, CHLIC shall charge the Member in accordance with the terms of the Pharmacy Benefit. For example, for a Covered Drug subject to a fixed dollar copayment requirement, CHLIC shall charge the Member the lowest of the following amounts:

  (1) The fixed dollar copayment for the Covered Drug, if any;

  (2) The Prescription Drug Charge; and

  (3) The pharmacy's submitted U&C Charge, if any.

- Unless specifically noted herein, the discounts to Employer for Covered Drugs set forth in this Agreement are not guaranteed to result in an average aggregate discount off the aggregate AWP of all such Covered Drugs.

- Any pricing guarantees, including any ingredient cost discount or Dispensing Fee guarantee, set forth in this Agreement shall be rendered null and void in the event Employer terminates CHLIC's administration of the Pharmacy Benefit prior to completion of the then-current Plan Year. CHLIC's fees, Rebates (if any), discounts or guarantees (if any) are, among other conditions communicated in this Agreement or otherwise in writing to Employer, contingent on, and assume, adoption by Employer of a specific Formulary, Retail Pharmacy network, and Plan design features (e.g. cost-share structure, utilization/cost management programs).

- Notwithstanding any other provision of this Agreement, CHLIC may, effective upon written notice to Employer, adjust any or all of the fees, Rebates (if any), discounts or guarantees (if any) in this Agreement to the extent reasonably necessary to preserve the economic value of this Agreement to CHLIC as it existed immediately prior to any of the following events or changes: (a) there are any significant changes in the composition of the CHLIC pharmacy network utilized by Employer hereunder or in such pharmacy network's contract compensation rates, or the structure of the pharmacy stores/chains/vendors that are contracted with CHLIC, including but not limited to disruption in the retail pharmacy delivery model, or bankruptcy of a chain pharmacy; or (b) there is a change in government laws or regulations which has a significant impact on pharmacy claim costs; or (c) any material manufacturer-rebate contracts with, or for the benefit of, CHLIC are terminated or modified in whole or in part; or (d) there is any legal action or law that materially affects, or could materially affect the manner in which CHLIC's rebate program is administered or an existing law is interpreted so as to materially affect or potentially have a material effect, on CHLIC's administration of the Plan; (e) a major change in market conditions affecting the pharmaceutical or pharmacy

benefit management market, a drug shortage in the market, an issue involving the safety of the drug supply, an unexpected introduction of a new drug (e.g. authorized generic), or similar market event occurs; (f) the Pharmacy Benefit enrollment decreases by equal to or greater than 15% from the enrollment on which CHLIC's financial offer is based; or (g) there is material change in the Plan that is initiated by Employer (and which CHLIC agrees to administer) such as a change in Formulary selection or network, or Employer fails to disclose a material feature of the Plan or the Plan's Pharmacy Benefit.

DRUG MANUFACTURER-PAYMENT SHARING

Subject to the caveats below, CHLIC will remit to Employer the following portion of Rebates that CHLIC collects with respect to utilization of Covered Drugs under the Plan's Pharmacy Benefit:

For All Products:

$75.00 per Retail Pharmacy Brand Drug Claim dispensed in a 30-day* supply, $180.00 per Retail Pharmacy Brand Drug Claim dispensed in a 90-day** supply and $350.00 per Cigna Home Delivery Pharmacy Brand Drug Claim.

Caveats:

(1) Upon termination of this Agreement, CHLIC may use Rebates otherwise payable to Employer to offset payable Bank Account Payments or other payable fees or changes identified in this Agreement. CHLIC may also use Rebates otherwise payable to Employer to offset any stop-loss reimbursement payments payable by CHLIC or its affiliate to Employer under a stop-loss policy issued to Employer.

(2) Should Employer terminate this Agreement before completion of the then-current Plan Year, no Rebates shall be due with respect to that Plan Year, and any Rebate minimum or fixed dollar guarantees shall be null and void, as payments of Rebates is conditioned on CHLIC exclusively administering the Pharmacy Benefits for the entire Plan Year.

(3) For percentage-based sharing arrangements, payout amount may differ slightly from the stated percentage when payout occurs before manufacturers' final reconciliations and payments are made to CHLIC. For the purposes of clarity, CHLIC shall reconcile its performance with respect to any Rebate payment guarantees, including, without limitation, any minimum or fixed dollar guarantees, in the aggregate.

(4) CHLIC or its agent contracts with drug manufacturers on CHLIC's own behalf, and not as agent of the Employer or the Plan.

(5) The Rebate payment commitments, including any minimum or fixed dollar guarantees, if any, set forth in this Schedule of Financial Charges are, among any other conditions communicated in this Agreement or otherwise in writing to Employer, contingent on the availability of Rebates to CHLIC and Employer's Pharmacy Benefit applying a 90-day supply limit for Specialty Drugs. For example, in the event that Employer has adopted, or adopts, a 30-day supply limit for Specialty Drugs, CHLIC shall revise the stated Rebate minimum

or fixed dollar guarantees, if any, to the extent necessary to reflect CHLIC's revised estimate of Rebates it may collect on Specialty Drugs utilized under the Pharmacy Benefit.

Timing of Rebate Pay-Out: Remittance will be provided within ninety (90) days after the close of each applicable calendar year for the portion of such calendar year that coincides with the Plan Year.

REBATE PAYMENT EXCLUSIONS

Any Rebate payment obligations exclude the following types of Claims and/or products:

- Compound Drugs.
- Claim reversals.
- Products identified as prescriptions covered under the federal 340B drug pricing program. Employer shall be solely responsible for ensuring that any pharmacy affiliated with or operated by Employer or its affiliate, such as an in-house pharmacy, systematically identifies 340B prescriptions on Claim transactions administered by CHLIC. If such pharmacy fails to systematically identify 340B prescriptions on Claim transactions submitted to CHLIC, then CHLIC may withhold all Rebates, or modify any minimum or fixed dollar Rebate guarantee, otherwise attributable to utilization at such pharmacy.
- Run-Out Claims.

CIGNA HOME DELIVERY PHARMACY DISCLOSURE		
	Product	**Charge**
Cigna Home Delivery Pharmacy (a CHLIC affiliated company)	Specialty drugs dispensed by Cigna Home Delivery Pharmacy and administered under the Plan's medical benefit. Cigna Home Delivery Pharmacy and any other licensed pharmacy affiliate of CHLIC may maintain product purchase discount arrangements and/or fee-for-service arrangements with pharmaceutical manufacturers and wholesale distributors. Cigna Home Delivery Pharmacy or any other licensed pharmacy affiliate of CHLIC contract for these arrangements on its own account in support of its pharmacy operations. These arrangements relate to services provided outside of this Agreement and other pharmacy benefit management arrangements and may be entered into without regard to whether a specific drug is on one of the formularies that CHLIC offers to entities like Employer that sponsor group health plans. Discounts and fee-for-service payments received by Cigna Home Delivery Pharmacy or any other licensed pharmacy affiliate of CHLIC are not part of the administrative fees or other charges paid to CHLIC in connection with CHLIC's services hereunder. This provision shall survive termination or expiration of the Agreement.	**The drug's charge under a national specialty drug discount schedule that generates a 12.5% annual average aggregate discount off AWP across specialty drug claims dispensed at Cigna Home Delivery Pharmacy to CHLIC's self-funded and insured group-client book of business.**
FEES FOR PROCESSING RUN-OUT CLAIMS		
HRA OAP, OAP and DPPO	Run-Out Period of twelve (12) months	**No Additional Cost**
Pharmacy	Run-Out Period of three (3) months for all pharmacy claims	**No Additional Cost**

SUBROGATION		
	Subrogation/Conditional Claim Payment. Identification, investigation and recovery of claim payments involving other party liability or where another entity is responsible for payment (including by way of example but not by limitation automobile insurance, homeowner insurance, commercial property insurance, worker's compensation). (This service is only provided with respect to Medical coverage).	**5% of recovery plus litigation costs if counsel is retained and an appearance is filed on behalf of CHLIC or Employer in any litigation, or a lawsuit is filed on their behalf;** **29% of recovery if no counsel is retained and in all other instances, including cases where state law requires that Employee benefit plans be named as party defendants or involuntary plaintiffs.**

CHLIC MEDICAL COST CONTAINMENT FEES

CHLIC administers the programs listed below to contain costs with respect to charges for health care service/supplies that are covered by the Plan (the "**Cost-Containment Programs**"). In administering these Cost-Containment Programs, CHLIC may contract with vendors to perform various Cost-Containment Program related services. Vendor fees generally range from 7-11% of gross savings. Specific vendor fees are available upon request subject to execution of a mutually agreed upon non-disclosure agreement to protect the proprietary vendor fee information from unauthorized use/disclosure. CHLIC's charge for administering a Cost-Containment Program is the percentage indicated below of either: (1) the "gross savings" (i.e., the difference between the charge the provider would have made and the charge the provider actually made as a result of the Cost-Containment Program). Any applicable vendor fee is included in CHLIC's charge and paid to the vendor by CHLIC; or (2) the "net savings" (i.e., the gross savings less the applicable vendor fee). With respect to only the "recovery," any applicable vendor fee is included in CHLIC's charge and paid to the vendor by CHLIC; or (3) the "recovery" (i.e., the amount recovered as a result of the Cost-Containment Program). Any applicable vendor fee is included in CHLIC's charge and paid to the vendor by CHLIC.

For charges for covered services received from a non-Participating Provider (including emergency/urgent care services that are covered at the in-network benefit level), CHLIC may apply discounts available under agreements with third parties or through negotiation of the non-Participating

Provider's charges whether on a claim-by-claim basis or in advance of services being rendered. These programs are identified below as the Network Savings Program Supplemental Network, and Medical Bill Review (pre-payment). CHLIC charges the percentage shown for administering these programs. Applying these discounts may result in higher payments than if the maximum reimbursable charge is applied. Whereas application of the maximum reimbursable charge may result in the patient being balance billed for the entire unreimbursed amount, applying these discounts avoids balance billing and substantially reduces the patient's out-of pocket cost.

If no discount is available or negotiated, reimbursement will be based upon:

(i) If charges are not subject to CHLIC's benefit enhancement policy – the plan's maximum reimbursable charge (in which case the patient may be balance billed by the provider if the provider's charge exceeds the plan's maximum reimbursable charge); or

(ii) If charges are subject to CHLIC's benefit enhancement policy – depending upon the Employer's election:

a. the amount of provider's billed charge not exceeding the greater of a CHLIC determined percentage of the Medicare allowable amount (the 80th percentile of the reasonable and customary charge if there is no Medicare allowable charge) or the amount required by state or federal, law (in the case of emergency room services) for charges subject to CHLIC's benefit enhancement policy (patient may be balance billed by the provider if the provider's charge exceeds such amount), or

b. the provider's billed charge.

This administration of charges for covered services from non-Participating Providers is consistent with the claim administration practices with respect to CHLIC's own health care insurance business where applicable.

