



**CONTRACT NO. MA-042-1101686**

**FOR**

**PHARMACY BENEFITS MANAGER SERVICES**

**BETWEEN**

**THE COUNTY OF ORANGE**

**HEALTH CARE AGENCY**

**AND**

**RxAMERICA, LLC**

**CONTRACT NO. MA-042-1101686**  
**FOR**  
**PHARMACY BENEFITS MANAGER SERVICES**  
**FOR THE**  
**COUNTY OF ORANGE**  
**HEALTH CARE AGENCY**

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**CONTRACT NO. MA-042-1101686**  
**FOR**  
**PHARMACY BENEFITS MANAGER SERVICES**  
**FOR THE**  
**COUNTY OF ORANGE**  
**HEALTH CARE AGENCY**

This Contract Number MA-042-1101686 for the administration of Pharmacy Benefits Manager Services, hereinafter referred to as "Contract", is made and entered into this day of or upon execution of all necessary signatures between RxAmerica LLC, (hereinafter "Contractor") with a place of business at 221 N. Charles Lindbergh Drive, Salt Lake City, Utah 84116, and the County of Orange, Health Care Agency, (hereinafter referred to as "County") a political subdivision of the State of California, with a place of business at 511 N. Sycamore St., Santa Ana, CA 92701, which are sometimes individually referred to as "Party", or collectively referred to as "Parties".

**RECITALS**

WHEREAS, Contractor responded to a Request for Proposal ("RFP") for the provision of Pharmacy Benefits Manager Services; and

WHEREAS, the Contractor represents that its services shall meet or exceed the requirements and specifications of the RFP; and

WHEREAS, the County Board of Supervisors has authorized the Purchasing Agent or designee to enter into this Contract with Contractor for provision of Pharmacy Benefits Manager Services; and

WHEREAS, the Parties entered into Contract No. MA-042 CVPAN1000008570 on July 1, 2007 through and including June 30, 2010 for Pharmacy Benefits Management Services; and

WHEREAS, the Parties issued Modification #1 to replace the MSI Contact from Dan Castillo to Robert Schuster and to replace the BHS Contact from Alan Edwards to Carlos Andrade; and

WHEREAS, the Parties issued Modification #2 to increase the MA amount by \$17,427,927 with a new not to exceed amount of \$33,374,170; and

WHEREAS, the Parties issued Modification #3 to clarify the breakdown of the increase to the MA as follows: MSI Program - \$9,318,825 and BHS Program - \$8,109,102; and

WHEREAS, the Parties issued Modification #4 to increase the MA amount by \$18,989,399 with a new not to exceed amount of \$52,363,569. The breakdown for the increase is as follows: MSI Program - \$10,000,000 and BHS Program - \$8,989,399; and

WHEREAS, the Parties issued Modification #5 to increase the MA amount by \$11,000,000 with a new not to exceed amount of \$63,363,569; and

WHEREAS, the Parties issued Modification #6 per Amendment #1 to extend the MA end date from June 30, 2010 to September 30, 2010; and

WHEREAS, the Parties issued Modification #7 per Amendment #2 to extend the MA end date from September 30, 2010 to November 30, 2010; and

WHEREAS, the Parties issued Modification #8 per Amendment #3 to extend the MA end date from November 30, 2010 to February 28, 2011; and

WHEREAS, the Parties issued Modification #9 per Amendment #4 to extend the MA end date from February 28, 2011 to March 15, 2011; and

WHEREAS, the Parties desires to renew the MA which shall cover periods from March 16, 2011 to June 30, 2012 in the amount of \$24,482,098; and

NOW THEREFORE, County and Contractor mutually agreed as follows:

#### ARTICLES

##### **1. SCOPE OF CONTRACT**

This Contract, together with its Attachments and Exhibits attached hereto and incorporated herein by reference, specifies the contractual terms and conditions by which the County will procure and receive Pharmacy Benefits Manager Services from Contractor. The detailed Statement of Work (SOW) is fully set forth and incorporated herein as Attachment A.

##### **2. TERM OF CONTRACT**

The term of the Contract shall be from March 16, 2011, through June 30, 2012 shall be renewed as MA-042-11011686.

##### **3. COMPENSATION**

Compensation shall be paid to Contractor for its satisfactory performance under this Contract in accordance with Attachment B. Attachment B is attached hereto and incorporated by this reference.

#### GENERAL TERMS AND CONDITIONS

- A. **Governing Law and Venue:** This Contract has been negotiated and executed in the State of California and shall be governed by and construed under the laws of the State of California. In the event of any legal action to enforce or interpret this Contract, the sole and exclusive venue shall be a court of competent jurisdiction located in Orange County, California, and the Parties hereto agree to and do hereby submit to the jurisdiction of such court, notwithstanding Code of Civil Procedure section 394. Furthermore, the Parties specifically agree to waive any and all rights to request that an action be transferred for trial to another county.
- B. **Entire Contract:** This Contract, its Attachments and Exhibits when accepted by the Contractor either in writing or by commencement of performance hereunder, contains the entire Contract between the Parties with respect to the matters herein and there are no

restrictions, promises, warranties or undertakings other than those set forth herein or referred to herein. No exceptions, alternatives, substitutes or revisions are valid or binding on either Party unless authorized in writing by the Party upon which the exceptions, alternative, substitutes or revisions will be binding. Electronic acceptance of any additional terms, conditions or supplemental Contracts by any County employee or agent, including but not limited to installers of software, or by any Contractor employee, shall not be valid or binding on the other Party unless accepted in writing by County's Purchasing Agent or designee, hereinafter "Purchasing Agent", and by an executive member of Contractor.

- C. **Amendments:** No alteration or variation of the terms of this Contract shall be valid unless made in writing and signed by the Parties; no oral understanding or agreement not incorporated herein shall be binding on either of the Parties; and no exceptions, alternatives, substitutes or revisions are valid or binding on County unless authorized by County in writing.
- D. **Patent/Copyright Materials/Proprietary Infringement:** Unless otherwise expressly provided in this Contract, Contractor shall be solely responsible for clearing the right to use any patented or copyrighted materials in the performance of this Contract. Contractor warrants that any software as modified through services provided hereunder will not infringe upon or violate any patent, proprietary right, or trade secret right of any third party. Contractor agrees that, in accordance with the more specific requirement contained in paragraph "L" below, it shall indemnify, defend and hold County and County Indemnitees harmless from any and all such claims and be responsible for payment of all costs, damages, penalties and expenses related to or arising from such claim(s), including, but not limited to, attorney's fees, costs and expenses.
- E. **Assignment or Subcontracting:** The terms, covenants, and conditions contained herein shall apply to and bind the heirs, successors, executors, administrators and assigns of the Parties. Furthermore, neither the performance of this Contract nor any portion thereof may be assigned or sub-contracted by Contractor without the express written consent of County. Any attempt by Contractor to assign or subcontract the performance or any portion thereof of this Contract without the express written consent of County shall be invalid and shall constitute a breach of this Contract.

In the event that the Contractor is authorized by the County to subcontract, this Contract shall prevail and the terms of the subcontract shall be incorporated by reference and not conflict with the terms of this Contract. In the manner in which the County expects to receive services, the County shall look to the Contractor for performance and not deal directly with any subcontractor. All matters related to this Contract shall be handled by the Contractor with the County; the County will have no direct contact with the subcontractor in matters related to the performance of this Contract. All work must meet the approval of the County.

- F. **Non-Discrimination:** In the performance of this Contract, Contractor agrees that it will comply with the requirements of Section 1735 of the California Labor Code and not engage nor permit any subcontractors to engage in discrimination in employment of persons because of the race, religious creed, color, national origin, ancestry, physical disability, mental disability, medical condition, marital status, or sex of such persons. Contractor acknowledges that a violation of this provision shall subject Contractor to all the penalties imposed for a violation of Section 1720 et seq. of the California Labor Code.
- G. **Termination:** In addition to any other remedies or rights it may have by law, County has the right to terminate this Contract without penalty immediately with cause or after ninety (90) days' written notice without cause, unless otherwise specified. Cause shall be defined as any breach of this Contract, any misrepresentation or fraud on the part of the Contractor. Exercise by County of its right to terminate the Contract shall relieve County of all further obligations.

- H. **Consent to Breach Not Waiver:** No term or provision of this Contract shall be deemed waived and no breach excused, unless such waiver or consent shall be in writing and signed by the party claimed to have waived or consented. Any consent by any Party to, or waiver of, a breach by the other, whether express or implied, shall not constitute consent to, waiver of, or excuse for any other different or subsequent breach.
- I. **Remedies Not Exclusive:** The remedies for breach set forth in this Contract are cumulative as to one another and as to any other provided by law, rather than exclusive; and the expression of certain remedies in this Contract does not preclude resort by either Party to any other remedies provided by law.
- J. **Independent Contractor:** Contractor shall be considered an independent Contractor and neither Contractor, its employees, nor anyone working under Contractor shall be considered an agent or an employee of County. Neither Contractor, its employees, nor anyone working under Contractor, shall qualify for workers' compensation or other fringe benefits of any kind through County.
- K. **Performance:** Contractor shall perform all work under this Contract, taking necessary steps and precautions to perform the work to County's satisfaction. Contractor shall be responsible for the professional quality, technical assurance, timely completion and coordination of all documentation and other services furnished by the Contractor under this Contract. Contractor shall perform all work diligently, carefully, and in a good and workman-like manner; shall furnish all labor, supervision, machinery, equipment, materials, and supplies necessary therefore; shall at its sole expense obtain and maintain all permits and licenses required by public authorities, including those of County required in its governmental capacity, in connection with performance of the work; and, if permitted to subcontract, shall be fully responsible for all work performed by subcontractors.
- L. **Indemnification and Insurance:** Contractor agrees to indemnify, defend with counsel approved in writing by County, and hold County, its elected and appointed officials, officers, employees, agents and those special districts and agencies for which County's Board of Supervisors acts as the governing Board ("County Indemnitees"), harmless from any claims, demands or liability of any kind or nature, including but not limited to personal injury or property damage, arising from or related to the services provided by Contractor pursuant to this Contract. If judgment is entered against Contractor and County by a court of competent jurisdiction because of the concurrent active negligence of County or County Indemnitees, Contractor and County agree that liability will be apportioned as determined by the court. Neither Party shall request a jury apportionment.

#### INSURANCE PROVISIONS

Prior to the provision of services under this Contract, Contractor agrees to purchase all required insurance at Contractor's expense and to deposit with the County Certificates of Insurance, including all information necessary to satisfy County that the insurance provisions of this Contract have been complied with and to keep such insurance coverage and the certificates therefore on deposit with the County of Orange, c/o HCA/Purchasing, 511 N. Sycamore Street, Santa Ana, CA 92701, Attention: Cathy Chang (714) 834-7674, fax # (714) 834-2657 during the entire term of this Contract. In addition, all subcontractors performing work on behalf of Contractor pursuant to this Contract shall obtain insurance subject to the same terms and conditions as set forth herein for Contractor.

All insurance policies required by this Contract shall declare any deductible or self-insured retention (SIR) in an amount in excess of \$25,000 (\$5,000 for automobile liability), which shall specifically be approved by the County Executive Office (CEO)/Office of Risk Management.

Contractor shall be responsible for reimbursement of any deductible to the insurer. Any self-insured retentions (SIRs) or deductibles shall be clearly stated on the Certificate of Insurance.

If Contractor fails to maintain insurance acceptable to the County for the full term of this Contract, County may terminate this Contract.

Qualified Insurer

The policy or policies of insurance must be issued by an insurer licensed to do business in the state of California (California Admitted Carrier).

Minimum insurance company ratings as determined by the most current edition of the Best's Key Rating Guide/Property-Casualty/United States or ambest.com shall be A- (Secure Best's Rating) and VIII (Financial Size Category).

If at any time the Contractor proposes to purchase any insurance policy required by this Contract from a non-admitted carrier in the state of California, CEO/Office of Risk Management retains the sole and express right to approve or reject the non-admitted carrier after review of the company's performance and financial ratings.

The policy or policies of insurance maintained by the Contractor shall provide the minimum limits and coverage as set forth below:

Coverage	Minimum Limits
General Liability, including a Broad Form Property Damage and contractual liability	\$1,000,000 combined single limit per occurrence \$2,000,000 aggregate
Automobile Liability including coverage for all owned, non-owned and hired vehicles	\$1,000,000 combined single limit per occurrence
Workers' Compensation	Statutory
Employers' Liability Insurance	\$1,000,000 per occurrence
Professional Liability Insurance	\$10,000,000 per claims made or per occurrence

All liability insurance, required by this Contract shall be at least \$1,000,000 combined single limit per occurrence. Professional liability may also be provided on a "Claims Made" basis. The minimum aggregate limit for the Commercial General Liability policy shall be \$2,000,000.

The County of Orange shall be added as an additional insured on all insurance policies required by this Contract with respect to work done by the Contractor under the terms of this Contract (except Workers' Compensation/Employers' Liability and Professional Liability). An additional insured endorsement or policy pages evidencing that the County of Orange is an additional insured shall accompany the Certificate of Insurance.

All insurance policies required by this Contract shall be primary insurance, and any insurance maintained by the County of Orange shall be excess and non-contributing with insurance provided by these policies. An endorsement or policy pages evidencing Contractor's insurance is primary and non-contributing shall specifically accompany the Certificate of Insurance for the Commercial General Liability.

All insurance policies required by this Contract shall give the County of Orange 30 days notice in the event of cancellation. This shall be evidenced by an endorsement separate from

the Certificate of Insurance. In addition, the cancellation clause must include language as follows, which edits the pre-printed ACORD certificate:

SHOULD ANY OF THE POLICIES DESCRIBED HEREIN BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE INSURER AFFORDING COVERAGE WILL ENDEAVOR TO MAIL 30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED HEREIN, BUT FAILURE TO MAIL SUCH NOTICE SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER AFFORDING COVERAGE, ITS AGENTS OR REPRESENTATIVES, OR THE ISSUER OF THIS CERTIFICATE.

All insurance policies required by this Contract shall waive all rights of subrogation against the County of Orange and members of the Board of Supervisors, its elected and appointed officials, officers, agents and employees when acting within the scope of their appointment or employment.

The General Liability policy shall contain a severability of interests clause.

Insurance certificates should be forwarded to the agency/department address listed on the Contract.

County expressly retains the right to require Contractor to increase or decrease insurance of any of the above insurance types throughout the term of this Contract. Any increase or decrease in insurance will be as deemed by County of Orange Risk Manager as appropriate to adequately protect County.

County shall notify Contractor in writing of changes in the insurance requirements. If Contractor does not deposit copies of acceptable certificates of insurance and endorsements with County incorporating such changes within thirty days of receipt of such notice, this Contract may be in breach without further notice to Contractor, and County shall be entitled to all legal remedies.

The procuring of such required policy or policies of insurance shall not be construed to limit Contractor's liability hereunder nor to fulfill the indemnification provisions and requirements of this Contract.

The County of Orange Certificate of Insurance and the Special Endorsement for the County of Orange can be utilized to verify compliance with the above-mentioned insurance requirements in place of commercial insurance certificates and endorsements.

- M. **Bill and Liens:** Contractor shall pay promptly all indebtedness for labor, materials and equipment used in performance of the work. Contractor shall not permit any lien or charge to attach to the work or the premises, but if any does so attach, Contractor shall promptly procure its release and, in accordance with the requirements of paragraph "L" above, indemnify, defend, and hold County harmless and be responsible for payment of all costs, damages, penalties and expenses related to or arising from or related thereto.
- N. **Changes:** Contractor shall make no changes in the work or perform any additional work without the County's specific written approval.
- O. **Change of Ownership:** Contractor agrees that if there is a change or transfer in ownership of Contractor's business prior to completion of this Contract, the new owners shall be required under terms of sale or other transfer to assume Contractor's duties and obligations contained in this Contract and complete them to the satisfaction of County.



- P. **Force Majeure:** Contractor shall not be assessed with liquidated damages or unsatisfactory performance penalties, or be deemed to be in breach of contract, during any delay beyond the time named for the performance of this Contract caused by any act of God, war, civil disorder, employment strike or other cause beyond its reasonable control, provided Contractor gives written notice of the cause of the delay to County within 36 hours of the start of the delay and Contractor avails itself of any available remedies.
- Q. **Confidentiality:** Contractor, Contractor's staff, agents, and employees agree to maintain the confidentiality of all County and County-related records and information pursuant to all statutory laws relating to privacy and confidentiality that currently exist or exist at any time during the term of this Contract and at all times thereafter. Contractor acknowledges that it may be exposed to confidential and proprietary information of County, including, but not limited to, custom work product; software and other technical information including, but not limited to, functional and technical specifications; designs; drawings; analysis; research; processes; computer programs; methods; ideas; "know how;" business information including, but not limited to sales and marketing research, materials, plans, accounting and financial information, and personnel records; and other information designated as confidential expressly or by the circumstances in which it is provided.

Confidential and proprietary information shall not include (i) information already known or independently developed by the recipient; (ii) information in the public domain through no wrongful act of the recipient; or (iii) information received by the recipient from a third party who was free to disclose it.

With respect to Confidential Information, the Parties agree that during the Term and at all times thereafter neither Party shall use, commercialize or disclose such Confidential Information to any person or entity. Contractor may not alter or remove from any software or associated documentation owned or provided by County any proprietary, copyright, trademark or trade secret legend. Each Party shall use at least the same degree of care in safeguarding the other Party's Confidential Information as it uses in safeguarding its own Confidential Information.

- R. **Compliance with Laws:** Contractor represents and warrants that services to be provided under this Contract shall fully comply, at Contractor's expense, with all standards, laws, statutes, restrictions, ordinances, requirements, and regulations (collectively "laws"), including, but not limited to those issued by County in its governmental capacity and all other laws applicable to the services at the time services are provided to and accepted by County. Contractor acknowledges that County is relying on Contractor to ensure such compliance, and pursuant to the requirements of paragraph "L" above, Contractor agrees that it shall defend, indemnify and hold County and County Indemnitees harmless from all liability, damages, costs and expenses arising from or related to a violation of such laws.
- S. **Pricing:** The Contract amount shall include full compensation for providing all services as specified herein or when applicable, in the Statement of Work attached to this Contract, and no additional compensation will be allowed therefore, unless otherwise provided for in this Contract.
- T. **Waiver of Jury Trial:** Each Party acknowledges that it is aware of and has had the opportunity to seek advice of counsel of its choice with respect to its rights to trial by jury, and each Party, for itself and its successors, creditors, and assigns, does hereby expressly and knowingly waive and release all such rights to trial by jury in any action, proceeding or counterclaim brought by any Party hereto against the other (and/or against its officers, directors, employees, agents, or subsidiary or affiliated entities) on or with regard to any matters whatsoever arising out of or in any way connected with this Contract and /or any other claim of injury or damage.

