CarelonRx sent draft 5/12/2023
CarelonRx sent draft 10/26/2023
CarelonRx sent draft 11/21/2023

CARELONRX, INC.
PHARMACY BENEFIT MANAGEMENT AGREEMENT

This **PHARMACY BENEFIT MANAGEMENT AGREEMENT** together with any exhibits and attachments hereto (collectively, the "Agreement") is entered into between CarelonRx, Inc. ("PBM") and City of Ames ("Client") and is effective January 1, 2024 (the "Effective Date"). PBM and Client shall be individually referred to as "Party" and collectively as "Parties."

RECITALS

WHEREAS, PBM provides comprehensive pharmacy benefit management and administration services;

WHEREAS, Client provides one or more plans or programs under which eligible individuals receive certain prescription drugs and healthcare related products and services or has contracted to process or participate in providing services to plans or programs that offer such healthcare products and services;

WHEREAS, both Parties desire PBM to be the exclusive provider of pharmacy benefit management services in support of Client's Plan(s), under the terms and conditions set forth herein;

NOW, THEREFORE, for and in consideration of the mutual promises and obligations contained in this Agreement, the Parties, intending to be legally bound, agree as follows:

ARTICLE I
DEFINITIONS

1.1 Defined Terms. Unless otherwise defined in this Agreement or any addendum or amendment hereto, capitalized terms used in this Agreement (including its exhibits and attachments hereto) shall have the meanings specified in Exhibit A (Defined Terms).

ARTICLE II
OBLIGATIONS OF PBM

2.1 Provision of Services. PBM will provide Services as set forth in Exhibit B (Services) and in any exhibits, attachments, addenda, and amendments to this Agreement in accordance with this Agreement. PBM may make changes to its Services so long as such changes do not materially alter any of the provisions of this Agreement.

ARTICLE III
OBLIGATIONS OF CLIENT

3.1 Implementation Information. Client shall provide PBM with the required information and documentation one hundred eighty (180) days prior to the Implementation Date in a format required by PBM, including Eligibility File and data, completed Plan Document and other governing plan documents, Client information related to benefit structure, system requirements, operational requirements, refill files, claims history files, open prior authorization files, and such other information required by PBM with respect to Services to be provided hereunder.

3.2 Plan Information. Client shall provide PBM with timely, accurate, complete, and ongoing information necessary for PBM to implement and provide the Services, in a format and at a frequency required by PBM, including but not limited to a current copy of Client's Plan Documents, and other appropriate materials and information, with respect to Services to be provided hereunder. Client shall

provide PBM with prior written notification of any and all pertinent Plan changes no later than ninety (90) days prior to the effective date of such change.

3.3 Therapy/Product Exclusions. If Client has expressly excluded a specific therapy class or product, products in such excluded classes will automatically be deemed excluded from coverage and will reject as "NDC Not Covered." Client must notify PBM in writing if it wants to exclude a product from coverage. Upon such notice from Client, PBM will review and provide Client with updated pricing within fifteen (15) Business Days from receipt of such notice from Client. The exclusion will be implemented within ten (10) Business Days after the date of PBM's receipt of Client's approval of such change in pricing terms. There will not be any retroactive denials for Paid Claims processed prior to PBM's implementation of the exclusion as provided above and Client will be responsible for the payment of such Paid Claims processed prior to the rejection of coverage.

3.4 Eligibility Information. Client shall make all initial and ongoing Member eligibility and coverage status determinations. Client is responsible for determining eligibility of individuals and shall advise PBM of eligible Members through an electronically transmitted Eligibility File or other method agreed upon in writing by the Parties. The Eligibility File and other Member eligibility information shall be timely, accurate, complete, and ongoing and provided to PBM in a format and at a frequency required by PBM. PBM will load Member eligibility data no later than three (3) Business Days after receipt from Client.

3.5 Reliance on Client Information. Client shall be solely responsible for ensuring the accuracy and completeness of the information provided to PBM (including implementation information, Plan and Member information, and Eligibility Files) and shall be obligated to pay for Claims approved by PBM based on that information (*e.g.*, Client shall be responsible for reimbursement to PBM for all Paid Claims where PBM was provided with inaccurate eligibility information or notified of a retroactive change in enrollment). Client acknowledges and agrees that PBM, Participating Pharmacies, and Vendors are entitled to rely on the accuracy and completeness of the information provided by Client in connection with this Agreement and the Services provided hereunder. PBM shall have no obligation to verify the accuracy or completeness of information provided by Client. PBM shall have the right to rely on instructions from Client in connection with the provision of Services hereunder. This does not give Client the right to impose requirements on PBM beyond those specified in this Agreement.

3.6 Performance Guarantees. To the extent any PBM Performance Guarantee set forth in this Agreement, including without limitation Exhibit B (Services) hereto relies on Client's fulfilment of the obligation(s) set forth in Sections 3.1 through 3.4 herein and/or Exhibit B (Services) and Client fails to fulfill such obligation(s), PBM reserves the right to: 1) suspend its obligations under such Performance Guarantees until such time as Client has fulfilled the obligation(s) applicable to that Performance Guarantee, and PBM's period for performance under the Performance Guarantee shall be extended accordingly; and/or 2) nullify its obligations under such Performance Guarantees in the event Client fails to fulfill its obligation(s) applicable to that Performance Guarantee.

3.7 Member Materials and Authorizations. Except as otherwise specified herein, Client shall prepare and distribute to Members all materials related to Member benefits including but not limited to summary plan descriptions, summary annual reports, and all notices or summaries of changes or material modifications to the Plan. Client has obtained, or will obtain, all Member authorizations required by Law for PBM to perform the Services provided for in this Agreement or in any amendment or addendum hereto, as well as for PBM to contact Members, their physicians, and Participating Pharmacies in order to perform any of the activities contemplated by this Agreement.

3.8 Modifications/Approvals of Communications. Client shall not modify any of the contents of any communication prepared by PBM for Client, Participating Pharmacies, Members, physicians, or other third parties without the prior written approval of PBM. Further, Client shall not alter, remove, or impair any

copyright, trademark, and/or similar notices on any communication prepared by PBM, which approval will not be unreasonably withheld. All external communications prepared by Client regarding PBM must be approved by PBM in writing prior to distribution.

3.9 Review of Reports, Statements, and Invoices. Upon receipt from PBM of reports, statements and invoices by Client or its designee(s), Client shall be responsible for promptly reviewing and confirming that the reports, statements, and invoices are accurate and complete to the best of their knowledge and for promptly notifying PBM in writing of any errors or objections to such reports, statements, and/or invoices. Unless Client notifies PBM in writing of any errors or objections within ninety (90) days from receipt of such report, statement, and/or invoice, all the information contained therein will be deemed accurate, complete, and acceptable to Client.

3.10 Non-Routine Inquiries. Each Party shall promptly notify the other in writing in accordance with Section 13.9 (Notices) of this Agreement of all non-routine inquires by Governmental Bodies (including insurance departments and other regulatory bodies), attorneys, Members, and/or others regarding this Agreement or Services provided hereunder to the extent permissible. Any response to such inquiries by Client is subject to the confidentiality provisions contained in Article VI (Confidentiality) of this Agreement.

3.11 Change in Client Information/Status. Client shall give written notice to PBM of the expected occurrence of any of the following events (including a description of the event), with such notice to be given at least sixty (60) days prior to the effective date of the event, unless such advance notice is prohibited by Law or contract, in which case, notice will be provided as soon as practicable: (i) Change of Client's name; (ii) any merger between or consolidation with another entity where, after such merger or consolidation, Client is not the controlling entity; (iii) the sale or other transfer of all or substantially all of the assets of either Client or any of Client Affiliates or the sale or other transfer of the equity of Client or any of Client Affiliates, or; (iv) any bankruptcy, receivership, insolvency or inability of Client to pay its debts as they become due.

ARTICLE IV
COMPENSATION AND PAYMENT

4.1 Fees. In consideration of the Services provided by PBM to Client, Client agrees to pay the invoiced Claim amounts, Administrative Service Fees, Taxes, and any other applicable charge or fee pursuant to the terms set forth in this Agreement or in a corresponding attachment, addendum, work order, or amendment to this Agreement, all of which are incorporated by reference into this Agreement (collectively, "Fees").

4.2 Billing. PBM will invoice Client weekly for Claims and monthly for Fees, including without limitation Administrative Services Fees and Ancillary Fees.

4.3 Payment. Client shall pay the full amount of the invoice to PBM by ACH transfer, within three (3) Business Days for Claims and within thirty (30) calendar days for Administrative Service Fees and Ancillary Fees from the date of Client's receipt of each PBM invoice.

4.4 Payment Disputes. Client must notify PBM as soon as practicable in writing of the amount Client disputes and furnish a detailed statement in support of the dispute and the parties shall work in good faith to resolve any disputed Fees on such applicable invoice.

4.5 Failure to Pay Timely. In the event Client fails to pay or fund any amount due under this Agreement as set forth herein, in addition to all other rights and remedies under this Agreement and at Law and in equity, PBM shall have the following right and remedies:

4.5.1 Interest and Other Charges. Client shall pay a late payment penalty for each day the payment is late, calculated at the rate of twelve percent (12%) simple interest per annum (365 days), not to exceed any amounts allowed by applicable Law, which such late payment penalty amount shall be paid by no later than payment of the next invoice. If applicable, Client agrees to reimburse PBM for any expenses charged to PBM by a financial institution or Vendor due to Client's failure to maintain sufficient funds in a designated bank account. Client shall be responsible for all costs of collection and shall reimburse PBM for all such costs and expenses, including reasonable attorneys' fees. Any acceptance by PBM of late payments shall not be deemed a waiver of its rights to terminate this Agreement for any future failure of Client to make timely payments.

4.5.2 Suspension of Services. PBM may suspend Services to Client in the event Client is five (5) days past due in its payment obligations pursuant to Section 4.3 above of Claims fees upon written notice to Client provided all past due amounts (including interest) have not been cured in full within forty-eight (48) hours after receiving such written notice.

4.5.3 Security Deposits. In the event Client fail to pay the amount due under this Agreement within the time frames set forth herein for three (3) or more occasions within a four (4) month period, PBM shall have the right to require Client to provide PBM a deposit in an amount equal to twice the average invoice amount over the previous three (3) months, or, if there is less than three (3) months billing history, then such deposit shall be twice the average invoice over the actual billing history. Any such deposit shall be provided to PBM within five (5) Business Days of PBM's request. If Client gives PBM a deposit, PBM may apply the deposit to past due balances and shall return the remaining deposit, if any, after the termination of this Agreement and the payment of all amounts payable to PBM hereunder.

4.6 Offset. PBM has the right to offset, withhold, deduct, or recoup from future amounts owed or reimbursable to Client under this Agreement (including Client deposits and/or Rebates) any amounts Client owes to PBM (including payment defaults, interest, and collection costs).

4.7 Member Hold Harmless. PBM will not and will ensure its Participating Pharmacies, Vendors, and agents do not, seek payment directly or indirectly from any Member for performance of any Service or other obligation of Client under this Agreement. This does not prohibit a Participating Pharmacy from collecting the appropriate cost share amount or payment for prescriptions from any Member in accordance with their benefits.

4.8 Taxes. Any applicable Taxes will be the sole responsibility of Client. Such Tax amounts may be included on invoices provided to Client, which Client shall pay in accordance with this Article IV (Compensation and Payment). Otherwise, Taxes shall be paid by Client within five (5) Business Days of receipt of notice from PBM of such Tax amounts due.

4.9 Not Plan Assets. Client acknowledges and agrees that Client, the Plan, and Members do not have a property interest in any amounts paid to and/or retained by PBM under or in connection with this Agreement and no such amounts are assets of Client, Plan, and/or Members.

4.10 Retail Network Pricing. PBM shall retain the difference, if any, between the amount invoiced to Client and the amount paid to PBM's Vendor and/or a dispensing pharmacy for Covered Drugs dispensed to Members.

4.11 Market Check. After the Effective Date, once at eighteen (18) month mark, Client, through its consultant experienced in pharmacy benefit management services and after the consultant has executed a reasonable non-disclosure agreement with PBM, shall review the financial terms of the PBM Agreement and compare it to financial offerings available in the marketplace for comparable clients. Client's consultant shall confirm Client's pricing is competitive with that of reasonably similar clients that have reasonably

similar PBM services, plan design, financial assumptions, lines of business and other similar terms and conditions as Client ("Comparable Clients"). The market check will be compiled by Client's consultant by benchmarking against other pricing rates of reasonably Comparable Clients. No later than July 1st of the market check year, Client will submit to PBM a market check report providing information that allows PBM to evaluate in sufficient detail the Comparable Clients to substantiate the market check conclusion. The market check report will be blinded as to the clients. PBM will respond to Client within thirty (30) calendar days of receipt of the market check report. Client's market check must include no less than three (3) Comparable Clients and the average pricing rates of the Comparable Clients will be used to measure the annualized savings. If the market check validates an annualized savings of greater than one percent (1.00%) of total drug costs and PBM is unable or unwilling to offer new terms and conditions that provide the market check savings, then Client shall retain the right to terminate this Agreement effective July 1st of the following calendar year upon providing PBM ninety (90) days written notice. Any revisions to pricing resulting from the market check will be effective January 1st of the following contract year, so long as the parties have executed an amendment to the PBM Agreement reflecting the revised pricing.

ARTICLE V
RECORDS MAINTENANCE AND USE

5.1 HIPAA. PBM is not a "Covered Entity" under HIPAA. For purposes of this Agreement, PBM is deemed to be a "Business Associate" of Client as such term is defined under HIPAA. The Parties shall treat as private and confidential, in accordance with all applicable Laws, rules and regulations governing the privacy and confidentiality and disclosure requirements of individually identifiable health information, including the applicable provisions of HIPAA, all individually identifiable health information used or disclosed pursuant to this Agreement. The parties shall execute a Business Associate Agreement as set forth in Exhibit G (Business Associate Agreement), attached hereto and made a part hereof.

5.2 Record Retention. PBM shall maintain books and records (including Claim records) arising out of this Agreement for the period of time required by applicable Law.

5.3 Third Party Data Access. If Client requests PBM to provide a data extract or report to any consultants, auditors, and other third parties engaged by Client (each a "Plan Contractor") for use on Client's behalf: (i) to the extent such extract or report includes protected health information ("PHI") as defined in HIPAA, PBM's disclosure of the PHI and Plan Contractor's subsequent obligations with respect to the protection, use, and disclosure of the PHI will be governed by Client's applicable business associate agreements with PBM and the Plan Contractor; and (ii) to the extent such data or report includes PBM's Confidential Information, Client acknowledges and agrees that Plan Contractor shall be subject to the restrictions set forth in Article VI (Confidentiality) of this Agreement and shall enter into a confidentiality agreement with PBM (or amend an existing one, as applicable) prior to PBM's release of the extract or report.

ARTICLE VI
CONFIDENTIALITY

6.1 Confidential Information. Each Party retains ownership of its Confidential Information and neither conveys ownership rights in its Confidential Information nor acquires ownership rights in the other Party's Confidential Information by entering into this Agreement or performing its obligations hereunder. Nothing in this Agreement shall impair or limit a Party's right to use and disclose its Confidential Information for its own lawful business purposes. Each Party shall maintain the other Party's Confidential Information in strict confidence and shall institute commercially reasonable safeguards to protect it.

6.2 Use and Disclosure of Confidential Information.

6.2.1 Client shall use PBM's Confidential Information solely for the purpose of Client's administration of its Plan. Client shall not, without PBM's advance written consent: (1) use or disclose PBM's Confidential Information, or reports or summaries thereof, for any purpose other than administering the Plan; (2) combine PBM's Confidential Information with other data to create or add to any aggregated database that will or could be made available to any third party; (3) combine PBM's Confidential Information provided for a particular purpose with PBM's Confidential Information provided for another purpose; or (4) sell or disclose PBM's Confidential Information to any other person or entity except as expressly permitted by this Article VI (Confidentiality).

6.2.2 Client may disclose PBM's Confidential Information to a Plan Contractor solely for the purpose of such Plan Contractor's administration of services related to this Agreement, and may disclose only the minimum amount of PBM's Confidential Information necessary for Client's Plan Contractor to provide such services, provided that: (1) each recipient needs to know such Confidential Information in order to provide services to Client; (2) Client shall require the recipient to comply with the restrictions contained in this Article VI (Confidentiality); and (3) prior to such disclosure, each such third party shall enter into a confidentiality agreement (or an appropriate amendment to an existing one, as applicable) with PBM with respect to the planned disclosure. Client shall be responsible for any breach of this Article VI (Confidentiality) by any third party to which it provides PBM's Confidential Information.

6.2.3 This Agreement shall not be construed to restrict the use or disclosure of information that: (1) is public knowledge other than as a result of a breach of this Agreement; (2) is independently developed by a Party not in violation of this Agreement; (3) is made available to a Party by any person other than the other Party, provided the source of such information is not subject to any confidentiality obligations with respect to it; or, (4) is required to be disclosed pursuant to Law or judicial or administrative process, but only to the extent of such required disclosures and after reasonable notice to the other Party.

6.2.4 PBM and PBM Affiliates shall have the right to use and disclose Claim-related data collected in the performance of services under this Agreement or any other agreement between the Parties, provided: (1) the data is de-identified in a manner consistent with the requirements of HIPAA; or (2) the data is used or disclosed for research, health oversight activities, or other purposes permitted by Law; or (3) a Member has consented to the release of his or her individually identifiable data. The data used or disclosed shall be used for a variety of lawful purposes including, but not limited to, research, monitoring, benchmarking and analysis of industry and health care trends.

6.3 Confidential Information upon Termination. Upon termination of this Agreement, each Party shall return or destroy the other Party's Confidential Information or retain the Confidential Information in accordance with its reasonable record retention policies and procedures; provided however that each Party shall continue to comply with the provisions of this Article VI (Confidentiality) for as long as it retains the other Party's Confidential Information.

ARTICLE VII
AUDIT AND RECOVERIES

7.1 Client Audits. Client may audit PBM directly or through a third party auditor mutually acceptable to PBM to audit PBM's performance under this Agreement to ensure compliance with the terms of this Agreement.

7.1.1 Notice of Audit. Client must provide at least sixty (60) days prior written notice to PBM of its intent to conduct an audit of PBM's performance under this Agreement and applicable Laws.

7.1.2 Scope of Audit. The scope of an audit including time, place, type and duration of all audits must be mutually agreed to in writing by the parties prior to the commencement of the audit. Client may

conduct an audit once each contract year and such audit may only relate to the last two (2) preceding contract years from the current contract years (the "Audit Period"). Neither Client nor anyone acting on Client's or the Plan's behalf shall have a right to audit for the period prior to the Audit Period. Client shall not be permitted to audit any contract between PBM and Participating Pharmacies or Vendors. Client acknowledges and agrees that Client is not entitled to audit:(i) documents that are identified as proprietary or trade secret; and (ii) documents that PBM is barred from disclosing by law. All information and records reviewed pursuant to this Article VI shall be considered Confidential Information for purposes of this Agreement.

7.1.3 Rebate Audits. Client, through an independent third-party auditor shall be entitled to perform a review of up to ten (10) pharmaceutical company contracts directly related to Client's Rebates or the number of pharmaceutical company contracts that account for at least 75% of the Client's total Rebate revenue generated per year, whichever is less. PBM will share such contracts with Client's third-party auditor during an onsite audit. Client's auditor shall not be permitted to retain or copy (including through handwritten notes, etc.) any pharmaceutical company contracts or related documentation provided by PBM during such audit. However, Client's auditor shall be permitted to document, and retain as necessary, any identified errors. Such documentation made by auditor shall be subject to PBM's review. Such review of pharmaceutical company contracts may include formulary and Rebate provisions to the extent permitted by such contracts and shall be limited to information necessary for validating the accuracy of the Rebate amounts remitted to Client by PBM.

7.1.4 Audit Procedures.

7.1.4.1 Any such audit shall be contingent upon Client's third-party auditor executing PBM's nondisclosure agreement prior to conducting an audit.

7.1.4.2 No Audit Period may be audited twice unless required by a Governmental Body. An audit performed pursuant to this Agreement shall be the final audit for the Audit Period and for any prior Audit Period unless otherwise agreed to in writing by the Parties; however, Claims may be re-audited if Client is required to conduct an audit by a Governmental Body with which it has a Government Contract.

7.1.4.3 Onsite audits and access to claims processing systems will not be permitted except as otherwise provided herein.

7.1.4.4 Client shall provide to PBM copies of all final audit reports within thirty (30) days of the end or the audit or at the same time as they are made available by the third-party auditor to Client. PBM shall have a minimum of sixty (60) days to review and respond to each audit finding. Client or its respective auditor shall have thirty (30) days to respond to PBM's response to each audit finding. If Client or its respective auditor fails to provide a final audit report within the timeframe set forth above or fails to respond within thirty (30) days of PBM's response, the audit will be considered closed.

7.1.4.5 Any errors identified and/or amounts identified as owed to Client as the result of the audit shall be subject to PBM's review and approval prior to initiating any recoveries pursuant to this Agreement.

7.1.4.6 PBM reserves the right to terminate any audit being performed by or for Client if PBM determines that the confidentiality of its information is not properly being maintained or if PBM determines that Client or auditor is not following PBM's audit policy.