1.	Network Savings Program	**29% of net savings**
2.	Supplemental Network	**29% of net savings**
3.	Medical Bill Review – (Pre-payment Cost Containment for Non-contracted claims):	
	Inpatient Hospital Bill Review	
	• Line Item Analysis	**Lesser of 5% of hospital bill or the gross savings achieved**
	• Professional Fee Negotiation	**29% of net savings**
	Outpatient Hospital Bill Review	
	• Professional Fee Negotiation	**29% of net savings**

	• Line Item Analysis Re-pricing	**29% of net savings**
	Physician/Professional Bill Review	
	• Professional Fee Negotiation	**29% of net savings**
	• Line Item Analysis Re-pricing	**29% of net savings**
4.	Medical Bill Review – (Pre or Post-payment Cost Containment for Non-contracted and Contracted claims):	
	• Bill Audit	**29% of the gross savings/recovery achieved plus hospital fees or expenses passed through**
	Diagnosis Related Grouping (DRG) Validation/Audits and Recovery. An overpayment audit and recovery program in which CHLIC or its vendors review paid claim data to identify overpayments based on inaccurate DRG coding.	**29% of recovery plus any fees or expenses passed through by the hospital or regulatory agency**
	Medical Implant Device Audits	**29% of recovery**
5.	COB Vendor Recoveries [Exclusive of pharmacy programs where claims are adjudicated at time prescription is received.]	**29% of recovery**
6.	Secondary Vendor Recovery Program	**29% of recovery**
7.	Provider Credit Balance Recovery Program	**29% of recovery**
8.	High Cost Specialty Pharmaceutical Audits (this service is only provided with respect to Medical coverage)	**29% of recovery**
9.	Class Action Recoveries	**35% of recovery**
10.	Eligibility Overpayment Recovery Vendor Services. Identification and recovery of funds in situations where the overpayment is due to the late receipt of Member termination information. (This service is only provided with respect to Medical coverage).	**29% of recovery**

CHLIC PHARMACY COST CONTAINMENT FEES		
CHLIC administers the following programs to contain costs with respect to charges for health care service/supplies that are covered by the Plan. In administering these programs, CHLIC contracts with vendors to perform program related services. CHLIC's charge for administering these programs is the percentage (indicated below) of the "recovery" (i.e. the amount recovered) as applicable.		
1.	Pharmacy Vendor Recoveries. CHLIC performs periodic audits of contracted pharmacies in order to determine the accuracy of payments to the pharmacy(ies). CHLIC's recovery vendor collects and remits to CHLIC all overpayments to pharmacy(ies), and CHLIC remits to Employer's Bank Account the balance collected from the recovery vendor, less the recovery fee set forth herein.	**30% of recovery**
2.	Class Action Recoveries. CHLIC identifies, monitors and may participate, on behalf of Employer, in class action lawsuits or similar legal proceedings against pharmaceutical manufacturers. CHLIC collects and retains as a recovery fee set forth herein of any recovery (net of attorneys' fees) attributable to Employer's Plan.	**35% of recovery**
CHLIC DENTAL COST CONTAINMENT FEES		
Dental Cost Containment	CHLIC administers the following program to contain costs with respect to charges for dental services that are covered by the Plan. Applies to 2nd tier of participating DPPO network providers and includes: • Access to an additional network of DPPO dentists who provide care at a discounted rate. Lower out-of-pocket expenses for Members and additional claim savings for Employer when receiving covered services from these DPPO dentists. • CHLIC retains the percentage identified herein of Employer and/or Member gross savings for access and to cover the 2nd tier network administrative cost. • CHLIC calculates the percentage identified herein as fees charged on a pay-as-you save basis. If there is no savings, there is no fee charged to Employer. Gross savings are calculated by taking what the dental professional would have charged if not participating in the network minus the dentist's contracted fee. The dental cost containment fee is charged to Employer via the appropriate Electronic Funds Transfer (EFT) cycle as a percent of the savings assessed weekly against the Bank Account and would appear on Bank Account activity report(s) as Vendor Fee Reimbursement.	**For DPPO Products: 25% of gross savings**

	CARE MANAGEMENT (CM) ENROLLMENT PROGRAM FEES	
	CHLIC arranges for third parties to provide care management services to: (i) contain the cost of specified health care services/items overall with respect to all plans insured and/or administered by CHLIC, and/or (ii) improve adherence to evidence based guidelines designed to promote patient safety and efficient patient care.	**Specific vendor fees and care management program services are available upon request.**
	EXTERNAL REVIEW AND CONSULTATIVE REVIEW FEES	
	When a Member elects an External Review (as that term is defined in ERISA) of a benefit determination by an independent third party, the cost of a specific third party review is dependent on the nature and complexity of the issue on appeal. In highly complex, non-routine cases or cases related to new technology or experimental-investigational treatment, as part of the internal appeal process a panel of external reviewers may be necessary. Third party review charges will be commensurate with the number of reviewers (usually only one is used), as well as their level of expertise and time required to complete the review.	**$500-$4,000 Review**
	STRATEGIC ALLIANCES	
	CHLIC contracts directly or indirectly with other managed care entities and third party network vendors for access to their provider networks and discounts. These third parties charge either a network access fee, which is included in CHLIC's monthly charges, or a percentage of the savings realized on a claim by claim basis as a result of the application of their discounts. Charges based on percentage of savings may be paid from the Bank Account. Additional details regarding specific charges will be provided upon request.	**All Medical Products**
	OTHER VENDORS AND HEALTH CARE SERVICES PROVIDERS	
	Fixed per person per period and fee-for-service charges for various vendors and other providers/arrangers of health care services and/or supplies will be paid as claims for Plan Benefits. In addition, performance-based payments to Participating Providers will be charged to the Bank Account. Such payments will be at the payment rates then in effect, which may be amended from time to time. Additional details regarding charges and the identity of the vendor or provider of health care services will be made available upon request.	**All Products**

NOTICE REGARDING PAYMENTS FROM THIRD PARTIES		
	Unless indicated otherwise in the Agreement or the Schedule of Financial Charges, CHLIC retains all Rebates (as defined in Appendix A) it may receive from manufacturers of pharmaceutical products covered under the Plan Pharmacy Benefit. Information on the projected aggregate amount of such Rebates with respect to the Plan Pharmacy Benefit will be provided upon request. This provision shall survive termination or expiration of the Agreement.	**All Pharmacy Products**
	CHLIC may receive and retain payments under contracts with pharmaceutical manufacturers with respect to Members' utilization of the manufacturer's drugs covered under the Employer's Plan medical benefit. If CHLIC enters into any such contracts, it does so on its own behalf, and not as agent of the Employer or the Plan. CHLIC contracts with pharmaceutical manufacturers for any remuneration on its own behalf and for its own benefit, and not on behalf of Employer or the Plan. Accordingly, CHLIC retains all right, title and interest to any and all such remuneration received from manufacturer; neither Employer, its Members, nor Employer's Plan retains any beneficial or proprietary interest in any such remuneration, which shall be considered part of the general assets of CHLIC. This provision shall survive termination or expiration of the Agreement.	**All Medical Products**
	From time to time, CHLIC, directly or through its affiliates, arranges with third parties (e.g., service vendors, provider network managers) to provide various services (e.g., cost-containment services or health care services) in connection with the Plan. CHLIC and its affiliates may receive payments from such third parties to help defray CHLIC's expenses associated with its implementation and/or ongoing administration of these arrangements or as a reimbursement for services or network access provided to such parties by CHLIC. CHLIC may also receive compensation from third-party vendors that Employer may retain based upon a referral from CHLIC or that Members may utilize following an introduction facilitated by CHLIC or an affiliate. CHLIC may also receive: • network administration fees from some providers participating in its provider network, • credits from banks on balances in accounts utilized to administer claims, • non-material incidental compensation/benefits from other source as a result of	**All Products**

	administering the Plan.	
	COMPLIANCE ASSISTANCE	
	CHLIC shall provide the following services to assist Employer in meeting its compliance obligations under section 2715 of the Public Health Service Act as added by the Patient Protection and Affordable Care Act and applicable regulations with respect to the provision of the Summary of Benefits and Coverage ("**SBC**"), translation notice and glossary. Applicable to all medical plans including HRA and FSA which are considered "group health plans" subject to the SBC requirements.	
1.	Preparation of SBC, translation notice. CHLIC will not be responsible for any changes that Employer makes to the SBC.	**No charge**
2.	Provide SBC, translation notices prepared by CHLIC to Employer electronically as well as any updates or material modifications.	**No charge**
3.	Include in SBC a summary of benefits administered by carve-out vendor if Employer or carve-out vendor provides CHLIC with necessary carve-out benefit information at least twelve (12) weeks prior to the date the SBCs are to be delivered to Employer.	**$500 for each benefit option under the Plan for which carve-out vendor benefits are included in SBC**
	ADDITIONAL SERVICES	
Service	**Description**	**Charge**
Pharmacy Utilization Management Program	**Essential Package** - a utilization management program under which some pharmaceutical products are subject to one or several coverage limitations, including prior authorization, step therapy and/or quantity limits. Under a prior authorization requirement, the requested drug is generally reviewed for clinical appropriateness based on the intended use in therapy. Under a step therapy requirement, the Member generally must try one or more preferred products, or demonstrate why trying the preferred product(s) would be clinically inappropriate, in order to obtain coverage for the requested drug.	**For All Products: Included in Pharmacy Administration Fee**

Clinical Program	**Cigna TheraCare® Program** - a targeted condition drug therapy management program that supports individuals using specialty medications for certain chronic conditions and helps them better understand their condition, medication side effects and importance of adherence.	**For HRA OAP and OAP Products: Included at No Additional Cost**
Your Health First	A proactive health education and improvement program for Members with a chronic condition. The program involves services that span across the Member's health needs. Behavioral coaching principles and evidence based medicine guidelines are utilized to optimize self-management skills and foster sustained health improvements. The program targets a chronic population at high risk for near term and future high cost medical expenses. Members are identified as having a chronic condition through a variety of sources which may include: claims data, referrals, and self-identification. A variety of resources is provided to those with a chronic condition, including access to online tools, personalized support, and targeted materials. The program includes the following components for those with a chronic condition: • Chronic condition-specific coaching • Pre- and post-discharge calls • Lifestyle management coaching: stress, weight management and tobacco cessation • Treatment decision support and coaching In order to continuously assess the effectiveness of the program and/or test new ideas to further engage Members around their health, a small sample of Members may be placed in a comparison group which for a defined period of time receives alternative services or is suppressed from receiving proactive outreach, such as engagement letters and/or calls. This could affect a few Members targeted for outreach during this limited time period.	**For HRA OAP and OAP Products: Included in Medical Access Fee**

Claim Litigation	Claim Litigation Services	**$3,500.00 Flat Annual Amount Included in Medical Administration Charge**
Claim and Appeals	CHLIC will administer an optional second level of claim appeals	**$0.94/employee/year Included in Medical Administration Charge**
Internet-Based Enrollment and Eligibility Management System	CHLIC, either directly or through its affiliate, Cigna Benefit Technology Solutions, Inc., will grant to Employer and Participants a nontransferable limited license to access Cigna Guided Solutions, CHLIC's Internet-Based Enrollment and Eligibility Management System for online enrollment and selection of benefits. Products and services are outlined in the Employer Agreement provided to the Employer by Cigna. More specific information about the products, services, charges, grant of license and applicable restrictions are available upon request.	**Any fees payable will be in accordance with the separate Employer Agreement.**
One Guide	One Guide is an enhanced level of personalized benefit service which offers Members proactive, personalized guidance and a simplified Member experience. The One Guide solution combines human interaction- through One Guide agents- with a robust digital tool - through the myCigna native mobile app - so Members have quick, convenient access to personal benefit information, and can engage the way they prefer. The system simplifies and strengthens the connection between Members, their benefit plan, and their overall health and well-being. One Guide proactively engages Members with clear ways to save money, stay healthy, and improve health outcomes that lead to a healthy lifestyle. One Guide offers: • education on health plan features, account balances and ways to maximize benefits and earn available incentives • guidance in finding the right doctor, lab, convenience care or pharmacy • immediate connection to health coaches and other resources The goal of One Guide is to help Members take care of what matters most- staying healthy, saving money, and improving health.	**For HRA OAP** **and OAP Products: $3.50/employee/month Included in Medical Access Fee**

Health Improvement Fund		
Health Improvement Fund	For clinical/wellness/behavioral programs offered by CHLIC that are purchased, CHLIC will establish a Health Improvement Fund in the amount of $100,000.00. This fund will be used to defray the cost of CHLIC designated and arranged health and wellness improvement programs (e.g. biometric screenings, flu shots) for Employees of Employer and to reward participation in these programs. The Health Improvement Fund is a one-time credit to be used from July 1, 2019-June 30, 2020. Unused funds cannot be rolled over and CHLIC must pre-approve use of the Health Improvement Fund. The Health Improvement Fund shall be extinguished upon termination of this Agreement and any fund amount not used prior to termination of this Agreement shall only be available to Employer for the purpose of funding the cost of those reimbursable services provided prior to such termination.	