- U. **Terms and Conditions:** Contractor acknowledges that it has read and agrees to all terms and conditions included in this Contract.
- V. **Headings:** The various headings and numbers herein, the grouping of provisions of this Contract into separate clauses and paragraphs, and the organization hereof are for the purpose of convenience only and shall not limit or otherwise affect the meaning hereof.
- W. **Severability:** If any term, covenant, condition or provision of this Contract is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the provisions hereof shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby. Notwithstanding the foregoing, if such severance of a provision of this Contract materially affects the rights or obligations of a Party or the benefit of its bargain, the affected Party may terminate or renegotiate this Contract upon ninety (90) days written notice.
- X. **Calendar Days:** Any reference to the word "day" or "days" herein shall mean calendar day or calendar days, respectively, unless otherwise expressly provided.
- Y. **Attorneys Fees:** In any action or proceeding to enforce or interpret any provision of this Contract, or where any provision hereof is validly asserted as a defense, each Party shall bear its own attorney's fees, costs and expenses.
- Z. **Interpretation:** This Contract has been negotiated at arm's length and between persons sophisticated and knowledgeable in the matters dealt within this Contract. In addition, each Party has been represented by experienced and knowledgeable independent legal counsel of its own choosing, or has knowingly declined to seek such counsel despite being encouraged and given the opportunity to do so. Each Party further acknowledges that it has not been influenced to any extent whatsoever in executing this Contract by any other Party hereto or by any person representing either or both of them. Accordingly, any rule of law (including California Civil Code Section 1654) or legal decision that would require interpretation of any ambiguities in this Contract against the Party that has drafted it is not applicable and is waived. The provisions of this Contract shall be interpreted in a reasonable manner to affect the purpose of the Parties and this Contract.
- AA. **Authority:** The Parties to this Contract represent and warrant that this Contract has been duly authorized and executed and constitutes the legally binding obligation, enforceable in accordance with its terms.

#### ADDITIONAL TERMS AND CONDITIONS

**1. FISCAL APPROPRIATIONS – SUBJECT TO**

This Contract is subject to and contingent upon applicable budgetary appropriations being approved by the County of Orange Board of Supervisors for each fiscal year during the term of this Contract. If such appropriations are not approved, the Contract will be terminated without penalty to the County.

**2. CONTINGENCY OF FUNDS**

Contractor acknowledges that funding or portions of funding for this Contract may also be contingent upon the receipt of funds from, and/or appropriation of funds by, the State of California to County. If such funding and/or appropriations are not forthcoming, or are otherwise limited, County may immediately terminate or, with thirty (30) days written notice to Contractor, modify this Contract without penalty.

**3. PROJECT MANAGER – COUNTY**

The County appoints Dan Castillo, or designee, as Medical Services for Indigents (MSI) Project Manager and Dr. Alan Edwards, or designee, as Behavioral Health Services (BHS) Project Manager to act as liaison between the County and the Contractor during the term of this Contract. County shall notify Contractor of any change in assigned Project Managers. The County's Project Managers shall coordinate the activities of the County staff assigned to work with the Contractor.

**4. CONTRACTOR'S ACCOUNT MANAGER AND KEY PERSONNEL**

Contractor is RxAmerica, LLC. Erin Spence shall act as Account Manager to direct the Contractor's efforts in fulfilling Contractor's obligations under this Contract. Contractor shall notify County of any change in assigned Project Manager.

Contractor shall be assigned to this project for the duration of this Contract and shall diligently pursue all work and services to meet the project time lines.

Contractor reserves the right to, from time to time, employ, retain or engage assistant services of others, as Contractor deems necessary, in order to properly perform the duties and obligations required of Contractor under this Contract at Contractor's cost. County maintains the right to request the replacement of an individual providing these services should the services of an individual retained by Contractor prove not to meet with County's approval. Contractor shall accomplish the removal within fourteen (14) calendar days after written notice, or other reasonable length of time as agreed upon by the Parties, by County's Project Manager.

**5. PRECEDENCE**

The Contract documents consist of this Contract and its Exhibits. In the event of a conflict between the Contract documents, the order of precedence shall be the provisions of the main body of this Contract, i.e., those provisions set forth in the recitals and articles of this Contract and then the Exhibits.

**6. BREACH OF CONTRACT**

The failure of either Party to comply with any of the provisions, covenants or conditions of this Contract shall be a material breach of this Contract. In such event either Party may, and in addition to any other remedies available at law, in equity, or otherwise specified in this Contract:

- a. Afford the other Party written notice of the breach and thirty (30) calendar days or such shorter time that may be specified in this Contract within which to cure the breach;
- b. Discontinue payment to the Contractor for and during the period in which the Contractor is in breach; and
- c. Offset against any monies billed by the Contractor but yet unpaid by the County those monies disallowed pursuant to the above.

**7. COUNTY OF ORANGE CHILD SUPPORT ENFORCEMENT**

In order to comply with the child support enforcement requirements of the County of Orange, within thirty (30) days of award of the Contract, the Contractor agrees to furnish the required Contractor data and certifications to the agency/department Deputy Purchasing Agent, as specified in the form attached - Attachment 1.

Failure of the Contractor to timely submit the data and/or certifications required or to comply with all federal, state, and local reporting requirements for child support enforcement or to comply with all lawfully served Wage and Earnings Assignment Orders and Notices of

Assignment shall constitute a material breach of the Contract. Failure to cure such breach within sixty (60) calendar days of notice from the County shall constitute grounds for termination of the Contract.

**8. CONFLICT OF INTEREST**

The Contractor shall exercise reasonable care and diligence to prevent any actions or conditions that could result in a conflict with the best interests of the County. This obligation shall apply to the Contractor; the Contractor's employees, agents, and relatives; sub-tier contractors; and third parties associated with accomplishing work and services hereunder. The Contractor's efforts shall include, but not be limited to establishing precautions to prevent its employees or agents from making, receiving, providing or offering gifts, entertainment, payments, loans or other considerations which could be deemed to appear to influence individuals to act contrary to the best interests of the County.

The County of Orange Board of Supervisors policy prohibits its public employees from engaging in activities involving conflict of interest. The Contractor shall not, during the period of this Contract, employ any County employee for any purpose.

**9. CONFLICT WITH EXISTING LAW**

The Contractor and the County agree that if any provision of this Contract is found to be illegal or unenforceable, such term or provision shall be deemed stricken and the remainder of the Contract shall remain in full force and effect. Either Party having knowledge of such term or provisions shall promptly inform the other of the presumed non-applicability of such provision. Should the offending provision go to the heart of the Contract, the Contract shall be terminated in a manner commensurate with interests of both Parties to the maximum extent reasonable.

**10. WAIVERS – CONTRACT**

The failure of either Party in any one or more instances to insist upon strict performance of any of the terms of this Contract or to exercise any option contained herein shall not be construed as a waiver or relinquishment to any extent of the right to assert or rely upon any such terms or option on any future occasion.

**11. TERMINATION**

**A. TERMINATION - DEFAULT**

If Contractor or County is in default of any of its obligations under this Contract and has not commenced cure within ten days after receipt of a written notice of default from the other Party and cured such default within the time specified in the notice, the County or Contractor shall immediately be entitled to either commence resolution in accordance with this paragraph or to terminate this Contract by giving written notice to take effect immediately. Default shall include failure to perform any of the material requirements of this contract, including, but not limited to not providing enough properly skilled workers or proper materials, persistently disregarding laws and/or ordinances, not proceeding with the work as agreed to herein, or otherwise materially violating any provision of this Contract. Upon termination of the Contract with Contractor, the County may begin negotiations with a third-party contractor to provide goods and/or services as specified in this Contract.

The right of either Party to terminate this Contract hereunder shall not be affected in any way by its waiver of or failure to take action with respect to any previous default.

**B. TERMINATION - ORDERLY**

After receipt of a termination notice from the County, the Contractor shall submit to the County a termination claim, if applicable. Such claim shall be submitted promptly, but in no event later than 60 days from the effective date of the termination, unless one or more extensions in writing are granted by the County upon written request of the Contractor. Upon termination County agrees to pay the Contractor for all services performed prior to termination which meet the requirements of the Contract, provided, however, that such compensation plus previously paid compensation shall not exceed the total compensation set forth in the Contract. Upon termination or other expiration of this Contract, each Party shall promptly return to the other Party all papers, materials, and properties of the other Party held by each for purposes of performing the Contract. If either Party is required to maintain certain documents or materials in order to comply with laws, regulations, or good business practices, or if it is not feasible for either Party to return certain materials and documents to the other Party, such Party may continue to maintain such documents or materials in accordance with the confidentiality provisions of this Contract. In addition, each Party will assist the other Party in orderly termination of this Contract and the transfer of all aspects, tangible and intangible, as may be necessary for the orderly, non-disruptive business continuation of each Party.

## **12. DATA – TITLE TO**

All materials, documents, data or information obtained from the County data files or any County medium furnished to the Contractor in the performance of this Contract will at all times remain the property of the County. Such data or information may not be used or copied for direct or indirect use by the Contractor after completion or termination of this Contract without the express written consent of the County. Upon termination of this Contract, each Party shall promptly return to the other Party all papers, materials, and/or properties of the other Party held by each for purposes of performing this Contract. If a Party is required to maintain certain documents or materials in order to comply with laws, regulations, or good business practices, or it is impracticable for a Party to return certain materials and documents to the other Party, such Party may continue to maintain such documents or materials in accordance with the confidentiality provisions of this Contract.

## **13. CONTRACTOR BANKRUPTCY/INSOLVENCY**

If the Contractor should be adjudged bankrupt or should have a general assignment for the benefit of its creditors or if a receiver should be appointed on account of the Contractor's insolvency, the County may terminate this Contract.

## **14. OWNERSHIP OF DOCUMENTS**

The County has permanent ownership of all directly connected and derivative materials produced under this Contract by the Contractor. All documents, reports and other incidental or derivative work or materials furnished hereunder shall become and remain the sole property of the County and may be used by the County as it may require without additional cost to the County. None of the documents, reports and other incidental or derivative work or furnished materials shall be used by the Contractor without the express written consent of the County.

## **15. DISPUTES – CONTRACT**

a. The Parties shall deal in good faith and attempt to resolve potential disputes informally. If the dispute concerning a question of fact arising under the terms of this Contract is not disposed of in a reasonable period of time by the Contractor and the County's Project Manager(s), such matter shall be brought to the attention of the County Purchasing Agent by way of the following process:

- 1) The Contractor shall submit to the agency/department assigned Deputy Purchasing Agent a written demand for a final decision regarding the disposition of any dispute between the Parties arising under, related to, or involving this Contract, unless the County, on its own initiative, has already rendered such a final decision.

- 2) The Contractor’s written demand shall be fully supported by factual information, and, if such demand involves a cost adjustment to the Contract, the Contractor shall include with the demand a written statement signed by a senior official indicating that the demand is made in good faith, that the supporting data are accurate and complete, and that the amount requested accurately reflects the Contract adjustment for which the Contractor believes the County is liable.
- b. Pending the final resolution of any dispute arising under, related to, or involving this Contract, the Contractor agrees to diligently proceed with the performance of this Contract, including the provision of services. The Contractor’s failure to diligently proceed shall be considered a material breach of this Contract.
- c. Any final decision of the County shall be expressly identified as such, shall be in writing, and shall be signed by the County Purchasing Agent or his designee. If the County fails to render a decision within ninety (90) days after receipt of the Contractor’s demand, it shall be deemed a final decision adverse to the Contractor’s contentions. The County’s final decision shall be conclusive and binding regarding the dispute unless the Contractor commences action in a court of competent jurisdiction to contest such decision within ninety (90) days following the date of the County’s final decision or one year following the accrual of the cause of action, whichever is later.

**16. NEWS/INFORMATION RELEASE**

The Contractor agrees that it will not issue any news releases in connection with either the award of this Contract or any subsequent amendment of or effort under this Contract without first obtaining review and approval of said news releases from the County through the County’s Project Manager(s).

**17. NOTICES**

As listed below, any and all Purchasing notices shall be directed to Cathy Chang, while any and all Program matters shall be directed to the designated County Project Manager for MSI and/or BHS as applicable. Any and all notices, requests, demands, and other communications contemplated, called for, permitted, or required to be given hereunder shall be in writing, except through the course of the County’s Project Managers’ and Contractor’s Account Managers routine exchange of information and cooperation during the term of the work and services, and shall be deemed to have been duly given (a) upon actual in-person delivery, if delivery is by direct hand; or (b) upon delivery agreed to as the actual day of receipt or no greater than four calendar days after being mailed (the date of mailing shall count as the first day), whichever occurs first by United States certified or registered mail, return receipt requested, postage prepaid, addressed to the appropriate Party at the following address or such other address as the Parties hereto may designate by written notice from time to time in the manner aforesaid:

For Contractor: Name:	Name:	RxAmerica LLC
	Address:	221 N. Charles Lindbergh Drive Salt Lake City, Utah 84116
	Attn:	Joseph C. Lapine Compliance Department
	Phone:	(801) 961-6000
	Fax:	(801) 961-6346
	E-mail:	joseph.lapine@rxamerica.com

For County:	Name:	County of Orange Health Care Agency/Purchasing
	Address:	511 N. Sycamore Street Santa Ana, CA 92701
	Attn:	Cathy Chang

MSI:

Title: Deputy Purchasing Agent  
Phone: (714) 834-7674  
Fax: (714) 834-2657  
E-mail: cchang@ochca.com

Name: County of Orange/Health Care Agency  
Medical Services for Indigents Program  
Address: 405 W. 5<sup>th</sup> Street, 6<sup>th</sup> Floor  
Santa Ana, CA 92701  
Attn: Anthony Rose  
Title: Project Manager  
Phone: (714) 796-0260  
Fax: (714) 834-6292  
E-mail: arose@ochca.com

BHS:

Name: County of Orange/Health Care Agency  
Behavioral Health Services  
Address: 405 W. 5<sup>th</sup> Street, 7<sup>th</sup> Floor  
Santa Ana, CA 92701  
Attn: Carlos Andrade  
Title: Project Manager  
Phone: (714) 834-4014  
Fax: (714) 834-5506  
E-mail: candrade@ochca.com

**18. REPORTS/MEETINGS**

The Contractor shall develop reports and any other relevant documents necessary to complete the services and requirements as set forth in this Contract. The County's Project Manager and the Contractor will meet periodically on reasonable notice to discuss the Contractor's performance progress under this Contract. The Contractor shall provide such information that is requested by the County for the purpose of monitoring progress under this Contract.

**19. RESPONSIBILITY OF CONTRACTOR**

Contractor shall be responsible for the professional quality, technical accuracy, timely completion, and coordination of all services furnished by Contractor under this Contract. Contractor shall perform such human services and fiscal agent services as may be necessary to accomplish the work required to be performed under this Contract and in accordance with this Contract.

Contractor shall provide services and other relevant documents necessary to complete the services and fulfill the requirements as set forth in Attachment A, Statement of Work.

**20. COMPLIANCE**

- A. County's Health Care Agency (HCA) has established a Compliance Program for the purpose of ensuring adherence to all rules and regulations related to federal and state health care programs.
  - 1) County shall provide Contractor with a copy of the relevant HCA Policies and Procedures relating to the Compliance Program.
  - 2) Contractor shall ensure that its employees, subcontractors, interns, volunteers, and members of Board of Directors or duly authorized agents, if appropriate, (hereinafter referred to as "Covered Individuals") relative to this Contract are made aware of these Policies and Procedures.
- B. CODE OF CONDUCT - Under the direction of the HCA Office of Compliance, a Code of Conduct for adherence by all HCA employees and contract providers has been developed.
  - 1) Within thirty (30) calendar days of award of this Contract, Contractor has the option

of submitting to County a signed acknowledgement and agreement that Contractor shall comply with the "HCA Contractor Code of Conduct" specified in subparagraph B.3) below or Contractor shall submit a copy of its Code of Conduct to County for review and comparison to federal, state, and County standards by the HCA Compliance Officer.

- 2) If Contractor elects to submit a copy of its Code of Conduct, HCA's Compliance Officer shall advise Contractor of any necessary changes to Contractor's Code of Conduct to meet minimum standards and Contractor shall either take necessary action to meet said standards or shall be asked to acknowledge and agree to the "HCA Contractor Code of Conduct" specified in subparagraph B.3) below.
  - 3) HCA CONTRACTOR CODE OF CONDUCT - Contractor and its employees and subcontractors shall:
    - a. Comply with all applicable laws, regulations, rules or guidelines when providing and billing for the services specified herein.
    - b. Conduct themselves honestly, fairly, courteously and with a high degree of integrity in their professional dealings related to this Contract and avoid any conduct that could reasonably be expected to reflect adversely upon the integrity of Contractor and/or County.
    - c. Treat County employees, clients and other County contractors fairly and with respect.
    - d. NOT engage in any activity in violation of HCA's Compliance Program, nor engage in any other conduct which violates any applicable law, regulation, rule or guideline.
    - e. Take precautions to ensure that claims are prepared and submitted accurately, timely and are consistent with all applicable laws, regulations, rules or guidelines.
    - f. Ensure that no false, fraudulent, inaccurate or fictitious claims for payment or reimbursement of any kind are submitted.
    - g. Bill only for eligible services actually rendered and fully documented and use billing codes that accurately describe the services provided.
    - h. Act promptly to investigate and correct problems if errors in claims or billings are discovered.
    - i. Promptly report to HCA's Compliance Officer any activity that Contractor believes may violate the standards of the HCA Compliance Program, or any other applicable law, regulation, rule or guideline.
    - j. Promptly report to HCA's Compliance Officer any suspected violation(s) of this HCA Contractor Code of Conduct by County employees or other County contractors.
    - k. Consult with HCA's Compliance Officer if there are any questions or uncertainties of any Compliance Program standard or any other applicable law, regulation, rule or guideline.
  - 4) Failure of Contractor to timely submit the acknowledgement of the HCA Contractor Code of Conduct or its own Code of Conduct shall constitute a material breach of this Contract, and failure to cure such breach within sixty (60) calendar days of such notice from County shall constitute grounds for termination of this Contract as to the non-complying party.
- C. Contractor shall screen all Covered Individuals employed or retained to provide services related to this Contract to ensure that they are not designated as "Ineligible Persons", as defined hereunder. Screening shall be conducted against the General Services Administration's List of Parties Excluded from Federal Programs and the Health and Human Services/Office of Inspector General List of Excluded Individuals/Entities.
- 1) Ineligible Person shall be any individual or entity who: (i) is currently excluded, suspended, debarred or otherwise ineligible to participate in the federal health care programs; or (ii) has been convicted of a criminal offense related to the provision of



health care items or services and has not been reinstated in the federal health care programs after a period of exclusion, suspension, debarment, or ineligibility.

- 2) Contractor shall screen prospective Covered Individuals prior to hire or engagement. Contractor shall not hire or engage any Ineligible Person to provide services relative to this Contract.
- 3) Contractor shall screen all current Covered Individuals annually (each January) to ensure that they have not become Ineligible Persons.
- 4) Covered Individuals shall be required to disclose to Contractor immediately any debarment, exclusion or other event that makes the Covered Individual an Ineligible Person. Contractor shall notify County immediately upon such disclosure.
- 5) Contractor acknowledges that Ineligible Persons are precluded from providing federal and state funded health care services by contract with County in the event that they are currently sanctioned or excluded by a federal or state law enforcement regulatory or licensing agency. If Contractor becomes aware that a Covered Individual has become an Ineligible Person, Contractor shall remove such individual from responsibility for, or involvement with, HCA business operations related to this Contract.