7.1.5 Third-Party Auditors. Third-party auditors must be independent and objective with no breach of PBM's Confidential Information. Any Client requests for a third-party auditor to audit will constitute Client's direction and authorization to PBM to disclose Client-specific information, including Member information and PHI, to Client's auditor. PBM will provide Client's auditor with access to all applicable Client-specific information reasonably necessary to determine the accuracy of Claims payments and verify PBM's performance under this Agreement, subject to PBM's third party confidentiality obligations.

7.2 Audits by Governmental Bodies and Accreditation Organizations. PBM shall allow Governmental Bodies and any applicable accreditation organizations and their respective designees to audit, inspect and evaluate PBM's records and operations in connection with this Agreement as required by applicable Law. Client shall provide PBM prompt written notice upon learning of any Governmental Body or accreditation organization audit and provide to PBM a copy of the audit request received from the Governmental Body and/or accreditation organization (portions not relevant to PBM may be redacted). PBM shall cooperate with, and provide reasonable assistance to Client, in connection with audits, inspections and/or investigations of Client conducted by Governmental Bodies and accreditation organizations with respect to the Services provided pursuant to this Agreement.

7.3 Audit Costs. Audits shall be conducted at Client's expense.

7.4 Recoveries.

7.4.1 Overpayment Recoveries Due To Error. In the event of an error by PBM resulting in an overpayment or overcharge of a Paid Claim, PBM shall notify Client and reimburse Client such overpayment, which reimbursement may include but not be limited to Paid Claim adjustments or in the form of a credit on Client's next invoice.

ARTICLE VIII
INDEMNIFICATION AND LIMITATION OF LIABILITY

8.1 Indemnification. Each of PBM and Client shall hold harmless, indemnify and defend the other Party, and its directors, officers, shareholders, employees, agents and affiliates, from and against any third-party losses, claims, damages, liabilities, costs and expenses (including without limitation, reasonable attorneys' fees and costs) imposed upon or incurred by the indemnified Party arising out of or as a result of the negligence or willful misconduct of the indemnifying Party or its Vendors or subcontractors in the performance of the obligations under this Agreement. The obligation to provide indemnification under this Agreement shall be contingent upon the Party seeking indemnification: (1) providing the indemnifying Party with prompt written notice of any claim for which indemnification is sought, (2) allowing the indemnifying Party to control the defense and settlement of such claim; provided, however, that the indemnifying Party agrees not to enter into any settlement or compromise of any claim or action in a manner that admits fault or imposes any restrictions or obligations on an indemnified Party without that indemnified Party's prior written consent, which consent will not be unreasonably withheld; and (3) cooperating fully with the indemnifying Party in connection with such defense and settlement. Failure to provide prompt notice as set forth herein, shall only constitute a violation of this Section 8.1 to the extent such failure materially prejudices the indemnifying Party with respect to its obligations to defend and indemnify pursuant to this Section 8.1.

8.2 Limitation of Liability. Each party shall be responsible for its direct damages. In no event shall either Party or any of their respective directors, officers, shareholders, employees, agents, or affiliates be liable for any indirect, special, incidental, consequential, exemplary or punitive damages, or any damages for lost profits, arising out of or related to this Agreement or breach hereof, even if a Party has been advised of a possibility thereof. Additionally, PBM will not be responsible for any claims, losses, or damages sustained as a result of the actions, or inactions, by any Participating Pharmacy, Manufacturers or other Providers pursuant to this Agreement.

8.3 Database Limitations. PBM relies on Medi-Span, First Databank, and/or other industry comparable databases in providing Client with claims adjudication, drug utilization review, and other Services under this Agreement. The data available from PBM through such databases and the Services provided hereunder are limited by the amount, type, and accuracy of information made available to PBM by the databases, Client, Participating Pharmacies, Members, and prescribers. PBM does not warrant the accuracy of the data contained in such databases. The clinical information contained in these databases and the Formulary is intended as a supplement to, and not a substitute for, the knowledge, expertise, skill, and judgment of physicians, pharmacists, and/or other healthcare professionals involved in Members' care. The absence of a warning for a given drug or drug combination shall not be construed to indicate that the drug or drug combination is safe, appropriate, or effective for any Member.

ARTICLE IX
DISPUTE RESOLUTION

9.1 Dispute Resolution. The Parties agree that they will use reasonable efforts to resolve any dispute that may arise under this Agreement. For any dispute that cannot be resolved by the Parties in the ordinary course of performing this Agreement, the disputing Party shall submit written notice of the dispute to the non-disputing Party and if the Parties are unable to resolve such dispute within sixty (60) days of receiving the written notice, either Party may, by notice to the other, have such dispute referred to a senior officer of each Party or such other senior employee designated by a Party. Such officers shall attempt to resolve the dispute by good faith negotiation within thirty (30) days after receipt of such notice. If the designated officers are not able to resolve such dispute within such thirty (30) day period, the dispute shall be referred to and finally settled by binding arbitration, as set forth below in Section 9.2.

9.2 Binding Arbitration.

9.2.1 Arbitration. Except as otherwise provided in this section, all disputes that arise from or relate to this Agreement shall be decided exclusively by binding, non-appealable arbitration in New York City, New York under the JAMS Rules, provided, however, the Parties may agree in writing to further modify the rules. The dispute shall be decided by a panel of three (3) arbitrators, who shall be retired or former judges or attorneys with at least ten (10) years of experience in the health care industry, and be mutually acceptable to the Parties. The panel of arbitrators shall be selected as follows: Each Party shall select an arbitrator and the two arbitrators shall together designate a third to serve with them on such panel. The arbitrator panel shall issue a written statement setting forth its decision and reasons therefore. The Parties agree that the arbitrator panel's award shall be final, and may be filed with and enforced as a final judgment by any court of competent jurisdiction.

9.2.2 Arbitration Costs and Fees. Each Party initially will bear its own attorneys' fees and its own costs and expenses (including filing fees), and will also bear one half of the total arbitrator's and other administrative fees of arbitration.

9.2.3 No Power to Alter Agreement. The arbitrator shall have no power to alter any of the provisions of this Agreement. Either Party may seek interim measures of protection concerning any subject matter of the dispute subject to arbitration, including but not limited to interim injunctive relief.

ARTICLE X
COMPLIANCE

10.1 Compliance with Law. Each Party shall comply with all applicable Laws related to their respective obligations under this Agreement and shall maintain in effect at all times all applicable permits, licenses

and governmental and board authorizations and approvals as necessary for business operations. If a Party's performance under this Agreement is prohibited by or conflicts with any applicable Law, then the Party whose performance is owed or required will be required to perform, but only to the extent permitted by applicable Law. PBM shall have no obligation to advise Client about Client's compliance with any applicable Law. Client acknowledges and agrees that it is responsible for reporting and remittance obligations with respect to escheatment/unclaimed property Laws (*e.g.*, in connection with returned/uncashed payments related to Members and Participating Pharmacies for amounts directly related to Claims). If this Agreement, or any part hereof, is found not to be in compliance with applicable Law, then the parties shall renegotiate this Agreement for the sole purpose of correcting the non-compliance.

10.2 Compliance with Regulatory Requirements. The Parties agree to comply with the regulatory requirements set forth in Exhibit H (Regulatory Requirements). In the event of a conflict between the provisions contained in Exhibit H (Regulatory Requirements) and any provision elsewhere in this Agreement, the applicable provisions set forth in Exhibit H (Regulatory Requirements) shall control as and to the extent required by Law.

10.3 Accreditation. PBM will maintain at least one of the following accreditations during the Term of this Agreement: (a) National Committee for Quality Assurance ("NCQA") accreditation; (b) Utilization Review Accreditation Commission ("URAC") Pharmacy Benefit Management accreditation; and/or (c) such other NCQA certifications and URAC accreditations applicable to the Services provided hereunder.

10.4 Delegated Activities. Exhibit I (Delegation Requirements) sets forth requirements associated with accreditation standards pertaining to PBM's performance of certain Client-delegated activities under this Agreement.

ARTICLE XI
RELATIONSHIP OF THE PARTIES

11.1 Exclusivity. During the Term of this Agreement, Client agrees that PBM shall be the sole and exclusive provider and administrator to Client for each of the types of Services described in this Agreement.

11.2 PBM Status. To the extent applicable, Client acknowledges that it or its designee(s) serves as the "plan sponsor, "plan administrator" and "named fiduciary" as those terms are defined in ERISA. Client has all discretionary authority and control over the management of the Plan, and all discretionary authority and responsibility for the administration of the Plan except as otherwise specifically delegated to PBM in this Agreement. PBM does not serve as "plan sponsor', "plan administrator" or as the Plan's "named fiduciary." Client retains all final authority and responsibility for the Plan and its operation and PBM is empowered to act on behalf of Client in connection with the Plan only as expressly stated in this Agreement or as otherwise agreed to by the Parties in writing. Client acknowledges and agrees that neither it nor any Plan intends PBM to be a fiduciary (as defined under state or federal Law, including ERISA), and neither will name PBM or any of PBM's affiliates as a plan fiduciary. PBM is not an insurer, plan sponsor, provider of health services, or a fiduciary, and PBM shall have no responsibility for: (i) any funding of Client benefits; (ii) any insurance coverage relating to Client, any Plan, or Members; (iii) the nature or quality of professional health services rendered to Members; or (iv) management or disposition of assets of the Plan, if any exist. The Parties acknowledge that PBM, in making decisions regarding the scope of coverage of services under the Plan, is not engaged in the practice of medicine. Upon ninety (90) days written notice (or if such notice is not practicable, as much notice as is reasonable under the circumstances), PBM will have the right to terminate Services to any Plan (or, if applicable, Members) located in a state requiring a pharmacy benefit manager to be a fiduciary to Plan Sponsor, a Plan, or a Member in any capacity.

11.3 Use of Subcontractors. PBM may use Vendors to perform PBM's obligations under this

Agreement. PBM will be responsible for such Services to the same extent that PBM would have been had it performed those Services without the use of a Vendor. Any reference to a PBM system or process herein may include the system and/or process of a Vendor.

11.4 Performance Outside of the United States. Client acknowledges and agrees that Services may be performed at a location outside of the United States. Services performed at a location outside of the United States shall comply with applicable Law, including HIPAA/HITECH.

11.5 Independent Contractors. Client and PBM are independent entities and nothing in this Agreement shall be construed or be deemed to create a relationship of employer and employee, principal and agent, franchiser and franchisee, joint venturers, or any relationship, fiduciary or otherwise, other than that of independent parties contracting with each other solely for the purpose of carrying out the provisions of this Agreement.

11.6 Insurance. Each Party shall maintain: (a) during, and for a reasonable period of time after the Term, reasonable and customary insurance (whether through third party carriers or self-insured arrangements or retentions), as to type, policy limits and other coverage terms, to cover the risks of loss with respect to the activities in which such Party engages pursuant to this Agreement; and (b) all insurance coverage, bonds, security and financial assurances as required by applicable Law. Each Party shall provide to the other Party evidence of its compliance of the requirements of this section upon request.

ARTICLE XII
TERM AND TERMINATION

12.1 Term. The Services under this Agreement will be implemented as of January 1, 2024 ("Implementation Date") and will continue for a period of 3 Years ("Initial Term"), and may be terminated earlier or extended in accordance with the terms of this Article XII (Term and Termination). After the Initial Term, this Agreement may be renewed as follows (each a "Renewal Term") (the Initial Term and any Renewal Term(s) will be referred to as the "Term"): Following the Initial Term, the Agreement shall automatically renew for additional one (1) year terms, with each Party subject to the same rights, obligations, and duties as applied under this Agreement in Contract Year 3, unless either Party provides written notice of termination no later than ninety (90) days prior to expiration of the Term.

12.2 Termination Without Cause or At Will. After completion of the first year of this Agreement, the Client may terminate this Agreement with or without cause. Any termination under this Section 12.2 requires at least ninety (90) days prior written notice to the PBM and shall not be effective prior to January 1, 2025.

12.3 Termination for Breach. Either Party may give the other Party written notice of a material, substantial and continuing breach of this Agreement ("Breach Notice"). If the breaching Party has not cured the breach within thirty (30) days from the date the Breach Notice was received, the non-Breaching Party may terminate this Agreement. The Parties may agree in writing to extend the cure period beyond thirty (30) days, however such extension period shall not exceed an additional thirty (30) days.

12.4 Termination Due to Impairment. Notwithstanding any other provision in this Agreement, this Agreement may be terminated upon written notice by PBM: (i) if any court or governmental or regulatory agency issues Client an order or finding of impairment or insolvency or issues an order to cease and desist from doing business; (ii) if Client fails to obtain required regulatory approvals in connection with Client and/or the Plan; (iii) if Client makes an assignment for the benefit of creditors, has a voluntary or involuntary petition filed under Title 11 of the United States Code (or any similar statute now or hereafter in effect), or has a receiver, custodian, conservator, or trustee appointed with respect to all or a substantial part of its property; or (iv) if Client has a proceeding commenced against it which substantially impairs its performance

hereunder. This Agreement shall terminate on the effective date of any Governmental Body's action that prohibits all activities contemplated under this Agreement.

12.5 Obligations Upon Termination. All further obligations of the Parties under this Agreement shall terminate, effective the termination date, except for obligations relating to any rights and obligations of the Parties accruing prior to the effective date of such termination. Client will continue to pay PBM in accordance with this Agreement for Services provided during the Term and any applicable Claims Runout Period.

12.5.1 Notification to Members. In the event this Agreement is terminated, Client is responsible for notifying Members of the procedure to be followed to retain or obtain Plan coverage.

12.5.2 Claims Runout Period. Claims Runout Services shall be provided for the sixty (60) days following the date of termination of this Agreement. During the Claims Runout Period, the applicable terms of this Agreement shall continue to apply as it relates to the processing of Claims. Pricing guarantees set forth in Exhibit D (Retail Pharmacy Network, Mail Order Pharmacy Network and Specialty Pharmacy Network Prescription Drug Claims Pricing) and Rebate guarantees set forth in Exhibit E (Rebate Guarantees) shall not apply during the Claims Runout Period. Pricing guarantees set forth in Exhibit D (Retail Pharmacy Network, Mail Order Pharmacy Network and Specialty Pharmacy Network Prescription Drug Claims Pricing) will be reconciled and paid to Client within ninety (90) days following the date of termination, and Rebate guarantees set forth in Exhibit E (Rebate Guarantees) will be reconciled and paid to Client within twenty-four (24) months following the date of termination. PBM shall have no obligation to process or pay any Claims or forward Claims to Client beyond the Claims Runout Period unless otherwise required by Law. Any amounts recovered beyond the Claims Runout Period shall be retained by PBM as reasonable compensation for Services under this Agreement. PBM shall, however, return any recoveries for which PBM had received monies, but had not processed the recovery prior to the end of the Claims Runout Period. In addition, Client shall have no obligation to reimburse PBM for any amounts paid by PBM due to adjustments to Claims after the end of the Claims Runout Period. The fee for providing Claims Runout Services during the Claims Runout Period, if applicable, is provided in Attachment 1 to Exhibit C (Fees and Compensation). Fees that (i) are associated with Claims processed or reviewed during the Claims Runout Period including without limitation subrogation fees, Claims prepayment analysis fees, recovery fees, network access fees; or (ii) apply to the Term but were not billed during the Term, will also be billed and payable during the Claims Runout Period. Payment is due to PBM in accordance with Section 4.3 of this Agreement. Paid Claims and the fee for providing Claims Runout Services shall be invoiced and paid in the same manner as provided in Exhibit C (Fees and Compensation), unless otherwise provided or agreed to in writing by the Parties.

12.5.3 Formulary. Upon termination of this Agreement, unless mutually agreed to in writing by the Parties, Client shall cease adoption and use of PBM's Formulary as part of its Plan and agrees that it shall not copy, distribute, or sell PBM's Formulary.

12.5.4 Transition Plan. Upon notice of termination of this Agreement for any reason, the Parties will mutually develop a transition plan that includes but is not limited to: (i) a schedule of transition activities and timelines for completion; (ii) a detailed description of the respective roles of PBM and Client; and (iii) such other information and planning as necessary to ensure that the transition takes place according to an agreed upon schedule and with minimum disruption to Members. The transition plan shall be subject to written approval by both Parties. PBM will continue filing for Rebates for Claims incurred prior to the termination date and will pay Client Rebates for such Claims in accordance with the Rebate payment schedule set out herein, subject to a final reconciliation of any outstanding amounts owed to PBM. Notwithstanding any other provision of this Agreement, PBM shall not be obligated to provide post-transition services following the transition to the successor pharmacy benefit manager.

12.6 Remedies for Early Termination. If Client terminates before the end of the Term for a reason other than PBM's material breach under Section 12.3, PBM shall have the right to charge an early termination fee as set forth in Section 2 of Exhibit C. The existence of this right will not preclude PBM from seeking or receiving injunctive and/or other relief and does not give Client termination rights beyond those specified in this Article XII (Term and Termination).

12.7 Change of PBMs. PBM shall not be responsible for any adverse consequences resulting from Client's decision to terminate this Agreement or to change from one pharmacy benefit administrator to another pharmacy benefit administrator.

12.8 Remedies Not Exclusive. A Party's right to terminate this Agreement under this Article XII (Term and Termination) is not exclusive of any other remedies available to the terminating Party under this Agreement or otherwise, at Law or in equity.

12.9 Survival. The Parties rights and obligations under Articles IV through VI, VIII through X, Sections 12.5, 12.6, 12.7, 13.4, and any other provision which by its nature survives termination, shall survive the termination of this Agreement for any reason.

ARTICLE XIII
GENERAL PROVISIONS

13.1 Entire Agreement. This Agreement, including all exhibits and attachments hereto (all of which are incorporated herein, constitutes the entire understanding and agreement of the Parties hereto and supersedes any prior oral or written communication between the Parties with respect to the subject matter hereof.

13.2 Amendment. No modification, alteration, or waiver of any term, covenant, or condition of this Agreement will be valid unless in writing and signed by duly authorized representatives of the Parties, except as may be otherwise permitted pursuant to the terms and conditions of this Agreement, including any exhibit or attachment hereto; provided, however, PBM shall be entitled to amend this Agreement without the written agreement of Client as follows:

13.2.1 Upon thirty (30) days prior written notice to Client if the amendment is required for PBM to comply with Law or Governmental Body requirements, and such amendment shall be effective as of the effective date set forth in the amendment. If Client: (a) disagrees with PBM's interpretation of the applicable Law or Governmental Body requirement and therefore disagrees that the proposed amendment is necessary, or (b) disagrees that the proposed amendment would assure compliance with such applicable Law or Governmental Body requirement, then Client may object to the amendment by written notice not later than fifteen (15) days following Client's receipt of the amendment. In the event Client fails to object in writing to PBM's proposed amendment within the fifteen (15) day period, the amendment shall be deemed accepted. In the event PBM timely receives Client's objection, the Parties shall negotiate in good faith to resolve such objection and the proposed amendment shall not take effect prior to such resolution. If the Parties are unable to resolve the objection, either Party shall be entitled to terminate this Agreement upon thirty (30) days' written notice, and the proposed amendment shall not take effect.

13.2.2 Government Action. In the event any action of any Governmental Body is initiated ("Action") against a Party to this Agreement and such Action materially and adversely affects such Party's performance of its obligations under this Agreement, the affected Party shall notify the other Party in writing of the nature of the Action, and to the extent permitted by Law, provide copies of all documents relevant to the Action. If a modification to this Agreement is needed as a result of the Action, the Parties shall meet within thirty (30) days from the date the notice was sent by the affected Party and shall, in good faith, attempt to negotiate a modification to this Agreement that minimizes or eliminates the impact of the Action.

If the Parties are unable to minimize or eliminate the impact of the Action, then either Party may terminate this Agreement by giving at least ninety (90) days' notice of termination. This Agreement may be terminated sooner if agreed to by the Parties or required by the Governmental Body initiating or taking the Action.

13.3 Assignment. A Party may not assign, delegate or transfer this Agreement (whether by operation of Law or otherwise) without the prior written consent of the other Party; provided, however, that PBM may assign this Agreement to any affiliate upon thirty (30) days' written notice to Client. This Agreement will bind the Parties and their respective successors and assigns and will inure to the benefit of the parties and their respective permitted successors and assigns.

13.4 Trademarks. PBM and Client acknowledge and agree that each Party has the sole and exclusive ownership of their respective trade names, commercial symbols, trademarks, and servicemarks, whether presently existing or later established. Except as may be explicitly set forth in this Agreement, nothing herein shall be construed as an implied license by a Party to use the other Party's name, trademarks, domain names, or other intellectual property. Neither Party shall use the name, trademarks, domain names, or any other name or mark of the other Party in any press release, printed form, advertising or promotional materials or otherwise, without the prior written consent of the other Party.

13.5 Force Majeure. Except for payment obligations, neither Party shall be deemed to be in violation of this Agreement if such Party or Vendor is prevented from performing any of its obligations hereunder for any reason beyond its reasonable control, including without limitation, acts of God, natural or man-made disasters, declared emergencies, epidemic or pandemic, lockouts or labor stoppage, failures or fluctuations in electrical power or telecommunications, acts of any public enemy, statutory or other laws, regulations, rules, orders, or actions of the federal, state, or local government or any agency thereof ("Force Majeure").