Exhibit B – Services

BANKING AND ADMINISTRATION		
Products excluding Health Savings Account		
	Furnishing CHLIC's standard Bank Account activity data reports to Employer as and when agreed upon. CHLIC's administration of the Plan does not include performing obligations, if any, under state escheat or unclaimed property laws. It is Employer's responsibility to determine the extent to which these laws may apply to the Plan and to comply with such laws.	**All Products**
	If Employer has elected, pursuant to section 63 of the New York Health Care Reform Act of 1996 (section 2807-t of the Public Health Law) ("the Act"), to pay the assessment on covered lives set forth in section 63 and has consented to the conditions set forth in section 63, CHLIC shall file such forms and pay such surcharge and assessment on covered lives on behalf of Employer through the Bank Account to the extent set forth in section 63. Such obligation shall end immediately upon Employer's failure to provide any information required by CHLIC to fulfill this obligation, the failure to comply with any requirement imposed upon Employer pursuant to the Act or the failure of Employer to properly fund the Bank Account. In addition, where permitted and agreed to by CHLIC, CHLIC will file applicable forms and pay on behalf of Employer and/or the Plan any assessment, surcharge, tax or other similar charge which is required to be made by Employer and/or the Plan based on covered lives and/or paid claims or otherwise in accordance with and as required by other applicable state and/or federal laws and regulations and the Bank Account will be charged for any such payments made by CHLIC.	**All Products**
CLAIM ADMINISTRATION		
Products excluding Health Savings Account		
	Calculate benefits, check and/or electronic payments disbursed from Employer's Bank Account. Bank Account payments will appear in Employer's standard Bank Account activity data reports.	**All Products**
	CHLIC's generic claim forms are made available to Employer for individuals eligible to enroll in the Plan.	**All Products**
	CHLIC's Special Investigations Unit will investigate, pend, recommend denial of claims in whole or in part, and/or reprocess claims, as appropriate.	**All Products**
	Discuss claims, when appropriate, with providers of health services.	**All Products**

	Perform, based on CHLIC's book of business internal audits of plan benefit payments on a random sample basis.	**All Products**
	Claim control procedures reported annually in Statement on Standards for Attestation Engagements (SSAE) No. 18 Report (or any applicable successor thereto).	**All Products**
	Respond to Insurance Department complaints.	**All Products**
	Dedicated toll-free telephone line for Member and Provider calls to CHLIC Service Centers.	**All Products**
	Member Explanation of Benefit ("**EOB**") statements including, when applicable, notice of denied claims, denial reason(s) and appeal rights.	**All Products (excluding Pharmacy)**
	Verify enrollment and eligibility using Member information submitted by Employer and/or its authorized agent.	**All Products**
Medical Only		
	CHLIC's generic enrollment form is made available to Employer for individuals eligible to enroll in the Plan.	**All Medical Products**
	CHLIC's standard ID card with toll-free telephone number are prepared and mailed directly to Members.	**All Medical Products**
	Administration of subrogation/conditional Claim Payment (terms described in Exhibit E).	**All Medical Products**
Dental Only		
	CHLIC's generic enrollment form is made available to Employer for individuals eligible to enroll in the Plan.	**All Dental Products**
	CHLIC's generic ID cards are prepared and bulk shipped to the Employer's address to distribute to their employees.	**All Dental Products**
	Standard Dental predetermination of benefits for dental procedures on a voluntary basis.	**All Dental Products**
	When elected, the Cigna Oral Health Integration Program® (OHIP) includes the provision of administrative services necessary to provide eligible Members with certain health conditions enhanced dental benefits. The program covers the following conditions: Maternity, Diabetes, Cardiovascular Programs, cerebrovascular disease (stroke), chronic kidney disease, organ transplants and head/neck cancer radiation, and is aimed at improving overall health by encouraging Members to obtain needed dental treatment by providing enhanced benefits. As appropriate, OHIP may be expanded to include new procedures, conditions and programs in the future.	**All Dental Products**

Health Care Flexible Spending Account and Dependent Care Flexible Spending Account Only		
	Providing generic enrollment forms and reimbursement request forms to Employer for use in connection with Health Care Flexible Spending Account ("**FSA**") and/or Dependent Care Flexible Spending Account ("**DFSA**") under which eligible employees (collectively "**FSA Members**") may elect to reduce their salary on a pre-tax basis up to the IRS maximum contribution allowed for deposit into a FSA and/or DFSA.	**FSA and DFSA Products**
	At the end of each reimbursement period of the Plan Year, CHLIC shall issue payments to the extent that funds remain in each FSA Member's account, for the amount that is determined by it to be proper under the Plan. At the end of the final reimbursement period of the Plan Year, CHLIC shall issue payments for any amount then due for those expenses that are determined by it to be proper under the Plan.	**FSA and DFSA Products**
	Allowable expenses for reimbursement under a DFSA include all allowable expenses incurred for the care of dependents pursuant to I.R.C. Sections 125 and 129.	**DFSA Products**
	Allowable expenses for reimbursement under a FSA include all allowable health-related expenses, pursuant to I.R.C. Sections 125 and 213 except where reimbursement under a FSA is prohibited.	**FSA Products**
	FSA Member account balances will remain open after conclusion of the Plan Year until 9/30 (the "**Run Out Period**"), so that FSA Members can submit any remaining expenses incurred during the Plan Year. For employees enrolled in the FSA on the last day of the Plan Year, claims incurred in the first 2 ½ months following the end of the Plan Year can also be submitted during the Plan run out period and applied to Plan Year unused funds. Separate account balances will be maintained as per FSA Member's election for the new Plan Year.	**FSA and DFSA Products**
	Reimbursement requests of terminating FSA Members will continue to be processed for 90 days following termination of FSA Membership for any expenses incurred prior to the FSA Membership termination date. In the case of a DFSA, reimbursement will be up to the balance in the DFSA and in the case of a FSA, reimbursement will be to the originally selected goal amount, minus prior reimbursements, regardless of whether this amount has been funded.	**FSA and DFSA Products**
	For FSA payments that are not made with a Debit Card but are a result of automatic claim forwarding ("**AutoPay**") of medical or dental claims from a medical or dental plan administered by CHLIC or Direct Submit Request For Reimbursement, an explanation of payment will be mailed to the FSA Member at their home address or, if elected, provided electronically. An explanation of payment is not issued for FSA payments that are issued to a pharmacy at the point of service as a result of automatic claim forwarding from the employee's pharmacy Plan.	**FSA Products**

	For DFSA payments made as a result of a Direct Submit Request For Reimbursement, an explanation of payment will be mailed to the DFSA Member at their home address or, if elected, provided electronically.	**DFSA Products**
	An 800 number directly linked to CHLIC's Member Services will be available for FSA Members' questions and status inquiries. This 800 number will be listed in the instructions on the reimbursement request form as well as having access to account information via Internet.	**FSA and DFSA Products**
	The Employer will identify through eligibility submission, FSA Members who elect to have medical and pharmacy claims processed but unpaid by CHLIC automatically submitted ("**rolled over**") to their FSA. Such rollover claims will be processed without additional submissions by the FSA Member and CHLIC shall be entitled to rely on the Employer's submission of the FSA Member's rollover election that the submitted expenses were properly incurred, not reimbursable from any other source and are eligible for payment under the regulations governing flexible spending accounts.	**FSA Products**
	When CHLIC takes over a FSA administration mid-Plan Year, CHLIC will provide administration services from the date CHLIC receives the FSA Plan information for claims incurred anytime during the Plan year.	**FSA and DFSA Products**
	For Employees enrolled in a health care FSA plan with a debit card, a debit card will be issued to each FSA Member. (employees enrolled in both a health care FSA plan with a debit card and a Health Reimbursement Account plan with a debit card will only receive one debit card covering both plans.) The card is pre-loaded with the FSA Member's annual Health Care FSA goal amount for the Plan Year. Plan Year FSA funds are available using the debit card for transactions actually processed during the Plan Year period. The card does not access funds from a prior Plan period unless the Plan has the extended claim period and the Employee re-enrolls in the FSA for the subsequent period. If an Employee terminates their FSA Plan or does not re-enroll in the FSA, the debit card will be de-activated and will not be available for use after the last day of the Employee's FSA enrollment. The card is used by the FSA Member to access available FSA funds based upon the submitted goal amount less amount paid Plan Year to date from the fund. Since debits made with the card are not submitted by the card vendor to CHLIC in real-time but only on a daily basis, Employer agrees to fund all debits made by the FSA Member through the daily feed from the card vendor that indicates the FSA Member account is exhausted. The card is restricted to specific merchant types that are considered health care related. Although the card is limited to these types of merchants, the card does not limit specific items within these merchants. When the debit card is	**FSA Products**

	used, funds are automatically deducted from the FSA. FSA Members may be required to submit receipts to CHLIC to substantiate debit card expenditures. If appropriate substantiation is not received, the debit card will be suspended and no longer available for use.	
Health Reimbursement Account (HRA), Healthy Awards (HA) and Healthy Future (HF) Only		
	Providing reimbursement request forms to Employer.	**HRA Products**
	Employer will make available specific funds to eligible Employees enrolled in the HRA, HA and/or HF as applicable (**"Participating Members"**). At the end of each reimbursement period of the Plan Year, CHLIC shall issue payments to Participating Members (or their medical provider, if appropriate) to the extent of the maximum amount of payment allowed by Employer reduced by prior reimbursements for the same period of coverage, for the amount that is determined by it to be proper under the Plan.	**HRA Products**
	Allowable expenses for reimbursement under a HRA, HA and/or HF, as applicable, include all allowable health-related expenses, pursuant to I.R.C. Section 213 except where payment for any such products is prohibited. The Employer can further limit the allowable expenses as agreed to by the Employer during implementation.	**HRA Products**
	Account balances for Participating Members active until the end of the Plan Year will remain open after conclusion of the Plan Year for a period of 90 days, (the **"Run Out Period"**), so that such Participating Members can submit any remaining expenses incurred during the Plan Year.	**HRA Products**
	A Participating Member's request to terminate his/her enrollment in the HRA, HA, and/or HF, as applicable, will continue to be processed for 90 days following termination for any expenses incurred prior to his/her termination date up to the originally selected goal amount, minus prior reimbursements.	**HRA Products**
	For reimbursement payments that are made as a result of automatic claim forwarding (**"AutoPay"**) of medical claims from a medical plan administered by CHLIC or Direct Submit Request For Reimbursement, an explanation of payment will be made available to the Participating Member. An explanation of payment is not issued for payments that are issued to a pharmacy at the point of sale as a result of AutoPay from the Employee's pharmacy Plan or for any Debit Card transactions.	**HRA Products**
	Providing information on account balances and submitted claims to Participating Members calling the number on the ID card. In addition, Participating Members will have access to account information via Internet and mobile app.	**HRA Products**