**D. REIMBURSEMENT STANDARDS**

- 1) Contractor shall take reasonable precaution to ensure that the coding of health care claims and billing for same are prepared and submitted in an accurate and timely manner and are consistent with federal, state and County laws and regulations as well as HCA's policies and/or agreements with third party payers. This includes compliance with federal and state health care program regulations and procedures or instructions otherwise communicated by regulatory agencies including the Centers for Medicare and Medicaid Services or their agents.
- 2) Contractor shall submit no false, fraudulent, inaccurate or fictitious claims for payment or reimbursement of any kind.
- 3) Contractor shall bill only for those eligible services actually rendered which are also fully documented. When such services are coded, Contractor shall use only correct billing codes that accurately describe the services provided.
- 4) Contractor shall act promptly to investigate and correct any problems or errors in coding of claims and billing, if and when, any such problems or errors are identified by anyone.

**E. COMPLIANCE TRAINING – County shall make General Compliance Training and Provider Compliance Training, where appropriate, available to Covered Individuals.**

- 1) Contractor shall use its best efforts to encourage attendance by Covered Individuals; provided, however, that at a minimum Contractor shall assign at least one (1) designated representative to complete all Compliance Trainings when offered.
- 2) Such training will be made available to Covered Individuals within ninety (90) calendar days of employment or engagement.
- 3) Such training will be made available to each Covered Individual annually.
- 4) Each Covered Individual attending training shall certify, in writing, attendance at compliance training. County shall retain the certifications.

**21. HIPAA – BUSINESS ASSOCIATES:**

**A. GENERAL PROVISIONS**

- 1) The Parties agree that the terms used in this Contract shall have the same meaning as those terms in the Standards for Privacy of Individually Identifiable Health Information, 45 Code of Federal Regulations (CFR), Parts 160 and 164, otherwise known as the Health Insurance Portability and Accountability Act (HIPAA) Privacy Rule, as it may exist now or be hereafter amended.
- 2) It is agreed by both Parties that Contractor is a Business Associate of County for the purposes of this Contract.

- 3) It is understood by both Parties that Contractor is not a Covered Entity under this Contract as defined by HIPAA, and is not responsible for complying with said regulations for purposes of safeguarding any Protected Health Information (PHI) generated by Contractor for its own purposes.
- 4) It is understood by both Parties that the Privacy Rule does not pre-empt any State and/or Federal laws, rules or regulations that impose more stringent requirements with respect to confidentiality of client information.
- 5) Security Rule
  - a. Contractor shall establish and maintain appropriate administrative, physical, and technical safeguards that reasonably and appropriately protect the confidentiality, integrity, and availability of electronic protected health information. Contractor shall follow generally accepted system security principles and the requirements of the final HIPAA rule pertaining to the security of health information.
  - b. Contractor shall ensure that any agent, including a subcontractor, to whom it provides electronic protected health information agrees to implement reasonable and appropriate safeguards to protect that information.
  - c. Contractor shall report any security incident of which it becomes aware to County. For the purposes of this Contract, a "security incident" means the attempted or successful unauthorized access, use, disclosure, modification, or destruction of information or interference with system operations. This does not include trivial incidents that occur on a daily basis, such as scans, "pings", or unsuccessful attempts to penetrate computer networks or servers maintained by Contractor.

**B. OBLIGATIONS AND ACTIVITIES OF CONTRACTOR AS BUSINESS ASSOCIATE**

- 1) Contractor agrees not to use or disclose Protected Health Information (PHI) other than as permitted or required by this Contract or as required by law.
- 2) Contractor agrees to use appropriate safeguards to prevent use or disclosure of PHI other than as provided for by this Contract.
- 3) Contractor agrees to mitigate, to the extent practicable, any harmful effect that is known to Contractor of a use or disclosure of PHI by Contractor in violation of the requirements of this Contract.
- 4) Contractor agrees to report to County within ten (10) calendar days any use or disclosure of PHI not provided for by this Contract of which Contractor becomes aware.
- 5) Contractor agrees to ensure that any agent, including a subcontractor, to whom it provides PHI received from County, or PHI created or received by Contractor on behalf of County, agrees to the same restrictions and conditions set forth in the business associate provisions of the Privacy Rule that apply throughout this Contract.
- 6) Contractor agrees to provide access, within fifteen (15) days of receipt of a written request by County, to PHI in a Designated Record Set, to County or, as directed by County, to an individual client in order to meet the requirements under 45 CFR Section 164.524.
- 7) Contractor agrees to make any amendment(s) to PHI in a Designated Record Set that County directs or agrees to pursuant to 45 CFR Section 164.526 at the request of County or an individual client, within thirty (30) days of receipt of said request by

County.

- 8) Contractor agrees to make internal practices, books, and records, including policies and procedures and PHI, relating to the use and disclosure of PHI received from, or created or received by Contractor on behalf of, County available to County and the Secretary of the Department of Health and Human Services, in a time and manner as determined by County, or as designated by the Secretary, for purposes of the Secretary determining County's compliance with the Privacy Rule.
- 9) Contractor agrees to document any disclosures of PHI and information related to such disclosures as would be required for County to respond to a request by an individual client for an accounting of disclosures of PHI in accordance with 45 CFR Section 164.528.
- 10) Contractor agrees to provide County or an individual client, as directed by County, in a time and manner to be determined by County, that information collected in accordance with paragraph 21.B.9 of the Contract, in order to permit COUNTY to respond to a request by an individual client for an accounting of disclosures of PHI in accordance with 45 CFR Section 164.528.

**C. PERMITTED USES AND DISCLOSURES BY CONTRACTOR**

Except as otherwise limited in this Contract, Contractor may use or disclose PHI to perform functions, activities, or services for, or on behalf of, County as specified in this Contract, provided that such use or disclosure would not violate the Privacy Rule if done by County.

**D. OBLIGATIONS OF COUNTY**

- 1) County shall notify Contractor of any limitation(s) in County's notice of privacy practices in accordance with 45 CFR Section 164.520, to the extent that such limitation may affect Contractor's use or disclosure of PHI.
- 2) County shall notify Contractor of any changes in, or revocation of, permission by an individual client to use or disclose PHI, to the extent that such changes may affect Contractor's use or disclosure of PHI.
- 3) County shall notify Contractor of any restriction to the use or disclosure of PHI that County has agreed to in accordance with 45 CFR Section 164.522, to the extent that such restriction may affect Contractor's use or disclosure of PHI.
- 4) County shall not request Contractor to use or disclose PHI in any manner that would not be permissible under the Privacy Rule if done by County.

**E. BUSINESS ASSOCIATE TERMINATION**

- 1) In addition to the rights and remedies provided to County by this Contract upon termination, if County gains knowledge of any material breach by Contractor of the requirements of this paragraph 21, County shall:
  - a Provide an opportunity for Contractor to cure the breach or end the violation and terminate this Contract if Contractor does not cure the breach or end the violation within thirty (30) days; or
  - b Immediately terminate this Contract if Contractor has breached a material term of this Contract and cure is not possible; or
  - c If neither termination nor cure is feasible, County shall report the violation to the Secretary of the Department of Health and Human Services.

- 2) Upon termination of this Contract, all PHI provided by County to Contractor, or created or received by Contractor on behalf of County, shall either be destroyed or returned to County at County's sole discretion, and in conformity with the Privacy Rule. This provision shall apply to PHI that is in the possession of subcontractors or agents of Contractor. If it is infeasible to return or destroy PHI, Contractor shall extend the protections of this Contract to such PHI and limit further uses and disclosures of such PHI to those purposes that make the return or destruction infeasible, for so long as Contractor maintains such PHI.

**CONTRACT NO. MA-042-1101686  
FOR  
PHARMACY BENEFITS MANAGER SERVICES  
FOR THE  
COUNTY OF ORANGE  
HEALTH CARE AGENCY**

**SIGNATURE PAGE**

IN WITNESS WHEREOF, the parties hereto certify that they have read and understand all the terms and conditions contained herein and have hereby executed this Contract on the dates shown opposite their respective signatures below.

The Parties hereto have executed this Contract on the dates shown opposite their respective signatures below.

**RxAmerica, LLC.**

DATE: \_\_\_\_\_

BY: \_\_\_\_\_

TITLE:  
Contractor

\*DATE: \_\_\_\_\_

BY: \_\_\_\_\_

TITLE: \_\_\_\_\_  
Contractor

\* Unless otherwise demonstrated that the person(s) executing this Contract on behalf of Contractor has the requisite authority to legally obligate and bind Contractor, if the Contractor is a corporation, signatures of two specific corporate officers are required as further set forth. The first corporate officer signature must be one of the following: 1) the Chairman of the Board; 2) the President; 3) any Vice President. The second corporate officer signature must be one of the following: a) Secretary; b) Assistant Secretary; c) Chief Financial Officer; d) Assistant Treasurer.

**COUNTY OF ORANGE, a Political Subdivision  
of the State of California**

DATE: \_\_\_\_\_

BY: \_\_\_\_\_

TITLE: \_\_\_\_\_

Approved by Board of Supervisors on:

Date \_\_\_\_\_

APPROVED AS TO FORM:

\_\_\_\_\_  
Deputy County Counsel

**ATTACHMENT A**  
**CONTRACT NO. MA-042-1101686**  
**STATEMENT OF WORK**  
**FOR**  
**PHARMACY BENEFITS MANAGER SERVICES**  
**FOR THE COUNTY OF ORANGE**  
**HEALTH CARE AGENCY**

I. Plan Benefit Design

A. **GENERAL**

1. Contractor has reviewed the current Plan Benefit Designs for both the Medical Services for Indigents (MSI) Program and the Behavioral Health Services (BHS) Program and agrees Contractor shall provide the services as stated and required by these Plan Benefit Designs.

2. Contractor agrees that either the MSI Project Manager or the BHS Project Manager may modify, with ten (10) days written notice to Contractor, their respective Plan Benefit Designs to meet federal, state, or County requirements. Contractor may request additional time, if necessary.

a. Upon signed request, the County may initiate benefit design changes, network modification, or add other services. Dependent on the complexity and breadth of the plan parameter change, Contractor shall implement a change as soon as possible or practicable but shall not take longer than ten (10) working days.

b. Contractor further agrees that it shall provide services in accordance with these modified Plan Benefit Designs.

B. **THE MEDICAL SERVICES FOR INDIGENTS (MSI) PROGRAM**

1. Current Plan Benefit Design

The MSI Program is the payer of last resort for medically necessary medications. The formulary is posted on the MSI Program website at: <http://www.ochealthinfo.com/medical/msi/providers/downloads.htm>

Medications are covered if they are for urgent or emergent medical conditions or for selected ongoing chronic conditions. All medications must be obtained through Contractor's network of pharmacies or mail order system.

Some medications are paid for indigent, low-income, and AIDS patients through manufacturer compassionate care programs. These pharmacy assistance programs (PAP, ADAP) are the primary payers and will cover many of the medications not on the MSI Program formulary. Physicians and patients are notified to apply to the applicable drug manufacturer to cover their medication expenses.

In order to formalize the medications covered, the MSI Program has developed a formulary. This formulary is restrictive in that only those medications on the formulary list are covered. Further, payments are restricted to generic formulations and/or step therapy medications when they are available. Generics, whether they are available from one or more manufacturers, are covered on the restrictive list.

Exclusions from the formulary include medications not listed in the formulary, over-the-counter medications and specific therapeutic classifications relating to conditions outside the scope of the MSI Program. The MSI Program in rare cases may cover a non-formulary drug where one of the following conditions is present:

a. All formulary options have been ineffective, or

- b. Another non-formulary drug is less expensive, or
- c. There is an overwhelming case-specific need, **and** the diagnosis is within the scope of the MSI Program **and** is consistent with the prescription.

In order to ensure that therapeutic integrity is maintained in the face of cost considerations, only generics rated as therapeutically equivalent (so-called "A" or "AB rated"), or rated equivalent to the pioneer product by the FDA are covered.

**In addition to maintaining its own formulary, medications paid for by the MSI Program are limited to those prescribed by Orange County physicians and filled in Contractor's network Orange County pharmacies.**

***The following key points are emphasized to prescribers:***

- a. All medications available in generic must be prescribed as generic.
  - b. All requests for prior authorizations should be requested and prescribed as generic.
  - c. Every medication on the formulary has a quantity limit (QL) on the number of units covered in a month's supply, and a dollar limit on the maximum payment that the MSI Program will approve. These QL and maximum dollar thresholds are formulary limits on the usual dosage and expense for each medication. Prescriptions for quantities in excess of the QL, or drug costs in excess of the maximum dollar threshold require a prior authorization.
  - d. The MSI Program covers only a 30-day supply of medication at a time. Requests for greater than a 30-day supply are denied with the exception of diabetic maintenance medications and supplies obtained through the successful bidder's mail order system, or a contracted 90-day POS network - these are set at a 90-day supply limit.
  - e. The MSI Program reviews claims every week for utilization, benefit compliance, and cost considerations. Physicians, pharmacies, and patients are profiled monthly. Physicians are contacted with utilization or quality care issues and opportunities for alternative cost-effective treatments.
  - f. MSI Program patients are limited to a maximum of eight (8) prescriptions per month.
  - g. Some ancillary pharmacy items are covered, including:
    - 1) Home I.V. therapy - Standard equipment
    - 2) Customary ostomy supplies
    - 3) Diabetic materials - Insulin syringes and testing materials
2. IT Requirements Regarding the MSI Program Eligibility Database  
County's Social Services Agency (SSA) determines general and financial eligibility for the MSI program. The MSI Program is limited to adults - ages 21 to 64 years. Eligibility is based on Medi-Cal criteria, with an income cap at 200% of the Federal Poverty Level.

Hospitals or community clinics designate members of their staffs to take applications using an electronic system managed by the MSI Program through a third-party vendor, currently NetChemistry. The applicant's Social Security card, and a copy of the alien registration card (if the patient is not a U.S. citizen), photo ID as well as proof of residency are required for application. Financial information including current

income, checking/savings account balances, vehicle ownership, and value of other property and assets is also necessary.

After completion of an application and statement of facts, the electronic forms are transmitted to SSA for review and processing. Information on the application is verified through various automated databases.

NetChemistry shall submit an eligibility database daily to Contractor as well as the County-contracted pharmacy consultant/quality assurance/auditor. Contractor must submit 100% of all claims supporting documentation to the County-contracted pharmacy consultant/quality assurance/auditor as well as any reports detailing any edits or prior authorizations.

3. Prior Authorization

The procedure for submission of the MSI Program Drug Authorization Request form is as follows:

- a. The prescribing physician confers with the pharmacist to determine if a formulary drug may be substituted; if not, have physician complete the form.
- b. Information on the form must include the patient's name, social security number, diagnosis, and any other information regarding the patient's condition that may assist in rendering a decision. Information may include lab results and the failure of other therapeutic agents.
- c. The MSI Program's Medical Review Committee determines, for all Drug Authorization Requests, if they are payable. Their decisions are final and binding.

4. Medical Utilization Review

The MSI Program Medical Review Committee (MRC) is responsible for developing and updating of the formulary. Medications are reviewed quarterly for addition or removal from the formulary. All medications are reviewed by therapeutic category. Drug manufacturers must submit their drug dossiers electronically in a standard AMCP Formulary Format to ensure a standardized and impartial process.

**Behavioral Health Services (BHS) Program**

1. Current Plan Benefit Design - General

The BHS Program is the payer of last resort for medically necessary medications in the treatment of mental illness. The formulary is posted on the BHS Program website at: [www.ochealthinfo.com/behavioral/formulary](http://www.ochealthinfo.com/behavioral/formulary)

Medications are covered if they are for urgent or emergent mental conditions or for selected ongoing chronic mental conditions. All medications must be obtained through the pharmacy benefit manager's network of pharmacies.

In order to formalize the medications covered, the BHS Program has developed a formulary. This formulary is restrictive in that only those medications on the formulary list are covered. Further, payments are restricted to generic formulations of medications when they are available. Generics, whether they are available from one or more manufacturers, are covered on the restrictive list.

Exclusions from the formulary include medications not listed in the formulary, over-the-counter medications and specific therapeutic classifications relating to conditions



outside the scope of the BHS Program. The BHS Program in rare cases may cover a non-formulary drug where one of the following conditions is present:

- a. All formulary options have been ineffective, or
- b. Another non-formulary drug is less expensive, or
- c. There is an overwhelming case specified need, **and** the diagnosis is within the scope of the BHS Program **and** is consistent with the prescription.

In order to ensure that therapeutic integrity is maintained in the face of cost considerations, only generics rated as therapeutically equivalent (so-called "AB" or "A" rated"), or rated equivalent to the pioneer product by the FDA are covered.

**In addition to maintaining its own formulary, medications paid for by the BHS Program are limited to those prescribed by the BHS Program physicians and filled in Orange County pharmacies.**

***The following key points are emphasized to prescribers:***

- a. All medications available in generic must be prescribed as generic. If a physician prescribes a brand name product, then the pharmacy is expected to substitute with a generic when one is available.
- b. All requests for prior authorizations should be requested and prescribed as generic when available.
- c. Some medications on the formulary have a quantity limit (QL) on the number of units covered in a month's supply, and a dollar limit on the maximum payment that the BHS Program will approve. These QL and maximum dollar thresholds are formulary limits on the usual dosage and expense for each medication. Prescriptions for quantities in excess of the QL, or drug costs in excess of the maximum dollar threshold require a prior authorization.
- d. The BHS Program covers only a 30-day supply of medication at a time. Requests for greater than a 30-day supply are denied unless prior authorized. The exceptions to this are listed in the BHS Program formulary.
- e. The BHS Program reviews claims every week for utilization, benefit compliance, and cost considerations. Physicians, pharmacies, and patients are profiled monthly. Physicians are contacted with utilization or quality care issues and opportunities for alternative cost-effective treatments.

2. Plan Benefit Design – Medicare Part D

The BHS Program is payer of last resort, however, when it is determined that the client being served does not qualify for the many other programs sponsored by the state and federal agencies (i.e., Medi-Cal, Healthy Families, etc.), services provided by the BHS Program do not exclude persons with other coverage and the BHS Program does bill these funding sources for the services it provides. As a result, BHS Program psychiatrists prescribe medications for these persons as well as those for whom the prescription costs are covered in accordance with section B.1 above.

With the recent changes in the Medicare Prescription Drug Coverage Benefit, specifically Part D, the BHS Program desires to ensure that its clients with this coverage are not financially deterred from obtaining their medications and decompensating as a result of not maintaining their medication regimens. Therefore, the BHS Program will cover co-pays for clients receiving Medicare benefits as well as deductibles for certain groups. For future discussion, it can be noted that certain subgroups are also responsible for premiums. The BHS Program may want to

consider subsidizing those, or subsidizing the difference to change from a basic benefit to an enhanced benefit, depending on cost analyses. This does not affect Contractor considerations discussed below. The following details the desired Plan Benefit Design for these populations, which are subject to change as defined by Medicare regulations, provided, however, in all cases – **the cost of the medication should be billed to Medicare or Medi-Cal as appropriate and the County will only be billed for the appropriate co-pay and/or deductible for BHS Program clients.**

**Benefit Packages:**

**a. Medicare/Medi-Cal beneficiaries (“dual eligibles”):**

- **Premium**--None for basic benefit. Client is responsible for differential between basic and enhanced benefits.
- **Deductible**—None.
- Medicare will cover the cost of medications on the PDP formulary, less a co-pay of \$1 to \$5 per prescription/refill.
- If the co-pay is not waived by the pharmacy, the BHS Program will pay only the co-pays for these medications, prescribed by BHS prescribers.
- If prescribed medications are not on the PDP formulary, the BHS Program will assist with the appeal process to obtain coverage. At the BHS Program’s discretion, it may enroll clients in the **current** BHS Program Plan Benefit Design, pending outcome of the appeal process.