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

13.7 Severability. If any provision of this Agreement is held to be invalid, illegal or unenforceable in any respect under applicable Law, order, judgment or settlement, such provision shall be excluded from this Agreement and the balance of this Agreement shall be interpreted as if such provision were so excluded and shall be enforceable in accordance with its terms and will be construed to preserve the intent and purpose of this Agreement. The Parties agree to negotiate in good faith to modify any invalidated provisions to preserve each Party's anticipated benefits under this Agreement.

13.8 Governing Law. Except to the extent preempted by ERISA or any other applicable provisions of federal Law, this Agreement shall be governed by and construed in accordance with the laws of New York without regard to its conflict of laws and rules.

13.9 Notices. Any notice required to be given pursuant to the terms and provisions of this Agreement shall be in writing and shall be delivered by registered or certified mail (return receipt requested), hand delivery via courier, or overnight delivery with confirmation capability. Notice shall be deemed to be effective: (a) when delivered by hand, (b) upon receipt by registered or certified mail, postage prepaid, (c) on the next Business Day if transmitted by national overnight courier.

If to PBM, at the following address:

CarelonRx, Inc.

Attention: President
108 Leigus Rd.
Wallingford, CT 06492

With copies to:
Lead Business Contact: Chief Sales Officer, CarelonRx
Lead Attorney: Chief Legal Officer, CarelonRx

If to Client, at the following address:

City of Ames

515 Clark Ave.

Ames, IA 50010

Either Party may at any time change its address for notification purposes by providing a notice in accordance with this provision, stating the change and setting forth the new address.

13.10 No Third-Party Beneficiaries. This Agreement is solely for the benefit of each Party hereto and their respective successors or permitted assigns. This Agreement is not a third-party beneficiary contract and does not confer any such rights upon any third-party (including, without limitation, any Member).

13.11 Construction. The Parties acknowledge that each Party and its counsel have reviewed and revised this Agreement and that consequently any rule of construction to the effect that any ambiguities are to be resolved against the drafting party is not applicable in the interpretation of this Agreement or any amendments or exhibits hereto.

13.12 Interpretation of Agreement. The headings of articles, sections, and exhibits contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. As used herein, the singular shall include the plural and the plural the singular, and the use of any gender shall be applicable to all genders. Any reference to any federal, state, local or foreign statute or law shall be deemed to refer to all rules and regulations promulgated thereunder, unless the context requires otherwise. As used in this Agreement, the word "including" shall mean including without limitation, unless the context requires otherwise.

13.13 Counterparts. This Agreement may be executed in one or more counterparts, all of which shall be deemed an original, and all of which together shall constitute one and the same instrument, effective when one or more counterparts have been signed by each of the Parties and delivered to the other Party, it being understood that all Parties need not sign the same counterpart.

13.14 Further Assurances. Each Party represents and warrants that it has the necessary power and authority to enter into this Agreement, and the person signing this Agreement on behalf of either Party has been duly authorized and empowered to enter into this Agreement on behalf of such Party.

CarelonRx sent draft 5/12/2023
CarelonRx sent draft 10/26/2023
CarelonRx sent draft 11/21/2023

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

CarelonRx, Inc.	City of Ames
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____
Date: _____	Date: _____

EXHIBIT A

DEFINED TERMS

1.1 340B Claims means Claims submitted by 340B Pharmacies for Covered Drugs that price at the 340B price, dispensed to 340B eligible members, pursuant to a dispensing pharmacy's participation under Section 340B of the Public Health Service Act, 42 U.S.C. §256b. When a Claim is classified as a 340B Claim, it shall be considered a 340B Claim for all purposes under this Agreement (*e.g.*, a Claim classified as a 340B Claim for purposes of Rebates must also be classified as a 340B Claim for purposes of pharmacy pricing).

1.2 340B Pharmacies means Participating Pharmacies contracted with a 340B Covered Entity as defined in Section 340B of the Public Health Service Act to dispense 340B drugs to patients covered under the 340B program in accordance with the HRSA guidelines.

1.3 Administrative Services Fees means the amount per final net paid claim, if any, payable to PBM for the performance of services. Administrative Services Fees are exclusive and separate from any ingredient cost dispensing fees, pharmacy related fees, ancillary service fees, or optional service fees, if any, payable to PBM.

1.4 Annualized Adjusted Prescription Drug Claims means the annualized sum of the total number of: (i) retail Covered Drug Claims with less than 84 days' supply; (ii) retail Covered Drug Claims with greater than or equal to eighty-four (84) days' supply multiplied by a factor of 3; (iii) mail order Prescription Drug Claims multiplied by a factor of 3; and (iv) Specialty Covered Drug Claims.

1.5 ASES means ancillary supplies, equipment, and services provided or coordinated by a Specialty Pharmacy in connection with a Specialty Pharmacy's dispensing of Specialty Drugs. ASES may include all or some of the following: telephonic and/or in-person training, nursing/clinical services, in-home infusion and related support, patient monitoring, medication pumps, tubing, syringes, gauze pads, sharps containers, lancets, test strips, other supplies, and durable medical equipment. The aforementioned list is for illustrative purposes only and may include other supplies, equipment, and services based on the Member's needs, prescriber instructions, payer requirements, and/or the Specialty Drug manufacturer's requirements.

1.6 Authorized Generics means prescription drugs that are produced by an innovator (i.e., the brand manufacturer) under a New Drug Application (NDA), or licensed to be produced by a generic company under the New Drug Application (NDA), and are marketed, sold and/or distributed as generics under private label. Further, an Authorized Generic is identical to its brand counterpart in dosage form, safety, strength, route of administration, intended use, active and inactive ingredients and, as applicable, size, shape, color, taste, smell and mouth feel.

1.7 AWP means the "average wholesale price" for a Covered Drug based on the most current pricing information published by MediSpan for the date and time the Covered Drug is dispensed by the pharmacy. The AWP of a Covered Drug will be the AWP unit price as published by MediSpan for the 11 digit NDC. PBM shall not allow adjudication of NDCs of licensed re-packagers where the data source identifies the licensed re-packagers AWP is greater than the original pharmaceutical AWP. PBM shall update AWP data no less than weekly.

1.8 Brand MAC means a Brand Drug that is included on the Maximum Allowable Cost ("MAC") list and paid at the MAC cost basis.

1.9 Brand Drug or **Brand** shall mean a Covered Prescription Service that is defined as a by Medi-Span as a "M", "N", "O", with exception of Authorized Generics. The Parties agree that when a drug is classified as a Brand Drug, it shall be considered a Brand Drug for all purposes under the Agreement, therapeutic classification, pricing and all related Pharmacy performance guarantees.

1.10 Branded Generic Claims means multi-source Brand Drugs that were submitted to Client at the Generic Drug cost.

1.11 Business Associate Agreement means the agreement set forth on Exhibit G (Business Associate Agreement).

1.12 Business Day means all days except Saturday, Sundays, and federal holidays, and other holidays mutually agreed upon by the Parties. All references to "day(s)" in this Agreement are to calendar days unless "Business Day" is specified.

1.13 Claim(s) means those Claims processed for payment for Members.

1.14 Claims Runout Services means the processing and payment of Claims that are incurred but unreported and/or unpaid as of the date this Agreement terminates.

1.15 Claims Runout Period means the period of time, as specified in Section 12.5.2, that Claims Runout Services shall be provided.

1.16 Client Affiliates means entities affiliated with Client that are participating in the Plan and which, along with Client constitute a single "control group" as that term is used in the Internal Revenue Code.

1.17 Compound Drug means a claim where two or more solid, semi-solid, or liquid medications are mixed together. The end product must not be available in an equivalent commercial form. The product will not be considered a Compound Drug if it is reconstituted or if, to the active ingredient, only water, alcohol, flavoring, coloring, or sodium chloride solutions are added. Compound Drugs shall be priced using the NCPDP D.0 standard which shall capture each ingredient used in the medication.

1.18 Confidential Information means the following: (i) With respect to Client, non-public information about the systems, procedures, methodologies and practices used by Client to run its operations and the Plan and other non-public information about Client; and (ii) With respect to PBM, non-public, trade secret, commercially valuable, or competitively sensitive information, or other material and information relating to the products, business, or activities of PBM or a PBM Affiliate, including but not limited to: (1) information about PBM's Network, Participating Pharmacy negotiated fees, Participating Pharmacy discounts, and Participating Pharmacy contract terms; (2) information about the systems, procedures, methodologies, and practices used by PBM, PBM Affiliates, and Vendors in performing services such as underwriting, Claims processing, Claims payment, and health care management activities; and (3) combinations of data elements that could enable information of this kind to be derived or calculated. PBM's Confidential Information also includes information that PBM, PBM Affiliate, or Vendor is obligated by Law or contract to protect, including but not limited to: (1) Social Security numbers; (2) Provider tax identification numbers (TINs); (3) National Provider Identification Numbers (NPIs); (4) Provider names, Provider addresses, and other identifying information about Providers; and (5) drug enforcement administration (DEA) numbers, pharmacy numbers, and other identifying information about pharmacies.

1.19 Cost Share the amount which a Member is required to pay for a Covered Drug in accordance with the plan design. Eligible Member Cost Share includes any coinsurance (the percentage or portion of the cost of care or service that an Member may be obligated to pay for a Covered Drug at the time the care and/or service is provided), copayment/ copay (the fixed dollar amount that an Member may be obligated

to pay for a Covered Drug at the time the Covered Drug is provided), or deductible (the amount of out-of-pocket expenses that an Member is responsible to pay for Covered Drug prior to being eligible to receive benefits from the Client's prescription drug plan).

1.20 Covered Drug means any drug or product that are included in the U.S. Pharmacopeia and that are required to be dispensed pursuant to a prescription or that are otherwise included on the Formulary (*e.g.*, certain over-the-counter products, devices, and supplies) which are dispensed by a pharmacy and are eligible for reimbursement under this Agreement and the Plan pursuant to the terms of the Plan Documents, and shall include all services usually and customarily rendered by a pharmacy in the normal course of business.

1.21 Dispensing Fee means the service fee or amount payable to a pharmacy to cover the cost of dispensing a Covered Drug. The Dispensing Fee is added to the discounted AWP or MAC. No Dispensing Fee is added to the U&C.

1.22 Eligibility File means electronic communication supplied to PBM or its Vendor by Client (or its designee) which identifies the Members covered under the Plan Document, along with other eligibility information required by PBM for PBM to provide Services.

1.23 ERISA means the Employee Retirement Income Security Act of 1974, as amended, and regulations promulgated thereunder.

1.24 FDA means the United States Food and Drug Administration.

1.25 Formulary means the list of pharmaceutical products and supplies, quantity limits, prior authorization guidelines, and clinical guidelines for detailing coverage of such products.

1.26 Generic Drug or **Generic** shall mean is a Covered Prescription Drug Service , as defined by Medi-Span as a "Y". Generic Drugs also shall include Brand Drugs that are treated as "house" generic drugs (DAW5) by the Network Pharmacy, Single Source Generic Drugs, and Authorized Generics. The Parties agree that when a drug is classified as a Generic Drug, it shall be considered a Generic Drug for all purposes under the Pharmacy Services Schedule, therapeutic classification, pricing and all related Pharmacy performance guarantees.

1.27 Government Contract means any contract between Client and a Governmental Body.

1.28 Government Reimbursement Claims means Claims submitted by any Governmental Body or person or entity acting on behalf of a Governmental Body under Medicaid, Medicare, or similar federal or state government health care programs for which Client is deemed to be the primary payer as defined by applicable Laws.

1.29 Governmental Body means any government or quasi-governmental entity or municipality or political or other subdivision thereof, whether federal, state, city, county, regional, local, provincial, foreign, or multinational, or any agency, district, division, department, board, self-regulating authority, bureau, branch, commission authority, official, or instrumentality of any of the foregoing, or any court, tribunal, or arbitrator, including the U.S. Department of Health and Human Services, the U.S. Comptroller General, Centers for Medicare and Medicaid Services, and the State Departments of Health and Insurance, or applicable state licensing boards.

1.30 HIPAA means the Health Insurance Portability and Accountability Act of 1996, as amended, including by the Health Information Technology for Economic and Clinical Health Act of 2009 ("HITECH"), and the regulations promulgated thereunder, including but not limited to the transaction code, security

standards, and patient privacy rules, each as may be modified, amended, supplemented, renumbered, revised, and interpreted from time to time.

1.31 Home Infusion Claims means a Claim submitted by a Home Infusion Pharmacy. For purposes of this definition, a Home Infusion Pharmacy shall mean: (a) a duly and appropriately licensed pharmacy that satisfies the requirements as set out in 42 C.F.R.§ 423.120(a)(4) and that is contracted with PBM or a PBM's Vendor; and (b) is identified by a National Council for Prescription Drug Program's (NCPDP) dispenser type code of 6.

1.32 Identification Card means a card that is used by Members as a method of identifying themselves to the Participating Pharmacies as eligible for coverage under the Plan.

1.33 Ingredient Cost means mean the component of the price that represents the cost of the Covered Drug, excluding the Dispensing Fee and taxes.

1.34 Law means any and all international, federal, state, and local act, statute, law, code, ordinance, rule, regulation, standard, or order, licenses, permits, or sub-regulatory guidance promulgated by any Governmental Body with jurisdiction over a Party; any requirements under a Government Contract applicable to a Party, this Agreement or the Services provided hereunder; and any guidance or requirements of any Governmental Body in whatever form, including any requirements, instructions, policies, and guidance, as interpreted and required by a Governmental Body with jurisdiction over a Party.

1.35 Limited Distribution Drug means a drug on the Specialty Drug pricing list that is supplied by a limited number of Specialty Service Pharmacies as determined by the drug manufacturer on the Specialty Drug pricing list. Multiple Specialty Service Pharmacies wholly owned by an entity or affiliated shall be considered one pharmacy for purposes of this definition.

1.36 Long Term Care (LTC) Claim means a Claim submitted by a LTC Pharmacy. For purposes of this definition, a LTC Pharmacy shall mean a Retail Pharmacy that primarily dispenses Covered Drugs to Members residing within an intermediate or skilled nursing facility and is identified by a NCPDP dispenser type code of 4.

1.37 Mail Order Pharmacy means a duly licensed pharmacy that primarily dispenses prescriptions (but not primarily Specialty Drugs) through mail delivery service that is contracted with and/or owned or operated by PBM.

1.38 Manufacturer means a pharmaceutical, biotech, medical equipment, or medical device manufacturer, and/or any other entity that performs sales, distribution, and/or marketing functions (including wholesalers and distributors) with respect to any such manufacturer's products.

1.39 Manufacturer Administrative Fees means amounts received by PBM directly or indirectly through its Vendor from Manufacturers for administering, allocating, and collecting Rebates that are attributable to Covered Drugs.

1.40 Manufacturer Service Fees means amounts received by PBM directly or indirectly through its Vendor from Manufacturer for providing certain services which include but are not limited to Provider and Member education programs that promote clinically appropriate and safe dispensing and use of Covered Drugs. Such amounts shall not be considered Rebates.

1.41 Maximum Allowable Cost or **MAC** means the unit price that has been established by PBM for a Brand Drug or Generic Drug included on PBM's MAC list, which may be amended from time to time by PBM.

1.42 Member means a person covered under any of the Client's prescription drug plans.

1.43 Member Pay the Difference Claims are those where the Plan's benefit structure requires the Member to pay a penalty to a Provider for a Covered Drug when the Member or the Member's Provider requests that a Brand Drug be dispensed when a Generic Drug is available.

1.44 Member Submitted Claim means a manual/paper claim submitted by an Eligible Member for Covered Product dispensed by a pharmacy for which the Eligible Member paid cash.

1.45 Multi-Source Brand Drug shall mean a Brand Drug that is no longer subject to patent exclusivity and is available in both brand and generic form from more than one manufacturer or labeler.

1.46 Network means the network of Participating Pharmacies.

1.47 Non-Specialty Drug means a Covered Drug that is not a Specialty Drug.

1.48 Out-of-Network Claims means a Claim submitted by a non-Participating Pharmacy.

1.49 Paid Claim means a Claim that was adjudicated on behalf of Client, including Client paid and Member paid Claims, as applicable. Paid Claims shall not include any duplicate Claims, denied or reversed Claims or Claims that have been rejected, withdrawn, or otherwise backed out of PBM's claims processing system. With respect to any Paid Claim, if the Paid Claim is adjusted in any way, the Paid Claim shall constitute only one Paid Claim.

1.50 Participating Pharmacy Mail Order Pharmacy, Retail Pharmacy or Specialty Pharmacy or other facility that is duly licensed to operate as a pharmacy at its location and to dispense Covered Drugs to Members and has entered into a Participating Pharmacy Agreement with PBM or its Vendor to dispense Covered Drugs to Members.

1.51 Participating Pharmacy Agreement means the contractual arrangement between PBM and/or its Vendor and a Participating Pharmacy whereby the Participating Pharmacy agrees to dispense Covered Drugs to Members for a negotiated price.

1.52 PBM Affiliate means an entity controlling, under common control with or controlled by PBM.

1.53 Performance Guarantees shall mean performance standards/service levels, their corresponding amounts at risk, and the terms and conditions set forth in Exhibit F (Operational Performance Guarantees).

1.54 PHI or **Protected Health Information** shall have the meaning given to such term by HIPAA.

1.55 Plan means the health benefit plan(s) offered or administered by Client pursuant to which Covered Drugs are provided to Members.

1.56 Plan Documents means the documents that set forth the terms of the Plan as provided by Client to PBM.

1.57 Powder Claims means Claims for Covered Drugs where the dosage form, as identified by Medi-span database or other nationally recognized pricing source selected by PBM in its sole discretion from time to time, is powder.

1.58 PMPM means per Member per month.

1.59 Provider means a practitioner or other individual, organization and/or facility that provides health services or supplies within the scope of an applicable license and/or certification.

1.60 Pricing Source means Medi-Span (or other nationally recognized third-party pricing source selected by PBM in its sole discretion from time to time).

1.61 Rebates means any rebate, Manufacturer Administrative Fees and price protection payment associated with such utilization that PBM receives that is contingent upon and related directly to a Member's use of a Covered Drug during the Term. Rebate does not include any discount, price concession, or other direct or indirect remuneration PBM receives for the purchase of a Covered Drug or for the provision of any products or services to Manufacturer(s).

1.62 Retail Pharmacy means any type of pharmacy other than a Mail Order Pharmacy or Specialty Pharmacy, and includes any independent pharmacies, supermarket pharmacies, chain pharmacies or mass merchandiser pharmacies having a state license to dispense medications to the general public.

1.63 Secondary Claims means Claims where Client is the secondary payer due to coordination of benefits (COB) with one or more other payers.

1.64 Services mean the services described in this Agreement, including Exhibit B (Services), the Performance Guarantees, and any addendum or amendment hereto.

1.65 Single Source Generics means those Generic Drugs that are provided by three or fewer Manufacturers or such Generic Drugs that are in the market with supply limitations or competitive restrictions.

1.66 Specialty Drug means a Covered Drug that: (a) is injected, infused, orally or topically administered, or inhaled for the ongoing treatment of complex, chronic conditions; (b) requires extensive patient education, risk assessment, mitigation strategies, and/or clinical monitoring; (c) may require temperature-controlled shipping or other special handling and careful adherence to treatment; and (d) meets CMS Requirements for placement on the specialty tier of a Medicare Formulary, if applicable. When a drug is identified as Specialty Drug, it shall be considered a Specialty Drug for all purposes, including Eligible Member Cost Share, therapeutic classification, pricing and all related guarantees.

1.67 Specialty Pharmacy means a pharmacy network or individual pharmacy that primarily dispenses Specialty Drugs and provides specialty services.

1.68 Starter Fills means a prescription dispensed to members who are initiating treatment on select medications for which the days' supply is typically limited to two (2) weeks or less.

1.69 Subrogation Claims means a claim submitted by any state or a person or entity acting on behalf of a state under Medicaid or similar United States or state government health care programs, for which the Client is deemed to be the primary payor by operation of applicable federal or state laws.

1.70 Tax(es) means any applicable sales, use, excise, or other similarly assessed and/or administered tax, surcharge, and/or fees imposed on PBM, a Participating Pharmacy, or Vendor by a Governmental Body related to Services hereunder.

1.71 United States means the fifty (50) states, the District of Columbia, Puerto Rico, the U.S. Virgin Islands, and all other U.S. territories and possessions unless otherwise specified in a written agreement between PBM and Client.

1.72 U&C means the lowest price, including any Dispensing Fee, a pharmacy would charge a customer without any insurance coverage if such customer were paying cash for the identical drug on the date dispensed. This includes any applicable discounts, including but not limited to, senior discounts, frequent shopper discounts, and other special discounts offered to customers.

1.73 Vaccine means a product that stimulates a person's immune system to produce immunity to a specific disease, protecting the person from that disease. Vaccines are usually administered through needle injections, but can also be administered by mouth or sprayed into the nose.

1.74 Vendor means a person or entity, including a PBM Affiliate, providing services or supplies for the Plan pursuant to a contract with PBM.

EXHIBIT B
SERVICES

Unless otherwise agreed to by the Parties, commencing on the Implementation Date, PBM will provide the following Services set forth in this Exhibit B (Services) in accordance with the terms of the Agreement.