	When automatic claim forwarding ("**AutoPay**") is turned on, medical claims processed but unpaid by CHLIC will be automatically submitted for reimbursement from the HRA and/or HA Participating Member's HRA and/or HA account. Such "rollover" claims will be processed without additional submissions by the Participating Member.	**HRA Products**
	When CHLIC takes over HRA, HA and/or HF administration mid-Plan Year, CHLIC will provide administrative services from the date the Plan information is received.	**HRA Products**
	For Employee enrolled in an HRA, HA and/or HF Plan with a debit card, a debit card will be issued to each HRA, HA and/or HF participating Employee and spouse (if spouse is enrolled in the Plan). A debit card will also be issued upon Employee request to other eligible dependents. (Employees enrolled in both a health care FSA Plan with a debit card and a Health Reimbursement Account Plan with a debit card will only receive one debit card covering both Plans.) The card is pre-loaded with the Participating Member's annual HRA, HA and/or HF goal amount for the Plan Year. If additional funds are added during the plan year, the card balance will automatically be adjusted. Plan Year HRA, HA and/or HF funds are available using the debit card for transactions actually processed during the Plan Year period. The card will access funds from a prior Plan period when the Employee re-enrolls in the HRA, HA and/or HF for the subsequent period and has remaining HRA, HA and/or HF funds that carry over to the new period, and the debit card was active for the prior plan period. If an Employee terminates their HRA, HA and/or HF Plan or does not re-enroll in the HRA, HA and/or HF the debit card will be de-activated and will not be available for use after the last day of the Employee's HRA, HA and/or HF enrollment. The card is used by the HRA, HA and/or HF Participating Member to access available HRA, HA and/or HF funds based upon the submitted goal amount plus any added incentive reward dollars (if applicable) less amount paid Plan Year to date from the fund. Since debits made with the card are not submitted by the card vendor to CHLIC in real-time but only on a daily basis, Employer agrees to fund all debits made by the Participating Member indicated through the daily feed from the card vendor, until the Participating Member's account is exhausted. The card is restricted to specific merchant types that are considered health care related based on service category elections. Although the card is limited to these types of merchants, the card does not limit specific items within these merchants, unless they are an inventory information approval system ("IIAS") merchant with The Special Interest Group for IIAS Standards ("SIGIS"). When the debit card is used, funds are automatically deducted from the HRA, HA and or HF. HRA, HA and/or HF Participating Members may be required to submit receipts to CHLIC to substantiate debit card expenditures. CHLIC will attempt to obtain the appropriate documentation from the participant via	**HRA Products**

	mail or email. If appropriate documentation to substantiate the transaction is not received, the debit card will be suspended and no longer available for use.	
	Pharmacy claims: Eligible pharmacy expenses, under the HRA and/or HA that are processed but unpaid by CHLIC may be automatically submitted ("rolled over") to the Reimbursement Accounts Claim Office for reimbursement from the Participating Member's HRA, HA and/or HF account if the AutoPay option is enabled. Such rollover claims will be processed without additional submissions by the Participating Member. When pharmacy is covered and Cigna Pharmacy is the pharmacy vendor, the HRA and/or HA will automatically pay the pharmacy through the HRA and/or HA at the point of sale for all Participating Member obligations under the pharmacy Plan including deductibles, copays, and/or coinsurance obligations. A Participating Member will not receive an Explanation of Benefits for these payments.	**HRA Products**
	PLAN BOOKLET	
	Products excluding Health Savings Account	
	Prepare and make accessible Member benefit booklet drafts to Employer.	**All Products**
	UNDERWRITING SERVICES	
	5500 Schedule C reporting.	**All Products**
	5500 Schedule A or Annual Reconciliation Disclosure reporting (when applicable)	**All Products**
	CHLIC's standard Underwriting services: a) benefit design analysis b) projected cost analysis.	**All Products**
	HIPAA AND DUAL RIGHTS	
	Products excluding Health Savings Account	
	Handling of requests from Members for access to, amendment and accounting of protected health information, and requests for restrictions and alternative communications as required under federal HIPAA law and regulations, as set out in this Agreement and its Exhibits.	**All Products**
	COST CONTAINMENT	
	Maximum reimbursable charge determinations of non-Participating Provider charges for covered services.	**All Medical Products (with out-of-network benefits)**
	CHLIC's standard cost containment controls: Application of non-duplication and coordination of benefits rules and coordination with Medicare.	**All Medical Products**
	Delivery of information, as necessary, regarding standard application of non-duplication or coordination of benefits.	**All Medical and Dental Products**

	Review of medical bills in accordance with CHLIC's then current Medical Bill Review program.	**All Medical Products**
	Dental Cost Containment, a network of additional participating PPO providers that provide discounts for which CHLIC retains a portion of the savings generated.	**All Dental Products**
	Network Savings Program, a national vendor network that provides discounted rates when a Member accesses care through a Network Savings Program contracted provider.	**All Medical Products**
	Annual reporting of CHLIC's standard cost containment results upon Employer's request.	**All Medical and Dental Products**
	Pharmacy Vendor Recoveries.	**All Pharmacy Products**
	CUSTOMER REPORTING	
	Summary reports of medical, dental and pharmacy cost and utilization experience (where applicable), upon completion of internal report generation, are available through Cigna's web site, CignaAccess.com.	**All Medical, Dental and Pharmacy Products**
	CHLIC's standard pharmacy utilization reports.	**Pharmacy Product Only**
	Claim Reporting: CHLIC will provide standard banking and financial report information based upon paid claim data. CHLIC will not provide information on incurred-but-not reported claims, projected claims, pre-certifications of coverage, case management information or information on a Member's prognosis or course of treatment. Stop Loss Reporting is an optional service provided at an additional fee to Employers who have stop loss through another entity other than CHLIC. CHLIC will provide its standard reporting only after the stop loss carrier and Employer have executed CHLIC's standard Hold Harmless/Confidentiality Agreement.	**All Medical Products**
	CHLIC's standard management and statistical reports for Employer.	**FSA and DFSA Products**
	CHLIC's standard Individual Summary Statements for applicable participating Members.	**FSA, DFSA and HRA Products**
	CHLIC's standard Health Reimbursement Account, Healthy Awards and/or Healthy Future activity report for Employer.	**HRA Products**
	COMPLIANCE	
	Employer directs CHLIC in administering the Health Care Flexible Spending Account, Healthy Awards, Healthy Futures and/or Health Reimbursement Account benefit to comply with COBRA as follows:	
	Each FSA Member who experiences a qualifying event and elects continuation of account	**FSA Products**

	coverage in accordance with COBRA will be maintained until the earlier of the end of the Plan Year, the exhaustion of the FSA balance or other termination of the FSA.	
	FSA Members electing continuation of FSA coverage under COBRA will continue contributions at a rate not to exceed 102% of the applicable premium. The Employer may require after-tax contributions, or may allow the continuant to elect a lump-sum salary reduction in the amount required in contributions for the remainder of the coverage period.	**FSA Products**
	FSA Members who continue under COBRA and whose contributions have been made as required may submit Reimbursement Requests for themselves and any eligible dependents, for expenses incurred before or after the date of the qualifying event but prior to the end of the coverage period. Requests may be submitted until the earlier of the end of the Plan Year or the termination of the FSA, including any applicable Run-Out Period.	**FSA Products**
	The HRA, HA and/or HF of each HRA, HA and/or HF Participating Member who experiences a qualifying event and elects continuation of account coverage in accordance with COBRA will be maintained similar to the maintenance of an active Employee. HF Participating Members that have not met their vesting requirements determined by the plan are not required to be offered COBRA for the HF.	**HRA Products**
	MEMBER EXTERNAL REVIEW PROGRAM	
	CHLIC contracts with a minimum of three (3) independent review organizations that meet the Patient Protection and Affordable Care Act (PPACA) external review requirements. Members may appeal eligible claims requiring medical judgment to an external independent review organization which is selected by CHLIC on a random basis. If Employer has chosen not to participate in this program, the Employer may be responsible for making other arrangements to meet the Patient Protection and Affordable Care Act (PPACA) external review requirements.	**All Medical Products**
	MEDICAL MANAGEMENT SERVICES	
	CHLIC provides integrated medical management that includes (depending upon the terms of the Plan) the following core services.	
	Pre-Admission Certification and Continued Stay Review (PAC/CSR) services to certify coverage of acute and sub-acute inpatient admissions/stays or provides guidance to appropriate alternative settings. Administered in accordance with CHLIC's then applicable medical management and claims administration policies, practices and procedures.	**All Medical Products**
	Case Management, a service designed to provide assistance to a Member who is at risk of developing medical complexities or for whom a health incident has precipitated a need for	**All Medical Products**

	rehabilitation or additional health care support.	
	Assist providers with resources and tools to enable them to develop Long Term Treatment Plans in the management of chronic or catastrophic cases.	**All Medical Products**
	The Cigna HealthCare Healthy Babies® Program is a one-time educational mailing which provides Participants with prenatal care education and resources to help them better manage their pregnancy. Other benefits of this program include the Health Information Line℠ and pregnancy information on myCigna.com.	**All Medical Products**
	HealthCare Cost and Quality tools available on myCigna.com and myCigna mobile app.	**All Medical Products**
	A panel of physicians and other clinicians to assess the safety and effectiveness of new and emerging medical technologies. The panel meets monthly to review and update coverage policies.	**All Medical Products**
	The Health Information Line℠ is a service that provides twenty-four (24) hour toll free access to nurses, who provide answers to healthcare questions, recommend appropriate settings for care and assist Participants in locating physicians. It also includes access to an extensive audio library on a wide range of medical topics.	**All Medical Products**
	Cigna LifeSOURCE Transplant Network® contracts with more than one hundred sixty-five (165) independent transplant facilities which includes over seven hundred fifty (750) transplant programs and provides access to solid organ and bone marrow/stem cell transplantation while improving cost containment and reducing financial risk.	**All Medical Products**
	A Health Education Program that delivers mailings to Members with certain conditions.	**All Medical Products**
	Behavioral health services are provided/arranged by Cigna Behavioral Health (CBH), CBH provides utilization review and case management for both inpatient and outpatient, in-network behavioral health services.	**HRA OAP** **and OAP Products:** **(All Members)**
	Implement clinical quality measurements, track and validate performance and initiate continuous quality improvement.	**All Medical Products**
	Transition of care services to allow Members with defined conditions to continue treatment with non-Participating Providers after enrollment for continued uninterrupted care for a limited time.	**All Medical Products Except Comprehensive and Indemnity**
	Focused utilization management of outpatient procedures and identification of appropriate alternatives. Administered in accordance with CHLIC's then applicable medical management and	**All Medical Products with Care Management**

	claims administration policies, practices and procedures.	**Preferred**
	NETWORK MANAGEMENT SERVICES	
	CHLIC, and/or its affiliates or contracted vendors shall:	
	Provide or arrange access to the applicable network of Participating Providers to furnish health care services/products to Members at negotiated rates and methods of reimbursement (e.g. fee-for service, fixed per person per period, per diem charges, incentive bonuses, case rates, withholds etc.). The amount and type of negotiated reimbursement may vary depending upon the type of plan. For example, a hospital may accept less for patients enrolled in certain types of plans than others; In addition, CHLIC may contract with Participating Providers and other parties (for example Independent Practice Associations) for performance-based incentive payments to promote quality of care, patient safety and cost efficiency.	**All Medical and Pharmacy Products**
	Provide or arrange access to the applicable network of Participating Providers to furnish health care services/products to Members at negotiated rates and methods of reimbursement (e.g. fee-for service, fixed per person per period, per diem charges, incentive bonuses, case rates, withholds etc.). In addition, CHLIC may contract with Participating Providers and other parties for performance-based incentive payments to promote quality of care, patient safety and cost efficiency;	**All Dental Products**
	Credential and re-credential Participating Providers in accordance with CHLIC's credentialing requirements and ensure that third-party network vendors credential/re-credential Participating Providers in accordance with CHLIC's requirements;	**All Medical, Dental and Pharmacy Products**
	Monitor Participating Provider compliance with protocols and procedures for quality, Member satisfaction, and grievance resolution;	**All Medical, Dental and Pharmacy Products**
	Facilitate the identification of Participating Providers by Members; and	**All Medical, Dental and Pharmacy Products**
	Dedicated toll-free telephone line for Member and Provider calls to CHLIC Service Centers.	**All Medical, Dental and Pharmacy Products**
	Access to online and/or on demand medical and health-related consultations via secure telecommunications technologies, telephones and internet where permitted only when delivered by a CHLIC contracted medical Telehealth network of providers (see details on myCigna.com).	**All Medical Products**
	BEHAVIORAL HEALTH	