**b. Medicare-only beneficiaries with PDP plan and with low-income subsidy:**

- 1) If qualified for the greater subsidy, based on—
  - Individual-- \$12,920 annual income, \$6,000 savings
  - Couple-- \$17,321 annual income, \$9,000 savings
  - **Premium**—None for basic benefit. Client is responsible for differential between basic and enhanced benefits.
  - **Deductible**—None.
  - Medicare will cover the cost of medications on the PDP formulary, less a co-pay of \$2 to \$5 per prescription/refill.
  - If the co-pay is not waived by the pharmacy, the BHS Program will pay only the co-pays for these medications, prescribed by BHS Program prescribers.
  - If prescribed medications are not on the PDP formulary, the BHS Program will assist with the appeal process to obtain coverage. At the BHS Program’s discretion, it may enroll clients in the **current** BHS Program Plan Benefit Design, pending outcome of the appeal process.
- 2) If qualified for the lesser subsidy, based on—
  - Individual-- \$14,355 annual income, \$10,000 savings
  - Couple-- \$19,245 annual income, \$20,000 savings
  - **Premium**—Note that there is a premium, based on a sliding scale. This does not affect the prescription cost directly at point of sale.
  - **Deductible**--\$50. The BHS Program will pay this to the extent it has not been met through other means, e.g., by physical healthcare prescriptions, and only for medications prescribed by BHS Program prescribers.
  - Medicare will cover the cost of medications on the PDP formulary, less a co-pay of 15% per prescription/refill.
  - If the co-pay is not waived by the pharmacy, the BHS Program will pay only the co-pays for these medications, prescribed by BHS Program prescribers, up to catastrophic coverage.

- If the co-pay is not waived, the BHS Program will pay 5% of BHS Program-prescribed drug costs over \$5,100 annually (catastrophic coverage).
- If prescribed medications are not on the PDP formulary, the BHS Program will assist with the appeal process to obtain coverage. At the BHS Program's discretion, it may enroll clients in the **current** BHS Program Plan Benefit Design, pending outcome of the appeal process.

**c. Medicare-only beneficiaries with PDP plan, without low-income subsidy:**

- **Premium**—Statewide average is approx. \$23/month. This does not affect the prescription cost directly at point of sale.
- **Deductible**—First \$250 in drug costs per year. The BHS Program will cover this, for BHS Program-prescribed drugs on the PDP formulary, to the extent it has not been met by physical healthcare prescription costs.
- For BHS Program-prescribed drugs, on the PDP formulary, the BHS Program will pay the co-payment of 25% per prescription/refill, up to the catastrophic coverage.
- If prescribed medications are not on the PDP formulary, the BHS Program will assist with the appeal process to obtain coverage. At the BHS Program's discretion, it may enroll clients in the **current** BHS Plan Benefit Design, pending outcome of the appeal process.
- At the BHS Program's discretion, once the "Donut Hole" limit is reached, the BHS Program may enroll clients in the **current** BHS Program Plan Benefit Design, up to catastrophic coverage. (This allows the BHS Program to take advantage of discounts negotiated by Contractor.)
- Catastrophic coverage—The BHS Program will pay 5% of the BHS Program-prescribed drug costs once total annual "covered" drug costs exceed \$5,100.

**d. Medicare-only beneficiaries without PDP plans:**

- Clients will be assessed for eligibility under the **current** BHS Program Plan Benefit Design.

3. IT Requirements Regarding the BHS Program Eligibility Database

The client population for the BHS Program includes low income and indigent mentally ill and/or substance abusing adults and children, participating in both inpatient and outpatient County programs.

Eligibility is based on an interview process where BHS Program staff interviews the client to evaluate economic ability to pay, non-eligibility of client in other county or state programs (i.e. Medi-Cal), and if client is not covered, makes the BHS Program the payer of last resort by indicating the appropriate healthplan in the BHS Program Integrated Records Information System (IRIS). County's Health Care Agency (HCA) Information Technology Staff pull the required data from IRIS and submit an eligibility file to Contractor as well as the contracted pharmacy consultant/quality assurance/auditor. This eligibility file is currently transmitted weekly, however, HCA is in the process of evaluating its capabilities to pull and send this data on a daily basis. Contractor agrees to accept the eligibility file at either a weekly or daily frequency as determined by the BHS Program.

Contractor must submit 100% of all claims supporting documentation to the County-contracted pharmacy consultant/quality assurance/auditor as well as any reports detailing any edits or prior authorizations.

4. Prior Authorization

The procedure for submission of the BHS Program Treatment Authorization Request (TAR) form is as follows:

- a. The prescribing physician confers with the pharmacist to determine if a formulary drug may be substituted; if not, the prescribing physician completes the TAR form.
- b. Information on the TAR form must include the patient's name, Medical Record Number (MRN), diagnosis, and any other information regarding the patient's condition that may assist in rendering a decision. Information may include lab results and the failure of other therapeutic agents.
- c. The BHS Program's Treatment Authorization Desk determines, for all TAR Requests, if they are payable. Their decisions are final and binding.

5. Medical Utilization Review

The BHS Program Prescribing Guidelines Committee is responsible for developing and updating of the formulary. Medications are reviewed on an ongoing basis for addition or removal from the formulary. All medications are reviewed by therapeutic category. Drug manufacturers must submit their drug dossiers electronically in a standard AMCP Formulary Format to ensure a standardized and impartial process.

- II. Services to be Provided by Contractor – Consistent with the Plan Benefit Designs described above for the MSI and BHS Programs in Paragraph I above, Contractor agrees to provide the following:

**A. Eligibility System:**

1. The ability for select MSI Program and BHS Program staff to add clients to Contractor's system between eligibility transmissions and/or override plan benefits for select individuals as needed, on line and in real time. Contractor's system shall be HIPAA compliant.
2. Contractor shall provide County with eligibility reports and with access to Contractor's online Remote Access Program (iRAP) eligibility system to address customer service issues that are received directly by the MSI and/or BHS Programs.
3. For the MSI Program, County will provide to Contractor, via a secure file transfer method, monthly eligibility files and daily update files. Once the information is loaded into Contractor's system, within 24 hours of receipt, the information contained in the profiles shall be updated in a "real-time" mode as a pharmacy dispenses a prescription. County agrees that files received by Contractor after 3:00 PM on Friday may not be loaded into Contractor's system until the following Monday morning.
4. For the BHS Program, County will provide to Contractor, via a secure file transfer method, weekly eligibility files. The BHS Project Manager reserves the option of sending eligibility or eligibility updates on a daily basis. Once the information is loaded into Contractor's system, within 24 hours of receipt, the information contained in the profiles shall be updated in a "real-time" mode as a pharmacy dispenses a prescription. County agrees that files received by Contractor after 3:00 PM on Friday may not be loaded into Contractor's system until the following Monday morning.
5. For both the MSI and BHS Programs, each eligibility file load shall result in this series of reports:
  - a. **Translation Error Report** —If County is not using a standard layout, the eligibility file is translated into standard format accepted by Contractor's claims processing system and any errors identified.

- b. **AmeRx™ Load Error Report** — Any record that errs during the load process is identified on this report.
- c. **Verification of Eligibility Load Report** — Provides assurance that Contractor is meeting the established performance standards. Rejection notification, resolution, and any requested information pertaining to retroactive updates shall be facilitated through Contractor's assigned account manager.

If County's files fall outside of the expected parameters including delay of transmission, termination of member, or unreadable records, Contractor shall proactively contact the County to resolve the issues. When an eligibility load occurs, Contractor will fax back to County a report detailing updated, termed and pending records.

- 6. Pharmacy Benefit Identification (ID) Cards
  - a. No later than thirty (30) days prior to July 1, 2007, Contractor shall utilize the most current eligibility files for both the MSI Program and BHS Programs to issue Pharmacy Benefit ID Cards to eligibles in each respective program, unless otherwise waived by MSI Project Manager and/or BHS Project Manager. It is possible that a person may be an eligible client in both the MSI Program and the BHS Program. Said clients shall receive separate Pharmacy Benefit ID Cards for both the MSI Program and the BHS Program.
  - b. The Pharmacy Benefit ID Cards shall be printed on cardstock of sufficient weight/thickness as to withstand frequent handling.
  - c. Contractor shall be able to identify new eligibles with each upload and, within ten (10) days of identification, send said new eligibles a Pharmacy Benefit ID Card.
  - d. ID Cards and corresponding "Welcome Packet" materials shall be produced by Contractor and billed to County in accordance with Attachment B.

**B. Electronic Data Submission to County:** County contracts with a third-party vendor for Web-based access to pre-defined hospital emergency room data for specifically identified hospitals known as "ER Connect." Contractor's system shall be capable of transmitting patient specific prescription information weekly to ER Connect in order to provide a complete medical history for health care providers.

**C. Records Retention and Storage:** Contractor shall maintain all records for a minimum of four (4) years. Contractor may, in fulfillment of its obligation to retain the financial and patient records as required by the County, substitute photographs, microphotographs, or other authentic reproductions of such records acceptable to the County, after two (2) years following the fiscal year in which payment was made for the services, unless a shorter period is authorized, in writing, by the County.

**D. Mail Service – MSI Program Only**

- 1. Contractor's Escalante Solutions home delivery facility, located in Sacramento, will service the MSI Program for MSI patients needing maintenance prescriptions used to treat chronic or long-term conditions. Contractor's home delivery program shall offer, at a minimum, the following:
  - a. MSI Program Physicians can telephone or fax the MSI Patient's prescription directly to Contractor's mail order service pharmacy.
  - b. Patients can request a prescription via the Internet utilizing a previous prescription available.
  - c. No claims to file.
  - d. The benefit to County from reduced prescription drug costs.

- e. The MSI Program can exclude specific therapeutic categories from Contractor's mail service program.
  - f. Refill authorization for up to a ninety (90) day supply.
  - g. Patients' prescriptions can be shipped directly to their home or workplace.
2. In order to ensure a smooth transition on July 1, 2007, County agrees to work with its providers to issue new prescriptions for patients taking maintenance medications and receiving their medication through mail service. Because Contractor's mail facility functions as a "remote" pharmacy, this ensures the mail facility has an accurate record for the patient. County reserves the option of working with its current Pharmacy Benefits Manager to transfer existing prescriptions to Contractor.
  3. Contractor shall provide and manage both a 90-day mail service and a 90-day POS program for maintenance medications.
  4. Contractor shall ensure that it does not fill maintenance prescriptions at mail service, or for a 90-day POS prescription, before the patient has received the original and one 30-day refill for the same drug and strength.
- E. Telephone Number(s):** Contractor shall maintain a telephone number dedicated to facilitating communication with the County and providers submitting claims for both the MSI and BHS Programs. Contractor shall provide a toll-free telephone number as, with rare exception, all providers submitting claims will be Orange County based service providers.

**F. Customer Service**

1. Contractor's customer service call center shall manage both pharmacy and patient communications. Contractor's customer service call center shall feature live agents who answer the phone 24 hours a day, seven days a week, 365 days a year. Pharmacists shall be available during regular business hours to take calls from patients that are transferred from the customer service area. Contractor shall also provide emergency access to a registered pharmacist 24 hours a day. In addition to assisting clients and patients, Contractor's call center shall handle inquiries from network pharmacies to clarify coverage and prescription information for both the MSI and BHS Programs.

It is understood by County that Contractor's claims processing system, AmeRx™, builds profiles for each member based upon claims submitted by mail/retail/Internet pharmacies. The information contained in the profiles is updated in a "real-time" mode as the pharmacy dispenses a prescription, thereby providing accurate information to Contractor's customer service representatives (CSRs) at all times.

Contractor shall also provide immediate answers to pharmacy questions through access to plan design data, patient profiles and drug history, online and in real time, via Contractor's claim processing system, AmeRx™.

2. Contractor shall use a call management tracking system to log calls and establish an escalation procedure to handle caller inquiries. Each call shall be logged and given a code that translates into the type of call received (e.g., eligibility, pharmacy location, co-pay or benefit question, etc.). Notes are to be typed in from the CSR documenting whether a member or pharmacy called, the name of the caller, the problem, and the solution.
3. Contractor shall train and instruct the CSRs in the intricacies of the both the MSI Program and BHS Program plan designs. Contractor shall provide the CSR written

reference information regarding both the MSI and BHS plan designs, as approved by the MSI and BHS Project Managers. Specific documentation for the customer service department shall be created by Contractor based upon the needs of the MSI and BHS Programs and corresponding plan designs. Contractor shall provide follow-up refresher training at regular intervals. In addition, Contractor shall monitor all calls and provide County with quarterly statistics on call performance.

4. Contractor shall employ a sufficient number of bilingual English/Spanish CSRs to meet the needs of the MSI and BHS Programs as indicated by the respective Project Managers. Contractor shall also consider the employment of bilingual English/Vietnamese CSRs when feasible and practical. The County's Project Managers reserve the right to request the hiring of a bilingual English/Vietnamese CSRs as CSR vacancies and recruitment opportunities arise.
  - a. Contractor shall be able to provide written communication in Spanish and may be requested by County to develop abilities to provide written communications in Vietnamese during the term of this Contract. Requests by County for Vietnamese communications to be provided by Contractor may be subject to additional fees in accordance with Attachment B. County retains the option to translate necessary materials into Vietnamese and provide said materials to Contractor for use and distribution to County clients as appropriate.
    - 1) All patient communications, other than appropriate for dispensing/refilling a prescription, must be approved by the MSI and BHS Project Manager for their respective programs.
    - 2) The MSI and BHS Project Managers retain the right to determine if communications are of marketing or other nature that is inconsistent with MSI and BHS Program policies.
  - b. For other non-English speaking customers, Contractor's CSRs shall contact AT&T's Language Line which provides immediate interpreters in more than 140 languages.
  - c. For the hearing and speech impaired, Contractor shall provide TDD-TTY telecommunications.
  - d. For the visually impaired, Contractor shall provide brochures printed in large print, which may be easier for the visually impaired, and an automatic call distribution system that will forward a caller directly to a CSR if he/she chooses not to respond to any of the provided options.

**G. Contractor's Website**

- a. County and clients shall have access, as appropriate, to the following information via Contractor's web site:
  - a. Alternative therapy drug comparison tool
  - b. Online pharmacy services
  - c. Pharmacy locator
  - d. Copay calculator
  - e. Online mail order refills
  - f. Claims history
  - g. Formulary information
  - h. Benefit information
  - i. Disease management information

- j. New drug releases
- k. Clinical newsletter with current drug and health information
  
- b. In addition, County's Project Managers and designated staff, with a username and password, shall be able to access the following services:
  - a. RxInsider™ reporting tool
  - b. Contractor's Remote Access Program (RAP or iRAP) for:
    - 1) Membership eligibility updates
    - 2) Real-time claims tracking
    - 3) Prior authorization administration
    - 4) Online management and utilization reports
  - c. Secure, client-specific formulary drug lists
  - d. Request replacement ID cards
  
- c. Physician and Pharmacists shall be able to access:
  - a. Secure, client-specific formulary drug lists
  - b. RxApprover™ prior authorization tool
  - c. Pharmacy manual
  - d. Accreditation form
  - e. Claims submission
  - f. Frequently Asked Questions
  - g. Newsletters and drug updates
  - h. Specialty pharmacy information
  
- 4. To protect members and their personal health information, the following security measures shall be in place:
  - a. Clients shall be required to register and use a password to access the site
  - b. The Web site shall reside behind a firewall
  - c. The Web site shall be secured through 128-bit encryption
  - d. Contractor shall contract with a managed firewall service for intrusion detection 24 hours a day
  - e. Information shall be stored securely on an application server

#### **H. Pharmacy Network Management**

- 1. Prior to July 1, 2007, Contractor shall work with County's Project Managers on written communications to participating pharmacies regarding the change from County's current Pharmacy Benefits Manager to Contractor's services, including sample client cards as appropriate. Contractor's network contracting and management department shall follow up the written communications with phone calls to make certain each network pharmacy is aware of the change and has all the necessary information to ensure a smooth transition for County and its clients.
- 2. Contractor shall distribute additional informational materials to the network pharmacies if the MSI Program and/or BHS Program plan designs change or other network changes are made. Such communications shall be approved by the MSI and/or BHS Project Manager.



3. Contractor shall also routinely communicate, upon approval of the MSI and/or BHS Project Manager, policies and procedures regarding new drugs, therapeutic substitution and utilization management to pharmacies in the network.
4. County understands that Contractor has developed a series of educational initiatives focused exclusively on the needs of the pharmacy provider community. Contractor agrees that any communications referencing the MSI and/or BHS Programs shall be approved by the MSI and/or BHS Project Manager. Educational materials that may be specifically related to the MSI and/or BHS Programs include:
  - a. Formulary and preferred drug lists
  - b. Policies & procedures related to claims submission
  - c. New product notifications
  - d. Communication of new clinical guidelines
  - e. Policies & procedures related to prior authorizations
  - f. Patient compliance reminders
  - g. MAC program details
  - h. Policies & procedures related to member grievances
  - i. Benefits of optimizing generic drugs
5. Contractor shall manage pharmacy relationships, including credentialing and contracting, which encompasses pharmacy program compliance, contractual disputes, and re-credentialing.
  - a. Contractor may be requested by County to go into local areas to better communicate with and educate pharmacists on issues that directly impact the MSI and BHS Clients being served. Said requested services may be subject to an additional fee in accordance with Attachment B.
  - b. Prior to implementation and as may be requested thereafter, Contractor shall send a written announcement to Orange County pharmacies stating the change from County's former Pharmacy Benefits Manager to Contractor. Where necessary, telephone announcements may also be made.
  - c. Contractor shall periodically survey pharmacies in order to better monitor the satisfaction and needs of network pharmacies and shall share the results of these surveys with County. County may request Orange County-specific surveys and results for an additional fee in accordance with Attachment B.
  - d. As part of the implementation process, if an analysis of the pharmacy network uncovers any pockets of clients who need better access to pharmacies, then any local pharmacies not already contracted shall be invited to join the network.
6. Contractor shall conduct desktop and on-site audits to determine the accuracy of claims adjudication and detect potential fraud and abuse. These audits shall also review and report to County on MSI Program and/or BHS Program formulary compliance. Contractor shall advise County of any audit findings.
  - a. Contractor's desktop audits shall include certain financial variances, formulary and drug utilization review (DUR) compliance, Usual & Customary (U&C) compliance, and dollar per prescription limits in addition to system parameters. Of that total, certain pharmacies shall be selected for an on-site audit.
    - a. The majority of pharmacies shall be selected on the basis of their performance history versus other pharmacies servicing the same customer and national averages. If a pharmacy's performance is outside of the norm, a remote audit will be performed. If the remote audit is unable to provide a satisfactory resolution, the pharmacy is scheduled for an on-site audit.