1. Claims Processing.

1.1 **Claims Processing.** PBM shall perform claims processing services for Client in accordance with PBM's standard claim processing policies and procedures. PBM will pay, on Client's behalf, only Claims that are: (1) timely submitted by Participating Pharmacies through PBM's point-of-sale service system; and (2) properly submitted by Members as requests for reimbursement for Covered Drugs. Client may request that PBM, on an exception basis, to process and pay Claims that were denied by PBM. PBM may process requests subject to system override capability and payment by Client of an additional processing fee as set forth in this Agreement or otherwise set by PBM at the time of the request. PBM shall not be responsible for any liability associated with any act or omission undertaken at the direction of, or in accordance with, instructions received from Client.

1.2 **Administrative Overrides.** PBM will implement and process administrative overrides (*e.g.*, requests for lost/stolen drugs and vacation supplies) consistent with the Plan Documents.

1.3 **Payment to Members and Participating Pharmacies.** PBM will disburse to Member and Participating Pharmacies payments that it determines to be due according to the Plan Documents, Participating Pharmacy Agreements, and this Agreement.

1.4 **Member Submitted Claim Denials.** In the event PBM denies a Member Submitted Claim, PBM will provide notice in writing of the denial (including, if applicable, denial a prior authorization request), which notice shall set forth the reasons for the denial and the right to a full and fair review of the denial under the terms of the Plan as and to the extent required by applicable Law governing the notice of a denied Claim.

1.5 **Government Reimbursement Claims.** Client acknowledges that Governmental Bodies and/or their agents may seek eligibility or similar data from PBM regarding Members. Additionally, Governmental Bodies and/or their agents may submit to PBM Government Reimbursement Claims. Client authorizes PBM to provide such data as requested by Governmental Bodies or their agents and further authorizes PBM to process and pay such Government Reimbursement Claims. Client acknowledges that PBM may advance payment for Government Reimbursement Claims on behalf of Client. Client will reimburse PBM, in accordance with Client's payment obligations under this Agreement, for all amounts advanced by PBM for payment of Government Reimbursement Claims. Government Reimbursement Claims may be paid regardless of the format of the Government Reimbursement Claim, failure to present proper documentation at the point-of sale, or other procedural Plan requirements. Client shall also reimburse PBM for any adjustments or reconciliations to previously processed Government Reimbursement Claims that may be payable to Governmental Bodies in accordance with applicable Laws.

1.6 **Coordination of Benefits**. PBM will provide pharmacy coordination of benefit services for the fee set forth in Attachment 1 to Exhibit C (Fees and Compensation). Client shall be responsible for providing other party insurance liability information for Members on its Eligibility File. If the Eligibility File provided by Client indicates that coverage under this Agreement is deemed secondary, the Member Claim will reject at point of sale and instruct the Member to submit the Claim to the third party payer that is deemed primary. PBM shall coordinate benefits with the third party payers as appropriate.

2. Network Pharmacy Services.

2.1 **Network Access.** PBM will provide Client access to a Network of Participating Pharmacies through which Members may obtain Covered Drugs. If a Member obtains a Covered Drug from a pharmacy that is not in the Network, the Member shall be responsible for the total cost of the Covered Drug as defined under the Member's out of network benefit.

2.2 **Network Composition/Changes.** PBM shall determine, in its sole discretion, which pharmacies shall be in the Network, and the composition of the Network may change from time to time. Client acknowledges that the availability of Covered Drugs is subject to market conditions and that PBM cannot, and does not, assure the availability of any Covered Drug from a Participating Pharmacy.

2.3 **Participating Pharmacy Credentialing.** PBM will establish and maintain credentialing criteria, requirements, and processes applicable to Participating Pharmacies in compliance with applicable Law. PBM shall require each Participating Pharmacy to comply with network participation requirements and to be duly licensed in accordance with applicable Laws in the state or other jurisdictions in which the Participating Pharmacy dispenses Covered Drugs.

2.4 **Participating Pharmacy Audits.** PBM and/or its Vendors performs routine periodic onsite and field audits not related to any specific client of certain PBM-selected Participating Pharmacies to verify compliance with the terms and conditions of the Pharmacies' Participating Pharmacy Agreements. In the event one of PBM's routine audits results in a recovery due to Client, PBM will apply one hundred percent (100%) of the amounts PBM recovers, minus a 0.00% recovery fee as a credit to invoices. These audits are separate and distinct from daily claims review audit, for which there is no additional fee and is included in the list of services offered as part of the Administrative Service Fee as set forth on Exhibit C (Fees and Compensation). Client may reasonably request an audit of specific Participating Pharmacies. In the event Client requests such an audit, Client will be financially responsible for all expenses incurred by PBM.

2.5 **Member Hold Harmless.** Pursuant to the terms of the Participating Pharmacy Agreement, Participating Pharmacies shall be prohibited from charging, collecting a deposit from, or having any recourse against a Member for the Covered Drugs other than applicable Cost Shares, including in the event of breach of this Agreement by Client or insolvency of Client. This provision shall survive the termination of this Agreement for any Covered Drug provided to a Member prior to such termination.

2.6 **Pharmacy Help Desk.** PBM shall operate a toll-free call center ("Pharmacy Help Desk") to respond to inquiries from Participating Pharmacies and other providers regarding Services provided by PBM under this Agreement, including technical and Claims processing issues and Member eligibility verification. The Pharmacy Help Desk shall be available twenty-four (24) hours a day, seven (7) days a week, three hundred sixty-five (365) days a year.

2.7 **Relationship to Participating Pharmacies.** Client acknowledges and agrees that, except for Participating Pharmacies that are owned and/or controlled by PBM, Participating Pharmacies are independent contractors and not subcontractors or agents of PBM, and PBM does not exercise control over the professional judgment of any pharmacist dispensing prescriptions or otherwise providing pharmaceutical related services at a Participating Pharmacy. Nothing in this Agreement shall be construed to supersede the dispensing pharmacist's professional judgment with regard to dispensing or refusal to dispense any Covered Drug to a Member. Client agrees that PBM shall have no liability to Client or any Member for a claim resulting from any act or omission of any Participating Pharmacy or its agents or employees, and PBM shall not be held liable or responsible for the accuracy, efficacy, or timely receipt of Covered Drugs, prescription orders, or any other directions issued by Providers to supply Covered Drugs to a Member.

3. Mail Order Pharmacy Services.

3.1 **Mail Order Pharmacy Services.** PBM shall offer Client a program through which Members may receive Covered Drugs through a Mail Order Pharmacy. PBM shall provide the information and forms for Members to obtain Covered Drugs through a Mail Order Pharmacy.

3.2 **Mail Order Pharmacy Fulfillment.** The Mail Order Pharmacy shall dispense new and refill prescription orders for Covered Drugs upon receipt from a Member of (i) a valid prescription order and (ii) the applicable Cost Share. The Covered Drug shall be mailed or shipped to the designated Member address so long as such address is within the United States, a United States territory or an APO/FPO address, subject to applicable requirements. Additional fees for express mail, shipping or handling may be charged to Members. Subject to applicable Law, PBM reserves the right to suspend such services to a Member if Member fails to remit any applicable Cost Share due, and take any appropriate action to collect such amounts due.

3.3 **Retail Pharmacy Delivery Services.** PBM may offer Client a program through which Members may receive delivery of Covered Drugs by a Retail Pharmacy to the Member's home or residence. For purposes of clarification, delivery of Covered Drugs does not include mailing or shipping Covered Drugs to Members utilizing the United States Postal Service and/or other common shipping carrier, including FedEx and/or United Parcel Service. PBM shall provide the information and forms for Members to obtain retail delivery of Covered Drugs. Client will not be held responsible for unpaid Member balances. Increases in shipping and handling or postage will not result in any increases in fee or other pricing components.

4. Specialty Pharmacy Services.

4.1 **Specialty Pharmacy Services.** PBM shall offer Client a Specialty Pharmacy program through which Members may receive Specialty Pharmacy services. PBM shall provide necessary information to enable Members to obtain these Specialty Pharmacy services. If Client is participating in PBM's "Exclusive Specialty Pharmacy Program," Members may receive designated Specialty Drugs exclusively from the Specialty Pharmacies and not from any other Participating Pharmacy. If Client is participating in PBM's "Open Specialty Pharmacy Program," Members may receive Specialty Drugs from any Participating Pharmacy.

4.2 **Specialty Pharmacy Fulfillment.** The Specialty Pharmacy shall dispense new and refill prescription orders for Specialty Drug upon receipt from a Member of (i) a valid prescription order and (ii) the applicable Cost Share. The Specialty Drug shall be mailed to the designated Member or Provider address so long as such address is within the United States, a United States territory or an APO/FPO address, subject to applicable requirements. Additional fees for express mail, shipping or handling may be charged to Members. Subject to applicable Law, PBM reserves the right to suspend such services to a Member if Member fails to remit any applicable Cost Share due, and take any appropriate action to collect such amounts due.

4.3 **New Specialty Drugs.** PBM will periodically notify Client of Specialty Drugs added to or deleted from the Specialty Drug List, which notice shall be sent no more frequently than monthly.

4.4 **Ancillary Supplies, Equipment, and Services.** For Specialty Drugs filled through a Specialty Pharmacy only, Members may receive the following services from a Specialty Pharmacy, depending on the particular therapy class or disease state: ASES; patient intake services; pharmacy dispensing services and/or social services (patient advocacy, hardship reimbursement support, and indigent and patient assistance programs). Subject to applicable prior authorization requirements and at the rates set forth in Exhibit C (Fees and Compensation), PBM will provide or coordinate ASES for Members through Specialty Pharmacies or other Vendors of ASES when ASES is required. PBM may engage a

Vendor to provide ASES. PBM does not direct or exercise any control over such Vendor in administering Specialty Drugs or otherwise providing ASES. In the event that ASES is provided or coordinated in connection with the dispensing of Specialty Drugs at Participating Pharmacies (excluding Specialty Pharmacies; *e.g.*, limited distribution products not then available through Specialty Pharmacy or overrides), the cost, if any, may be billed to Client at the cost charged to PBM, unless such ASES provided or coordinated are included in the Ingredient Cost of the Specialty Drug.

5. Formulary Management.

5.1 **PBM Formulary.** PBM will furnish and maintain its Formulary for use with the Plan, which may be updated by PBM periodically. Client adopts PBM's Formulary as part of the design of the Plan. Upon request by Client or Member, the Formulary will be promptly provided in a mutually acceptable format for distribution by Client to Members. PBM will provide Client notification and a list of impacted Members resulting from negative Formulary changes no later than 60 days prior to change, and impacted Members will be notified no later than 30 days prior to change. Notification will not be provided for changes provided by Medispan or PBM's Vendor (e.g. when the Brand/Generic indicator of a drug changes to Multi-Source Brand).

5.2 **Formulary Notifications.** Except as otherwise mutually agreed to by the Parties, PBM will notify Members and Client of any removal of a Covered Drug from Formulary, in accordance with such time period required by Law.

5.3 **Formulary Exception.** In the event a Member or Provider believes that a Covered Drug or supply not included on the Formulary is medically necessary to treat a specific Member's individual condition, the Member or Provider may submit a written request to PBM requesting a Formulary exception. When making a Formulary exception determination, PBM may consider a variety of factors which include, but are not limited to, prescription drugs previously tried and failed by the Member to treat a particular diagnosis or condition, whether the Member is clinically stable on the prescription drug, and/or whether switching to a Covered Drug would result in a clinically significant adverse reaction or other harm to the Member.

6. Utilization and Clinical Management Programs.

6.1 **Concurrent Drug Utilization Review ("DUR") Services.** PBM will provide its concurrent drug utilization program that assists Participating Pharmacies in identifying potential drug interactions, incorrect drug dosage, and clinical abuse/misuse. The DUR program utilizes real-time Member health and safety protocols designed to monitor and screen each Claim against the Member's prescription drug profile and is designed to help promote appropriate Covered Drug use and help prevent adverse Member reactions.

6.2 **Utilization/Clinical Management Programs.** PBM offers additional programs and services to help ensure clinically appropriate use of Covered Drugs and to effectively manage the cost of care that may include drug edits (*e.g.* prior authorization, step therapy, quantity limits, and dose optimization), enhanced fraud waste and abuse program, and medication review. Client shall pay the applicable fees for any additional programs selected by Client in accordance with Exhibit C (Fees and Compensation) and shall furnish any information requested by PBM prior to PBM initiating the additional programs/services. Client shall comply with all applicable requirements, policies, and procedures of the programs/services selected, including without limitation providing PBM-requested information prior to PBM initiating the program/service.

6.2.1. Prior Authorization. If delegated to PBM by Client, PBM shall perform prior authorization services ("Prior Authorization Services") in accordance PBM's applicable policies and

procedures and in compliance with applicable Law. Fees for such Prior Authorization Services are set forth in Exhibit C (Fees and Compensation). PBM will provide Prior Authorization Services as specified and directed by Client for Covered Drugs. Prior authorized drugs must meet PBM-approved guidelines, or as otherwise agreed to by the Parties, before they are deemed to be Covered Drugs.

In determining whether to authorize coverage of such drug under the Prior Authorization Services program, PBM will apply Client approved guidelines and may rely entirely upon information about the Member and the diagnosis of the Member's condition provided to it from the prescribing Provider. PBM will not undertake to determine medical necessity, make diagnoses or substitute PBM's judgment for the professional judgment and responsibility of the prescribing Provider.

6.2.2. Appeals. If delegated to PBM by Client, PBM shall perform first and second level reviews of clinical and administrative appeals by Members of adverse benefit determinations; in accordance with PBM's policies and procedures, Client's Plan and applicable Laws. In performing such first and second level reviews, PBM shall not exercise any discretionary authority over the Plan or act as a fiduciary of the Plan. Specific Fees for such reviews, and if selected by Client, reviews by Independent Review Organizations ("IROs") are set forth in Exhibit C (Fees and Compensation) hereto.

6.3 **Pilot Initiatives.** PBM may offer from time to time pilot initiatives as part of PBM's ongoing effort to find innovative ways to make available quality and more affordable healthcare services ("Pilot Initiatives"). A Pilot Initiative may affect some, but not all Members under the Plan. Pilot Initiatives will not result in the payment of benefits which are not provided by the Plan, unless otherwise agreed to by Client. PBM reserves the right to discontinue a Pilot Initiative at any time without advance notice to Client.

7. Rebate Administration.

7.1 **Rebate Programs.** PBM and/or its Vendor has negotiated programs with Manufacturers for Rebates on certain Covered Drugs dispensed to Members ("Rebate Programs"). PBM has entered into such Rebate Programs on its own behalf and not on behalf of Client, and therefore retains all rights, title, and interest to any and all actual Rebates it receives from Manufacturers and/or its Vendor. Such Rebate Programs are not based solely on the Covered Drug utilization of one client or plan, but rather are based on the prescription drug utilization of all individuals enrolled in PBM programs. The Rebates are conditioned on certain Covered Drugs being included on the Formulary. PBM shall pay Client Rebates as described in Exhibit E (Rebate Guarantees). Client acknowledges and agrees that it shall not have a right to interest on, or the time value of, any Rebate payments received by PBM or monies under this Agreement. Further, Client acknowledges and agrees that PBM shall not be obligated to remit Rebates or a Rebate credit to Client unless the Parties have executed this Agreement.

7.2 **Rebate Collections.** PBM will use reasonable efforts to negotiate and collect Rebates from Manufacturers. PBM shall not be required to institute litigation to collect Rebates from Manufacturers. If PBM or its designee does elect to bring suit to recover Rebates from Manufacturers, PBM shall be entitled to deduct all reasonable attorney's fees and other expenses incurred in such litigation prior to payment of Rebates to Client. Neither Party shall be responsible to the other Party, its affiliates, directors, employees, agents, successors, or permitted assigns for any claim arising from: (i) any failure by a Manufacturer to pay any Rebates; (ii) any breach of an agreement relating to the transactions contemplated by or otherwise relating to this Agreement by any Manufacturer; or (iii) any negligence or misconduct of any Manufacturer.

7.3 **Rebate Exclusivity.** During the term of this Agreement, Client shall not contract, directly or indirectly, with a Manufacturer and/or any third-party (*e.g.,* rebate aggregators and/or intermediaries) for rebates, discounts, or other financial incentives on Paid Claims that are eligible for Rebates under this Agreement. In the event that PBM determines Client has violated this provision, Client shall be deemed

ineligible to earn Rebates, the Rebate Program for Client will be suspended, and Client shall be required to reimburse PBM for any Rebates that were previously earned. If Client fails to reimburse PBM for such Rebates within ten (10) Business Days of PBM's request, PBM shall have the right to recover said amounts by offsetting such amounts against any amounts PBM owes Client under this Agreement or any other agreement between Client and PBM. Additionally, PBM reserves the right to amend the guarantees and/or any pricing terms of this Agreement in the event Client violates this Section 7.3.

7.4 **Rebate Changes.** Without limiting rights and obligations set forth elsewhere in this Agreement, Client acknowledges and agrees that Rebates and Rebate guarantees are subject to change for reasons including but not limited to:

7.4.1 Rebate eligibility is modified under an agreement between PBM and/or its Vendor and a Manufacturer;

7.4.2 Laws affecting the distribution or the amount of Rebates available or payable; or

7.4.3 Any action(s) or inaction(s) by Manufacturer that impacts the availability or amount of Rebate earned, that includes, but is not limited to, Manufacturer's discontinuation of a Covered Drug.

If any condition set forth in this Section 7.4 occurs, PBM may provide written notice to Client of the occurrence of such condition and notify Client of the revision to or elimination of such Rebates. PBM reserves the right to amend the financial terms of the Agreement to account for the impact of such reduction or elimination of the Rebate payment in a manner that preserves PBM's economic position as existed immediately before the effective date such change, including but not limited to a change in the Administrative Services Fee, a change in the percentage of Rebates retained by PBM, a change in the pricing terms outlined in Exhibit D (Retail Pharmacy Network, Mail Order Pharmacy Network and Specialty Pharmacy Network Prescription Drug Claims Pricing) and/or a change in the Rebate guarantees as described in Exhibit E (Rebate Guarantees).

7.5 **Rebate Overpayments.** In the event that PBM, its Vendor, and/or Manufacturer identifies through audit or other means that Client has received an overpayment or an erroneous Rebate payment, Client shall immediately refund such amounts to PBM. If Client fails to do so, PBM shall have the right to recover said amounts by offsetting such amounts against any amounts PBM owes Client under this Agreement or any other agreement between Client and PBM.

7.6 **Anti-Kickback Statute.** Rebates paid pursuant to this Agreement are intended to be treated as "discounts" pursuant to the Federal Anti-Kickback Statute set forth at 42 C.F.R. § 1320a-7b and implementing regulations.

8. Pharmacy Services and Benefits During Emergency/Disaster. If a catastrophic event (whether weather-related, caused by a natural disaster, or caused by war, terrorism, or similar event) occurs that affects Members in one or more locations, and such catastrophic event prevents or interferes with PBM's ability to conduct its normal business with respect to such Members or prevents or interferes with Members' ability to access their benefits, PBM shall have the right, without first seeking consent from Client, to take reasonable and necessary steps to process Claims and benefits and provide pharmacy benefit management services in a manner that may be inconsistent with the Plan Documents in order to minimize the effect such catastrophic event has on Members. As soon as practicable after a catastrophic event, PBM shall report its actions to Client. Client shall reimburse PBM for amounts paid in good faith under the circumstances and such amounts shall constitute Paid Claims, even if the charges incurred were not for services otherwise covered under the Plan Documents.

9. Account Management. PBM shall make available PBM designated pharmacy account team support, which shall include at minimum, a Pharmacy Account Manager, Pharmacy Program Manager (clinical), and Pharmacy Services Coordinator. Such account management team will timely respond to Client's requests, inquiries and other communications.

10. Customer Service.

10.1 **Customer Service Availability.** PBM will make available a (i) toll-free telephone number and interactive voice response (IVR) customer service support 24-hours/day, 7-days/week; and (ii) such other customer service support capabilities as technology advances, including secure email via Client's portal and website live chat customer service support 24-hours/day, 7-days/week; to respond to and resolve inquiries from Client, Members and their authorized representatives, and prescribers about matters (other than matters PBM must route to Client) related to Member issues, including Member eligibility, benefits verification, Claims processing, Participating Pharmacy location, and Participating Pharmacy access and use. PBM will make available, 24 hours/day, 7-days/week, such telephone customer service support on a live basis staffed with customer service associates trained specific to Client's Plan Documents and Formulary. PBM will respond to written hard copy inquiries from Members and their authorized representative made via regular mail/fax, email, or other electronic transmission through the Member website about matters related to the Services provided hereunder (other than matters PBM must route to Client).

10.2 **Customer Service Performance.** PBM will:

10.2.1 provide TDD/TTY services to hearing or visually impaired Members;

10.2.2 make available translation services for Member inquiries to the toll-free number for non- or limited-English speaking Members and their authorized representatives;

10.2.3 track and maintain records of Member inquiries made to the toll-free number, including call arrival through transfer or completion, the reason for the call, first call resolution, and escalated calls;

10.2.4 warm transfer Member calls made to the toll-free number as Client requests that (i) require input or assistance from another Service area or (ii) pertain to a Client function or service not delegated to PBM or delegated to another vendor by Client, in accordance with Plan Documents.

10.2.5 digitally record all Member calls made to the toll-free number and ensure those digital recordings are retrievable for Client as promptly as practicable, but no more than five (5) Business Days after receipt of Client request.