	CHLIC has contracted with an affiliate, Cigna Behavioral Health ("CBH"), to provide or arrange for the provision of managed in-network behavioral health services, CBH is a Participating Provider, and is reimbursed primarily on a monthly fixed fee basis. This fixed fee for CBH services will be paid as claims and will appear in Employer's monthly reporting and on financial documents. Such payments will be at the relevant monthly rates then in effect. The monthly rates paid to CBH vary depending on geographic location of Members and on benefit design, and may be subject to change. The rates will be made available upon request. The fixed fee also includes lifestyle management programs, a cognitive behavioral modification program, a Complex Psychiatric Case Management program, and a Narcotics Therapy Management program. Behavioral claims from a client specific network are not included in the behavioral monthly fixed fee and will be paid from the Bank Account. In some states, payment for behavioral health services must be paid on a fee-for-service basis. In these states, fee-for-service payments for behavioral health services and the CBH administrative fee (including the lifestyle management programs, a cognitive behavioral modification program a Complex Psychiatric Case Management program and a Narcotics Therapy Management program) will be paid from the Bank Account as claims and will appear in Employer's monthly reporting.	**These services are included in the following products:** **HRA OAP** **and OAP Products**
	CIGNA STAFF MODEL HEALTHPLAN SERVICES	
	The Cigna HealthCare of Arizona, Inc. staff model ("**Cigna Medical Group**") is a Participating Provider located in metropolitan Phoenix, Arizona. Plan Participants may at some time receive treatment from a Cigna Medical Group ("**CMG**") facility or provider even if they do not reside in Arizona (as when traveling). Plan Participants utilizing Cigna participating provider networks in Arizona may access certain specialty and/or ancillary services (such as imaging and urgent care services) through the CMG system. For covered services provided to Participants, CMG is paid at the rates in effect at the time of service (as may be revised from time to time). Representative rates for routinely performed services are attached. A complete copy of the rates is available on request under a mutually agreed nondisclosure agreement ("**NDA**"). If the Plan requires Participants to select a primary care provider ("**PCP**"), Phoenix area Participants who do not select a PCP during open enrollment may be assigned to or otherwise encouraged to consider a CMG PCP. CMG has established collaborative referral relationships	**All Medical Products**

	with specialty and ancillary providers in Cigna's broader participating provider network. CMG may also receive applicable performance-based incentive payments for its participation in programs designed to improve quality, patient safety and affordability.	

CIGNA HEALTHCARE OF ARIZONA - CIGNA MEDICAL GROUP (CMG) REPRESENTATIVE RATES FOR ROUTINELY PERFORMED MEDICAL SERVICES

EFFECTIVE APRIL 1, 2018

(Applicable to Open Access Plus Products)

Department	CPT Code	Description	Rate
All Departments	99213	OFFICE VISIT,EST EXP PROB FOC	$65.80
Adult Medicine	99396	WELL EXAM, EST, 40-64 YEARS	$102.94
Pediatrics	99392	WELL EXAM, EST, 1-4 YEARS	$85.77
Ophthalmology	66984	REMOVE CATARACT, INSERT LENS-Professional Fee only, at a facility	$700.01
Podiatry	11721	DEBRIDEMENT NAIL SIX OR MORE	$39.95
Radiology	71020	CHEST X-RAY, PA & LAT	$30.38
Radiology	G0202 + 77052	SCREENING MAMMOGRAPHY DIGITAL	$141.02
General Surgery	47562	LAPAROSCOPY;CHOLECYSTECTOMY-Professional Fee only, at a facility	$837.79
Optometry	92014	EYE EXAM & TREATMENT	$109.35
ASC (Ambulatory surgical center) / Endoscopy Suite	Grouper 2		$469.00
ASC Endoscopy Suite	Grouper 8		$1,104.00

** Medicare does not assign (or may not yet have assigned) relative value units (RVUs) for certain service codes. Codes not valued by Medicare are referred to as "gap codes." For example, Medicare does not assign values for wellness service codes (99381-99397). Cigna Medical Group refers to The Essential RBRVS (Annual) guide to obtain relative values for such gap codes for billing purposes. Typically, Cigna pays CMG for gap codes not valued by Medicare either at the discounted fee schedule referenced above or, for new codes not yet valued by Medicare, at the same rate it pays its other participating providers.*

The Urgent Care case rate excluding radiology and laboratory services is $115.

CMG pharmacy rates:

Brand Name: 30-day supply: AWP – 10.56% + $2.75 dispensing fee

90-day supply: AWP – 17.91% + $1.50 dispensing fee

Generic*: 30-day supply: AWP – 35% + $2.75 dispensing fee

90-day supply: AWP - 21% + $1.50 dispensing fee

** If MAC pricing is available for generic medication, rate is MAC + dispensing fee*

Appendix A – Pharmacy Benefit Management Services

PHARMACY BENEFIT MANAGEMENT - DEFINITIONS

Definitions

Any capitalized term not defined below shall have the meaning given to such term in the Agreement. Any capitalized term utilized in the Schedule of Financial Charges or Exhibit B shall have the meaning given to such term in the Agreement, including the meanings set forth below.

- "Actuarially Estimated" shall mean that the discount(s) listed in the Schedule of Financial Charges are estimated, but not guaranteed, to result in a particular average discount for Covered Drugs administered by CHLIC under this Agreement. Actuarially estimated discounts are calculated based on evaluation of an expected distribution of drug utilization across CHLIC's aggregate group client book of business. As measured in the aggregate for Employer's Pharmacy Benefit, Employer's average discount results may vary based on the Plan-specific factors such as drug mix utilization.

- "Average Wholesale Price" or "AWP" shall mean the average wholesale price of a Covered Drug as established and reported by Medi-Span. The applied AWP of a Covered Drug shall be the AWP for the actual eleven (11) digit National Drug Code ("NDC"), Covered Drug specific, quantity appropriate actual package size (or the manufacturer-packaged quantity closest to the dispensed size), submitted by a Retail Pharmacy, Home Delivery Pharmacy, or Specialty Pharmacy at the time that the Covered Drug is adjudicated. Notwithstanding any other provision in this Agreement, in the event of any major change in market conditions affecting the pharmaceutical or pharmacy benefit management market, including, for example, any change in the markup, methodologies, processes or algorithms underlying the published AWP(s), CHLIC may adjust any or all of the Rebates, charges, rates, discounts, guarantees and/or fees in connection with CHLIC's administration of the Pharmacy Benefit hereunder, including any that are based on AWP, as it reasonably deems necessary to preserve the economic value or benefit of this Agreement to CHLIC as it existed immediately prior to such change. Additionally, and notwithstanding any other provision in this Agreement, CHLIC may replace AWP as its pharmaceutical pricing benchmark with an alternative benchmark and/or may replace Medi-Span, or other such publication, as its source for the AWP or alternative benchmark with a different pricing source, provided that CHLIC adjusts any or all such AWP-based charges or such alternative benchmark-based charges as it reasonably deems necessary to preserve the economic value or benefit of this Agreement to CHLIC as it existed immediately prior to such replacement or immediately prior to the event(s) giving rise to such replacement, as the case may be.

- "Brand Drug" shall mean a pharmaceutical product, including a Covered Drug that is a prescription drug, including over-the-counter drugs dispensed pursuant to a prescription, medicine, agent, substance, device, supply or other therapeutic product that is not a Generic Drug. Except if and where the language expressly states otherwise, a Brand Drug does not include a Specialty Brand Drug for ingredient

cost discount purposes.

- "Business Decision Team" shall mean a committee comprised of voting and non-voting representatives across various Cigna business units such as clinical, medical and business leadership that is duly authorized by Cigna to make decisions regarding coverage treatment of pharmaceutical products based on clinical findings provided by the P&T Committee, including, but not limited to, decisions regarding tier placement and application of utilization management to pharmaceutical products.
- "Cigna Home Delivery Pharmacy" shall mean a duly licensed pharmacy operated by CHLIC or its affiliates, where prescriptions are filled and delivered via the mail service, which may include Tel-Drug of Pennsylvania LLC and Tel-Drug, Inc.
- "Claim", for purposes of this Appendix A, is a claim or request for coverage under the Pharmacy Benefit.
- "Compound Drug shall mean a medication that (a) is comprised of two or more gaseous, solid, semi-solid, or liquid ingredients (other than water or flavoring added to any preparation) that are weighed or measured at a pharmacy and then prepared according to the prescriber's order and the pharmacist's art; (b) contains at least one FDA-approved federal legend drug as an active ingredient; (c) is not otherwise generally available in its compound form; and (d) is not a compound preparation administered by infusion or injection.
- "Covered Drugs" shall mean prescription drugs, including over-the-counter drugs dispensed pursuant to a prescription, biologics, medicines, agents, substances, devices, supplies, and other therapeutic products that are prescribed for Members and are covered under the Pharmacy Benefit and shall include all associated standard services usually and customarily rendered by a pharmacy or provider in the normal course of business, including dispensing, administration, counseling and product consultation.
- "Dispensing Fee" means an amount paid to a pharmacy for providing professional services necessary to dispense a Covered Drug to a Member.
- "FDA" shall mean the U.S. Food and Drug Administration.
- "Formulary" shall mean the list of FDA-approved prescription drugs and supplies developed and managed by CHLIC across its self-funded and insured group book of business and that is selected and adopted by Employer. The drugs and supplies included on the Formulary will be modified by CHLIC from time to time as a result of factors including, but not limited to, economic and clinical factors like clinical appropriateness, manufacturer Rebate arrangements and patent expirations. Any changes CHLIC makes to the Formulary are hereby adopted by Employer.
- "Generic Drug" means a pharmaceutical product, including a Covered Drug, whether identified by its chemical, proprietary, or non-

proprietary name, that is accepted by the FDA as therapeutically equivalent and interchangeable with drugs having an identical amount of the same active ingredient(s), and which is identified as such in CHLIC's master drug file using indicators from First Databank, Medi-Span, or other nationally recognized source as used by CHLIC across its book of business on the basis of a proprietary algorithm, a summary of which may be made available for review by Employer or, subject to CHLIC's consent, its auditor upon request in accordance with the terms set forth in this Appendix A. Employer and, as applicable, its auditor shall sign a confidentiality agreement acceptable to CHLIC relating specifically to such summary. The reference to a drug by its chemical name does not necessarily mean that the product is recognized as a generic for adjudication, pricing or copay purposes. Except if and where the language expressly states otherwise, a Generic Drug does not include a Specialty Generic Drug for ingredient cost discount purposes. For pricing purposes, a Generic Drug excludes a Covered Drug that is either marketed under three (3) or fewer Abbreviated New Drug Application pursuant to 21 U.S.C. §355, and its implementing regulations, or cannot be purchased by the pharmaceutical industry at large from more than one (1) pharmaceutical wholesaler.

- "Maximum Allowable Charge" shall mean the maximum unit price for a Covered Drug included on the applicable MAC List as set forth on such MAC List.

- "MAC List" shall mean a then-current list maintained by CHLIC of prescription drugs, devices, supplies and over-the-counter drugs identified as readily available as a Generic Drug or generally equivalent to a Brand Drug (in which case it may also be on a MAC List) and that, in each case, are deemed to require or are otherwise capable of pricing management due to the number of manufacturers, utilization and/or pricing volatility.

- "Pharmacy Benefits" shall mean amounts payable for covered pharmacy benefit services and products under the terms of the Plan; Pharmacy Benefits shall be considered Plan Benefits for purposes of this Agreement.

- "P&T Committee" shall mean a committee comprised of both voting and non-voting Cigna-employed clinicians, Medical Directors and Pharmacy Directors and non-Employees such as Participating Providers that represent a range of clinical specialties. The committee regularly reviews pharmaceutical products, new pharmaceutical products, for safety and efficacy, the findings of which clinical reviews inform coverage status decisions made by the Business Decision Team. The P&T Committee's review may be based on consideration of, without limitation, FDA-approved labeling, standard medical reference compendia, or scientific studies published in peer-reviewed English-language bio-medical journals.