County may also request an on-site audit for specific concerns for an additional fee in accordance with Attachment B.

- b. Audit criteria used shall include, but not be limited to:
    - a) Members' complaints
    - b) County requests
    - c) Lower than average generic substitution rate
    - d) Lower than average formulary compliance
    - e) High controlled substance percent
    - f) Percentage use of "Do Not Substitute" indicators
    - g) Higher than average number of prescriptions per County client
    - h) Higher than average days supply per prescription
    - i) Higher than average ingredient cost per prescription
    - j) Higher than average quantity billed per prescription
  
  - b. If an on-site audit is required, Contractor shall notify the pharmacy and schedule the audit. Contractor shall notify County in advance of any on-site audit visits in Orange County, California. On-site audits shall include a general review for
    - a. Compliance with governmental regulations
    - b. Review of insurance signature logs
    - c. Formulary awareness
    - d. Consultations provided
    - e. Record retention
    - f. Expired medications
    - g. Verification of prescription-specific information including:
      - a) Patient name
      - b) Drug name and strength
      - c) Directions for use
      - d) Quantity
      - e) Number of authorized refills
      - f) Allowance of generic substitution (DAW notation)
      - g) Quality of Service provided to customers
  
  - c. Based on data analysis during the desktop audits, Contractor shall visit select pharmacies on-site as a follow-up or in the event that a pattern of behavior is seen in the processed claims to provide additional education.
  - d. In the event of fraud detection, Contractor shall immediately notify County. After consultation with County, and depending on the severity of the offense, Contractor shall either provide additional education about the infraction to the offending pharmacy or shall remove the pharmacy from the network.
  - e. Any monies recovered from pharmacy audits are credited to the appropriate party.
7. Contractor affirms that all edits shall contain explicit criteria that are measurable in the pharmacy claims supporting invoices. All edits, clinical and value-add programs shall individually contain explicit measurable criteria and return-on-investment.
8. Other than with respect to the BHS generic medications pricing, Contractor shall provide a pass through arrangement with County, and therefore, shall not keep any spread on drugs purchased through network pharmacies and the amount billed to County. With respect to the BHS generic medications pricing, network pharmacy rates may vary and the amount paid by Contractor to the network pharmacy may not be equal to the amount billed to County and Contractor shall retain any difference.
- a. Contractor shall provide regular reports designed to ensure that the pass through arrangement is appropriate and provides value.
  - b. Contractor shall allow County's pharmacy consultant/quality assurance/auditor to audit payments and contracts to ensure compliance with all contract provisions.

This shall include any services that are performed on behalf of County. Contractor may require County's pharmacy consultant/quality assurance/auditor to sign non-disclosure agreement and said agreement shall not require signature of County.

### I. Management Reports

- Contractor shall provide, quarterly, the following standard management reports specifically for MSI Program and specifically for the BHS Program.

Effective for prescriptions paid on or after July 1, 2011, the parties agree that Contractor shall not be required to provide County with the pharmacy paid amount with respect to the BHS generic medications pricing in connection with any of the reports listed below or under any other requirement of this Agreement, including, without limitation, Attachment A, Section II.J.8.b.

<u>Report Number</u>	<u>Title</u>	<u>Potential Uses and Application</u>
PBM 9000	Top "X" Drugs based on Total Due – Summary	Summarizes the top drugs by Total Due for each MSI and BHS. Includes drug information such as # of scripts; avg. paid/rx; and avg. quantity/rx. Report is totaled. <b>The recommended "X" value is 50.</b>
PBM 9015	Report Card of Top "X" Prescribers	Lists top prescribers for MSI and BHS by Amount Paid. Reviews pertinent information such as: # of Rx, generic %, controlled substance %, days supply, generic usage, and other avg. rx parameters. <b>The recommended "X" value is 25.</b>
PBM 9040	Summary Report Card of Activity	Details key utilization, figures for current time period and YTD. Data includes # of Members served, amt. Paid, avg. Rx cost (Generic, Multi-source & Single-source brands), Generic %, etc.
PBM 9045	Alphabetical Drug Utilization	Complete listing of Rx for MSI and BHS for specified time period. Lists number of Rx, total cost, total due, and avg. cost and amount due. Report is totaled.
PBM 8050	Retail Savings Pricing Comparison	Demonstrates savings realized through a pharmacy network versus indemnity retail pricing.
PBM 8252	Members with "X" or More Dollars in Claims and "Y" or More Prescriptions Filled	Provides detailed drug, physician and pharmacy utilization info. Monitors high utilization (includes breakout by maintenance and acute drugs). <b>Recommended "X" value is 250 and "Y" is 5.</b>
PBM 8251	Members with "X" or More Prescriptions Filled	Lists detailed Rx info for every prescription filled during the time period specified. Monitors high utilization including costs. <b>Recommended "X" value is 5.</b>
PBM 8270	Members with "X" or More Controlled Substance Prescriptions	Details all prescriptions for meeting criteria, including physician info, dates filled, qty and drug name. As well as totals to monitor potential over utilization of controlled substances. <b>Recommended "X" value is 25.</b>
PBM 8315A	Therapeutic Drug Class Summary	Details drug utilization by therapeutic category. Includes # of Rx, avg. paid, avg. cost and generic index. Tracks all drugs by category.

2. Contractor agrees to customize performance report packages according to the needs and goals of the MSI Program and/or BHS Program. These reports may also be used to determine Contractor's adherence to performance guarantees as specified in Paragraph VI.E.7.e of Attachment B. These reports shall be issued quarterly, but may be requested for any given monthly period, by the MSI Project Manager and/or the BHS Project Manager. Any requests for customized reports and non-standard reporting intervals may result in an additional fee as set forth in Attachment B. These reports may include, but not be limited to, all or some of the following and as may be modified by the MSI and/or BHS Project Manager:
  - a. Plan Membership Demographics
  - b. Plan Design Demographics
  - c. Claim Composition Mail/Retail
  - d. Claim Composition Plan
  - e. Cost Composition Plan
  - f. Key Performance Metrics: PMPMs
  - g. Key Performance Metrics: Claim Composition Benchmark Comparison
  - h. Key Performance Metrics: PMPM Benchmark Comparison
  - i. Top 25 Plan Drugs by Cost
  - j. Top 25 Retail Drugs by Cost
  - k. Top 25 Mail Order Drugs by Cost
  - l. Top 25 Plan Drugs by Volume
  - m. Top 25 Retail Drugs by Volume
  - n. Top 25 Mail Order Drugs by Volume
  - o. Top 10 Plan Therapy Classes by Cost
  - p. Top 10 Retail Therapy Classes by Cost
  - q. Top 10 Mail Therapy Classes by Cost
  - r. Top 10 Plan Therapy Classes by Volume
  - s. Top 10 Retail Therapy Classes by Volume
  - t. Top 10 Mail Therapy Classes by Volume
  - u. Financial Review (Not less than quarterly)
  - v. Recommendations/Value Add Savings Opportunities (Not less than quarterly)
  - w. FDA Approvals (Not less than quarterly)
  - x. Pending FDA Approvals (Not less than quarterly)
  - y. Pending Significant Generics (Not less than quarterly)
3. Contractor shall meet with County at least quarterly to present reports directed to benefit management, formulary, and drug coverage enhancements. These meetings shall also review performance statistics, clinical reviews, and account management reports and current projects. In addition, a summary of customer service calls and prescription claims will be discussed to determine whether any adjustments need to be made.
4. Contractor shall provide complete electronic pharmacy claims detail in NCPDP 5.1, or most recent format, to accompany each weekly invoice. Contractor agrees County shall provide, or request that Contractor provide, this information to County's contracted pharmacy consultant/quality assurance/auditor for the purpose of screening all invoices for member eligibility, pricing, claim validity, formulary coverage, etc., and reject applicable claims for payment. It shall be the responsibility of Contractor to cure these exception claims or assume responsibility for incorrect payments.
5. Contractor shall provide prior authorization, edits, and prospective DUR numbers and descriptions in the claim detail provided to County for both the MSI and BHS Programs.
  - a. In addition, Contractor shall make an online reporting tool available to the County to enable the ability to drill down to the most specific level of detail desired. Both

the MSI and BHS Programs shall be able to use the online reporting tool to create reports customized to the needs of each Program's Benefit Plan Design. MSI and BHS Programs shall be able, from any desktop, to customize data and produce reports, graphs, and excel spreadsheets.

- b. Contractor's online reporting tool shall allow for unlimited flexibility in customizing reports to meet each Program's preferences and business needs. Each report shall have drill-down functionality and the data shall correspond to invoiced claim amounts. County shall have the ability to develop ad hoc reports with the complete analytical functions available in the online reporting tool.

#### **J. Claims Adjudication**

1. Contractor shall adjudicate claims according to each and every element of the Plan Benefit Designs (not limited to those listed above) for the MSI Program and separately for the BHS Program.
2. Contractor shall adjudicate claims in accordance with both the MSI Program and BHS Program formularies and shall provide information to County for optimization of the MSI Program and/or BHS Program formularies, including providing the County with current, in-depth drug reviews and drug lists.
3. Contractor shall adjudicate and maintain an MSI Program and/or BHS Program maintenance drug list for 90-day supply, if applicable. Contractor's system shall also include the ability to exclude specific categories for acute care only.
4. If County requests a modification to its MSI Program Plan Benefit Design and/or BHS Plan Design, Contractor shall implement said modifications and adjudicate claims in accordance with the modification. Dependent on the complexity and breadth of the plan parameter change, Contractor shall implement a change request as soon as possible or practicable but shall not take longer than ten (10) working days.
5. Contractor shall properly adjudicate a 90-day supply for maintenance drugs at retail, while providing only a 30-day supply for all other acute care medications.
6. Contractor shall adjudicate claims under Medicare Part D including separate formularies or co-pays and/or deductibles as described in Paragraph I.C (Behavioral Health Services Program Medicare Part D Plan Benefit Design) above. Specifically, Contractor shall charge County's BHS Program for the co-pay or co-pay balance (including percentage co-pays) after Medicare Part D is charged for prescription drug costs. County shall provide Contractor all necessary eligibility and coordination of benefits information in order for Contractor to administer the BHS Plan Benefit Design as specified herein. County agrees if it requires Contractor to code additional formularies/benefit designs, create additional eligibility processes, provide additional reports, or perform other administrative requirements beyond what is specified herein to meet County, state or federal requirements, these may be provided at an additional cost in accordance with Attachment B.
7. Pharmacies
  - a. Payment shall be limited to Contractor's network pharmacies physically located within the borders of Orange County.
  - b. All pharmacy claims to Contractor must be submitted within sixty (60) days of the date of service. Claims submitted after this timeframe shall be denied.
  - c. Contractor shall pay pharmacies in accordance with Contractor's contracts with its network pharmacies; provided however that Contractor shall not be required to render claims payment until and unless Contractor has received such funds from the County.

8. Claims and Payment Data

- a. Contractor guarantees to provide weekly invoice claim data in electronic NCPDP format with each invoice that includes 100% of all claims supporting the invoice, all edits, Prior Authorizations, and other relevant information to support claims payments.
  - b. Contractor shall also provide data which includes amount paid to pharmacy, check date, and payment date. Contractor has one of the following options for submitting this data:
    - i. The data shall be added back to the electronic NCPDP original claims file to allow County to reconcile to claims approved by County by invoice
    - ii. A new data file shall be submitted to County that includes original claims submission data so as to allow County to reconcile back to claims approved by County.
9. County shall be responsible for reimbursing Contractor for claims paid in error that are a result of errors and/or omissions from the MSI or BHS eligibility files if those errors and/or omissions were caused by the County and were not subsequently overridden or manually corrected by County through Contractor's RxApprover™ prior authorization tool.

**K. Audits**

1. Contractor shall provide audit rights to County or its agents in all areas included in this Contract. Contractor confirms acceptance of County's audit requirement and an unrestricted ability for County or its agents to obtain all materials, rebate agreements, fee schedules, etc., consistent with Contractor's performance under this Contract. County understands that Contractor must abide by any and all confidentiality provisions in its existing subcontracts. Contractor agrees to allow audits related to County's claims activity to be performed by County or County's designated, independent third party auditor. Contractor may require County's designated, independent third party auditor to sign a non-disclosure agreement and said agreement shall not require signature of County. Contractor shall grant County the ability to conduct the above-mentioned audits at any time during the contract term upon thirty (30) days written notice to Contractor.
2. County shall be able to audit the prior three (3) years of claims without any additional fees for claims.

III. Staffing to be Provided by Contractor – Contractor shall provide service from its main offices in Salt Lake City, Utah and assign an account team to oversee plan administration. This account team shall schedule onsite meetings with the MSI Project Manager, BHS Project Manager and other representatives to review performance, address concerns, and assist in program management. The individuals who will have direct responsibility for services provided in accordance with this Contract are as follows:

- A. **Account Manager**—ensures that day-to-day program operations run smoothly, addresses non-routine member issues, and responds to other plan maintenance issues and/or concerns. If the account manager cannot personally address the request, s/he will ensure that it is assigned to and completed by the appropriate Contractor associate.
- B. **Medical Director**—reviews utilization figures and makes recommendations on updating benefit design, locates opportunities to further control costs, reviews pharmacy program,

monitors drug utilization patterns, participates in quality improvement and utilization management efforts, coordinates with County's medical review committees.

- C. **Account Assistant**—serves as corporate liaison for day-to-day issues, researches/documents customer issues, monitors performance standards, and certifies operational issues or County requests are addressed immediately.
  - D. **Customer Analyst**—tracks plan utilization and costs, handles the analytical needs of the County as well as ad-hoc projects.
  - E. **Benefit Coder**—oversees benefit design setup ensuring that all program-specific edits are correctly programmed, performing continual quality checks, developing and maintaining informational materials for customer service agents.
  - F. **Eligibility Specialist**—determines the best way to send eligibility, manages the data load and exchange.
  - G. **Data Systems Manager**—submits required data files and reports, ensures data quality and accuracy, and updates data system as needed.
  - H. **Networks Manager**—ensures members have access to pharmacies they frequent, maintains partnerships with participating pharmacies.
  - I. **Specialty Pharmacy Program Manager**—provides case review, utilization analysis, compliance monitoring, and evaluation of clinical data, inclusive of patient lab results and response to therapy.
  - J. Contractor shall provided County a minimum of sixty (60) days advance written notice of any changes to the proposed account management team and a description of training for new team members. The County agrees that reasonable exceptions would exist for circumstances beyond Contractor's control.
  - K. Contractor's customer service call center system shall route specific plan calls to groups of agents specifically trained on each particular plan. Contractor shall train a sufficient number of Customer Service Representatives (CSRs) to handle call volume initially during the implementation period.
    - 1. Contractor may provide a menu selection for clients and providers during the first sixty (60) days of implementation to allow clients and providers to enter a separate dedicated queue to ensure that their calls are given top priority and are routed to Contractor's most experienced CSRs.
    - 2. Contractor's CSRs shall have access to all MSI Program and BHS Program Benefit Plan Design data, patient profiles, and patient drug history, online and in real time, via Contractor's claim processing system. The claims processing system builds profiles for each client based upon claims submitted by mail/retail/Internet pharmacies. The information contained in the profiles shall be updated in a "real-time" mode as the pharmacy dispenses a prescription, thereby providing accurate information to CSRs at all times.
- IV. Specialty Pharmacy Services (Specialty Injectables) – The Specialty Pharmacy Services are considered a separate service from the Pharmacy Benefit Manager services specified above. Contractor agrees that specialty injectable medications, and any other services provided through Contractor's Specialty Pharmacy Services, are also subject to MSI Program and BHS Program formularies.
- A. Contractor shall provided County specialty pharmacy services for injectable and infused products for complex chronic conditions including, but not necessarily limited to the

following. Contractor acknowledges that the MSI Program and BHS Program formularies may not include some of the categories provided by Contractor.

1. Cancer
  2. HIV/AIDS
  3. Hemophilia
  4. Hepatitis C
  5. Multiple Sclerosis
  6. Infertility
  7. Crohn's disease
  8. Rheumatoid Arthritis
  9. Growth hormone deficiency
- B. Contractor's Specialty Pharmacy Services include the following
1. **Centralized Call Center**—Contractor shall provide a 24/7 call center to provide immediate patient support and customer service.
  2. **Comprehensive Distribution Services**—In most case, Contractor shall be able to provide delivery services anywhere in the county within 24 hours. This may include, as requested by County, delivery to County's contracted Skilled Nursing Facilities or other facilities as directed by County. If delivery cannot be made by Contractor within 24 hours, County may facilitate delivery of the medication through other contracted vendors at County's cost.
  3. **Professionally Trained Pharmacy Staff**—Contractor shall provide access to the following skilled professionals who work with the County to help achieve therapy efficacy and compliance.
    - a. The **Member Care Specialist** oversees and tracks the patient's medication order and satisfaction.
    - b. The **Clinical Pharmacist** works with patients and their physician to answer questions about specialty medications and the diseases they treat.
    - c. The **Reimbursement Specialist** helps the patient properly access their benefit and assists the patient in navigating through the complexities of reimbursement rules.
  4. **Proactive Refill Service**—Contractor shall work with County to identify those diseases, drug regimens and situations where compliance and proactive monitoring are important to successful patient therapy.
  5. **Specialized Disease Management and Compliance Programs**— Contractor shall work with County to develop specific protocols and drug management programs to meet objectives.
- C. Contractor shall adjudicate specialty claims electronically. All specialty pharmacy claims shall be fully integrated in Contractor's system, providing ease of analysis and reporting for County.
- D. Contractor's specialty pharmacy program is based in, and operates out of Contractor's corporate campus in Salt Lake City, Utah. This specialty pharmacy program center will be fully responsible for specialty pharmacy services for both the MSI and BHS Programs. The specialty department shall be manned from 7:30 am to 6:30 p.m. PST Monday through Friday. In addition, a clinical pharmacist shall be available during regular business hours in Contractor's administrative offices and via cell phone after office hours in the event of an emergency.
- E. In the event of a disaster, Contractor's specialty pharmacy processes shall be covered under Contractor's overarching disaster recovery plan including arranging emergency



fulfillment from another supplier. All claim processing shall continue at Contractor's designated remote facility. Contractor asserts that these protocols and procedures are fully tested annually.