11. Reporting Services.

11.1 **Standard Reports.** PBM will provide Client with PBM's standard management and utilization reporting package in connection with the Services provided pursuant to this Agreement.

11.2 **Custom and Ad Hoc Reports.** At Client's expense, PBM may prepare and provide custom and ad hoc reports within an agreed-upon time and format, at the rate set forth in Exhibit C (Fees and Compensation) of this Agreement.

11.3 **Report Format.** Prior to PBM providing data or reports to Client, the Parties must mutually agree to the types, format, content and purpose of the reports requested.

12. Identification Cards. PBM shall issue Identification Cards to Members as applicable. PBM may charge an additional fee for the re-issuance of Identification Cards or custom Identification Cards.

13. Drug Recall/Withdrawal. PBM will provide communications to Client and applicable Members and providers regarding drug recalls or withdrawals.

14. Information Security. PBM engages in periodic security assessments, audits, and/or evaluations of its security program as it relates to the protection of PHI. Consistent with PBM's information security program, these activities include relevant third party evaluation of PBM's security program, such as HITRUST CSF assessment and certification. Such reviews also include periodic internal and authorized third party network testing, such as vulnerability scans and penetration tests.

15. **Custom Application Programming Interface (API)/IT Programming**. At Client's expense, PBM may provide custom API and/or IT programming support within an agreed-upon time and format, at the rate set forth in Exhibit C (Fees and Compensation) of this Agreement.

EXHIBIT C
FEES AND COMPENSATION

If there are any inconsistencies between the terms of the Agreement and this Exhibit C (Fees and Compensation), the terms of this Exhibit C (Fees and Compensation) shall control.

Section 1. Administrative Services Fees

$0.00

Section 2. Ancillary Fees

☐ Refer to Attachment 1 to Exhibit C – Ancillary Fee Schedule for all Ancillary Fees

☐ PBM Services Early Termination Fee. In consideration of the special pricing arrangements under this Agreement, Client shall pay PBM an "Early Termination Fee" (as described in this paragraph) if Client terminates the Agreement before January 1, 2025 for any reason other than termination by Client for material breach under Section 12.2. The Early Termination Fee shall be calculated by multiplying $3.00 PEPM by (i) the average monthly Member count for the six (6) months immediately prior to termination; multiplied by (ii) the number of months remaining in the Term.

Section 3. Credits/Allowances

PRE-IMPLEMENTATION CREDIT

PBM shall provide a credit totaling $15,000.00 to Client for use from January 1, 2024 through December 31, 2024 as a credit to defray applicable implementation costs incurred. This full credit amount only applies if Client's enrollment does not decrease more than 20% from 1,551 Members on January 1, 2024 and throughout the first contract year, January 1, 2024 through December 31, 2024. In the event that Client's enrollment drops more than 20% below 1,551 Members, the credit amount shall decrease proportionally. On or after January 1, 2025, if enrollment is more than 20% below 1,551 Members, PBM shall not require that Client refund previously paid credits. For any applicable services outlined below that are provided by a vendor, Client's written request to PBM for application of credit for vendor's services must be accompanied by copies of vendor's invoices to Client. PBM will not reimburse Client's vendors directly. Services provided by a vendor that is a direct competitor of PBM are not eligible for reimbursement.

The credit can be used for the following implementation expenses directly related to transitioning, administering, implementing, and managing the pharmacy benefit:

- Custom communication services provided by either PBM or an outside vendor;
- Claim audits;
- Clinical program fees;
- Custom reporting;
- Data feeds;
- Third-party wellness programs;
- Implementation expenses; and

- Any other implementation expense not referenced above that PBM approves in advance.

Personnel expenses, programming expenses that are not directly related to implementation of pharmacy benefits and travel are not reimbursable. Client acknowledges and agrees that PBM will report the payment or credit where required by Law to do so.

Client will submit to PBM documentation of Client expenses and costs adequate to support PBM's reimbursement of those expenses and costs from the implementation credit provided by PBM under this Exhibit C (Fees and Compensation). PBM will reimburse Client from the implementation credit for reimbursable expenses and costs incurred by Client no later than thirty (30) days after PBM's receipt of substantiated expense and cost documentation and until the implementation allowance is exhausted. Any funds remaining twelve (12) months after January 1, 2024 in the implementation allowance provided by PBM under this Exhibit C (Fees and Compensation) will be retained by PBM.

It is the intention of the parties that, for the purposes of the Federal Anti-Kickback Statute, this implementation credit shall constitute and shall be treated as a discount against the price of drugs within the meaning of 42 U.S.C. 1320a-7b(b)(3)(A). To the extent required by Laws or contractual commitment, Client agrees to fully and accurately disclose and report any such discount, rebate, credit or allowance to Medicare, Medicaid or other government health care programs as a discount against the price of the Covered Drugs provided under this Agreement.

GENERAL ALLOWANCE

Flat Fee - Plan Program Credit. PBM will provide a Plan Program Credit in the amount of $2.00 PMPY for Contract Year 2 and Contract Year 3. The Plan Program Credit is only available from January 1, 2025 through December 31, 2025 for Contract Year 2 and January 1, 2026 through December 31, 2026 for Contract Year 3 and, subject to PBM approval, may be applied towards any documented expenses related to the combination of the following: Plan Communications, Clinical Programs, Pre or Post Implementation Audit, Claims Audit, and Additional Reporting or Data Feeds. The Plan Program Credit does not apply towards programming expenses that are not directly related to administration of pharmacy benefits, personnel expenses, travel, and incentives.

Client shall submit all requests for reimbursement under the Plan Program Credit noted above to PBM with documentation of Client expenses and costs no later than thirty (30) days after the close of the then current contract year noted above. PBM shall reimburse Client within thirty (30) days of receipt of Client's request and supporting documentation. Any funds remaining after the end of each Contract Year may be rolled over to be used for the following Contract Year. Any funds remaining sixty (60) days after the end of the Initial Term or any renewal term of this Agreement will be retained by PBM.

It is the intention of the parties that, for the purposes of the Federal Anti-Kickback Statute, this Plan Program Credit shall constitute and shall be treated as a discount against the price of drugs within the meaning of 42 U.S.C. 1320a-7b(b)(3)(A). To the extent required by Laws or contractual commitment, Client agrees to fully and accurately disclose and report any such discount, rebate, credit or allowance to Medicare, Medicaid or other government health care programs as a discount against the price of the Covered Drugs provided under this Agreement.

CarelonRx sent draft 5/12/2023
CarelonRx sent draft 10/26/2023
CarelonRx sent draft 11/21/2023

Section 4. Broker or Consultant Base Compensation

Contract Year 2 (January 1, 2025 through December 31, 2025):

A Consultant Annual Audit Fee of $55,000.00 shall be paid to the consultant designated by Client within thirty (30) days of receipt of invoice.

Contract Year 3 (January 1, 2026 through December 31, 2026):

A Consultant Annual Audit Fee of $55,000.00 shall be paid to the consultant designated by Client within thirty (30) days of receipt of invoice.

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ATTACHMENT 1 to EXHIBIT C

ANCILLARY FEE SCHEDULE

Table 1: Fees for Services

Item	Rate / Charge per Unit
General Administration	
Account management	Included at no cost
Banking	Included at no cost
FSA feeds	Included at no cost
Implementation services	Included at no cost
Plan design strategy and consultation	Included at no cost
Pharmacy ID cards	Included at no cost
Standard communication materials to assist members with enrollment decisions and welcome them to their new plan when they enroll	Included at no cost
Plan benefit coding, testing and updates	Included at no cost
Eligibility updates (batch files, 834s, and/or client self-service tools)	Included at no cost
Access to Client self-service tool for real time eligibility updates, viewing of prior authorization status and viewing or reporting of utilization or other data	Included at no cost
Paper claims/member submitted claims processing	$2.50 per Claim occurrence
Standard coordination of benefits – Secondary Claim Processing	$2.50 per Claim occurrence
Customized communication materials	$2.00 per letter
Post Termination File Transfer Fee In the event of termination of the pharmacy contract, CarelonRx shall charge a fee of $5,000 per file for requested files including but not limited to open refill, prior authorization, claims history, and accumulators.	Refill transfers, prior authorizations, claims history, and account balances files are each allowed a one-time transfer included at no cost. $5,000.00 per file fee applies for each subsequent file.
Network Pharmacy Services	
Pharmacy help desk with toll-free number 24/7 support	Included at no cost
Pharmacy network management	Included at no cost
Pharmacy reimbursement	Included at no cost

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Item	Rate / Charge per Unit
Standard daily Paid Claims file via Secure File Transfer Protocol	Included at no cost
Our Fraud, Waste and Abuse (FWA) Services includes two types of Pharmacy Network monitoring and audit capabilities: • Daily claims review and reprocessing	Included at no cost
• Pharmacy Network Audit/Investigative & onsite audits	100% of recoveries received are shared less a 0.00% recovery fee to cover associated expenses
On-site pharmacy claim processing services	No onsite pharmacies included in offer. If identified, $2.50 per on-site Claim.
Custom/onsite pharmacy network development and administration	Subject to initial set up and ongoing maintenance fees to be determined based on scope
Mail Order Services	
Mail Order Claims processing	Included at no cost
Mail Order regular mailing or shipping and handling	Included at no cost
Mail Order call center with toll-free number	Included at no cost
Benefit education (includes mail order promotion)	Included at no cost
Retail-to-Mail Order member outreach programs	Included at no cost
Account Management Services	
Annual strategic planning with quarterly reviews	Included at no cost
Centralized administration for payment of claim and administration fees	Included at no cost
Designated pharmacy account team support, including Pharmacy Account Manager, Pharmacy Program Manager (clinical), Pharmacy Services Coordinator	Included at no cost
Dedicated account team support	Pricing available upon request
Remote training for access to online system(s)	Included at no cost
Member Services	
Customer service for members with toll-free number, to include language translation services	Included at no cost

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Item	Rate / Charge per Unit
Pharmacy customer service call center with toll-free number	Included at no cost
Member Website Portal (with Single Sign On)	Included at no cost
Explanation of Benefits (paper)	$1.50 per paper EOB
Internet Services	
e-Services for Prescriptions: Intuitive and easy to navigate	Included at no cost
Language translation services (EOBs)	Included at no cost
Online explanation of benefits	Included at no cost
Online health improvement tools and programs	Included at no cost
Pharmacy look-up	Included at no cost
Refill a prescription	Included at no cost
Savings center – compare costs to switch from retail to mail order	Included at no cost
Search and price a medicine – search drugs by name, therapeutic class or subclass; compare costs and drug details, including price by pharmacy	Included at no cost
Secure member message center	Included at no cost
Additional miscellaneous Internet services – view coverage and copayments, obtain an ID card, access drug and health guide	Included at no cost
Patient, Trend, Quality and Cost-of-Care Management	
Clinical Prior Authorization program This review focuses mainly on drugs that may have risk of serious side effects or dangerous drug interactions, high potential for incorrect use or abuse, better alternatives that may cost less, or restrictions for use with very specific conditions.	$55.00 per occurrence
Clinical Pharmacy Review – physician review Certain medications need a higher level of review than a Clinical Prior Authorization and additional information from the prescriber.	$800.00 per occurrence
Step Therapy Step therapy requires the member to use one medication before benefits for the use of another medication can be authorized. Step therapy ensures members have previously used first-line therapies or have risk factors making the prescribed products inappropriate	$0.30 per prescription

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Item	Rate / Charge per Unit
Quantity Limits and Dose Optimization Quantity limits guard against high doses and excessive utilization based on either doses exceeding the FDA or manufacturer recommended maximum daily doses or limiting short-term medications to a certain number of fills over a defined period of time.	$0.55 per prescription
Concurrent Drug Utilization Review (DUR) Concurrent DUR program utilizes point-of-service safety edits (for Specialty and non-Specialty Products) to monitor: -Clinical appropriateness -Medication safety -Duplicate claims -Duplicate prescriptions -Refill frequency (refill-to-soon) -Maximum dispensing limitations -Cost and quantity inconsistency	Included at no cost
Retrospective Drug Utilization Review programs Retrospective safety review within 72 hours of adjudication	Included at no cost
Cost-of-Care programs Formulary management – outcomes-based formulary	Included at no cost
Generic Drug Management Preferred Generics – members pay brand copay plus the cost difference when a generic is available but a brand is selected	Included at no cost
Vaccine Program Fee	$2.50 per occurrence
Prescription Drug Discount Card Program for Non-Covered Drugs Allows members to purchase certain medications not covered under their plan at a discount	Included at no cost
Specialty Drug Accumulator Rules The specialty drug accumulator rules help prevent non-needs-based manufacturer copay assistance program funds from counting toward member deductibles and out-of-pocket maximums, ensuring that only the member's true out of pocket is reflected against their plan and keeping the integrity of the plan design intact.	Included at no cost
ZipDrug: ZipDrug delivers a personalized pharmacy care experience by providing a platform for matching members to best local preferred pharmacies with the highest adherence scores, free home delivery and other optional services.	$0.70 per prescription

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Item	Rate / Charge per Unit
Combines a proactive member outreach program with targeted benefit changes for maintenance medications to ensure that members and ASO clients receive the lowest possible cost for maintenance medications on the Pharmacy Benefit. Members pay $0 out of pocket for their medication, and clients can achieve up to 25% savings off of their total pharmacy benefit spend. Savings are highly dependent upon existing benefit design and how much copay assistance is currently being captured by a given client and its members.	
Clinical publications (*i.e.* pipeline reports, emerging trends, drug monographs, etc.)	Included at no cost
Clinical program member letters (production and shipping to members/Client)	Standard communications for PBM clinical programs are included when the communication is required.
Cost Share Reduction Plans	Included at no cost
Opioid Overutilization Intervention Data Files Data analytics, reporting, and system edit capabilities (including POS edits and messaging) in identifying members receiving outlier quantities of opioid medications, based on cumulative morphine equivalent doses over time	Included at no cost
Medication Savings Note: Using evidenced based guidelines coupled with clinical pharmacist review, this solution identifies opportunities to help improve medication use or a more cost effective therapy without compromising clinical outcomes. This daily retrospective DUR permits earlier interventions, often before the prescription is actually obtained by the Member, resulting in less Member disruption and optimal medication appropriateness while reducing medication spend. These interventions are recommendations and will not prevent the Member from obtaining their originally prescribed medication.	$0.25 PMPM
CarelonRx Cost Relief Program: The CarelonRx Cost Relief Program combines a proactive Member outreach program with targeted benefit changes for specialty medications to ensure that Members and Client receive the lowest possible cost for specialty medications on the pharmacy benefit. Members pay $0 out of pocket for their medication, and Client can achieve up to 25% savings off of their total pharmacy benefit specialty spend. In order for Client to be eligible for the Cost Relief Program, Client must have the Exclusive Specialty network with no grace fills and the elected formulary. CarelonRx Cost Relief Program is not	25.00% of the Shared Savings. Shared Savings means the amount PBM collects from pharmaceutical manufacturers through the CarelonRx Cost Relief Program multiplied by a discount factor of 12.50%. The discount factor reflects the average amount of copay assistance dollars that would have been achieved without the CarelonRx Cost Relief Program in place.

Item	Rate / Charge per Unit
compatible with the point of sale Rebates product. Client must allow for coordination of benefits processing.	
Reporting Services	
Clinical savings reports	Included at no cost
Standard reporting	Included at no cost
Web-based client reporting	Included at no cost
Custom reporting	$150 per hour of time needed to generate a custom or ad-hoc report.
Client Reporting: PMPM Fee by Packages	
Base Package • Access to RxGuide (unlimited)	Included at no charge. All custom reporting requests will be charged $150.00 per hour of time needed to generate a customized ad hoc report.
Enhanced Package • Access to RxGuide (unlimited) • Up to 10 licenses to online adhoc report library • Quarterly PBR available through account manager • Unlimited monthly Claims extracts Unlimited access to vendor drug data (Medispan AWP) • Unlimited ad hoc reporting hours • Medispan license via CarelonRx available for $15,000 annual flat fee	$0.12 per prescription Medispan license available through PBM for $15,000 flat fee; not included in $0.12 per prescription base price
Customized reporting beyond allotted hours in above packages	$150.00 per hour
Specialty Pharmacy Services	
Comprehensive specialty pharmacy and individualized member support services	Included at no cost
Specialty pharmacy call center with toll-free number	Included at no cost
Specialty pharmacy claims processing	Included at no cost
Specialty pharmacy regular shipping and handling	Included at no cost
Therapy-specific counseling	Included at no cost
Additional Services and Programs	

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Item	Rate / Charge per Unit
Subrogation	Included at no cost
Cost Share Reduction (CSR) True Up	Included at no cost
Custom/Ad-hoc requests	$150 per hour of time needed to generate a custom or ad-hoc report.
Advanced Premium Tax Credit (APTC) POS coding that allows claims to pay at a discount if the member is behind in their payment of premium	Charges vary based on complexity and scope
Utilization of Custom drug lists (Specialty, MAC etc.)	Pricing is based on the use of PBM's specialty drug and MAC drug price lists
Underwriting Support Underwriting strategy and analytics to support Client's current and prospective clients, including repricing reports, geo-access reports and RFP support.	Fees to be mutually agreed upon once scope of support is fully defined.
Healthcare Reform Exchange Fees	Fees will be determined based on scope and customization
Other Exchange Fees	Fees will be determined based on scope and customization
Claims data transmission to third party vendors	Included at no cost for standard data file layouts. Additional fees may apply depending upon level of customization or frequency required
Custom/Ad hoc letters	$2.00 per letter
Member Communications for the following programs: • Non-FDA approved drug block • Re-labeler program • Safety Communications /Drug Recalls and Withdrawals • New Implementation Formulary Disruption Letters • Commercial Formulary Member Notifications (includes Newly Available Generic Notification when required by law)	$1.30 per letter
Controlled Substance Utilization Management (CSUM) Retrospective—Monitors overuse of controlled substances	Included at no cost
Member Medication Review and Provider Highlights - Message Members and Prescribers to close care gaps, improve adherence, and communicate cost saving opportunities. Targets the most prevalent chronic conditions including Diabetes, Cardiovascular, Respiratory, Depression, and ADHD.	$0.25 per prescription
Diabetes Polypharmacy	Pricing available upon request

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Item	Rate / Charge per Unit
CarelonRX pharmacists outreach to diabetic members prescribed 11 or more medications to counsel and identify gaps in care. Members identified for inclusion in the program will benefit from: o Comprehensive medication review by a pharmacist o Regular monitoring for adherence, gaps in care and appointment reminders o Provider and/or member outreach as needed. Improved Outcomes: o Change in drug regimens as appropriate o Reduce gaps in care and improve medication adherence o Drive savings with a decrease in adverse heath events, ER visits and hospital admissions	
Behavioral health medications bundle (2 versions of program--with or without adherence rules) CarelonRX offers a suite of evidenced based clinical rules developed to support the monitoring and management of safe and appropriate use of psychotropic medications. • Antipsychotics • Antidepressants • Anxiolytics • Sedative Hypnotics • ADHD meds Polypharmacy/Overutilization, Gap in Care/Monitoring, Drug Interaction, Therapy Appropriateness, Dose Optimization (low dose, high dose), High Risk Medication use in elderly, Continuity of Care risk, Prolong/Overuse, New start medication education and Medication Adherence. Medication Adherence programs include live and automated phone call reminders for overdue care, in addition to direct outreach to both members and providers	Pricing available upon request
Pharmacy Home Identifies members who may be over-utilizing controlled substances, prescription cascading, or doctor/pharmacy shopping. Members that meet defined criteria are restricted to the designated home pharmacy.	Included at no cost

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EXHIBIT D

RETAIL PHARMACY NETWORK, MAIL ORDER PHARMACY NETWORK AND SPECIALTY PHARMACY NETWORK PRESCRIPTION DRUG CLAIMS PRICING

The pricing terms and conditions set forth in this Exhibit D (Retail Pharmacy Network, Mail Order Pharmacy Network and Specialty Pharmacy Network Prescription Drug Claims Pricing) will be effective on a Contract Year basis for the following Contract Years:

- Contract Year 1: 1/1/2024 through 12/31/2024
- Contract Year 2: 1/1/2025 through 12/31/2025
- Contract Year 3: 1/1/2026 through 12/31/2026

1. Pricing Guarantees

	Contract Year 1	Contract Year 2	Contract Year 3
Base Retail Network			
Non-Specialty Drugs Filled at Retail Pharmacies			
Brand AWP Discount (Per Paid Claim)	AWP – 19.65%	AWP – 19.75%	AWP – 19.85%
Brand Dispensing Fee (Per Paid Claim)	$0.40	$0.40	$0.40
Generic Effective Discount	AWP – 86.50%	AWP – 86.60%	AWP – 86.70%
Generic Dispensing Fee (Per Paid Claim)	$0.40	$0.40	$0.40
Base Retail 90 Extended Days' Supply Retail Network*			
Brand AWP Discount (Per Paid Claim)	AWP – 22.50%	AWP – 22.60%	AWP – 22.70%
Brand Dispensing Fee (Per Paid Claim)	$0.00	$0.00	$0.00
**applies to non-specialty brand drugs; extended days' supply generics are included in the non-specialty network guarantees listed above.*			
Mail Order Pharmacy (Optional)			
Brand AWP Discount (Per Paid Claim)	AWP – 24.65%	AWP – 24.65%	AWP – 24.65%
Generic Effective Discount	AWP – 88.25%	AWP – 88.35%	AWP – 88.45%
Dispensing Fee (Per Paid Claim)	$0.00	$0.00	$0.00
Specialty Pharmacy – (Exclusive Network) *			
Overall Effective Brand Specialty Discount Fee	AWP – 20.00%	AWP – 20.10%	AWP – 20.20%

Overall Brand Specialty Dispensing Fee per Rx	$0.00	$0.00	$0.00
Overall Effective Generic Specialty Discount Fee	68.00%	68.10%	68.20%
Overall Generic Specialty Dispensing Fee per Rx	$0.00	$0.00	$0.00

*** Members required to use PBM's Specialty Pharmacy as preferred provider. Aggregate discount guarantee based on PBM's Specialty Drug List and excludes limited or exclusive specialty drugs to which PBM's Specialty Pharmacy does not have access. PBM's exclusive specialty guarantee requires Members fill specialty products at PBM's specialty pharmacy, other than Limited Distribution Drugs that are not available at the PBM Specialty Pharmacy. The exclusive pricing offer for Client is applicable if the specialty mail penetration based on aggregate spend is greater than 80.00%. PBM reserves the right to modify the pricing terms in the event that less than 80% of Client's aggregate Specialty Drug spend is dispensed through PBM's Specialty Pharmacy.**

PBM Specialty mail pharmacies will be the exclusive provider of Specialty pharmacy services. Claims for Specialty Drugs will not be processed through the retail network, except for those Specialty drugs that PBM Specialty mail pharmacies are unable to dispense. The Exclusive Specialty pricing requires PBM Specialty mail pharmacies fill 80% of specialty Claims.