- "PBM Proprietary Information" shall mean information relating to CHLIC's pharmacy benefit management products and services, including, without limitation, CHLIC's reporting and web-based applications, eligibility and adjudication systems and coding methodologies, system formats and databanks, clinical or formulary management operations or programs, information and agreements relating to Rebates and other financial information, prescription drug evaluation criteria and coverage policies, drug pricing information,

including MAC List and Specialty Drug pricing, paid Claims information integrated into CHLIC's adjudication systems, and pharmaceutical manufacturer, vendor or pharmacy network agreements.

- "Prescription Drug Charge" shall mean the amount that, prior to application of the Plan's cost-share requirement(s), Employer is obligated to pay for a Covered Drug dispensed at a Retail Pharmacy or Cigna Home Delivery Pharmacy, including any applicable Dispensing Fee, service fee, and tax. The Prescription Drug Charge may be expressed as, for example, a discount off of AWP or other benchmark price, or a MAC.

- "Rebate" shall mean the following payments or other consideration paid or payable to CHLIC from manufacturers to the extent arising from or as a result of Covered Drugs dispensed to Members and/or the performance of any pharmacy benefit management services provided under the Agreement.

  (a) Payments, rebates and other consideration paid to CHLIC from any manufacturer arising from or as a result of the inclusion or exclusion on any Formulary of Covered Drugs manufactured, sold, marketed, or distributed by any manufacturer;

  (b) Rebates, discounts, service fees and other consideration paid to CHLIC from any manufacturer arising from or as a result of any arrangements, commitments, programs or activities involving or relating to utilization (e.g., market share, growth, etc.) of certain prescription drugs within their respective therapeutic categories; and

  (c) Rebates, discounts, service fees and other consideration paid to CHLIC from any manufacturer arising from or as a result of any arrangements, commitments, programs or activities involving or relating to services performed by CHLIC where CHLIC is paid or is entitled to fees or other compensation on the basis of the volume or value of prescription drugs or other products that are prescribed or dispensed to CHLIC customers.

  However, "Rebates" shall exclude: (i) pricing adjustments, payments and credits made in the ordinary course by any manufacturer on account of product returns, delivery errors or shipping damage or losses arising from drugs and other products purchased from such manufacturer by or on behalf of CHLIC; (ii) pricing discounts paid or credited by a manufacturer to pharmacies affiliated with CHLIC for prescription drugs and other products purchased from such manufacturer; (iii) any fees or other compensation paid by any manufacturer in consideration of any services, products, activities or programs performed, provided or implemented by CHLIC or any of its affiliates for such manufacturer; (iv) payments, rebates or other compensation paid to CHLIC for or by reason of any administrative or other services provided by CHLIC to or for any manufacturer, in connection with administering, computing, invoicing, allocating and/or collecting amounts otherwise constituting Rebates; and (v) rebates or other amounts paid to CHLIC for prescription drugs that are administered or otherwise provided to Members in providers' offices, home health care settings, or outpatient clinics.

- "Retail Pharmacy" shall mean any licensed retail pharmacy with which CHLIC has contracted directly or indirectly with a third party, to provide Covered Drugs to Members, and is not a mail order pharmacy. A mail order pharmacy is a pharmacy that primarily fills and delivers pharmaceutical products via the mail service. The term "Retail", when immediately preceding the term "Brand Drug Claim", "Generic Drug Claim", "Specialty Drug Claim", "Specialty Brand Drug Claim", or "Specialty Generic Drug Claim" means that the resulting term (e.g., "Retail Brand Drug Claim") refers to such claim as dispensed by a Retail Pharmacy.

- "Specialty Drug" shall mean a pharmaceutical product, including a Covered Drug, considered by CHLIC to be a Specialty Drug based on consideration of the following factors: (i) whether the pharmaceutical product is prescribed and used for the treatment of a complex, chronic or rare condition; (ii) whether the pharmaceutical product has a high acquisition cost; and, (iii) whether the pharmaceutical product is subject to limited or restricted distribution, requires special handling and/or requires enhanced patient education, provider coordination or clinical oversight. A Specialty Drug may not possess all or most of the foregoing characteristics, and the presence of any one such characteristic does not guarantee that a pharmaceutical product will be considered a Specialty Drug. The term "Specialty," when immediately preceding the terms "Generic Drug" or "Brand Drug", means that the resulting term (e.g. "Specialty Generic Drug") refers to a Generic Drug or Brand Drug that is considered a Specialty Drug, respectively.

- "Specialty Pharmacy" shall mean a duly licensed pharmacy designated by or operated by CHLIC or its affiliates that primarily dispenses Specialty Drugs or provides services related thereto; provided, however, that when the Cigna Home Delivery Pharmacy dispenses a Specialty Drug, it shall be considered a Specialty Pharmacy hereunder.

- "U&C Charge" shall mean the price the applicable Retail Pharmacy would charge a regular cash-paying customer for a Covered Drug (and any services related to the dispensing thereof) on the day on which the Covered Drug is dispensed.

PHARMACY BENEFIT MANAGEMENT - SERVICES TO BE PROVIDED

1. Retail Pharmacy Network.

(a) General. CHLIC shall maintain a Retail Pharmacy network. Retail Pharmacies included in the network shall provide Covered Drugs to which the Retail Pharmacies have access to Members during their normal business hours in all applicable locations. A list of the Retail Pharmacies included in the network, as updated from time to time, shall be made available to Members online. CHLIC maintains multiple networks and/or sub-networks and may periodically consolidate networks and/or migrate clients, including Employer, between networks and sub-networks. CHLIC shall require each Retail Pharmacy included in the network to meet its requirements for participation in the Retail Pharmacy network, which include, but are not limited to, satisfaction of licensing and insurance requirements.

(b) Retail Pharmacy Audits and Overpayments. CHLIC shall perform desktop and on-site audits of each Retail Pharmacy to ensure that each Retail Pharmacy is complying with the terms of its contract with CHLIC. In the event that CHLIC discovers that an overpayment has been made to a Retail Pharmacy, CHLIC shall take reasonable steps to recover the overpayment pursuant to the terms of this Agreement.

(c) Independent Contractors. The Retail Pharmacies are independent contractors, and CHLIC does not exert direction or control over the pharmacists at Retail Pharmacies in filling prescriptions or performing other pharmaceutical services.

(d) Collection of Cost Sharing. CHLIC shall require Retail Pharmacies to collect all applicable Plan cost-shares from Members.

2. Cigna Home Delivery Pharmacy.

(a) General. Members may submit new or refill prescription orders for fulfillment through Cigna Home Delivery Pharmacy or such other mail service pharmacy that CHLIC in its sole discretion may select from time to time. Such orders may be placed via mail, telephone, or electronic means. Subject to Applicable Law, Employer shall permit CHLIC to communicate with Members regarding availability and use of the Cigna Home Delivery Pharmacy and potential cost savings associated therewith. In addition, CHLIC may provide supporting services with respect to the Cigna Home Delivery Pharmacy. Cigna Home Delivery Pharmacy shall deliver all drugs to Members in accordance with its standard procedures. For the purposes of clarity, CHLIC does not exert direction or control over the pharmacists at Cigna Home Delivery Pharmacy in filling prescriptions or performing other pharmaceutical services.

(b) Cost Sharing. Members are responsible for payment of the applicable cost sharing to Cigna Home Delivery Pharmacy for each prescription or prescription refill. Employer acknowledges that Cigna Home Delivery Pharmacy may suspend services to a Member who is in default of any cost-sharing obligations, in accordance with Cigna Home Delivery Pharmacy's standard credit policy. If payment of such cost-sharing has not been received from the Member within one hundred twenty (120) days of dispensing of the product, the Plan will be billed for the outstanding amount following the one hundred twenty (120) day collection period.

(c) Affiliation with CHLIC. Tel-Drug of Pennsylvania LLC and Tel-Drug, Inc. are licensed pharmacy affiliates of CHLIC that fill and deliver Covered Drugs via the mail service.

3. Claims Processing.

(a) General. CHLIC shall perform claims processing services for Covered Drugs dispensed by Retail Pharmacies or Cigna Home Delivery Pharmacy. In-network Claims shall be submitted via paper or electronically. Members using out-of-network covered services are required to submit a paper claim form. A separate charge shall apply for submission of any paper claim form, whether in-network or out-of-network. CHLIC does not provide coordination of benefits (COB) services for Claims for drugs dispensed, and electronically processed, at a pharmacy; Claims will be processed without consideration of a Member's coverage under another plan.

(b) Drug Utilization Review. CHLIC shall perform a concurrent Drug Utilization Review ("DUR") analysis of each prescription submitted for processing, which may include: (1) prescribed dosage within a safe range; (2) drug-to-drug interaction; (3) drug-to-allergy interaction; (4) age-to-drug interaction; (5) duplicate therapy; (6) quantity limitations; and (7) days' supply.CHLIC's DUR processes shall not override or substitute for the prescriber's, the pharmacist's or other health care provider's professional judgment.

4. **Utilization Management Program**. CHLIC shall, in accordance with Section 2 of the Agreement, administer the Pharmacy Benefit utilization management program(s) identified in this Agreement. Employer acknowledges that CHLIC's coverage policies and claims administration procedures, which are utilized across CHLIC's self-funded and insured book-of-business to adjudicate claims and administer appeals, may change periodically. As an example of the coverage criteria that may apply to a pharmaceutical product, a Member may have to try one or more preferred pharmaceutical products, or demonstrate why trying the preferred pharmaceutical product(s) would be clinically inappropriate, in order to obtain coverage under the Plan for a given pharmaceutical product Employer further authorizes CHLIC to allow coverage for a use that would be otherwise excluded in the event of co-morbidities, complications and other factors not expressly addressed by the coverage policies utilized by CHLIC in reviewing Claims for coverage. CHLIC may rely wholly upon information about the Member and the prescriber's diagnosis of the Member's condition. CHLIC shall not substitute its judgment for the judgment of the prescribing physician, nor shall it determine medical necessity or make other medical determinations other than for coverage purposes.

5. **Rebate Management**. CHLIC shall pay Employer amounts equal to the Rebate amounts specified in the Schedule of Financial Charges.

6. **Drug-Related Services**.

(a) Specialty Drugs. CHLIC shall process Claims regarding Specialty Drugs subject to the following provisions:

(1) The Specialty Pharmacy shall fill prescriptions for Specialty Drugs based on the professional judgment of the dispensing pharmacist, accepted pharmacy practices and product guidelines.

(2) A list of Specialty Drugs available via the Specialty Pharmacy and pricing with respect thereto shall be made available as in effect on the Effective Date, are set forth in Appendix B. After the Effective Date, Employer may request that CHLIC provide it with an updated list of Specialty Drugs available via the Specialty Pharmacy and pricing with respect thereto.

(3) To the extent acting in the capacity as a mail order pharmacy, the Specialty Pharmacy shall ship Specialty Drugs to Members in accordance with its standard procedures.

(4) Members are responsible for payment of the applicable cost sharing to the Specialty Pharmacy for each prescription or prescription refill. Employer acknowledges that the Specialty Pharmacy may suspend services to a Member who is in default of any cost-sharing obligations, in accordance with the Specialty Pharmacy's standard credit policy. If payment has not been received from the Member within one hundred twenty (120) days of dispensing, the Plan will be billed following the one hundred twenty (120) day collection period.

(5) For the purposes of clarity, CHLIC does not exert direction or control over the pharmacists at the Specialty Pharmacy in filling prescriptions or performing other pharmaceutical services.

(b) Compound Drugs. CHLIC shall process prescribed Compound Drugs to the extent covered under the Plan. CHLIC shall treat as Covered Drugs only those components of a Compound Drug that would otherwise be treated as Covered Drugs were they not part of a Compound Drug.

7. Member Communications and Services.

(a) Member Communication. CHLIC shall provide to Members an ID card and instructions to access Member materials online, including the Formulary, the Retail Pharmacy directory, Cigna Home Delivery Pharmacy information, and an out-of-network Claim reimbursement form.

(b) Rx Savings Messenger. CHLIC may send personalized mailings to Members regarding the Generic Drugs and preferred Brand Drugs and savings available from Cigna Home Delivery Pharmacy.