1. Contractor's Specialty Pharmacy Member Care Specialists shall be in communication with patients and provide telephone refill reminders
  2. In the unlikely event the specialty patient needs an emergency supply of medication due to a lost shipment or other service disruption, Contractor shall arrange for a small amount of the medication to be provided through an alternative pharmacy source to ensure continuation of care.
- F. Contractor shall have the ability to provide drop shipments to patients and/or providers with billing to County. As appropriate, Contractor shall provide invoices directly to County or administer claims online through a Pharmacy Benefits Manager in the case of medications with restricted distribution pharmacy networks. County shall not be billed directly by Contractor's Pharmacy Benefits Manager and all payments shall be made to Contractor for such services.
- G. Contractor's fully integrated claims processing system shall allow for any report offered under Paragraph II.H above to be run for specialty pharmacy services only on either an individual patient basis or in aggregate. County's MSI and/or BHS Project Managers or designees shall also be able to access current claims information for ad hoc reporting through the Contractor's reporting tool at no additional cost to County. Contractor shall provide monthly reports as requested by the MSI and/or BHS Project Managers.
- H. Contractor shall provide specialty pharmacy services across all lines of business, including through a specialty pharmacy network, specialty injectable provider sites and/or medical providers. Contractor shall be able to deliver all specialty products at the patient's home, at work, or other designated site such as physician's office or specialty injectable provider site. Contractor shall work with County and its specialty population to develop a cost-effective specialty program.
- I. Contractor shall be able to provide specialty pharmacy services across multiple Pharmacy Benefit Manager specialty service providers serving different sectors of this population and shall work with County as required.
- V. The Parties further agree that Contractor shall not be a plan fiduciary and shall not exercise discretion, authority, or control regarding administration of County's Prescription Drug Benefit Plan for MSI or BHS.
- VI. Contractor asserts that its MAC List, software, and similar documents or information provided by Contractor to County are proprietary and shall remain the sole property of Contractor. The information contained in such documents and any data obtained by virtue thereof are considered confidential and shall not be released by County to any third party without the written consent of Contractor. Contractor acknowledges that, pursuant to California law, all information contained in this Contract is public record subject to disclosure to any member of the public who requests it. The County will attempt to notify Contractor if disclosure is requested of information that Contractor has indicated is proprietary/trade secret information, in order to give Contractor an opportunity to seek a court order prohibiting disclosure of such information. However, due to the short statutory time period of the County's responses to request for public records, the County will be able to give Contractor only a short period of time in which to seek such a court order before the County will be required to disclose the requested information. Further, it is entirely Contractor's responsibility to assert that information Contractor believes is proprietary/trade secret information should not be

disclosed; the County will not make such a claim for Contractor, but will obey a valid court order obtained by Contractor prohibiting disclosure of such information.

VII RESPONSIBILITY OF COUNTY

- A. County shall have sole authority to determine the benefits to be administered under its MSI Program and BHS Program. County or its designee may direct Contractor to reject specific claims. County has the sole right to resolve disputed claims and shall promptly inform Contractor of such resolution. However, County shall rely primarily on information and recommendation provided by Contractor in resolving such disputed claims. County represents that it is legally entitled to have Contractor perform the services described in this Contract and to exercise (or have any third party designated by County exercise) its audit rights or other rights to receive individual-specific data.
- B. County shall be responsible for compensating Contractor according to the terms in Attachment B, and as set forth elsewhere in this Agreement for the provision of services under this Contract. County shall be responsible for providing to Contractor all items required by Contractor and as set forth in this Contract in order for Contractor to satisfactorily perform its services under this Contract.

**ATTACHMENT B**  
**CONTRACT NO. MA-042-1101686**  
**COMPENSATION**  
**FOR**  
**PHARMACY BENEFITS MANAGER SERVICES**  
**FOR THE COUNTY OF ORANGE**  
**HEALTH CARE AGENCY**

**I. COMPENSATION**

- A. This is a fixed fee Contract between County and Contractor for the provision of Pharmacy Benefits Manager Services for the Medical Services for Indigents (MSI) Program and the Behavioral Health Services Program. County agrees to compensate Contractor the fixed fees specified herein. Contractor agrees to accept the same as full compensation for performing all services and furnishing all staffing and materials called for; for any reasonably foreseen difficulties under the responsibility of the Contractor, which may arise or be encountered in the prosecution of the services until their acceptance; the risks connected with the services; and for performance by Contractor of all its duties and obligations hereunder.
- B. Contractor shall provide County with an implementation credit of \$100,000 for documented expenses related to moving the County's business to Contractor.
1. The implementation credit can be used to help defray costs including, but not limited to, those associated with reasonable travel expenses and a one-time pre and post implementation audit.
  2. Unless otherwise directed by the MSI Project Manager or the BHS Project Manager, amounts the Parties mutually deem to be part of the implementation credit shall be shown as credits on the applicable invoice(s) for the MSI Program and/or the BHS Program.
  3. The implementation credit cannot be applied against pharmacy claims or their associated administrative expenses.
- C. All costs for prescriptions filled under this Contract and at the below agreed to fees will be reimbursed separately for the MSI Program and the BHS Program.
1. Prescription costs to be paid by County:

	<b>Guarantee (G) or Estimate (E)</b>	<b>Length of Guarantee</b>	<b>Amount at Risk</b>
<b>a. Retail – Broad Network</b>			
i. Name of Network	Orange County Broad Network		
ii. Number of Pharmacies	485		
iii. Brand Discount % off AWP	(G) AWP – 16%	Three years	dollar for dollar
iii.a Brand Discount % off AWP	(G) AWP – 13.75%	7/1/2011 - 6/30/2012	Dollar for dollar
iv. Brand Dispensing Fee per Rx	(G) \$1.85	Three years	dollar for dollar
iv.a Brand Dispensing Fee per RX	(G) \$1.30	7/1/2011 - 6/30/2012	Dollar for dollar
v. MAC Pricing (Yes or No)	Yes		
v.a MAC Pricing (Yes or No)	Yes (MSI); No (BHS)		

	<b>Guarantee (G) or Estimate (E)</b>	<b>Length of Guarantee</b>	<b>Amount at Risk</b>
vi. MAC Generic/Multisource Discount %/Rx off Generic AWP	(E) AWP -66% - -70%		
vi.a MAC Generic/Multisource Discount %/Rx off Generic AWP	(E) AWP -66% - -70%* <b>(*applicable only to MSI, not BHS)</b>		
vii. % Generic Rxs with MAC price	(E) 90%		
viii. Non-MAC Generic/Multisource Discount % off AWP	(G) AWP -16%	Three years	dollar for dollar
viii.a Non-MAC Generic/Multisource Discount % of AWP	(G) AWP – 13.75%	7/1/2011 – 6/30/2012	Dollar for dollar
ix. Generic Dispensing Fee per Rx	(G) \$1.85	Three years	dollar for dollar
ix.a Generic Dispensing Fee pre Rx	(G) \$1.30	7/1/2011 – 6/30/2012	Dollar for dollar
x. Lower of UCR Pricing - % Effect	(E) AWP -0.5% - 1.5%		
xi. Effective Discount Rate calculation	Lesser of pharmacy network rate, MAC, or U&C. Discounts are calculated as: 1-ingredient cost/AWP for actual 11-digit NDC dispensed		
xi.a Effective Discount Rate calculation	MSI: Lesser of pharmacy network rate or U&C. Discounts are calculated as: 1-ingredient cost/AWP for actual NDC dispensed		
<b>b. Retail – 90-day POS Network</b>			
i. Name of Network	Orange County 90-Day POS Network		
ii. Number of Pharmacies	171**		
iii. Brand Discount % off AWP	(G) AWP - 21%	Three years	dollar for dollar
iii.a Brand Discount % off AWP	(G) AWP – 18.00%	7/1/2011 – 6/30/2012	Dollar for dollar
iv. Brand Dispensing Fee per Rx	(G) \$0.00	Three years	dollar for dollar
iv.a Brand Dispensing Fee per Rx	(G) \$1.30	7/1/2011 – 6/30/2012	Dollar for dollar
v. MAC Pricing (Yes or No)	No		
vi. MAC Generic/Multisource Discount %/Rx off Generic AWP	(G) AWP - 55%	Three years	dollar for dollar
vii. % Generic Rxs with MAC price	Not applicable		

	<b>Guarantee (G) or Estimate (E)</b>	<b>Length of Guarantee</b>	<b>Amount at Risk</b>
viii. Non-MAC Generic/Multisource Discount % off AWP	(G) Brand: AWP - 21%; (G) Generic: AWP - 55%	Three years	dollar for dollar
viii.a Non-MAC Generic/Multisource Discount % off AWP	(G) Brand: AWP - 18.00%; (G) Generic: AWP - 70%	7/1/2011 - 6/30/2012	Dollar for dollar
ix. Generic Dispensing Fee per Rx	(G) \$0.00	Three years	dollar for dollar
<b>c. Mail Service</b>			
i. Name of Network	Orange County Home Delivery		
ii. Number of Pharmacies	1		
iii. Brand Discount % off AWP	(G) AWP - 23%	Three years	dollar for dollar
iii.a Brand Discount % off AWP	(G) AWP - 20%	7/1/2011 - 6/30/2012	Dollar for dollar
iv. Brand Dispensing Fee per Rx	(G) \$0.00	Three years	dollar for dollar
v. Generic Discount % off AWP	(G) AWP - 60%	Three years	dollar for dollar
vi. OTC Discount % off AWP	(G) AWP - 60%	Three years	dollar for dollar
vii. Generic Dispensing Fee per Rx	(G) \$0.00	Three years	dollar for dollar
viii. Shipping/handling charges, postage-paid return envelopes -	(G) \$0.00	Three years	dollar for dollar
** Contractor can support increased pharmacy access and density coverage with less aggressive rates for 90-days at retail. MSI and/or BHS Project Manager and Contractor may mutually agree to amend these rates if County requires increased pharmacy access and density coverage.			

2. ~~All fees are guaranteed effective rates quoted on an aggregate basis; individual claims will be adjudicated at the lesser of a pass through of the contracted AWP discount, Usual & Customary (U&C), submitted price, or Maximum Allowable Cost (MAC) price.~~ For the purposes of calculating the Retail Brand and MSI Retail Generic Effective Discount Guarantee, the Effective/Aggregate guarantee will be calculated as:  $[1 - (\text{Total Discounted AWP ingredient cost \{excluding dispensing fees and claims with ancillary charges, and before co-payments\} of applicable prescription drug claims for the quarterly period}) / (\text{total un-discounted AWP ingredient cost for the quarterly period})]$ . Both amounts will be calculated as of the adjudication date.
- a. Specifically for retail network prescriptions, effective July 1, 2011:
- 1) Effective July 1, 2007 through June 30, 2011, Brand name prescriptions pricing guaranteed across all claims at an effective rate of AWP-16.00% + \$1.85 dispensing fee.
  - 2) Effective July 1, 2007 through June 30, 2011, Generic medications pricing guaranteed across all claims at an effective rate of AWP-16.00% + \$1.85 dispensing fee or MAC + \$1.85 dispensing fee, whichever is less.
  - 3) Effective July 1, 2011:
    - a) Brand name prescriptions pricing guaranteed across all claims at an effective rate of AWP-13.75% + \$1.30 dispensing fee.

- b) MSI generic medications pricing guaranteed across all claims at an effective rate of AWP-13.75% + \$1.30 dispensing fee or MAC + \$1.30 dispensing fee, whichever is less.
- c) BHS generic medications pricing guaranteed on a per-claim basis as AWP-70% + \$1.30 dispensing fee.
- b. Specifically for the 90-day POS retail network, effective July 1, 2011:
- 1) Effective July 1, 2007 through June 30, 2011, Brand name prescriptions pricing guaranteed on a per-claim basis as the lesser of the U&C or AWP-21% + \$0.00 dispensing fee
  - 2) Effective July 1, 2007 through June 30, 2011, Generic medications pricing guaranteed on a per-claim basis as the lesser of the U&C or AWP-55% + \$0.00 dispensing fee
  - 3) Effective July 1, 2011:
    - a) Brand name prescriptions pricing guaranteed across all claims at an effective rate of AWP-18.00% + \$1.30 dispensing fee.
    - b) MSI generic medications pricing guaranteed across all claims at an effective rate of AWP-18.00% + \$1.30 dispensing fee or MAC + \$1.30 dispensing fee, whichever is less.
    - c) BHS generic medications pricing guaranteed on a per-claim basis as AWP-70% + \$1.30 dispensing fee.
- c. Specifically for Mail Service Prescriptions:
- 1) All fees are quoted and guaranteed on a per-claim basis as the AWP guaranteed discount price.
  - 2) Brand name prescriptions pricing guaranteed on a per-claim basis as AWP-23% + \$0.00 dispensing fee
  - 3) Generic medications pricing guaranteed on a per-claim basis as AWP-60% + \$0.00 dispensing fee
- d. Specifically for Specialty Pharmacy Services, Contractor shall provide specialty pharmacy discount rates in accordance with Exhibit 2 to this Contract, and shall guarantee said rates through and including June 30, 2010. Exhibit 2 may be modified as necessary upon mutual written agreement between Contractor and the MSI Project Manager.
- e. Contractor agrees to adjust its rates based on the results of an annual survey completed by County or its designee of the market basket for AWP discounts. Said adjustments shall be for significant changes (- 5%) in market basket rates and agreed upon, in writing, between Contractor and both the MSI Project Manager and the BHS Project Manager.
- 1) Effective July 1, 2007 through June 30, 2011, Contractor confirms that all quoted AWP's are based on manufacturer pass-through pricing. Effective July 1, 2011, Contractor confirms that all quoted AWP's for MSI are based on manufacturers pass-through pricing.
  - 2) Contractor confirms that its pricing contains no upcharges to the manufacturer's published AWP.
  - 3) Contractor uses Medi-Span and First Data Bank as its source for AWP.
3. ~~The MAC fee schedule must guarantee prices that are no more than the California Medi-Cal MAC or the federal upper limit (FUL) pricing schedules, whichever applies to individual medications.~~ MAC Pricing.
- a. The aggregate MAC discount estimate is a weighted average estimate calculated by a dollar cost average weighted by the number of claims for each paid discount.
  - b. Contractor shall provide County with a copy of its competitive MAC list upon execution of this Contract and furthermore, guarantees that going forward, Contractor shall provide County with a MAC list and all applicable updates at

least monthly to verify pricing for each invoice presented ~~for both the MSI Program and the BHS Program.~~

4. Contractor confirms it is providing an unconditional guarantee of fees based on the number of the prescriptions identified in the County's Request for Proposals dated July 25, 2006. In the event that this number decreases by more than ten percent (10%) below 209,635, County may be assessed a fee increase. Notice of any such increase shall be provided to the County with no less than sixty (60) days written notice and shall be approved by the Orange County Board of Supervisors.
  - a. Except for BHS generic claims for the period on and after July 1, 2011, Contractor confirms that all guarantees will be a pharmacy pass-through price on a per claim basis with no pharmacy spreads or zero balance billing features.
  - b. RxAmerica confirms that all generic guarantees and maximum allowable cost fee schedules will be consistent with, and no more than, California Medi-Cal MAC or federal upper limit (FUL) pricing.
5. Contractor confirms that brand, generic, multisource, and over-the-counter (OTC) drug definitions must be consistent with the FDA "Orange Book".
  - a. Contractor shall dispense generic prescriptions according to state laws (and of the receiving state for mail service)
  - b. Contractor shall provide generic substitution in ALL instances where an FDA "AB" or "A" rated generic drug (or rating similar to the pioneer medication) is manufactured. This shall be mandatory regardless of the number of manufacturers and the time period since the pioneer drug lost patent protection.
6. Contractor guarantees that claims will be adjudicated in compliance with the benefit structures of MSI and BHS Programs including formulary rules, formularies, generic dispensing bias, quantity limits, maximum dollar limits, etc.
  - a. Contractor guarantees that no generic waiting periods shall apply to MSI Program and BHS Program benefits, in that as soon as pioneer medications lose patent protection, they must be dispensed as generic.
  - b. All authorized generics, branded generics, and multisource agents must be substituted with generics so long as one FDA "AB" or "A" rated product, or rating equivalent to the pioneer product, (for immediate release tablets and capsules) is marketed.
7. Contractor agrees that no changes will be made to the MSI Program or BHS Program prescription benefits or formularies without the express written consent of the MSI Project Manager or BHS Project Manager as applicable.
  - a. All plan design worksheets or set-ups for Contractor's systems must be approved by the MSI Project Manager and BHS Project Manager upon implementation and annually thereafter.
  - b. Contractor shall include a formulary flag field in the pharmacy claims supporting each invoice to allow County to confirm appropriate adjudication of formulary benefits.
8. Contractor accepts and guarantees that it will administer claims for only MSI Program and BHS Program eligible Orange County patients and that the prescriptions filled can only be written by physicians domiciled in Orange County for the MSI Program, and by a restricted provider panel for the BHS Program. In addition, Contractor agrees that only Orange County pharmacies, other than mail service or specialty pharmacy, can fill prescriptions for both the MSI Program and BHS Program. County and Contractor shall work cooperatively on setting the parameters of the restricted provider panel.

9. County may, at its sole discretion, implement a 340B Network for the MSI Program and/or the BHS Program. The prescription costs to be paid by County for a 340B Network are as follows. The MSI Project Manager and/or the BHS Project Manager shall determine, with Contractor, the amount to be at Risk if such a program is implemented.

<b>Retail – 340B Network</b>			
	Guarantee (G) or Estimate (E)	Length of Guarantee	Amount at Risk
a. Name of Network	Orange County MSI/BHS 340B Network		
b. Number of Pharmacies	As assigned by the qualifying agency. *		
c. Brand Discount %/Rx off AWP	(G) Pass through of national 340B pricing discounts	Three years	TBD
d. Brand Dispensing Fee per Rx	(G) \$8	Three years	TBD
e. MAC Pricing (Yes or No)	No	Three years	TBD
f. MAC Generic/Multisource Discount %/Rx off Generic AWP	(G) Pass through of national 340B pricing discounts	Three years	TBD
g. % Generic Rxs with MAC price	Not applicable	Three years	TBD
h. Non-MAC Generic/Multisource Discount % off AWP	(G) Pass through of national 340B pricing discounts	Three years	TBD
i. Generic Dispensing Fee per Rx	(G) \$8	Three years	TBD
j. % Rxs with UCR Price Formula Price	Not applicable	Three years	TBD
k. UCR Pricing - additional discount % off Total AWP	Not applicable	Three years	TBD
l. Weighted Average Discount Rate by Rx	(E) Approximately AWP - 45% - 50%	Three years	TBD
<p>* All Orange County Longs Drugs Stores are able to dispense discounted drugs for the 340B program under contract with certified "covered entities." There are 17 Longs Drug stores in the County. In addition, Contractor can adjudicate 340B claims filled at other qualifying 340B pharmacies as assigned.</p>			

10. County shall pay Contractor the administration fees specified below. Contractor's base administration fees shall include the following services:
- a. General administration
  - b. Clinical account management and support
  - c. Reporting package – standard, customized reporting – paper or electronic.
  - d. RxInsider™ - Web-Based Data Warehouse Tool - Reporting Connectivity and Data Access, Drill Down Capabilities
  - e. iRAP – on-line real time remote access for eligibility, program administration



- f. 24 hour/7 days a week customer, member, physician support toll free live customer service line.
- g. Pharmacy network and pharmacy program management
- h. MAC list management
- i. Electronic claims processing
- j. Concurrent DUR
- k. Prospective DUR
- l. Retrospective DUR
- m. Formulary management consultation and clinical review
- n. Eligibility management
- o. Client support services
- p. Implementation program and support
- q. Administrative prior authorizations

<b>i. Administration Fees</b>			
	<b>Guarantee (G) or Estimate (E)</b>	<b>Length of Guarantee</b>	<b>Amount at Risk</b>
1) Network Claims Processing (MSI/BHS will pay only for paid claims)	(G) \$1.25	Three years	dollar for dollar
2) Out of Network (paid claims)	(G) \$1.50	Three years	dollar for dollar
3) Paper Processing Charge (paid claims)	(G) \$1.25	Three years	dollar for dollar
4) Onsite Audits – requested by County	Cost of time + 10% and travel		
<b>ii. Ancillary and Optional Fees</b>			
<b>Service</b>	<b>Metric</b>	<b>Price</b>	<b>Comments</b>
<i>Operational</i>			
1) Admin. Fee for Manual/Paper claims	Per claim	\$1.25	In addition to the standard administrative fee. County does not anticipate any manual/paper claims
2) Manual Eligibility Data Entry	Per entry/record	\$1.00	County personnel shall anticipated to input all eligibility data
3) Custom rebate reports (custom or standard formulary)	Per hour	\$150.00	Does not apply to standard rebate reports specified elsewhere in this Contract
4) Eligibility File System Coding and Set-up	Per Plan	\$2,500	One-time set up fee to be charged against the implementation credit.
5) System Access Fees	Per User ID	Up to 5 User IDs included in Admin Fee. Additional IDs are \$50 per month.	This is separate from the web-based access for adding additional clients between eligibility runs or entering prior authorizations.