2. Pricing Guarantee Measurement, Reconciliation and Payment.

(a) Reconciliation and Payment. PBM shall reconcile the pricing guarantees described this Exhibit D (Retail Pharmacy Network, Mail Order Pharmacy Network and Specialty Pharmacy Network Prescription Drug Claims Pricing) on an annual basis. Within ninety (90) days after the Measurement Period, the reconciliation for each year of the Measurement Period (which shall mean the period of time PBM's performance is measured, that may be the same as or differ from the period of time equal to the Term) will be submitted to Client and any resulting value shortfall shall be paid by PBM to Client following submission of the reconciliation report.

(b) Measurement. To determine any payment due to Client under the pricing guarantees set forth in the Exhibit D (Retail Pharmacy Network, Mail Order Pharmacy Network and Specialty Pharmacy Network Prescription Drug Claims Pricing), each pricing guarantee will be calculated based claims for Covered Drugs paid during the Measurement Period for Retail Pharmacy, Mail Order Pharmacy, and Specialty Pharmacy. Each such Paid Claims subset is referred to as a "Pricing Guarantee Category." Each guarantee within a Pricing Guarantee Category is compared to the sum of appropriate portion of the Paid Claims for Covered Drugs plus any Member Cost Shares associated with each pricing guarantee within that Pricing Guarantee Category. Paid Claims include Ingredient Costs plus Dispensing Fees. Therefore, Paid Claims for Covered Drugs dispensed by a Retail Pharmacy are separated into Brand and Generic Ingredient Costs and Brand and Generic Dispensing Fees. These Ingredient Costs and Dispensing Fees are compared to each identified pricing guarantee set forth in this Exhibit D (Retail Pharmacy Network, Mail Order Pharmacy Network and Specialty Pharmacy Network Prescription Drug Claims Pricing) to determine if the pricing guarantee is met. Eligible Member Cost Share or ancillary fees will not be included in any discount calculation (billing, guarantee or otherwise). Guarantees ill be dollar for dollar and there is no limit to dollars at risk.

PBM shall charge Client cost for all Paid Claims based upon the lesser of: a) the applicable Claim adjudication rate (if any), b) MAC (if any), or c) U&C charge (if any) ("Lesser of Logic"). U&C is not applicable to Mail Order Pharmacy and Specialty Pharmacy Claims.

PBM shall charge Client cost for all Paid Claims based upon the lesser of: a) the applicable Claim adjudication rate (if any), b) MAC (if any), or c) U&C charge (if any) ("Lesser of Logic"). U&C is not applicable to Mail Order Pharmacy and Specialty Pharmacy Claims.

There is no minimum charge at retail for any transaction at any Retail Pharmacy and no minimum charge at mail for any transaction.

Mail pricing will not be dependent on the days' supply of a Claim.

(c) Offsetting

PBM may offset any payment due to Client under any pricing guarantee within a Pricing Guarantee Category by favorable results within the same Pricing Guarantee Category. PBM will not offset payments and favorable results between Pricing Guarantee Categories, or between a Pricing Guarantee Category and any Rebate guarantee.

3. Pricing Guarantee Conditions.

a. Pricing guarantees apply to Paid Claims submitted by Participating Pharmacies applicable to the Plan.

b. References in this Exhibit D (Retail Pharmacy Network, Mail Order Pharmacy Network and Specialty Pharmacy Network Prescription Drug Claims Pricing) to "Discount" and "Dispensing Fee" shall refer to and mean the retail Brand and 90-day retail Brand discounts will be minimum fixed discounts for all Claims if the U&C or MAC price is less aggressive. Generic discounts will be effective rates. Dispensing fees are guaranteed maximum fees per Claim. Retail specialty is included in the overall effective specialty rates.

c. The following Claims are excluded from pricing guarantees:

1. Medicare Part D Claims;
2. Vaccines;
3. Prescriptions filled through Client's on-site pharmacy;
4. Compound Drugs;
5. Member Submitted Claims;
6. LTC Claims;
7. Secondary Claims;
8. Subrogation Claims;
9. Claims originating from Military VA centers;
10. Claims originating from Indian Health Centers;
11. Out-of-Network Claims;
12. 340B Claims;
13. Home Infusion Claims.

d. COVID test kits, COVID anti-viral medication and COVID vaccines are excluded from the pricing guarantees under this Agreement.

e. Drugs identified at the time the prescription is filled as Single Source Generics, will be included in the Generic Discount and Generic Dispensing Fee Performance Guarantees.

f. Drugs identified at the time the prescription is filled as Brand MAC, will be included in the Generic Discount and Generic Dispensing Fee Performance Guarantees.

g. Drugs identified at the time the prescription is filled as Dispense As Written Claims with code 5 will be included in the Generic Discount and Generic Dispensing Fee Performance Guarantees.

h. Guarantees apply only as long as there are at least 20,498 Annualized Adjusted Prescription Drug Claims.

i. Pricing Guarantee Changes.

1. Client Directed Changes. PBM reserves the right to modify the financial provisions of this Agreement if any of the following occur and to the extent of any adverse financial impact to the overall economic value of the Agreement: (a) a change in the scope of services (retail network management, mail, specialty and Rebate services) to be performed under this Agreement upon which the financial provisions included in this Agreement are based; (b) a material change in plan design or (c) any substantive deviation from Client's formulary, which may impact Rebates "Directed Changes"). Client agrees to provide PBM with written notice of its desired Directed Changes. Upon receipt of the notice, PBM will have thirty (30) days to determine and inform Client in writing of any such change to the financial provisions. PBM agrees to discuss its rationale and calculations with Client's consultant. Client will inform PBM of its decision of whether or not it will move forward with the Directed Changes. In the event Client moves forward with the Directed Changes, the parties agree to execute a Change Order documenting their agreement of the changes to the financial provisions which Direct Changes and pricing shall be implemented sixty days after the execution of the Change Order.

   PBM shall have the right to revise Pricing Guarantees in the event there is a greater than 20% change in total membership or claims volume .

2. Market Event Conditions. PBM reserves the right to modify or amend the financial provisions of this Agreement upon at least sixty days prior written notice, if possible, to Client in the event of a government imposed change in federal, state or local laws or industry wide change that materially impacts the financial economics of the Agreement. For modifications or amendments made pursuant to the above, PBM agrees to modify the pricing in an equitable manner to preserve the financial interest of both parties. PBM shall provide documentation demonstrating that the revised pricing terms are equitable based on the new industry standard. In the event Client demonstrates the revised pricing terms are not equitable and the Parties are unable to reach agreement on

revised pricing terms, Client may terminate this Agreement upon ninety (90) days prior written notice.

j. The Parties acknowledge and agree that Pricing Guarantees may be revised in the event of product offering decisions by drug manufacturers that result in: (a) a reduction of Rebates, including the introduction of a lower cost alternative product which may replace an existing rebatable Brand Drug; (b) an unexpected launch of a Brand Drug and/or Generic Drug; (c) unforeseen delays in expected Brand Drug and/or Generic Drug launches; or (d) a Brand Drug converted to over-the-counter ("OTC") status, recalled or withdrawn from the market.

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EXHIBIT E

REBATE GUARANTEES

The Rebate terms and conditions set forth in this Exhibit E (Rebate Guarantees) will be effective on a Contract Year basis for the following Contract Years:

- Contract Year 1: 1/1/2024 through 12/31/2024
- Contract Year 2: 1/1/2025 through 12/31/2025
- Contract Year 3: 1/1/2026 through 12/31/2026

1. **Rebate Guarantees.**

   a. Table 1 below sets forth the Rebate guarantees applicable on a Contract Year-basis to qualifying Paid Claims for Covered Drugs dispensed to members by Retail Network Pharmacies. PBM will pay an amount equal to the greater of 100.00% of Rebates paid to PBM, or the following:

Table 1: Rebate Guarantees

Client will receive 100.00% of Rebates, subject to the per Brand Claim minimum guarantees listed in the table below:

COMPLETE FORMULARY			
	Contract Year 1	**Contract Year 2**	**Contract Year 3**
Non-Specialty Drugs			
Retail Non-Specialty (1-83 days' supply)	$334.78	$360.12	$390.18
Retail Non-Specialty (84+ days' supply)	$797.05	$915.24	$1,015.16
Mail Order Non-Specialty (all days' supply)	$368.82	$450.50	$500.04
Specialty Drugs			
Overall Specialty	$4,309.87	$5,575.81	$6,575.57

2. **Rebate Program Conditions.**

   a. Client must select and adhere to the chosen Formulary, including any additions of deletions to the Formulary provided by PBM. Rebate guarantees are contingent upon Client adhering

to such chosen Formulary and all applicable prior authorization and utilization management criteria related to the same.

b. Rebate guarantees do not apply to Claims processed through institutional, hospital or staff model/hospital pharmacies where the pharmacy, most likely, has its own manufacturer contracts (rebate or purchase discounts), or through pharmacies that participate in the Federal government pharmaceutical purchasing program.

c. Rebate eligibility is dependent on confirmation of Client's ERISA status.

d. Rebate Guarantee Changes.

1. Client Directed Changes. PBM reserves the right to modify the financial provisions of this Agreement if any of the following occur and to the extent of any adverse financial impact to the overall economic value of the Agreement: (a) a change in the scope of services (retail network management, mail, specialty and Rebate services) to be performed under this Agreement upon which the financial provisions included in this Agreement are based; (b) a material change in plan design or (c) any substantive deviation from Client's formulary, which may impact Rebates "Directed Changes").

Client agrees to provide PBM with written notice of its desired Directed Changes. Upon receipt of the notice, PBM will have thirty (30) days to determine and inform Client in writing of any such change to the financial provisions. PBM agrees to discuss its rationale and calculations with Client's consultant. Client will inform PBM of its decision of whether or not it will move forward with the Directed Changes. In the event Client moves forward with the Directed Changes, the parties agree to execute a Change Order documenting their agreement of the changes to the financial provisions which Direct Changes and pricing shall be implemented sixty days after the execution of the Change Order.

PBM shall have the right to revise Rebate Guarantees in the event there is a greater than 20% change in total membership or claims volume .

2. Market Event Conditions. PBM reserves the right to modify or amend the financial provisions of this Agreement upon at least sixty days prior written notice, if possible, to Client in the event of a government imposed change in federal, state or local laws or industry wide change that materially impacts the financial economics of the Agreement. For modifications or amendments made pursuant to the above, PBM agrees to modify the pricing in an equitable manner to preserve the financial interest of both parties. PBM shall provide documentation demonstrating that the revised pricing terms are equitable based on the new industry standard. In the event Client demonstrates the revised pricing terms are not equitable and the Parties are unable to reach agreement on revised pricing terms, Client may terminate this Agreement upon 90 days prior written notice.

e. The Parties acknowledge and agree that Rebate Guarantees may be revised in the event of product offering decisions by drug manufacturers that result in: (a) a reduction of Rebates, including the introduction of a lower cost alternative product which may replace an existing rebatable Brand Drug; (b) an unexpected launch of a Brand Drug and/or Generic Drug; (c) unforeseen delays in expected Brand Drug and/or Generic Drug

launches; or (d) a Brand Drug converted to over-the-counter ("OTC") status, recalled or withdrawn from the market.

f. In the event of market changes that impact drug price or the event that clinically comparable lower rebate drugs impact the level of rebates expected, a Rebate Credit towards the Rebate guarantee amount will be applied. This credit will be calculated as the difference between the originator Brand product rebates and the new product rebates or the drug cost savings from a lower drug cost due to a pricing change from Pharma, resulting in neutrality for Client. PBM will provide illustrative documentation of the equitable rebate credit calculation to Client and consultant. Client will provide PBM written approval of calculation prior to application of the rebate credit. If Client does not approve of credit value, then PBM and Client will enter good faith negotiations to reach an agreed upon amount.

3. **Rebate Guarantee Payment and Reconciliation.**

PBM shall pay collected Rebates on a quarterly basis. Client will receive 100.00% of Rebates collected within 90 days following the end of the applicable contract quarter for the prior quarter(s). Payment shall be in the form of a credit on Client's invoice. On an annual basis, Rebates collected and paid to Client will be reconciled to the minimum Rebate guarantee. If the amounts paid to Client are less than the Rebate minimum guarantee the difference will be paid annually no later than 6 months following the end of the applicable contract year. Rebates applicable to a contract year received by PBM later than 6 months following the applicable quarter will be retained by PBM. The Parties acknowledge and agree that PBM retains all right title and interest to manufacturer Rebates received by PBM, that Rebate payments will be made from PBM's general assets, and that neither Client nor its Members: (i) retain any interest in such assets; (ii) are entitled to any interest on any Rebate payments due.

PBM will provide quarterly rebate reporting showing billing, invoiced, collected and paid amounts.

Prescription drug Rebate guarantees are for actual Rebates received from PBM and do not include other amounts including, but not limited to, therapeutic interchange savings.

4. **Rebate Guarantee Exclusions.**

a. The following Claims are excluded from Rebate guarantees:

1. Medicare Part D Claims;
2. Vaccines;
3. Prescriptions filled through Client's on-site pharmacy;
4. Compound Drugs;
5. Authorized Generics;
6. Brand MAC Drugs;
7. Member Submitted Claims;
8. Secondary Claims;
9. 340B Claims;
10. Out-of-Network Claims;
11. Multi-Source Brands;
12. Single Source Generic Claims;
13. Specialty Starter Fills;

14. Non-Formulary Claims approved through exception process;
15. Subrogation Claims;
16. Claims originating from Indian Health Centers;
17. Claims originating from Military VA centers;
18. LTC Claims;
19. Home Infusion Claims.

b. COVID test kits, COVID anti-viral medication and COVID vaccines are excluded from the Rebate guarantees under this Agreement.

5. **Offsetting.**

During annual reconciliation, PBM may offset any payment due to Client under any Rebate guarantee within a Rebate Guarantee Category by favorable results in any other Rebate Guarantee Category.

EXHIBIT F

OPERATIONAL PERFORMANCE GUARANTEES

This Exhibit F (Operational Performance Guarantees) and any attachment hereto provide certain guarantees pertaining to PBM's performance under this Agreement ("Operational Performance Guarantees"). Descriptions of the terms of each Operational Performance Guarantee applicable to the Parties are set forth in the attachments ("Attachments") to this Exhibit F (Operational Performance Guarantees) and are made a part of this Exhibit F (Operational Performance Guarantees).

Section 1. General Conditions

1.1 The Operational Performance Guarantees described in this Exhibit F (Operational Performance Guarantees) shall be in effect only for the Term, unless specifically indicated otherwise. Each Operational Performance Guarantee shall specify a/an:

1.1.1 Allocation, which shall mean the percent of total Amount at Risk that PBM assigns to each Operational Performance Guarantee. Any surplus on any financial guarantee is retained 100% by Client. The amount at risk will be the full value of the missed performance, not a calculation of Client's net plan cost impact

1.1.2 Amount at Risk, which shall mean the amount PBM may pay if it fails to meet the target(s) specified under the Operational Performance Guarantee. The risk on guarantees is dollar for dollar on any short fall with no limit to the amount at risk up to the guaranteed amount.

1.1.3 Measurement Period, which shall mean the period of time PBM's performance is measured, that may be the same as or differ from the period of time equal to the Term.

1.1.4 Reporting Period, which shall mean how often PBM will report on its performance under an Operational Performance Guarantee.

1.1.5 Service Feature, which shall mean a service standard stipulated and defined to be guaranteed.

1.2 The parties agree that the amounts specified in this Exhibit F (Operational Performance Guarantees) shall be Client's exclusive remedy for PBM's failure to meet such Performance Guarantees.

1.3 PBM shall conduct an analysis of the data necessary to calculate any one of the Operational Performance Guarantees within the timeframes provided. In addition, any calculation of Operational Performance Guarantees, reports provided, or analysis performed by PBM shall be based on PBM's then current measurement and calculation methodology, that shall be available to Client upon request.

1.4 If the Agreement is not executed, PBM shall have no obligation to make payment under these Operational Performance Guarantees.

1.5 Unless otherwise specified, the measurement of the Operational Performance Guarantee shall be based on data that is maintained and stored by PBM or its Vendors.

1.6 If Client terminates the Agreement prior to the end of the Term, or if the Agreement is terminated for non-payment, then Client shall forfeit any right to collect any further payments under any outstanding

Operational Performance Guarantees, whether such Operational Performance Guarantees are for a prior or current Measurement Period.

1.7 For the purpose of calculating compliance with the Operational Performance Guarantees, if a delay in performance of, or inability to perform, a service underlying any of the Operational Performance Guarantees is due to a Force Majeure event, such delayed or non-performed service will not count towards the measurement of the applicable Operational Performance Guarantee.

1.8 As determined by PBM, Operational Performance Guarantees may be measured using either aggregated data or Client-specific Data. The term "Client-specific Data" means the data associated with Client's Plan that has not been aggregated with other client data.

1.8 If any Operational Performance Guarantees are tied to a particular program and its components, such Operational Performance Guarantees are only valid if Client participates in the program and its components for the entirety of the Measurement Period associated with the Operational Performance Guarantee.

1.9 Client acknowledges and agrees that each Operational Performance Guarantee will be measured based on the Measurement Period as described and prorated to account for Implementation Date when measured using aggregated data. The Operational Performance Guarantee will begin on the Implementation Date. However, if Client terminates the Agreement before the end of a Measurement Period, the Operational Performance Guarantee measured will be based on the entire Measurement Period during which the termination occurred.

1.10 Any surplus on any financial guarantee is retained 100% by the Client. The amount at risk will be the full value of the missed performance, not a calculation of Client's net plan cost impact.

Section 2. Payment

2.1 If PBM fails to meet any of the obligations specifically described in an Operational Performance Guarantee, PBM shall pay Client the applicable amount set forth in the applicable section of the Operational Performance Guarantee. Payment shall be in the form of a credit on Client's invoice for Administrative Services Fees that will occur annually unless otherwise stated in the Operational Performance Guarantee.

2.2 Notwithstanding the foregoing, PBM has the right to offset any amounts owed to Client under any of the Operational Performance Guarantees against any amounts owed by Client to PBM under any Operational Performance Guarantees and/or the Agreement.

2.3 Notwithstanding the foregoing, PBM's obligation to make payment under the Operational Performance Guarantees is conditioned upon Client's timely performance of its obligations provided in the Agreement, including providing PBM with the information or data required by PBM in the Agreement. PBM shall not be obligated to make payment under an Operational Performance Guarantee if action or inaction by Client, a Client Affiliate, or a vendor of Client adversely impacts PBM's ability to meet any of its obligations related to such Operational Performance Guarantee, including a failure of Client, a Client Affiliate, and/or a vendor of Client to timely provide PBM with accurate and complete data or information in the form and format requested by PBM.

2.4 Where the Amount at Risk for an Operational Performance Guarantee is on a percentage of a PMPM fee basis, the Operational Performance Guarantee will be calculated by multiplying the PMPM amount by the actual annual enrollment during the Measurement Period.

CarelonRx sent draft 5/12/2023
CarelonRx sent draft 10/26/2023
CarelonRx sent draft 11/21/2023

The Measurement Period for the Implementation - Operational Performance Guarantees in Table 1 will be a one-time measurement completed within thirty (30) days after implementation. Payment by PBM to Client shall be made within ninety (90) days following implementation in the event PBM fails to meet an Implementation - Operational Performance Guarantee.

The total amount at risk for the Implementation – Operational Performance Guarantees set forth in Table 1 below shall be $8.00 per Member.

Client may allocate the total amount as risk at its discretion across the Implementation – Operational Performance Guarantees in Table 1 below; provided; however, that the maximum allocation for any one Implementation – Operational Performance Guarantees in Table 1 shall be 20% and the total allocation across all Implementation – Operational Performance Guarantees in Table 1 shall not exceed one hundred percent (100%).