(c) Call Center. CHLIC shall maintain toll-free customer service lines twenty-four (24) hours per day, seven (7) days per week for the purpose of responding to inquiries from Members regarding Retail Pharmacy, Cigna Home Delivery Pharmacy or Claims issues.

8. Formulary Management; Clinical Programs; Other Services.

CHLIC shall provide Formulary management services, which shall include implementing Formulary placement decisions and determinations to apply utilization management requirements made by CHLIC's Business Decision Team. The Business Decision Team makes Formulary determinations based on consideration of clinical and economic factors. Clinical factors may include, but are not limited to, the CHLIC P&T Committee's evaluation of the place in therapy, relative safety or relative efficacy of the drug, as well as whether certain supply limits or other utilization management requirements should apply. Economic factors may include, but are not limited to, the drug's acquisition cost including, but not limited to, assessments on the cost effectiveness of the drug and available Rebates. Employer acknowledges that the Formulary, utilization management requirements, and coverage policies used by CHLIC to perform coverage reviews, including any changes made thereto, are adopted by Employer. When considering a drug for Formulary placement or other coverage conditions, CHLIC's Business Decision Team reviews clinical and economic factors regarding enrollees as a general population across its relevant book-of-business. CHLIC shall also provide the clinical, safety and/or trend programs, or other programs and services selected by Employer as indicated on the Schedule of Financial Charges or otherwise agreed upon by Employer and CHLIC, some of which may require payment of additional fees.

PHARMACY BENEFIT MANAGEMENT - PROGRAM OPERATIONS

1. **Implementation of Agreement**.

   (a) Project Plan. Employer and CHLIC shall develop an agreed upon implementation project plan with respect to the Agreement prior to the Effective Date or prior to the implementation with respect to any new Pharmacy Benefit under this Agreement following the Effective Date.

   (b) Initial Data and Commencement of Pharmacy Benefit Management Services. Prior to the Effective Date, Employer shall provide CHLIC with all data and/or documentation necessary for CHLIC to provide the services specified in this Agreement. Such data and/or documentation shall include, but is not necessarily limited to, claims history and Member prior authorization history. Assuming all data specified in the preceding sentence is received sufficiently in advance of the Effective Date, CHLIC shall commence providing services under this Agreement as of the Effective Date.

2. **Timely Provision of Data by Employer**. Employer acknowledges that CHLIC shall not be held responsible for, and shall be released from, fulfilling any obligation or performing any service under this Agreement if Employer or its designee does not provide accurate information in a timely manner.

3. **Reporting**. CHLIC shall make available to Employer CHLIC's standard reporting applications, subject to Applicable Law and Exhibit D, including, without limitation, HIPAA and state privacy laws.

4. **Claims Data**.

(a) Retention. CHLIC shall retain data with respect to Claims for at least seven (7) years from the date the prescription is filled. Following the close of such retention period, CHLIC shall retain and dispose of such Claims data pursuant to its then-current standard policies and procedures, Applicable Law and the Business Associate Agreement described in the Agreement.

(b) Disclosure to Vendor. Upon Employer's written request and subject to execution of a non-disclosure agreement acceptable to CHLIC, CHLIC shall provide prescription Claims data in its standard format to a vendor contracted with Employer and otherwise acceptable to CHLIC solely for the purposes of such vendor's support of Plan administration functions. Employer agrees that its vendors may not utilize Claims data for any other purpose, including, without limitation, developing products and services, analyzing the Claims data against market benchmarks or CHLIC competitors or adding to a normative database (even if de-identified and/or blinded as to Member and PBM/carrier) for the Employer's or vendor's commercial use. Employer shall be responsible for any use or disclosure of Claims data, or any services provided, by the vendor. Notwithstanding the foregoing, all audits of any pricing guarantees, Rebate-sharing obligations or Claims processing accuracy shall be conducted in accordance with the terms in this Agreement specifically relating to such audits.

(c) De-Identified Data. During and after the term of this Agreement, CHLIC may use Claims, drug, and medical data that has been de-identified in accordance with HIPAA for research, provider evaluation, database maintenance, and other commercial purposes.

This provision shall survive termination or expiration of the Agreement.

5. **Claims Processing Audits**. Employer may, in accordance with the requirements set forth in Section 6 of the Agreement and at no additional charge while this Agreement is in effect, audit CHLIC's payment of Plan Benefits subject to the conditions set forth in Section 6 of the Agreement.

6. **Rebate Audits**. Employer may, to the extent specified below, in accordance with the following requirements, and at no additional charge while this Agreement is in effect, audit CHLIC's Rebate payments subject to the following conditions:

(a) Employer shall designate with CHLIC's consent, such consent not to be unreasonably withheld, an independent, third party auditor to conduct the audit (the "Auditor").

(b) The Auditor may audit records directly related to CHLIC's performance of its obligations hereunder regarding Rebates once in each 12-month period upon the following conditions: (1) Employer shall provide at least 45 days written notice to CHLIC; (2) the Auditor (including each auditor conducting the audit) shall be agreeable to Employer and CHLIC; (3) a mutually agreed upon

nondisclosure/nonuse contract shall be executed by Employer, the Auditor and CHLIC; (4) the records to be audited shall be no more than two years old as of the date of the audit; (5) the scope of records to be audited shall be as mutually agreed upon by the Auditor and CHLIC as those which are necessary to determine compliance with the Rebate-sharing obligations under this Agreement; (6) the audit shall be conducted at a mutually acceptable time during regular business hours at CHLIC's office where such records are located; (7) records shall not be removed or photocopied without CHLIC's express written consent; (8) the Auditor shall provide its audit report to CHLIC and Employer at the same time; and (9) the Auditor may disclose the aggregate amount of Rebates due Employer but no other details of CHLIC's manufacturer contracts of which the Auditor is apprised, if any.

This provision shall survive termination or expiration of the Agreement.

PHARMACY BENEFIT MANAGEMENT - FUNDING AND PAYMENT OF CLAIMS; CHARGES

1. **Funding and Payment of Claims**. With respect to Pharmacy Benefits, (1) CHLIC may withdraw funds from the Bank Account for the purposes specified in Section 3 of the Agreement five times per month, and (2) any recovered overpayments shall be credited to Employer via a line item on its invoice, less the fee set forth on the Schedule of Financial Charges.

2. **Retroactive Member Changes and Terminations**. Notwithstanding anything in the Agreement to the contrary,Employer shall remain responsible for all charges and Bank Account Payments incurred or charged through the date CHLIC processed Employer's notice of a retroactive change or termination of a Member's enrollment in the Plan. Notwithstanding anything to the contrary in Section 4.c. of the Agreement, with respect to Pharmacy Benefits, CHLIC generally will implement eligibility updates received from Employer that adhere to CHLIC's standard electronic format as soon as reasonably practicable following receipt of such updates.

PHARMACY BENEFIT MANAGEMENT - FIDUCIARY ACKNOWLEDGMENTS

CHLIC offers pharmacy benefit management services for consideration by Employer and other entities. The general parameters of such services and the supporting systems have been developed by CHLIC as part of CHLIC's administration of its general business as a pharmacy benefit manager for entities that sponsor group health plans. The Parties have negotiated the terms of this Agreement in an arm's-length fashion. Except to the extent CHLIC conducts the final level of internal appeal as set forth in Section 2.c of the Agreement, the Parties assert that neither Party intends that CHLIC shall be a fiduciary with respect to Pharmacy Benefits for either ERISA (if applicable) or state law purposes, and neither Party shall name CHLIC as a "plan fiduciary" with respect to its management of Pharmacy Benefits. Employer acknowledges and agrees that CHLIC (i) does not have discretionary authority or control respecting management of the Pharmacy Benefits, and (ii) does not exercise any authority or control respecting management or disposition of the assets relating to Pharmacy Benefits or of Employer. Rather, Employer retains all such authority and control. The Parties agree that, upon reasonable notice, CHLIC shall have the right to terminate its Pharmacy Benefit services under this Agreement to any Plan and/or Members located in a state that requires a pharmacy benefit manager to be a fiduciary to Employer, the Plan or a Member.

This provision shall survive termination or expiration of the Agreement.

PHARMACY BENEFIT MANAGEMENT - FINANCIAL ARRANGEMENTS

1. **General**. CHLIC contracts on its own account with Retail Pharmacies to dispense covered pharmaceutical products to Employer's Members, and not on behalf of, or for the benefit of, Employer or the Plan; accordingly, any discounts or other remuneration CHLIC earns under an arrangement with a Retail Pharmacy are obtained for, and inure to, the sole and exclusive benefit of CHLIC, and not the Employer or the Plan. Amounts paid to the Retail Pharmacy for Brand Drug, Generic Drug, or Specialty Drug Claims may or may not be equal to the amount charged to Employer and/or Member. If the amount paid by Employer and/or Member does not equal the amount paid by CHLIC to a particular pharmacy, CHLIC will absorb or retain such difference. CHLIC contracts with pharmaceutical manufacturers for Rebates and other remuneration on its own behalf and for its own benefit, and not on behalf of Employer or the Plan. Accordingly, CHLIC retains all right, title and interest to any and all actual Rebates and other remuneration received from manufacturers. CHLIC will pay Employer amounts equal to all or some portion of the Rebate amounts allocated to Employer, if any, and as specified on the Schedule of Financial Charges, from CHLIC's general assets (neither Employer, its Members, nor Employer's Plan retains any beneficial or proprietary interest in CHLIC's general assets). Rebate amounts received vary based on factors including, without limitation, Employer-specific utilization, the volume of utilization as well as Formulary position applicable to the drug or supplies, and adherence to various formulary management controls, benefit design requirements, Claims volume, and in certain instances also may vary based on the product market share. Employer acknowledges and agrees that neither it, its Members nor its Plan will have a right to interest on, or the time value of, any Claim payments charged by CHLIC to Employer or any Rebate payments received by CHLIC during the collection period of moneys payable under this section, and that CHLIC shall retain any such remuneration.

2. **Affiliates**. Cigna Home Delivery Pharmacy and any other licensed pharmacy affiliate of CHLIC may maintain product purchase discount arrangements and/or fee-for-service arrangements with pharmaceutical manufacturers and wholesale distributors in its capacity as a mail service and/or specialty pharmacy. Cigna Home Delivery Pharmacy or any other licensed pharmacy affiliate of CHLIC may contract for these arrangements on its own account in support of its pharmacy operations, and not on behalf of, or for the benefit of, Employer of the Plan. Accordingly, Cigna Home Delivery Pharmacy and any other licensed pharmacy affiliate of CHLIC retains the sole and exclusive benefit of any difference between its acquisition cost for a pharmaceutical product and the amount charged to Employer under this Agreement. Further these arrangements relate to services provided outside of this Agreement and other pharmacy benefit management arrangements and may be entered into without regard to whether a specific drug is on one of the formularies that CHLIC offers to entities that sponsor group health plans. Discounts and fee-for-service payments received by Cigna Home Delivery Pharmacy or any other licensed pharmacy affiliate of CHLIC are not part of the pharmacy benefit management formulary rebates or associated administrative fees or charges paid to CHLIC in connection with CHLIC's pharmacy benefit management formulary rebate programs.

This provision shall survive termination or expiration of the Agreement.

PHARMACY BENEFIT MANAGEMENT - OBLIGATIONS UPON TERMINATION

Upon notice of termination of this Agreement, the following provisions shall apply with respect to Pharmacy Benefits:

a) Employer shall notify Members at least thirty (30) days prior to the termination of the Agreement becoming effective of any transition to a successor pharmacy benefit manager.

b) If mutually agreed upon by CHLIC and Employer, CHLIC shall provide services following termination of the Agreement at CHLIC's then-prevailing rate. Such services, if any, shall be determined by mutual agreement of CHLIC and Employer in advance of the termination of the Agreement becoming effective.

c) Upon request by Employer and subject to execution of a nondisclosure agreement acceptable to CHLIC, CHLIC shall transition Claims files and/or history to the pharmacy benefit manager or other third party specified by Employer and otherwise acceptable to CHLIC. Any disclosure of Claims files and/or history shall be limited to the information the successor pharmacy benefit manager or other third party needs to implement or administer Employer's pharmacy benefits. CHLIC shall not be required to directly or indirectly release, and Employer shall not release, PBM Proprietary Information to any such third party.

d) Upon termination of the Agreement for any reason, the Parties shall handle Confidential Information, PBM Proprietary Information and Protected Health Information (as defined in the Business Associate Agreement attached as Exhibit D) pursuant to the terms of the Agreement.

e) In the event that CHLIC terminates the Agreement pursuant to Section 1.v of the Agreement, CHLIC shall have no further obligation following the date of such termination to pay Employer any Rebates, or any other amount that may otherwise be payable by CHLIC to Employer.