<u>Formulary and Clinical Programs</u>			
6) If Contractor's standard formulary is used – Formulary Coding, Development and P&T Committee Oversight	Per Formulary	\$5,000 annual fee	MSI and BHS do not use Contractor's standard formulary
Service	Metric	Price	Comments
7) For Customized Formularies/Plan Benefit Designs – Formulary Coding, Maintenance and Plan Benefit Designs	Per Formulary/Plan Benefit Design	\$20,000 one-time	One-time set up fee to be charged against the implementation credit.
8) P&T Committee Support for Customized Formulary	Per Quarter	\$2,500	Only if requested, in writing, by County - Includes new drug reviews, analysis and recommendations.
9) Retrospective DUR Programs	Per Script	Included in Admin Fee	
10) Concurrent DUR Programs	Per Script	Included in Admin Fee	
11) Prospective DUR Programs	Per Script	Included in Admin Fee	
12) Step Therapy Programs	Per Member, Per Month	Pricing to be negotiated based on Program requirements	County does not anticipate use of Contractor's Step Therapy Programs. Implementation will require approval by County Board of Supervisors if cost exceeds \$100,000 over the term of the Contract.
13) Coverage Determination (PA) – Clinical	Per review	\$15	County anticipated to determine coverage of all clients
14) Coverage Determination (PA) – Administrative	Per review	Included in Admin Fee	County anticipated to determine coverage of all clients
15) Other Clinical Programs	Per Member, Per Month	Pricing to be negotiated based on Program requirements	County does not anticipate use of Contractor's Step Therapy Programs. Implementation will require approval by County Board of Supervisors if cost exceeds \$100,000 over the term of the Contract.
<u>Call Center</u>			
16) Call Center Support for: a) Pharmacies and Providers b) Members c) Mail-order services	Per Minute	Included in Admin Fee	
<u>Reporting</u>			
17) Standard On-line Management Reporting	Per Member, Per Month	Included in Admin Fee	
18) Ad Hoc Reporting	Per Hour	\$150	That cannot be done by County staff via the web-based tools provided by Contractor.

## Attachment B. Redline Version to Attachment A

19) RxInsider – Web-based data reporting tool	Per User License	Included (1 license) Additional licenses - \$2,500 per year	Contractor agrees both MSI and BHS shall be able to access this tool without purchasing additional licenses.
20) Standard Rebate Reports (based on standard or custom formularies)	Per Report	Included in Admin Fee	
<b>Service</b>	<b>Metric</b>	<b>Price</b>	<b>Comments</b>
21) Custom Reports – Non-Standard Reporting Intervals	Per Hour	\$100	In addition to Custom Reports, includes non-RxInsider reports such as FDA Approvals, pending approvals, pending generics, etc, that are included in this Contract, but may be requested more frequently than monthly or quarterly as specified in this Contract.
22) Transmitting data to County for ER Connect	Per Week	Included in Admin Fee	
23) Weekly Data files in support of invoices	Weekly	Included in Admin Fee	
<i>Pharmacy Network</i>			
24) Contracting, Credentialing, and Maintenance of Network Providers	Per Member, Per Month	Included in Admin Fee	
25) County-Requested Pharmacy Visits or On-Site Audits	Per audit	Cost of time + 10% and travel	
<i>Medicare Part D Services</i>			
26) Contractor's administration of County's Medicare Part D wrap coverage such as additional formulary coding, eligibility management, reports or other services not included in this Contract,	Per Request	Pricing to be negotiated based on the needs of County	County does not anticipate use of Contractor's administrative services for its Medicare Part D wrap coverage. Implementation will require approval by County Board of Supervisors if cost exceeds \$100,000 over the term of the Contract.
<i>Communication Material</i>			
27) Custom Formulary Printing	Per Item	Cost + 15%	
28) Welcome Kits	Per Kit	\$2.00 plus postage	To be charged against the implementation credit until expended
29) Custom Materials (including standard materials in languages other than English and Spanish)	Per Item	Cost +15%	County reserves the option of securing other translation services and providing materials to Contractor.
30) Member or Provider Surveys – County requested	Per Survey	Cost + 15%	Does not apply to regular surveys initiated by Contractor
31) Standard Internet Site Access for Members	Per Member, Per Month	Included in Admin Fee	
32) Custom Web Site Development	Per Hour	Custom/creative development - \$150	Standard resources, tools, & web-based member services included in Admin Fee

33) Other Member, Provider, Physician Communications	Per Letter	Cost +15%	Only if requested, in writing, by County. Contractor initiated communications do not apply.
34) Uploading of claims data from County's prior PBM for Reporting	Per Claim	\$0.03	May be applied against the implementation credit
<b>Service</b>	<b>Metric</b>	<b>Price</b>	<b>Comments</b>
<i>Implementation Costs</i>			
Other documented implementation costs not specifically outlined above or elsewhere in this Contract and mutually agreed to by County and Contractor.	Per Project	To be determined by Contractor and County	To be applied against the implementation credit.

11. County acknowledges and agrees that: (a) all discounts for periods up to June 30, 2011 are based on the AWP methodology utilized by Medi-Span before September 26, 2009; and (b) all discounts for periods after June 30, 2011 are based on the AWP methodology utilized by Medi-Span on and after September 26, 2009.

- D. Contractor shall separately bill County the actual costs incurred for travel expenses directly related to items indicated travel expenses are allowed in Paragraph C.10 above. Contractor agrees to the following spending guidelines for allowable expenses. Items exceeding the agreed upon guidelines or not specified as an allowable expense shall require prior County approval. Contractor will use its best efforts to manage expenses according to these guidelines; however, expenses are based on market driven events that are outside Contractor's control. Contractor shall provide adequate notice to County, in writing, if Contractor anticipates that it will exceed these guidelines and, in this notice, specify the market driven events causing the increased estimates in expense costs. County shall evaluate said notice for approval if appropriate and necessary to reimburse Contractor's costs.
1. *Airfare*: The parties agree that the average cost, per trip, for airfare shall be \$350. Airfare anticipated to be greater than \$500 shall require prior approval of County.
  2. *Hotel*: The parties agree that the average cost, per night, for a hotel room shall be \$135. Contractor agrees to contact hotels in proximity of County's offices and negotiate the rates based on expected frequency of travel, securing reasonable discounts or inclusion of additional complimentary benefits such as parking or meals, whenever possible. Hotel rates anticipated to be greater than \$175 per night shall require prior approval of County. The following hotel charges are not allowable:
    - a. In room movies
    - b. Room Service
    - c. In room telephone calls
    - d. Liquor
    - e. Excessive tipping
  3. *Rental Car*: The parties agree that the average daily rental car fee shall be \$56 per day, not including gasoline, and that, whenever possible, two or more of Contractor's personnel shall share use of the rental car. The parties anticipate that gasoline for the rental car shall not be greater than \$20, at self-serve prices, per week for travel related to County business. Gasoline usage anticipated to exceed \$30, at self-serve prices, per week shall require prior approval of County.
  4. *Meals/Per Diem*: The parties agree that each of Contractor's personnel, when on site at County's offices, shall not exceed \$64 per day for meals and incidentals and that the following restrictions shall apply:

- a. Liquor
  - b. Entertainment
  - c. Excessive tipping
  - d. Breakfast, if included with the Hotel rate
5. Contractor shall be responsible for providing acceptable invoices to the County for payment and obtaining prior approvals as required herein. Incomplete or incorrect invoices shall be returned to Contractor for correction. Documentation, including but not limited to copies of receipts, may be required by County, in its discretion, along with the supporting invoices.
- E. All paid claims supporting each invoice shall be re-priced and compared to the fee guarantee language as defined above, on an aggregate basis, by County or County's designee.
- i. For the MSI Program for the period July 1, 2007 through June 30, 2012 and for the BHS Program for the period July 1, 2007 through June 30, 2011. The amount paid in excess of or below the guarantee or estimate maximum, as appropriate, if any, will be accounted for every thirteen (13) weeks. Each thirteen (13) week period, any amount by which the applicable aggregate dollar amount of paid claims was below a guarantee or estimate maximum set forth in Section I.C.2 of this Attachment B shall be offset on a dollar-for-dollar basis against any amounts by which the applicable aggregate dollar amount of paid claims exceeded a guarantee set forth in Section I.C.2, such that Contractor's performance under all such guarantees or estimate maximums shall be determined on a net basis. If, after offset and netting as set forth above, there remains a net amount paid in excess of the aggregate guarantees or estimate maximums, such net amount will be accrued and reconciled as a credit within thirty (30) days following the applicable thirteen (13) week period to the invoice for the MSI Program and BHS Program, as appropriate.
- For the BHS Program for the period July 1, 2011 through June 30, 2012: For Generic medications, the BHS Program shall be billed a flat generic discount for every claim at a rate of AWP-70% regardless of the actual amount paid by Contractor to the pharmacy. For Brand name prescriptions and the dispensing fee, the amount paid in excess of or below the guarantee or estimate maximum, as appropriate, if any, will be accounted for every thirteen (13) weeks. Each thirteen (13) week period, any amount by which the applicable dollar amount of all paid claims was below a guarantee or estimate maximum set forth in Section I.C.2 of this Attachment B shall not be offset on a dollar-for-dollar basis against any amounts by which the applicable dollar amount of all paid claims exceeded a guarantee set forth in Section I.C.2, such that Contractor's performance under all such guarantees or estimate maximums shall be determined on a claim by claim basis. Amounts paid in excess of the guarantees or estimate maximums will be accrued and reconciled as a credit within thirty (30) days following the applicable thirteen (13) week period to the invoice for the BHS Program
- ii. For the period July 1, 2007 through September 30, 2007, all paid claims supporting each invoice shall be re-priced and compared to the fee guarantee language as defined above, on an aggregate basis, by County and accounted for every four (4) weeks for County's informational purposes only.

## II. PAYMENT TERMS

### A. Terms

- 1. Contractor shall submit weekly invoices separately for the MSI and BHS Programs.
- 2. Payment should be made within thirty (30) days upon after receipt and approval by County of an invoice in a format acceptable to the County and verified and approved by its contracted pharmacy consultant/quality assurance/auditor the Auditor-Controller's receipt of an approved invoice submitted in accordance with the terms

set forth herein. The invoice must be verified and approved by the appropriate Project Manager and is subject to routine processing requirements of the County, including verification and approval by County's contracted pharmacy consultant/quality assurance/auditor.

3. Payment made by the County shall not preclude the right of the County from thereafter disputing any items or services involved or billed under this Contract and shall not be construed as acceptance of any part of the services.
4. Claims submitted with the invoices that are identified as variant from the contract or BHS or MSI Program benefits, as applicable, will be rejected for payment. These rejections must be corrected, rejected, or explained by Contractor before payment for them will be issued.

B. Invoicing Instructions

1. Invoicing mailed to the following, which addresses and/or information may be modified by either the MSI Project Manager or BHS Project Manager with ten (10) days written notice to Contractor. Supporting documentation shall either be sent via e-mail or available through an FTP site for the following:

- a. For both the MSI Program and BHS Program:

Pro Pharma Pharmaceutical Consultants, Inc.  
[data@propharmaconsultants.com](mailto:data@propharmaconsultants.com)

Questions to be directed to:  
Prairie McFarland  
[praiiemcfarland@propharmaconsultants.com](mailto:praiiemcfarland@propharmaconsultants.com)  
(818) 701-5438 ext 730

- b. For the MSI Program:

County of Orange  
Health Care Agency/MSI  
405 W. 5<sup>th</sup> Street, Room 679  
Santa Ana, CA 92701  
Attn: Anthony Rose  
[arose@ochca.com](mailto:arose@ochca.com)

- b. For the BHS Program:

County of Orange  
Health Care Agency/BHS Program Support  
405 W. 5<sup>th</sup> Street, Room 767  
Santa Ana, CA 92701  
Attn: Carlos Andrade  
[candrade@ochca.com](mailto:candrade@ochca.com)

2. Acceptable invoicing format: The Contractor may bill on any standard invoice form, but the following references must be made:
  - a. County Contract Number: **MA-042-1101686**
  - b. Contractor's Federal I.D. Number and California Board of Equalization Permit Number (if California sales tax is added and collectible or if no permit is shown, sales tax will be deducted from payment and the County will pay use tax directly to the State of California in lieu of California sales tax)

- c. There will be two types of invoices for services provided in accordance with this Contract: one for the Medical Services for Indigents (MSI) Program and one for the Behavioral Health Services (BHS) Program established in accordance with Attachment A.
- d. The responsibility for providing acceptable invoice(s) to the County for payment rests with the Contractor. Incomplete or incorrect invoices are not acceptable and will be returned to the Contractor for correction.
- e. Whenever occasioned by the terms of the Contract, documentation from Project Manager confirming that all of the requirements of a particular milestone/task/deliverable have been satisfied or that all of the product(s) have been received in good condition or have been properly installed by the County may be required to be submitted along with your invoice(s).
- f. The Contractor may be required by the County to obtain from any or all subcontractors, suppliers, sub-tier firms, or individuals satisfaction and release of payment for any products or services furnished to the Contractor on behalf of the County in the performance and completion of the SOW in accordance with Attachment A. Such releases shall be submitted with the corresponding invoice(s) to the County for any progress payments scheduled or due the Contractor. The County may reject any Contractor invoice not complete with the subcontractor, supplier, sub-tier satisfaction and release of payment when it has been required.

III. County agrees that it will compensate Contractor for all services provided up to the date of termination.

IV. Any expenses incurred as a result of travel to and from meetings will be borne by the respective Party.

V. **REBATES**

- A. Contractor shall offer a transparent rebate pass-through of 100% per all brand claims and will provide both the MSI and BHS Programs all access rebates for those earned for all paid claims.
  - 1. Rebate pass-through must be based on rebates earned and comply with County requirements for detailed audits.
  - 2. Rebate quotes must be itemized by rebate guaranteed for each applicable MSI Program or BHS Program formulary, and by MSI Program or BHS Program formularies that will be designed according to lowest net-net drug cost before rebates.
  - 3. Rebate guarantees require rebate receipts that contain complete electronic data by manufacturer and by NDC# to verify compliance with this Contract. All rebate receipts from Contractor must be supported by NDC level line item accounting (including quantities and payments) for earned versus paid rebates. Each rebate receipt should "true up" all paid and unpaid rebates.
  - 4. Rebate guarantees require acceptance of arbitration for mediation of un-reconciled rebate receipts.
- B. Contractor shall pay 100% of earned rebates no later than one hundred fifty (150) days after the end of each quarter or within sixty (60) days of receipt. County agrees that the amount of rebates may be periodically reconciled to adjust for any duplicates or other administrative errors on behalf of Contractor.
- C. For purposes of defining rebate guarantees, "all pharmaceutical rebates" refers to base, formulary, incentive, and market share rebates. However, discounts attributed to

Contractor’s timely payment of invoices for medications and its mail service pharmacy are not considered rebates

- D. For Specialty Pharmacy Services, Contractor shall provide a transparent rebate pass-through of 100% per all brand claims and will provide MSI Project Manager and BHS Project Manager manufacturer specific and NDC level itemization in order to verify compliance with the guarantee.

<b>Rebates</b>			
	<b>Guarantee (G) or Estimate (E)</b>	<b>Length of Guarantee</b>	<b>Amount at Risk</b>
1. Minimum Rebate Guarantee – Retail all brand Rx	(G) 100%	Three years	dollar for dollar
2. Minimum Rebate Guarantee – Mail Order all brand Rx	(G) 100%	Three years	dollar for dollar
3. Formulary Rebate Pass-thru %	(G) 100%	Three years	dollar for dollar

**VI. PERFORMANCE GUARANTEES**

- A. County shall require the following performance guarantees and penalties from Contractor to ensure minimum standards are met during the term of this Contract.
  - 1. County’s MSI or BHS Project Managers shall provide Contractor written notice of Contractor’s failure or inability to meet the specific standard(s) as set forth in this Performance Guarantee paragraph.
  - 2. Unless otherwise directed by the MSI Project Manager or the BHS Project Manager, penalty amounts deemed shall be shown as credits on the applicable invoice(s) for the MSI Program and/or the BHS Program.
  - 3. The total amount at risk for Contractor for performance guarantees is limited to 15% of the total annual claims administration fees or \$50,000, whichever is greater.
- B. Account Management Standards
  - 1. Contractor shall guarantee that members of its assigned account team will meet with County representatives monthly for the first quarter of this Contract, and quarterly thereafter for the duration of the Contract as arranged and scheduled with the BHS and MSI Project Managers.

**Penalty:**

\$10,000.00 for any scheduled meeting missed by Contractor’s representatives.

- 2. Contractor shall guarantee the MSI Project Manager and the BHS Project Manager reasonable right to approve any new account team leaders proposed by Contractor, based on mutually agreed-upon criteria.

**Penalty:**

\$10,000.00 per occurrence of installation of an unapproved management team leader.

- 3. Contractor guarantees a 95% response rate to any account management requests or disputes within 48 hours and a 95% problem resolution rate within three business days based on documented delays that can be attributed to error on the part of Contractor’s staff. Contractor guarantees 100% of issues will be resolved or have a resolution plan in place in less than 5 days with the exception of circumstances beyond Contractor’s control.



**Penalty:**

\$10,000.00 per occurrence of failure to respond within the specified time (over 5%) and \$10,000.00 per occurrence of failure to resolve the problem within the specified time (over 5%, to be measured and paid quarterly).

C. Customer Satisfaction Standards

1. Contractor guarantees a 90% customer satisfaction rating among all participants surveyed as measured by an independent third party surveyor, based on a mutually agreed-upon survey instrument.

**Penalty:**

\$10,000.00 per point below 90% as surveyed, paid annually.