Client will provide PBM with Client's written allocation of the amount at risk for each of the Implementation – Operational Performance Guarantees in Table 1 no later than thirty (30) days prior to the Effective Date. In the event Client does not provide written allocation to PBM, PBM will allocate total amount at risk equally among Implementation – Operational Performance Guarantees in Table 1.

Table 1: Implementation – Operational Performance Guarantees

PG#	Service Feature	Guarantee	Reporting Period	Allocation	Amount at Risk
Implementation - Operational Performance Guarantees – Total Amount at Risk					**$8.00 per Member**
	Implementation Survey	A minimum average score of 3.0 will be attained on the Implementation Survey. PBM will prepare and provide the Implementation Survey to the Plan Sponsor. PBM will consider survey results received within 30 calendar days from the delivery of the survey to the Client. PBM will work with the Client to determine the number of implementation surveys that will be distributed and will require a minimum of 70.00% of the surveys distributed returned, within 30 calendar days from the delivery of the survey, for the results to be valid. This will be measured with Client-specific Data.	90 calendar days following PBM's receipt of the survey	100.00%	$8.00 per Member

The Measurement Period for these Operational Performance Guarantees in Table 2 will be annual, unless otherwise specified herein. Reporting periods are based on Calendar Years and Calendar Quarters. The reconciliation for each year will be submitted to Client within ninety (90) days after the end of the Measurement Period and any resulting value shortfall shall by paid by PBM to Client within thirty (30) days following submission of the reconciliation report.

The total amount at risk for the Ongoing – Operational Performance Guarantees set forth in Table 2 below shall be $4.00 PMPY.

Client may allocate the total amount at risk at its discretion across the Ongoing – Operational Performance Guarantees in Table 2 below; provided; however, that the maximum allocation for any one Ongoing – Operational Performance Guarantees in Table 2 shall be 20% and the total allocation across all Ongoing – Operational Performance Guarantees in Table 2 shall not exceed one hundred percent (100%).

CarelonRx sent draft 5/12/2023
CarelonRx sent draft 10/26/2023
CarelonRx sent draft 11/21/2023

Client will provide PBM with Client's written allocation of the amount at risk for each of the Ongoing – Operational Performance Guarantees in Table 2 no later than thirty (30) days prior to the start of each contract year. In the event Client does not provide written allocation to PBM, PBM will allocate total amount at risk equally among Ongoing – Operational Performance Guarantees in Table 2 for that contract year.

Table 2: Ongoing - Operational Performance Guarantees

PG#	Service Feature	Guarantee	Reporting Period	Allocation	Amount at Risk
Ongoing - Operational Performance Guarantees – Total Amount at Risk					**$4.00 PMPY**
	Claims Processing: Turnaround Time for Member-Submitted Claims – Intervention Required	Member Submitted Claims with issues or requiring intervention shall be processed within (10) Business Days.	Quarterly	5.88%	$_____
	Claims Processing: Turnaround Time for Member-Submitted Claims – No Intervention Required	Member Submitted Claims not requiring intervention shall be processed within five (5) Business Days.	Quarterly	5.88%	$_____
	Member Services: Satisfaction Survey	PBM shall conduct Member Services satisfaction surveys of Members following completion of calls to assess Member satisfaction and resolution of individual call. Survey respondents shall be selected at random from Members who have called into Member Services toll-free number. Overall satisfaction ratings of at least 90% shall be guaranteed. For the purposes of this guarantee, satisfaction shall be defined as Very Satisfied or better on the following 5-point scale; Completely Satisfied, Very Satisfied, Satisfied, Dissatisfied, Very Dissatisfied. PBM shall be responsible for all costs associated with conducting the surveys. Any survey to be utilized and the third-party Vendor must be approved by Client prior to its use.	Annually	5.88%	$_____

CarelonRx sent draft 5/12/2023
CarelonRx sent draft 10/26/2023
CarelonRx sent draft 11/21/2023

PG#	Service Feature	Guarantee	Reporting Period	Allocation	Amount at Risk
	Member Services: First-Call Resolution	PBM will resolve at least 95% of issues at the first point of contact.	Quarterly	5.88%	$_____
	Member Services: Phone Abandonment Rate	PBM guarantees calls to Member Services toll-free phone lines shall have an abandonment rate of 2% or less.	Quarterly	5.88%	$_____
	Member Services: Phone Speed of Answer	PBM will answer 100% of inbound calls to the toll-free Customer Care line within an average of 25 seconds (excluding calls routed to an IVR).	Quarterly	5.88%	$_____
	Member Services: Turnaround Time – Email Inquiries	PBM guarantees 97% of email inquiries received by PBM Member Services department from all Members will be responded to within forty-eight (48) hours following the Business Day on that such inquiry was received. An automated response to received inquiries does not constitute a response for purposes of this guarantee and will not be included in measuring whether this guarantee has been met.	Quarterly	5.88%	$_____
	Member Services - Phone Pharmacist/Supervisor Speed of Answer	PBM agrees that 100.00% of Member calls that are transferred to a pharmacist or supervisor will be answered within 5 minutes.	Quarterly	5.88%	$_____
	Mail Order Pharmacy: Turnaround Time – Intervention Required	PBM's Mail Order Pharmacies will dispense and ship all nonclean prescriptions (those requiring intervention or clarification) for covered drugs to members as follows: at least 99% of these prescriptions within five (5) Business Days and 100% within seven (7) Business days from (and including) the date PBM receives the prescription.	Quarterly	5.88%	$_____

CarelonRx sent draft 5/12/2023
CarelonRx sent draft 10/26/2023
CarelonRx sent draft 11/21/2023

PG#	Service Feature	Guarantee	Reporting Period	Allocation	Amount at Risk
	Mail Order Pharmacy: Turnaround Time – No Intervention Required	PBM's Mail Order Pharmacies will dispense and ship all clean prescriptions (those not requiring intervention or clarification) as follows: at least 99% of these prescriptions within two (2) Business Days and 100% within five (5) Business Days from (and including) the date of PBM's receipt of the prescription.	Quarterly	5.88%	$_____
	Account Management: In-person Meetings with Client	PBM agrees to 4 in-person meetings with Client annually, and up to weekly calls via phone (at Client's discretion). Additionally, meeting materials delivered electronically to the Client at least three (3) business days in advance of the meeting, and will follow-up on all open issues within three (3) business days after the meeting.	Annually	5.88%	$_____

CarelonRx sent draft 5/12/2023
CarelonRx sent draft 10/26/2023
CarelonRx sent draft 11/21/2023

PG#	Service Feature	Guarantee	Reporting Period	Allocation	Amount at Risk
	Account Management: Client - Satisfaction Guarantee	A minimum average score of 3 will be attained on the Account Management Satisfaction Survey (AMSS). A minimum of 3 responses per Client to the AMSS is required to base the score on Client-specific responses only. If 3 responses are received from the Client, an average score is calculated by adding the scores from each respondent divided by the total number of Client respondents. If fewer than 3 responses are received, the score will be calculated as follows: 2 Client responses: 2/3 of the score will be based on Client-specific AMSS results and 1/3 of the score will be based on the aggregate score of all AMSS results received by the Account Management Team. 1 Client response: 1/3 of the score will be based on Client- specific AMSS results and 2/3 of the score will be based on the aggregate score of all AMSS results received by the Account Management Team. 0 Client responses: The score will be based on the aggregate score of all AMSS results received by the Account Management Team.	Annually	5.88%	$_____
	Account Management: Inquiries TAT	PBM will guarantee that all inquiries and issues sent the Account Management team will be responded to within one (1) business day. For inquires and issues that cannot be resolved within one (1) business day, the Account Team will add them to an issue tracking log and provide an update on weekly call (or more frequently via email is at Client's request). Updates will be made at least every seven (7) calendar days.	Annually	5.88%	$_____

CarelonRx sent draft 5/12/2023
CarelonRx sent draft 10/26/2023
CarelonRx sent draft 11/21/2023

PG#	Service Feature	Guarantee	Reporting Period	Allocation	Amount at Risk
	Account Management: Annual Benefit Plan Review	PBM will conduct an annual benefit plan review forty-five (45) days prior to effective date of any plan benefit chances, i.e. copayments, co-insurance, clinical rules, etc.	Annually	5.88%	$_____
	Account Management: Standard Reporting Delivery TAT	PBM will guarantee delivery of standard financial and clinical reports within thirty (30) days from the close of each reporting period.	Annually	5.88%	$_____
	Account Management: Quarterly Reporting Delivery	PBM will guarantee that each quarterly report will be provided to the client five (5) business days prior to the meeting.	Annually	5.88%	$_____
	Account Management: Formulary Change Notification	PBM will guarantee written notification will be provided to prescribing physicians(s) of members impacted by a negative formulary change at least forty-five (45) days in advance.	Annually	5.88%	$_____

CarelonRx sent draft 5/12/2023
CarelonRx sent draft 10/26/2023
CarelonRx sent draft 11/21/2023

EXHIBIT G

BUSINESS ASSOCIATE AGREEMENT

This Business Associate Agreement ("Agreement") is effective as of January 1, 2024 and is made among CarelonRx, Inc. ("Business Associate"), and the Client named on the signature page of this Agreement. If during the term of any agreement between Business Associate and Client, and/or any of its affiliates (collectively, "Client"), PBM requires the use or disclosure of Protected Health Information, including creating, receiving, maintaining, or transmitting Protected Health Information, then PBM shall be deemed a Business Associate of Client and the following provisions shall apply.

WITNESSETH AS FOLLOWS:

WHEREAS, Client has, if applicable, established and maintains a plan of health care benefits which is administered by the Client or its designee as an employee welfare benefit plan under the Employee Retirement Income Security Act of 1974 ("ERISA");

WHEREAS, Client has retained Business Associate to provide certain claims administrative services with respect to the Plan which are described and set forth in a separate Pharmacy Benefit Management Agreement ("PBM Agreement"), as amended from time to time;

WHEREAS, the parties to this Agreement desire to establish the terms under which Business Associate may use or disclose Protected Health Information (or "PHI") such that Client may comply with applicable requirements of the Health Insurance Portability and Accountability Act of 1996 and the Privacy, Security, Breach Notification and Standard Transactions regulations found at 45 C.F.R. Parts 160-164 (collectively, the "HIPAA Regulations") along with any guidance and/or regulations issued by the U.S. Department of Health and Human Services.

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

I. DEFINITIONS

Unless otherwise defined in this Agreement, capitalized terms shall have the same meaning as used in the HIPAA Regulations. Such terms shall only have such meaning with respect to the information created or maintained in support of this Agreement and the parties' PBM Agreement. A reference in this Agreement to any section of the HIPAA Regulations shall mean the section as in effect or as amended.

II. BUSINESS ASSOCIATE'S RESPONSIBILITIES

A. Privacy of Protected Health Information

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

2. **Prohibition on Non-Permitted Use or Disclosure.** Business Associate will neither use nor disclose PHI except (1) as permitted or required by this Agreement, or any other agreement between the parties, (2) as permitted in writing by the Plan or its Plan administrator, (3) as authorized by Individuals, or (4) as Required by Law.

3. **Permitted Uses and Disclosures.** Business Associate is permitted to use or disclose PHI as follows:

a. **Functions and Activities on Plan's Behalf.** Business Associate will be permitted to use and disclose PHI: (a) for the management, operation and administration of the Plan, (b) for the services set forth in the PBM Agreement, which include (but are not limited to) Treatment, Payment activities, and/or Health Care Operations as these terms are defined in this Agreement and 45 C.F.R. § 164.501, and (c) as otherwise required to perform its obligations under this Agreement and the PBM Agreement, or any other agreement between the parties provided that such use or disclosure would not violate the HIPAA Regulations.

b. **Business Associate's Own Management and Administration**

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

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

c. **Miscellaneous Functions and Activities**

i. **Protected Health Information Use.** Business Associate may use PHI as necessary for Business Associate to perform Data Aggregation services, and to create De-identified PHI, Summary Health Information and/or Limited Data Sets.

ii. **Protected Health Information Disclosure.** Business Associate may disclose, in conformance with the HIPAA Regulations, PHI to make Incidental disclosures and to make disclosures of De-identified PHI, Limited Data Sets, and Summary Health Information. Business Associate may also disclose, in conformance with the HIPAA Regulations, PHI to Health Care Providers for permitted purposes including health care operations.

d. **Minimum Necessary and Limited Data Set.** Business Associate's use, disclosure or request of PHI shall utilize a Limited Data Set if practicable. Otherwise, Business Associate will make reasonable efforts to use, disclose, or request only the minimum necessary amount of PHI to accomplish the intended purpose.

B. Disclosure to Plan and Client (and their Subcontractors). Other than disclosures permitted by Section II.A.3 above, Business Associate will not disclose PHI to the Plan, its Plan administrator or Client, or any business associate or subcontractor of such parties except as set forth in Section IX.

C. Business Associate's Subcontractors and Agents. Business Associate will require its subcontractors and agents to provide reasonable assurance, evidenced by a written contract that includes obligations consistent with this Agreement with respect to PHI.

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

1. **Non-permitted Use or Disclosure.** Business Associate will promptly, and without unreasonable delay, report to the Plan any use or disclosure of PHI not permitted by this Agreement or in writing by the Plan or its Plan administrator, of which Business Associate becomes aware. Such report shall not include instances where Business Associate inadvertently misroutes PHI to a provider, as long as the disclosure is not a Breach as defined under 45 CFR §164.402.

2. **Security Incidents.** In addition to reporting to Plan any use or disclosure of Protected Health Information not permitted by the Agreement, Business Associate will also report any Breach or security incidents of which Business Associate becomes aware. A security incident is an attempted or successful unauthorized access, use, disclosure, modification or destruction of information or interference with system operations in an information system, and involves only Electronic PHI that is created, received maintained or transmitted by or on behalf of Business Associate. The parties acknowledge and agree that this Section constitutes notice by Business Associate to Plan of the ongoing existence and occurrence of attempted but Unsuccessful Security Incidents (as defined below) for which no additional notice to Plan shall be required. "Unsuccessful Security Incidents" shall include, but not be limited to, pings and other broadcast attacks on Business Associate's firewall, port scans, unsuccessful log-on attempts, denials of service and any combination of the above, so long as no such incident results in unauthorized access, use or disclosure of PHI.

3. **Breach.** Business Associate will promptly, and without unreasonable delay, report to Plan any Breach of Unsecured PHI. Business Associate will cooperate with Plan in investigating the Breach and in meeting the Plan's obligations under applicable breach notification laws. In addition to providing notice to Plan of a Breach, Business Associate will provide any required notice to individuals and applicable regulators on behalf of Plan.

E. Termination for Breach of Privacy Obligations. Without limiting the rights of the parties set forth in the PBM agreement, each party will have the right to terminate this Agreement and the PBM Agreement if the other has engaged in a pattern of activity or practice that constitutes a material breach or violation of their obligations regarding PHI under this Agreement.

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

F. Disposition of PHI

1. **Return or Destruction Upon PBM Agreement End.** The parties agree that upon cancellation, termination, expiration or other conclusion of the PBM Agreement, destruction or return of all PHI, in whatever form or medium (including in any electronic medium under Business Associate's custody or control) is not feasible given the regulatory requirements to maintain and produce such information for extended periods of time after such termination. In addition, Business Associate is required to maintain such records to support its contractual obligations with its vendors and network providers. Business Associate shall extend the protections of this Agreement to such PHI and limit further uses and disclosures of such PHI to those consistent with applicable business and legal obligations for so long as Business Associate, or its subcontractors or agents, maintains such PHI. Business Associate may destroy such PHI in accordance with applicable law and its record retention policy that it applies to similar records.

2. **Survival of Termination.** The provisions of this Section II.F shall survive cancellation, termination, expiration, or other conclusion of this Agreement and the PBM Agreement.

III. ACCESS, AMENDMENT AND DISCLOSURE ACCOUNTING

A. Access

1. Business Associate will respond to an Individual's request for access to his or her PHI as part of Business Associate's normal customer service function, if the request is communicated to Business Associate directly by the Individual. Despite the fact that the request is not made to the Plan, Business Associate will respond to the request with respect to the PHI Business Associate and its subcontractors maintain in a manner and time frame consistent with 45 C.F.R. § 164.524.

2. In addition, Business Associate will assist the Plan in responding to requests by Individuals that are made to the Plan to invoke a right of access under the HIPAA Regulations. Upon receipt of written notice (includes faxed and emailed notice) from the Plan, Business Associate will make available for inspection and obtaining copies by the Plan, or at the Plan's direction by the Individual (or the Individual's personal representative), any PHI about the Individual created or received for or from the Plan in Business Associate's custody or control, so that the Plan may meet its access obligations under 45 C.F.R. § 164.524.

B. Amendment

i. Business Associate will respond to an Individual's request to amend his or her PHI as part of Business Associate's normal customer service functions, if the request is communicated to Business Associate directly by the Individual. Despite the fact that the request is not made to the Plan, Business Associate will respond to the request with respect to the PHI Business Associate and its subcontractors maintain in a manner and time frame consistent with requirements specified in 45 C.F.R. § 164.526.

ii. In addition, Business Associate will assist the Plan in responding to requests by Individuals that are made to the Plan to invoke a right to

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

C. Disclosure Accounting

1. Business Associate will respond to an Individual's request for an accounting of disclosures of his or her PHI as part of Business Associate's normal customer service function, if the request is communicated to the Business Associate directly by the Individual. Despite the fact that the request is not made to the Plan, Business Associate will respond to the request with respect to the PHI Business Associate and its subcontractors maintain in a manner and time frame consistent with requirements specified in 45 C.F.R. § 164.528.

2. In addition, Business Associate will assist the Plan in responding to requests by Individuals that are made to the Plan to invoke a right to an accounting of disclosures under the HIPAA Regulations by performing the following functions so that the Plan may meet its disclosure accounting obligation under 45 C.F.R. § 164.528:

a. **Disclosure Tracking.** Business Associate will record each disclosure that Business Associate makes of PHI, which is not excepted from disclosure accounting under Section III.C.2.b.

i. The information about each disclosure that Business Associate must record ("Disclosure Information") is (a) the disclosure date, (b) the name and (if known) address of the person or entity to whom Business Associate made the disclosure, (c) a brief description of the PHI disclosed, and (d) a brief statement of the purpose of the disclosure or a copy of any written request for disclosure under 45 C.F.R. § 164.502(a)(2)(ii) or §164.512.

ii. For repetitive disclosures of PHI that Business Associate makes for a single purpose to the same person or entity (including to the Plan or Client), Business Associate may record (a) the Disclosure information for the first of these repetitive disclosures, (b) the frequency, periodicity or number of these repetitive disclosures, and (c) the date of the last of these repetitive disclosures.

b. **Exceptions from Disclosure Tracking.** Business Associate will not be required to record Disclosure information or otherwise account for disclosures of PHI (a) for Treatment, Payment or Health Care Operations, (b) to the Individual who is the subject of the PHI, to that Individual's personal representative, or to another person or entity authorized by the Individual (c) to persons involved in that Individual's health care or payment for health care as provided by 45 C.F.R. § 164.510, (d) for notification for disaster relief purposes as provided by 45 C.F.R. § 164.510, (e) for national security or intelligence purposes, (f) to law enforcement officials or correctional institutions regarding inmates, (g) that are incident to a use or disclosure that is permitted by this Agreement or the PBM Agreement, or (h) as part of a limited data set in accordance with 45 C.F.R. § 164.514(e).

c. **Disclosure Tracking Time Periods.** Business Associate will have available for the Plan the Disclosure information required by this Section III.C.2 for the six (6) years immediately preceding the date of the Plan's request for the Disclosure information.

d. **Provision of Disclosure Accounting.** Upon receipt of written notice (includes faxed and emailed notice) from the Plan, Business Associate will make available to the Plan, or at the Plan's direction to the Individual, the Disclosure information regarding the Individual, so the Plan may meet its disclosure accounting obligations under 45 C.F.R. § 164.528.

D. Confidential Communications

1. Business Associate will respond to an Individual's request for a confidential communication as part of Business Associate's normal customer service function, if the request is communicated to Business Associate directly by the Individual. Despite the fact that the request is not made to the Plan, Business Associate will respond to the request with respect to the PHI Business Associate and its subcontractors maintain in a manner and time frame consistent with requirements specified in the HIPAA Regulations. If an Individual's request, made to Business Associate, extends beyond information held by Business Associate or Business Associate's subcontractors, Business Associate will inform the Individual to direct the request to the Plan, so that Plan may coordinate the request. Business Associate assumes no obligation to coordinate any request for a confidential communication of PHI maintained by other business associates of Plan.

2. In addition, Business Associate will assist the Plan in responding to requests by Individuals that are made to the Plan to invoke a right of confidential communication under the HIPAA Regulations. Upon receipt of written notice (includes faxed and emailed notice) from the Plan, Business Associate will begin to send all communications of PHI directed to the Individual to the identified alternate address so that the Plan may meet its access obligations under 45 C.F.R. § 164.522(b).

E. Restrictions

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

2. In addition, Business Associate will promptly, upon receipt of notice from Plan, restrict the use or disclosure of PHI, provided the Business Associate has agreed to such a restriction. Plan and Client understand that Business Associate administers a variety of different complex health benefit arrangements, both insured and self-insured, and that Business Associate has limited capacity to agree to special privacy restrictions requested by Individuals. Accordingly, Plan and Client agree that it will not commit Business Associate to any restriction on the use or disclosure of PHI for Treatment, Payment or Health Care Operations without Business Associate's prior written approval.