This provision shall survive termination or expiration of the Agreement.

PHARMACY BENEFIT MANAGEMENT - CONFIDENTIALITY

1. **General**. Employer acknowledges and agrees that CHLIC's PBM Proprietary Information constitutes competitively sensitive trade secrets, and that its misuse or mis-disclosure could result in material financial and legal loss or liability to CHLIC, its affiliates and their respective subcontractors. CHLIC shall not be required to disclose PBM Proprietary Information to Employer except to the extent necessary for Employer to exercise any audit rights expressly provided hereunder or perform other Plan administration functions. If CHLIC discloses PBM Proprietary Information to Employer, or, if CHLIC consents, to the Employer's vendor or designee, CHLIC may require Employer, or its vendor or designee, to execute a non-disclosure agreement specifically relating to the requested PBM Proprietary Information. Employer agrees that it and its vendors may not utilize PBM Proprietary Information for any purpose other than performing

Plan administration functions, including, without limitation, developing products and services, de-identifying, blinding or analyzing the PBM Proprietary Information against market benchmarks or CHLIC competitors or adding to a normative database for the Employer's, or vendor's or designee's, commercial use. For the purposes of clarity, information shall not cease to qualify as PBM Proprietary Information if Employer or its vendor or designee de-identifies and/or blinds the PBM Proprietary Information such that the information cannot be traced or identified to a Member or CHLIC, its affiliates or their respective subcontractors. Employer shall be solely responsible for any disclosure of PBM Proprietary Information by CHLIC to Employer or its vendor or designee, or any subsequent use or disclosure by Employer or its vendor or designee, or services provided by the same. Notwithstanding anything herein to the contrary, in no event will CHLIC be required to disclose to Employer, or its vendor or designee, information related to, or including, its pharmacy network agreements, vendor agreements or pharmaceutical manufacturer agreements.

2. **Compelled Disclosures**. If at any time Employer, or its vendor or designee, is required by law, court order or other valid legal process to disclose any Confidential Information, it will promptly notify CHLIC prior to any such compelled disclosure and, upon request, cooperate with CHLIC in seeking a protective order or other available relief to contest or limit the scope of such compelled disclosure.

3. **Return or Destruction of Information**. At any time upon CHLIC's request or upon expiration or termination of this Appendix A or the Agreement, whichever occurs first, Employer will, at CHLIC's option, promptly deliver, or, as the case may be, compel its vendor or designee to deliver, to CHLIC all PBM Proprietary Information or other Confidential Information (or such portion thereof as requested) and not retain any copies in whole or in part of such PBM Proprietary Information or other Confidential Information, or securely destroy or dispose, or, as the case may be, compel its vendor or designee to destroy or dispose, of those portions of documents and other materials in any form, including electronic form, prepared by or received by the Employer or its vendor or designee, that contain or reflect such PBM Proprietary Information or other Confidential Information. Employer, or its vendor or designee, shall certify such return and destruction, as the case may be, to CHLIC.

Appendix B - Cigna Home Delivery Pharmacy Specialty Drug List

THIS SPECIALTY DRUG LIST IS CONFIDENTIAL, PROPRIETARY INFORMATION OF CHLIC. IT IS PROVIDED SOLELY FOR EMPLOYER'S PLAN ADMINISTRATION PURPOSES. RE-DISCLOSURE IS STRICTLY PROHIBITED EXCEPT AS OTHERWISE PROVIDED BY APPLICABLE LAW. CHLIC RESERVES ALL LEGAL RIGHTS AND REMEDIES TO ENFORCE THESE PROHIBITIONS ON USE AND DISCLOSURE.

The Specialty Drug List shall be provided separately to Employer, and is hereby incorporated into the Agreement by reference, inclusive of any changes made subsequent to CHLIC's initial issuance of the Specialty Drug List to Employer to the pharmaceutical products included on the Specialty Drug List or the discounts pertaining to such pharmaceutical products. Upon Employer's request on or after the Effective Date, CHLIC shall provide to Employer an updated Specialty Drug List.

Currently Marketed Specialty Drugs on this Specialty Drug List. The discounts in this Specialty Drug List are the discounts that will be adjudicated in CHLIC's claim processing system for the drug indicated when dispensed by Cigna Home Delivery Pharmacy, subject to all of the following.

- Any or all of the discounts in this Specialty Drug List may be adjusted by CHLIC to the extent reasonably necessary to preserve the economic value of this Agreement as it existed immediately prior to the occurrence of any of the following events: a major change in market conditions affecting the pharmaceutical or pharmacy benefit management market, a drug shortage in the market, an issue involving the safety of the drug supply, or similar market situation.

- The discounts in this Specialty Drug List are based on the terms and design of the Pharmacy Benefit that Employer has adopted and disclosed to CHLIC. Accordingly, if Employer fails to disclose to CHLIC, for example, that it uses or intends to use a consumer-driven health plan, a major cost-sharing program, or a utilization management program promoting generic or OTC drugs over brand drugs, CHLIC may adjust the discounts as it reasonably deems necessary to preserve the economic value or benefit of this Agreement as CHLIC anticipated based on the terms and design of the Pharmacy Benefit previously disclosed to CHLIC and prior to CHLIC's discovery of the Pharmacy Benefit design feature that materially impacts CHLIC's discounts in this Specialty Drug List.

- The discounts in this Specialty Drug List shall not apply to Compound Drug claims, Claims that process at U&C, and direct member reimbursement (DMR) Claims.

- Any or all of the discounts in this Specialty Drug List may be adjusted by CHLIC to the extent reasonably necessary to preserve the economic value of this Agreement as it existed immediately prior to the occurrence of any of the following events: (a) there are any significant changes in the composition of CHLIC's pharmacy network or in CHLIC's pharmacy network contract compensation rates, or the structure of the pharmacy stores/chains/vendors that are contracted with CHLIC, including but not limited to disruption in the retail pharmacy delivery model, or bankruptcy of a chain pharmacy; or (b) there is a change in government laws or regulations which has a significant impact on pharmacy claim costs; or (c) any material manufacturer-rebate contracts with or for the benefit of CHLIC are terminated or modified in whole or in part; or (d) there is any legal action or Law that materially affects or could materially affect the manner in which CHLIC's rebate program is administered or an existing Law is interpreted so as to materially affect or potentially have a material effect on CHLIC's administration of the Pharmacy Benefit; or (e) there is a material

change in the Plan or the Plan's Pharmacy Benefit that is initiated by Employer which impacts CHLIC's costs.

New-to-Market Specialty Products. Specialty Drug Claims that are for new-to-market drugs will have a minimum market-introduction guaranteed discount of 11.45% off the drug's AWP.

CIGNA HEALTH AND LIFE INSURANCE COMPANY
(Herein called 'Cigna')

Attached to and made part of Group Policy No. 3338881

It is hereby agreed that said policy is amended as follows:

- Page CSL-Policy(07-17) headed COVERAGE INFORMATION is deleted and the attached Pages headed COVERAGE INFORMATION is substituted therefore.

CIGNA HEALTH AND LIFE INSURANCE COMPANY
(Herein called 'Cigna')
Schedule of Insurance

Coverage Information

Policyholder:	City of Santa Fe
Policy Number:	3338881
Effective Date:	July 01, 2019
Issue Date:	May 30, 2019
Next Renewal Date:	July 01, 2020
State or other Jurisdiction of Issue:	New Mexico

Notices

For the purpose of any notices required under this policy, such notices should be sent to the addresses shown below:

Cigna Health and Life Insurance Company
900 Cottage Grove Road, Hartford, CT 06152
Attn: Stop Loss Unit

City of Santa Fe
200 Lincoln Ave
Santa Fe, NM 87501
Attn: Vicki Gage / City of Santa Fe
vlgage@santafenm.gov
505-995-6595

Notice to Policyholder - *ADDITIONAL PROGRAMS* – Cigna may, from time to time, offer or arrange for various entities to offer discounts, benefits, services or other consideration to the Policyholder's employees for the purpose of promoting their general health and well-being. For details about these programs, contact Cigna. Any such consideration shall be provided by Cigna in connection with its administrative services agreement for the administration of the Policyholder's self-insured Plan and shall not be considered a benefit of this policy nor create any relationship between Cigna and the Policyholder's employees with respect to this policy.

CIGNA HEALTH AND LIFE INSURANCE COMPANY
(Herein called 'Cigna')
Individual Stop Loss Coverage

Policy Year: July 01, 2019 to June 30, 2020

Covered Expenses: Claims that are Incurred between July 01, 2014 and June 30, 2020 and that Become Due between July 01, 2019 and June 30, 2020

Monthly Premium Rates:
For each covered employee $85.50

Individual Stop Loss Benefit Percentage Payable: 100%

Individual Stop Loss Limit: $250,000.00

The following Covered Persons have been identified as High Risk Individuals and shall be subject to the Individual Stop Loss Limit as specified below:

High Risk Individuals None

Benefit Plans Covered by Individual Stop Loss Coverage:

Claim Administrator	Product
Cigna	HRA Open Access Plus Plan
Cigna	Mental Health/Substance Use Disorders
Cigna	Open Access Plus Core Plan
Cigna	Open Access Plus Premium Plan
Cigna	Pharmacy Expense

Cigna's Maximum Liability per individual: Will be the individual maximum, if any, as set forth in the Benefit Plan less the Individual Stop Loss Limit

Additional exclusions from Individual Stop Loss coverage under this policy:

- Funds contributed by the company or an employee as part of a Health Reimbursement Account, Health Savings Account or Flexible Spending Account.
- Expenses resulting from fixed, per person, per period charges (fixed charges), if any, i.e., contractually determined periodic payments to certain providers based on the number of Plan participants entitled to receive services from the provider, in return for which, such providers furnish certain agreed-upon services to Plan participants.
- All Retirees

CIGNA HEALTH AND LIFE INSURANCE COMPANY
(Herein called 'Cigna')

Aggregate Stop Loss Coverage

Policy Year: July 01, 2019 to June 30, 2020

Covered Expenses: Claims that are Incurred between July 01, 2014 and June 30, 2020 and that Become Due between July 01, 2019 and June 30, 2020

For purposes of Aggregate Stop Loss, amounts attributable to claim base state surcharges, covered lives assessment and cost containment fees, as applicable, shall not be considered to be an excluded expenses of the Policyholder or Claim Administrator and as such shall be considered Covered Expenses.

Monthly Premium Rates:
For each covered employee $4.93

Aggregate Stop Loss Benefit Percentage Payable: 100%

Aggregate Individual Stop Loss Limit: $250,000.00

Benefit Plans Covered by Aggregate Stop Loss Coverage:

Claim Administrator	Product
Cigna	HRA Open Access Plus Plan
Cigna	Mental Health/Substance Use Disorders
Cigna	Open Access Plus Core Plan
Cigna	Open Access Plus Premium Plan
Cigna	Pharmacy Expense

Cigna's Maximum Liability for the Aggregate Stop Loss coverage: Unlimited for the Policy Year

Corridor Factor: 125%

Minimum Attachment Point: $25,411,111.00

Minimum Attachment Percentage: 100%

Minimum Attachment Lagged Month: Two Months prior to the Policy Year's first Policy Month

Lagged Month: Two Months Prior