IV. SAFEGUARD OF PHI

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

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

V. COMPLIANCE WITH STANDARD TRANSACTIONS

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

VI. INSPECTION OF BOOKS AND RECORDS

Business Associate will make its internal practices, books, and records relating to its use and disclosure of PHI created or received for or from the Plan available to the U.S. Department of Health and Human Services to determine Plan's compliance with the HIPAA Regulations or this Agreement.

VII. MITIGATION FOR NON-PERMITTED USE OR DISCLOSURE

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

VIII. PLAN'S RESPONSIBILITIES

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

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

C. Changes to PHI. Plan shall notify Business Associate of any change(s) in, or revocation of, permission by an Individual to use or disclose PHI, to the extent that such change(s) may affect Business Associate's use or disclosure of such PHI.

IX. DISCLOSURE OF PHI TO THE PLAN, Client AND OTHER BUSINESS ASSOCIATES

A. The following provisions apply to disclosures of PHI to the Plan, Client and other business associates of the Plan.

1. **Disclosure to Plan**. Unless otherwise provided by this Section IX, all communications of PHI by Business Associate shall be directed to the Plan.

2. **Disclosure to Client**. Business Associate may provide Summary Health Information regarding the Individuals in the Plan to Client upon Client's written request for the purpose either: (a) to obtain premium bids for providing health insurance coverage for the Plan, or (b) to modify, amend or terminate the Plan. Business Associate may provide information to Client on whether an Individual is participating in the Plan or is enrolled in or has disenrolled from any insurance coverage offered by the Plan.

3. **Disclosure to Other Business Associates and Subcontractors**. Business Associate may disclose PHI to other entities or business associates of the Plan if the Plan authorizes Business Associate in writing to disclose PHI to such entity or business associate. The Plan shall be solely responsible for ensuring that any contractual relationships with these entities or business associates and subcontractors comply with the requirements of 45 C.F.R. § 164.504(e) and § 164.504(f).

X. MISCELLANEOUS

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

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

C. Conflicts. The provisions of this Agreement will override and control any conflicting provision of the PBM Agreement. All other provisions of the PBM Agreement remain unchanged by this Agreement and in full force and effect. This Agreement shall replace and supersede any prior business associate agreements executed between the parties relating to the PBM Agreement.

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

E. Interpretation. Any ambiguity in this Agreement or the PBM Agreement or in operation of the Plan shall be resolved to maintain compliance with the HIPAA Regulations.

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

CarelonRx, Inc. City of Ames

By: _____ By: _____

CarelonRx sent draft 5/12/2023
CarelonRx sent draft 10/26/2023
CarelonRx sent draft 11/21/2023

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

EXHIBIT H
REGULATORY REQUIREMENTS

(To be included if applicable)

EXHIBIT I
DELEGATION REQUIREMENTS

This Exhibit I (Delegation Requirements) and any attachment(s) hereto set forth certain requirements pertaining to PBM's performance of certain activities under the Agreement in accordance with applicable accreditation standards when Client delegates the activities to PBM.

1. **Definitions.** Capitalized terms used, but not defined, in this Exhibit I (Delegation Requirements) have the meaning ascribed to them by other provisions of the Agreement. The following terms have the meanings specified in this Section 1:

   (a) **"Accreditation Standards"** means standardized set of quality standards produced by external organizations.

   (b) "**Delegated Activity**" means each activity specified in this Exhibit I (Delegation Requirements), with respect to which Client has delegated the performance to PBM as a Service under the Agreement.

   (c) **"NCQA**" means the accrediting body, National Committee for Quality Assurance.

   (d) **"URAC**" means an accrediting body of pharmacy benefit management organizations.

2. **Delegation and Performance of Activities.** Subject to and in accordance with the NCQA Utilization Management (UM) and, where applicable, URAC Pharmacy Benefit Management (PBM) Accreditation Standards and Exhibit B (Services) of the Agreement, Client delegates to PBM responsibility for performing Delegated Activities specified in Attachment 1 to this Exhibit I (Delegation Requirements). PBM will perform the Delegated Activities in accordance with the Agreement, NCQA Utilization Management Standards, and where applicable, URAC PBM Accreditation Standards applicable to performance of Delegated Activities. Client retains all other Utilization Management (UM) functions not specified in this agreement as the Client's responsibility.

3. **Party Responsibilities with respect to Delegated Activities.** The responsibilities of each of Client and PBM for satisfying Accreditation Standards applicable to the performance of Delegated Activities are set forth in Attachment 1 to this Exhibit I (Delegation Requirements).

4. **Performance in Accordance with Applicable Accreditation Standards.** PBM must furnish or make available to Client, upon Client's request, documentation evidencing PBM's performance of Delegated Activities in accordance with Attachment 1 to this Exhibit I (Delegation Requirements).

5. **PBM Reporting on Delegated Activity Performance.** PBM will make available or furnish to Client periodic reporting no less than semi-annually related to the performance of Delegated Activities with the content and format as set forth in Attachment I to this Exhibit I. PBM shall provide applicable reports electronically to Client via the account management team, and include at a minimum:

   (a) Semi-annual phone stat report including availability for both member services and UM call center, as applicable.

   (b) Semiannual utilization management turnaround time reporting.

   (c) Semiannual appeal turnaround time reporting.

   (d) Semiannual drug recall impact report for Class I and Class II Recalls and voluntary drug withdrawals from the market for safety reasons.

6. **Oversight and Evaluation of Delegated Activity Performance**. Client may exercise reasonable ongoing oversight of PBM's performance of Delegated Activities under the Agreement, including but not limited to the following:

   (a) Annually reviewing performance of the Delegated Activities set forth in Attachment 1 to this Exhibit I; and

   (b) Review of documentation provided by PBM following agreed-upon scheduled delivery in Attachment 1 to this Exhibit I.

   (c) Annually or upon request, provide a UM Program Description for review.

7. **PBM Non-Performance of Delegated Activity.** Should Client reasonably determine that PBM has materially failed to perform any Delegated Activity, Client shall notify PBM in writing and PBM will provide corrective action plans and evidence of remediation/resolution. In the event PBM fails to remediate or resolve any such material non-performance, Client may revoke its delegation and terminate this Exhibit I (Delegation Requirements).

8. **Cooperation with Client's Quality Improvement Efforts.** PBM will cooperate with Client's efforts to implement quality improvement activities related to the applicable Accreditation Standards set forth in Attachment 1 to this Exhibit I.

ATTACHMENT 1 TO DELEGATION ADDENDUM TO PHARMACY BENEFIT MANAGEMENT AGREEMENT

Delegated Accreditation Responsibilities Matrix

Accreditation Standard	Accreditation Requirement	Client	CarelonRx	Delegated Organization Responsibility (PBM)
UM 1 Program Structure	Element A - Written Program Description		√	The organization's UM program description includes the following: 1. A written description of the program structure. 2. The behavioral healthcare aspects of the program. 3. Involvement of a designated senior-level physician in UM program implementation. 4. Involvement of a designated behavioral healthcare practitioner in the implementation of the behavioral healthcare aspects of the UM program. 5. The program scope and process used to determine benefit coverage and medical necessity. 6. Information sources used to determine benefit coverage and medical necessity.
UM 1 Program Structure	Element B - Annual Evaluation		√	PBM will annually evaluate and update the UM program, as necessary.
UM 2 Clinical Criteria for UM Decision	Element A: UM Criteria		√	The organization: 1) Has written UM decision-making criteria that are objective and based on medical evidence. 2) Has written policies for applying the criteria based on individual needs. 3) Has written policies for applying the criteria based on an assessment of the local delivery system. 4) Involves appropriate practitioners in developing, adopting and reviewing criteria. 5) Annually reviews the UM criteria and the procedures for applying them, and updates the criteria when appropriate.
UM 2 Clinical Criteria for UM Decision	Element B: Availability Criteria		√	The organization: 1) States in writing how practitioners can obtain UM criteria. 2) Makes the criteria available to its practitioners upon request. CarelonRx does not maintain a practitioner network. The clinical criteria is posted on CarelonRx's website and is available to practitioners upon request.
UM 2 Clinical Criteria for UM Decisions	Element C: Consistency in Applying Criteria		√	At least annually:

Accreditation Standard	Accreditation Requirement	Client	CarelonRx	Delegated Organization Responsibility (PBM)
				Evaluates the consistency with which health care professionals involved in UM apply criteria in decision-making. Acts on opportunities to improve consistency, if applicable.
UM 3 Communication Services	Element A - Access to Staff		√	The organization provides the following communication services for members and practitioners: 1) Staff are available at least eight hours a day during normal business hours for inbound collect or toll-free calls regarding UM issues. 2) Staff can receive inbound communication regarding UM issues after normal business hours. 3) Staff are identified by name, title and organization name when initiating or returning calls regarding UM issues. 4) TDD/TTY services for members who need them. 5) Language assistance for members to discuss UM issues.
UM 4 Appropriate Professionals	Element A: Licensed Health Professionals		√	Maintains written procedures: 1) Requiring appropriately licensed professionals to supervise all medical necessity decisions. 2) Specifying the type of personnel responsible for each level of UM decision-making.
UM 4 Appropriate Professionals	Element B: Use of Practitioners for UM Decision-making		√	Maintains a written job description with qualifications for practitioners who review denials of care based on medical necessity. Practitioners are required to have: 1) Education, training or professional experience in medical or clinical practice. 2) A current clinical license to practice or an administrative license to review UM cases.
UM 4 Appropriate Professionals	Element E - Practitioner Review of Pharmacy Denials		√	The organization uses a physician or a pharmacist to review pharmacy denials based on medical necessity.
UM 4 Appropriate Professionals	Element F: Use of Board-Certified Consultants		√	1) Maintains written procedures for using board-certified consultants to assist in making medical necessity determinations. 2) Provides evidence that the organization uses board-certified consultants for medical necessity determinations.

Accreditation Standard	Accreditation Requirement	Client	CarelonRx	Delegated Organization Responsibility (PBM)
UM 5 Timeliness of UM Decisions	Element C: Notification of Pharmacy Decisions		√	Adheres to the following time frames for notifying Members and practitioners of pharmacy UM decisions: 1) For commercial and Exchange urgent concurrent decisions, the organization gives electronic or written notification of the decision to members and practitioners within 24 hours of the request. 2) For commercial and Exchange urgent preservice decisions, the organization gives electronic or written notification of the decision to members and practitioners within 72 hours of the request. 3) For commercial and Exchange nonurgent preservice decisions, the organization gives electronic or written notification of the decision to Members and practitioners within 15 calendar days of receiving the request. 4) For Post-service decisions, the organization gives electronic or written notification of the decision to Members and practitioners within 30 calendar days of receiving the request. 5) **NOT APPLICABLE** 6) **NOT APPLICABLE** 7) **NOT APPLICABLE**
UM 5 Timeliness of UM Decisions	Element D: UM Timeliness Report		√	Monitors and submits a report for timeliness of: 1) **NOT APPLICABLE**- Notification of nonbehavioral UM decisions. 2) **NOT APPLICABLE**- Notification of behavioral UM decisions. 3) Notification of pharmacy UM decisions.
UM 6 Clinical Information	Element C: Relevant Information for Pharmacy Decisions		√	Documents that it consistently gathers relevant information to support pharmacy UM decision making.
UM 7 Denial Notice	Element G: Discussing a Pharmacy Denial With a Reviewer		√	Gives practitioners the opportunity to discuss pharmacy UM denial decisions with a physician or pharmacist.
UM 7 Denial Notice	Element H: Written Notification of Pharmacy Denials		√	Written notification of pharmacy denials to Members and their treating practitioners contains the following information: 1) The specific reasons for the denial, in language that is easy to understand.

Accreditation Standard	Accreditation Requirement	Client	CarelonRx	Delegated Organization Responsibility (PBM)
				2) A reference to the benefit provision, guideline, protocol or similar criterion on which the denial decision is based. 3) A statement that Members can obtain a copy of the actual benefit provision, guideline, protocol or similar criterion on which the denial decision was based, upon request.
UM 7 Denial Notices	Element I: Pharmacy Notice of Appeal Rights/Process		√	Written notification of pharmacy denials to Members and their treating practitioners contains the following information: 1) A description of appeal rights, including the Member's right to submit written comments, documents or other information relevant to the appeal. 2) An explanation of the appeal process, including the Member's right to representation and the appeal time frames. 3) A description of the expedited appeal process for urgent preservice or urgent concurrent denials. 4) Notification that expedited external review can occur concurrently with the internal appeal process for urgent care.
UM 8 Policies for Appeals	Element A: Internal Appeals		√	Maintains written procedures for registering and responding to written internal appeals including: 1) For commercial and exchange, allowing at least 180 calendar days after notification of the denial for the member to file an appeal. 2) Documenting the substance of the appeal and any actions taken. 3) Full investigation of the substance of the appeal, including any aspects of clinical are involved. 4) The opportunity for the member to submit written comments, documents or other information relating to the appeal. 5) Appointment of a new person to review an appeal who was not involved in the initial determination and who is not the subordinate of any person involved in the initial determination. 6) Appointment of at least one person to review an appeal who is a practitioner in the same or similar specialty. 7) The decision for a preservice appeal and notification of the member within 30 calendar days of receipt of the request. 8) The commercial and exchange decision for a postservice appeal and notification to the member within 60 calendar days of receipt of the request.

Accreditation Standard	Accreditation Requirement	Client	CarelonRx	Delegated Organization Responsibility (PBM)
				9) The decision for an expedited appeal and notification to the member within 72 hours of receipt of the request. 10) Notification to the member about further appeals rights. 11) Referencing the benefit provision, guideline, protocol or other similar criterion on which the appeal decision is based. 12) Giving members reasonable access to and copies of all documents relevant to the appeal, free of charge, upon request. 13) Including a list of titles and qualifications, including specialties, of individuals participating in the appeal review. 14) Allowing an authorized representative to act on behalf of the member. 15) Providing notices of the appeals process to members in a culturally and linguistically appropriate manner. 16) Continued coverage pending the outcome of an appeal.
UM 9 Appropriate Handling of Appeals	Element B: Timeliness of the Appeal Process		√	Adheres to the following time frames for appeal process: 1) For preservice appeals, provide electronic or written notification within 30 calendar days of receipt of the request. 2) For Commercial and Exchange postservice appeals, provides electronic or written notification within 60 calendar days of receipt of the request. 3) For expedited appeals, provides electronic or written notification within 72 hours of receipt of the request.
UM 9 Appropriate Handling of Appeals	Element C: Appeal Reviewers		√	The organization provides nonsubordinate reviewers who were not involved in the previous determination and same-or-similar-specialist review, as appropriate.
UM 9 Appropriate Handling of Appeals	Element D: Notification of Appeal Decision/Rights		√	1) Specific reasons for the appeal decision, in easily understandable language. 2) A reference to the benefit provision, guideline, protocol or other similar criterion on which the appeal decision was based. 3) Notification that the member can obtain a copy of the actual benefit provision, guideline, protocol or other similar criterion on which the appeal decision was based, upon request.

Accreditation Standard	Accreditation Requirement	Client	CarelonRx	Delegated Organization Responsibility (PBM)
				4) Notification that the member is entitled to receive reasonable access to and copies of all documents, free of charge, upon request. 5) A list of titles and qualifications, including specialties, of individuals participating in the appeal review. 6) A description of the next level of appeal, either within the organization or to an independent external organization, as applicable, along with any relevant written procedures.
UM 10 Evaluation of New Technology	Element A: Written Process		√	For drugs and/or devices covered under the pharmacy benefit, written process for evaluating new technology and the new application of existing technology for inclusion in benefits plan includes an evaluation of the following: 1) **NOT APPLICABLE**– Medical procedures 2) **NOT APPLICABLE**– Behavioral healthcare procedures 3) Pharmaceuticals. 4) **Devices**
UM 10 Evaluation of New Technology	Element B: Description of the Evaluation Process		√	For drugs and/or devices covered under the pharmacy benefit, written evaluation process includes the following: 1) The process and decision variables used to make determinations. 2) A review of information from appropriate government regulatory bodies. 3) A review of information from published scientific evidence. 4) A process for seeking input from relevant specialists and professionals who have expertise in the technology.
UM 11 Procedures for Pharmaceutical Management	Element A: Pharmaceutical Management Procedures		√	Policies and procedures for pharmaceutical management for drugs covered under the pharmacy benefit include the following: 1) The criteria used to adopt pharmaceutical management procedures. 2) A process to use clinical evidence from appropriate external organizations. 3) A process to include pharmacist and appropriate practitioners in the development of procedures. 4) A process to provide procedures to practitioners annually and when it makes changes.

Accreditation Standard	Accreditation Requirement	Client	CarelonRx	Delegated Organization Responsibility (PBM)
				CarelonRx will not distribute annual notifications of pharmaceutical management procedures to practitioners. CarelonRx will partner with client to develop materials at client's request.
UM 11 Procedures for Pharmaceutical Management	Element B: Pharmaceutical Restrictions Preference	√	√	For drugs covered under the pharmacy benefit, annually and after updates, communicates to Members and prescribing practitioners: 1) A list of pharmaceuticals, including restrictions and preferences. 2) How to use the pharmaceutical management procedures. 3) An explanation of limits or quotas. 4) How prescribing practitioners must provide information to support an exception request. 5) Process for generic substitution, therapeutic interchange and step-therapy protocols. CarelonRx will not distribute annual updates of pharmaceutical management procedures or drug lists to practitioners or members. CarelonRx will partner with client to develop materials at client's request. CarelonRx will communicate negative formulary changes to affected members and their practitioners for drugs covered under the pharmacy benefit.
UM 11 Procedures for Pharmaceutical Management	Element C: Pharmaceutical Patient Safety Issues		√	For drugs covered under the pharmacy benefit, pharmaceutical procedures include: 1) Identifying and notifying Members and prescribing practitioners affected by a Class II Recall or voluntary drug withdrawals from the market for safety reasons within 30 calendar days of the FDA notification. 2) An expedited process for prompt identification and notification of Members and prescribing practitioners affected by a Class I Recall.
UM 11 Procedures for Pharmaceutical Management	Element D: Review and Update Procedures		√	With the participation of physicians and pharmacists for drugs covered under the pharmacy benefit, annually: 1) Reviews the procedures. 2) Reviews the list of pharmaceuticals. 3) Updates the procedures as appropriate. 4) Updates the list of pharmaceuticals as appropriate.
UM 12 UM System Controls	Element A: UM Denial System Controls		√	Maintains policies and procedures describing system controls specific to UM denial notification dates that: 1) Define the date of receipt consistent with NCQA requirements.

Accreditation Standard	Accreditation Requirement	Client	CarelonRx	Delegated Organization Responsibility (PBM)
				2) Define the date of written notification consistent with NCQA requirements. 3) Describe the process for recording dates in systems. 4) Specify titles or roles of staff who are authorized to modify dates once initially recorded and circumstances when modification is appropriate. 5) Specify how the system tracks modified dates. 6) Describe system security controls in place to protect data from unauthorized modification. 7) Describe how the organization monitors its compliance with the policies and procedures in factors 1-6 at least annually and takes appropriate action, when applicable. When the Delegate is granted access to UM systems, the Delegate will not have access to modify CarelonRx UM systems or CarelonRx UM system data.
UM 12 UM System Controls	Element B: UM System Controls Oversight		√	At least annually, the organization demonstrates that it monitors compliance with its UM denial controls, as described in Element A, factor 7, by: 1) Identifying all modifications to receipt and decision notification dates that did not meet the organization's policies and procedures for date modifications. 2) Analyzing all instances of date modifications that did not meet the organization's policies and procedures for date modifications. Acting on all findings and implementing a quarterly monitoring process until it demonstrates improvement for one finding over three consecutive quarters.
UM 12 UM System Controls	Element C: UM Appeal System Controls		√	Maintains policies and procedures describing system controls specific to UM appeal dates that: 1) Define the date of receipt consistent with NCQA requirements. 2) Define the date of written notification consistent with NCQA requirements. 3) Describe the process for recording dates in systems. 4) Specify title or roles of staff who are authorized to modify dates once initially recorded and circumstances when modification is appropriate. 5) Specify how the system tracks modified dates. 6) Describe system security controls in place to protect data from unauthorized modification. 7) Describe how the organization monitors its compliance with the policies and procedures in factors

Accreditation Standard	Accreditation Requirement	Client	CarelonRx	Delegated Organization Responsibility (PBM)
				1–6 at least annually and takes appropriate action, when applicable. When the Delegate is granted access, the Delegate will not have access to modify CarelonRx Appeal systems or CarelonRx appeal system data.
UM 12 UM System Controls	Element D - UM Appeal System Controls Oversight		√	At least annually, the organization demonstrates that it monitors compliance with its UM appeal controls, as described in Element C, factor 7, by: 1) Identifying all modifications to receipt and decision notification dates that did not meet the organization's policies and procedures for date modifications. 2) Analyzing all instances of date modifications that did not meet the organization's policies and procedures for date modifications. 3) Acting on all findings and implementing a quarterly monitoring process until it demonstrates 4) improvement for one finding over three consecutive quarters.