2. Contractor guarantees a 95% or better response rate within one business day to customer service disputes.

**Penalty:**

\$10,000.00 per percentage point below 95% for documented occurrences of failure to respond to customer service disputes within one day, to be measured and paid quarterly.

3. Contractor guarantees 90% of all customer service calls will be answered within 30 seconds with an abandonment rate of 5% or less, based on quarterly reports from the call center.

**Penalty:**

\$5,000.00 per percentage point below 90% for customer service call answer time, \$5,000.00 per percentage point above 5% for calls abandoned, to be measured and paid quarterly.

D. Retail Network Pharmacy Audits Standards

1. Contractor guarantees an annual onsite audit rate of at least 1% and a desk audit of at least 25% of the contracted MSI Program and BHS Program retail network pharmacies annually.

**Penalty:**

\$5,000.00 per percentage point below 1% for annual onsite network pharmacy audits, paid annually. \$5,000.00 per percentage point below 25% for annual desk network pharmacy audits, paid annually.

2. Contractor guarantees to provide weekly invoice claim data in electronic NCPDP format with each invoice that includes 100% of all claims supporting the invoice, all edits, Prior Authorizations, and other relevant information to support claims payments.

**Penalty:**

\$10,000.00 per occurrence of weekly/biweekly invoice claim data not being provided to either the MSI Program or the BHS Program by Contractor.

E. Performance Standards

1. Contractor guarantees to provide both the MSI Project Manager and the BHS Project Manager with a quarterly performance report card as detailed in Paragraph II.H of Attachment A to this Contract.

**Penalty:**

\$10,000.00 per occurrence of quarterly report card not provided by Contractor.

2. Contractor guarantees to meet all deadlines in the implementation work plan as agreed to by the County and Contractor. To be measured by actual deadline results of implementation.

**Penalty:**

\$10,000.00 for failure to meet deadlines not caused by a deadline failure on the part of County.

3. Contractor guarantees to meet all deadlines agreed to by the County and Contractor for providing data, web page capabilities, reports, and other account support. To be measured by actual deadline results of implementation.

**Penalty:**

\$5,000.00 or failure to meet deadlines not caused by a deadline failure on the part of County.

4. Contractor guarantees to provide complete electronic claims detail to support each invoice, verifiable by the plans via the on-line reporting tool.

**Penalty:**

Administrative fees will be waived for failure to provide the required data.

5. Contractor guarantees that all patient medication change programs and physician directives for drug switches will be approved or denied based on MSI Program and/or BHS Program policies for patient communications.

**Penalty:**

\$500.00 per documented occurrence of failure by Contractor to adhere to MSI Program and BHS Program policies for patient communication.

6. Contractor guarantees a mail service accuracy rate of 99.5% in prescription filling and an average turnaround time for prescriptions requiring NO intervention measured from date order received to date order shipped of 2.8 days.

**Penalty:**

\$50 per any inaccurate claim greater than 0.5% of total claims, measured quarterly; \$50 per clean claim processed in excess of 2.8 days.

7. The following performance guarantees with financial penalties for non-compliance cover other services as requested in this Contract.

<b><i>Contractor Service and Performance Standards</i></b>	
<b>a. Identification cards</b>	Within 10 business days of receipt of complete and accurate eligibility information and County-approved proof, 100% of identification cards will be produced and mailed.
Dollar amount of penalty and method of measurement	No charges for cards delivered late. To be measured based on shipment receipt.

<b>Contractor Service and Performance Standards</b>	
<b>b. Eligibility posting</b>	After receipt of complete and accurate eligibility information in the specified format, 99% of electronically transmitted updates posted within three business days.
Dollar amount of penalty and method of measurement	For each full percentage point below the standard, Contractor will be assessed a fee equal to a percentage of the established administration fee. To be determined at the end of each contract year.
<b>c. Administration of non-network claims</b>	At least 99% of "clean" prescription claims will be processed within 14 working days of receipt.
Dollar amount of penalty and method of measurement	Penalty calculated at end of each contract year based on the average claims turnaround time for the year. For each full day above the standard, Contractor will be assessed a fee equal to a percentage of the established administration fee to be measured by claims turnaround reports produced by Contractor or independent audit by County or its designee.
<b>d. Reporting requirements</b>	All specified reports will be provided within 20 business days of the end of the quarter.
Dollar amount of penalty and method of measurement	County will assess a penalty of \$300 per day per report for each day a report is more than five days late.
<b>e. Point-of-sale network system downtime</b>	The system downtime will be no greater than 24 hours per incident, not to exceed two times per contract year.
Dollar amount of penalty and method of measurement	Penalty to be assessed at time of violation at percentage of the established administration fee.
<b>f. Retail point-of-sale claims adjudication accuracy</b>	Contractor will provide a financial accuracy rate of at least 99% for all prescription claims processed at point-of-sale.
Dollar amount of penalty and method of measurement	To be determined at end of each contract year. For each full percentage point below standard, equal to a percentage of the established administration fee to be measured by reports produced by Contractor or independent audit by County or its designee.

F. Claim Administration Accuracy Standards

- Contractor guarantees 99% of electronically transmitted updates posted within three business days after receipt of complete and accurate eligibility information in the specified format.

**Penalty:**

For each full percentage point below 99%, Contractor will be assessed a fee equal to 5% of the established administration fee, to be determined at the end of each contract year.

- Contractor will resolve 95% of denied claims within thirty (30) days.

**Penalty:**

\$1000.00 per percentage point below 95% for documented occurrences of failure to resolve denied claims, to be measured and paid quarterly.

3. Contractor guarantees all invoices will be accompanied by claims in NCPDP format.

**Penalty:**

\$1000.00 per documented occurrence of failure to provide the invoice with claims in NCPDP format.

4. Contractor agrees that all errors in claim administration directly attributable to Contractor's delays or errors are the financial responsibility of Contractor

G. Specialty Pharmacy Service /Performance Standards

1. Contractor guarantees a specialty pharmacy claim accuracy of 99% and a turnaround time for delivery of the product of no more than 72 hours for prescriptions requiring no intervention measured from date prescription written to date order received.

**Penalty:**

Contractor pays the cost of the claim, per inaccurate claim greater than 1% of total claims, or documented instances of turnaround time greater than 72 hours, measured quarterly.

2. Contractor will supply all specified reports within 20 business days of the end of the quarter

**Penalty:**

\$500.00 per day per report for each day a report is more than five days late, to be measured and paid quarterly.

3. Contractor will place \$50,000.00 at risk for documented lack of achievement of performance and services guarantees related to its specialty pharmacy program, annually.

**EXHIBIT 1**  
**CONTRACT NO. MA-042-1101686**

**PHARMACY BENEFITS MANAGER SERVICES**  
**FOR THE COUNTY OF ORANGE**  
**HEALTH CARE AGENCY**

COUNTY OF ORANGE CHILD SUPPORT ENFORCEMENT  
**CERTIFICATION REQUIREMENTS**

**1. For an individual contractor:**

Name, date of birth, social security number, and residence address:

Name: \_\_\_\_\_  
D.O.B: \_\_\_\_\_  
Social Security No: \_\_\_\_\_  
Residence Address: \_\_\_\_\_  
\_\_\_\_\_

**2. For contractor doing business in a form other than as an individual:**

The name, date of birth, social security number, and residence address of each individual who owns an interest of 10 percent or more in the contracting entity (if no individual owns 10 percent or more, write "N/A"):

Name: \_\_\_\_\_  
D.O.B: \_\_\_\_\_  
Social Security No: \_\_\_\_\_  
Residence Address: \_\_\_\_\_  
\_\_\_\_\_

Name: \_\_\_\_\_  
D.O.B: \_\_\_\_\_  
Social Security No: \_\_\_\_\_  
Residence Address: \_\_\_\_\_  
\_\_\_\_\_

Name: \_\_\_\_\_  
D.O.B: \_\_\_\_\_  
Social Security No: \_\_\_\_\_  
Residence Address: \_\_\_\_\_  
\_\_\_\_\_

(Additional sheets may be used if necessary)

**Child Support Enforcement Certificate**

"I certify that RxAmerica, LLC is in full compliance with all applicable federal and state reporting requirements regarding its employees and with all lawfully served Wage and Earnings Assignment Orders and Notices of Assignments and will continue to be in compliance throughout the term of Contract MA-042-1101686 with the County of Orange. I understand that failure to comply shall constitute a material breach of the Contract and that failure to cure such breach within 60 calendar days of notice from the County shall constitute grounds for termination of the Contract.

---

*Signature\** *Name (Please Print)*

---

*Title* *Date*

---

*Company Name*

---

*Contract Number*

**\*Two signatures required if a corporation.**

**EXHIBIT 2**  
**CONTRACT NO. MA-042-1101686**

**PHARMACY BENEFITS MANAGER SERVICES  
FOR THE COUNTY OF ORANGE  
HEALTH CARE AGENCY**

**SPECIALTY PHARMACY SERVICES RATES**

- I. County and Contractor agree that the following drugs listed on the following matrix are available through Contractor, but may not necessarily be allowed medications on either the MSI formulary or BHS Formulary.
- II. The Parties understand that drugs listed in this matrix may be changed from time to time.

Condition Treated	Drug Name	AWP-%	Notes
Anemia	ARANESP INJ	17%	
Anemia	DEXFERRUM INJ/INFED INJ	17%	
Anemia	EPOGEN INJ	17%	
Anemia	FERRLECIT SOL	17%	
Anemia	PROCRIT INJ	17%	
Anemia	VENOFER INJ	17%	
Asthma	XOLAIR SOL	14%	
Emphysema	ARALAST INJ	16%	
Emphysema	ZEMAIRA	16%	
Emphysema	PROLASTIN INJ	8%	
Fabrys Disease	FABRAZYME INJ	10%	
Gauchers Disease	CEREZYME INJ	10%	
Growth Hormone	GENOTROPIN INJ	17%	
Growth Hormone	HUMATROPE INJ	17%	
Growth Hormone	NORDITROPIN INJ	17%	
Growth Hormone	NUTROPIN AQ INJ/KIT	17%	
Growth Hormone	NUTROPIN INJ/KIT	17%	
Growth Hormone	PROTROPIN	17%	
Growth Hormone	SAIZEN INJ	17%	
Growth Hormone	TEV-TROPIN INJ	17%	
Hematology/Cardiology	ARIXTRA SOL	17%	
Hematology/Cardiology	DESFERAL INJ	17%	
Hematology/Cardiology	FRAGMIN INJ	17%	
Hematology/Cardiology	INNOHEP INJ	17%	
Hematology/Cardiology	LOVENOX INJ	17%	
Hemophilia	ADVATE KIT	17%	
Hemophilia	ALPHANATE INJ	17%	
Hemophilia	ALPHANINE SD INJ	17%	
Hemophilia	AUTOPLEX T INJ	17%	
Hemophilia	BEBULIN INJ	17%	
Hemophilia	BENEFIX INJ	17%	
Hemophilia	DDAVP INJ	17%	
Hemophilia	FEIBA	17%	

Condition Treated	Drug Name	AWP-%	Notes
Hemophilia	HELIXATE FS SOL/KOGENATE FS SOL INJ	17%	
Hemophilia	HEMOFIL M HU INJ	17%	
Hemophilia	HUMATE-P INJ	17%	
Hemophilia	HYATE:C INJ	17%	
Hemophilia	KOATE-DVI INJ	17%	
Hemophilia	MONARC-M INJ	17%	
Hemophilia	MONOCLATE-P INJ	17%	
Hemophilia	MONONINE INJ	17%	
Hemophilia	NOVOSEVEN INJ	17%	
Hemophilia	PROFILNINE INJ	17%	
Hemophilia	RECOMBINATE INJ	17%	
Hemophilia	REFACTO INJ	17%	
Hemophilia	STIMATE SOL	17%	
Hepatitis	BAYHEP B	17%	
Hepatitis	COPEGUS TAB 200 MG	17%	
Hepatitis	INFERGEN INJ	17%	
Hepatitis	INTRON-A INJ/KIT	17%	
Hepatitis	PEGASYS INJ	17%	
Hepatitis	PEG-INTRON INJ/KIT	17%	
Hepatitis	REBETRON KIT	17%	
Hepatitis	RIBAVIRIN CAP 200 MG	25%	
Hepatitis	RIBAVIRIN TAB 200 MG	25%	
Hepatitis	RIBASPHERE CAP 200 MG	25%	
Hepatitis	ROFERON-A KIT	17%	
HIV/AIDS	SEROSTIM INJ	14%	
HIV/AIDS	FUZEON INJ/KIT	17%	
HIV/AIDS	RETROVIR INJ	17%	
HIV/AIDS	VISTIDE INJ	17%	
Immune Therapy	BAYGAM INJ	16%	
Immune Therapy	BAYRHO-D INJ	16%	
Immune Therapy	CARIMUNE INJ	16%	
Immune Therapy	CYTOGAM INJ	16%	
Immune Therapy	FLEBOGAMMA INJ	16%	
Immune Therapy	GAMIMUNE N INJ	16%	
Immune Therapy	GAMMAGARD SD INJ	16%	
Immune Therapy	GAMMAR INJ	16%	
Immune Therapy	GAMUNEX INJ	16%	
Immune Therapy	IVEEGAM INJ	16%	
Immune Therapy	ORTHOCLONE INJ	16%	
Immune Therapy	PANGLOBULIN INJ	16%	
Immune Therapy	POLYGAM INJ	16%	
Immune Therapy	VENOGLOBUL-S INJ	16%	
Immune Therapy	AZATHIOPRINE INJ	17%	



## Attachment B. Redline Version to Attachment A

Condition Treated	Drug Name	AWP-%	Notes
Immune Therapy	CELLCEPT CAPS	17%	
Immune Therapy	CELLCEPT IV INJ	17%	
Immune Therapy	CELLCEPT TABLETS	17%	
Immune Therapy	CELLCEPT ORAL SUSPENSION	17%	
Immune Therapy	CYCLOSPORINE INJ	17%	
Immune Therapy	IVEEGAM INJ	17%	
Immune Therapy	PROGRAF CAPS	17%	
Immune Therapy	RAPAMUNE ORAL SOLUTION	17%	
Immune Therapy	RAPAMUNE TAB	17%	
Immune Therapy	SIMULECT INJ	17%	
Immune Therapy	ZENAPAX INJ	17%	
Infertility	BRAVELLE INJ	17%	
Infertility	CHOR GONADOT INJ	17%	
Infertility	FERTINEX INJ/KIT	17%	
Infertility	FOLLISTIM INJ	17%	
Infertility	GANIRELIX (formerly ANTAGON)	17%	
Infertility	GONAL-F INJ	17%	
Infertility	NOVAREL INJ	17%	
Infertility	OVIDREL INJ	17%	
Infertility	PERGONAL INJ	17%	
Infertility	PREGNYL INJ	17%	
Infertility	PROFASI HP INJ	17%	
Infertility	REPRONEX INJ	17%	
Multiple Sclerosis	AVONEX INJ/KIT	17%	
Multiple Sclerosis	BETASERON INJ	17%	
Multiple Sclerosis	COPAXONE KIT	17%	
Multiple Sclerosis	REBIF INJ	17%	
Neurology	BOTOX INJ	17%	
Neurology	MYOBLOC INJ	17%	
Oncology	ABRAXANE INJ	17%	
Oncology	ADRIAMYCIN INJ	17%	
Oncology	ADRUCIL INJ	17%	
Oncology	ALFERON INJ	17%	
Oncology	ALIMTA INJ	17%	
Oncology	ALKERAN INJ	17%	
Oncology	AVASTIN IN	17%	
Oncology	BCG LIVE (TICE BCG) KIT	17%	
Oncology	BICNU INJ	17%	
Oncology	BLENOXANE	17%	
Oncology	BLEOMYCIN	17%	
Oncology	CAMPATH INJ	17%	
Oncology	CAMPTOSAR INJ	17%	
Oncology	CERUBIDINE INJ	17%	
Oncology	CISPLATIN INJ	17%	
Oncology	COSMEGEN INJ	17%	

## Attachment B. Redline Version to Attachment A

Condition Treated	Drug Name	AWP-%	Notes
Oncology	CYTARABINE INJ	17%	
Oncology	CYTOXAN INJ	17%	
Oncology	DACARBAZINE INJ	17%	
Oncology	DAUNORUBICIN INJ	17%	
Oncology	DAUNOXOME INJ	17%	
Oncology	DELATESTRYL INJ	17%	
Oncology	DELESTROGEN INJ	17%	
Oncology	DEPO-TESTOSTERONE	17%	
Oncology	DOXIL INJ	17%	
Oncology	DOXORUBICIN INJ	17%	
Oncology	ELIGARD INJ	17%	
Oncology	ELLENCE INJ	17%	
Oncology	ELOXATIN INJ	17%	
Oncology	ELSPAR INJ	17%	
Oncology	ERBITUX INJ	17%	
Oncology	ETHYOL INJ	17%	
Oncology	ETOPOPHOS INJ	17%	
Oncology	ETOPOSIDE INJ	17%	
Oncology	FASLODEX INJ	17%	
Oncology	FLUDARA INJ	17%	
Oncology	FLUOROURACIL INJ	17%	
Oncology	FUDR INJ	17%	
Oncology	GEMZAR INJ	17%	
Oncology	HERCEPTIN INJ	17%	
Oncology	HYCAMTIN INJ	17%	
Oncology	IDAMYCIN INJ	17%	
Oncology	IDARUBICIN INJ	17%	
Oncology	IFEX INJ	17%	
Oncology	LEUSTATIN INJ	17%	
Oncology	LUPRON DEPOT INJ	17%	
Oncology	MESNA INJ	17%	
Oncology	MESNEX INJ	17%	
Oncology	METHOTREXATE INJ	17%	
Oncology	MITOMYCIN INJ	17%	
Oncology	MUSTARGEN INJ	17%	
Oncology	MUTAMYCIN INJ	17%	
Oncology	MYLOTARG SOL	17%	
Oncology	NAVELBINE INJ	17%	
Oncology	NEOSAR INJ	17%	
Oncology	NEUTREXIN INJ	17%	
Oncology	NIPENT INJ	17%	
Oncology	NOVANTRONE INJ	17%	
Oncology	ONCASPAR	17%	
Oncology	ONTAK INJ	17%	
Oncology	ONXOL INJ	17%	
Oncology	PACLITAXEL INJ	17%	
Oncology	PARAPLATIN INJ	17%	

## Attachment B. Redline Version to Attachment A

Condition Treated	Drug Name	AWP-%	Notes
Oncology	PHOTOFRIN	17%	
Oncology	PLATINOL-AQ	17%	
Oncology	PLENAXIS INJ	17%	
Oncology	RITUXAN INJ	17%	
Oncology	ROFERON-A	17%	
Oncology	TAXOL INJ	17%	
Oncology	TAXOTERE INJ	17%	
Oncology	THERACYS INJ	17%	
Oncology	THIOTEPA INJ	17%	
Oncology	TRELSTAR INJ	17%	
Oncology	TRISENOX	17%	
Oncology	VELCADE INJ	17%	
Oncology	VEPESID INJ	17%	
Oncology	VIADUR IMPLANT KIT	17%	
Oncology	VIDAZA	17%	
Oncology	VINBLASTINE INJ	17%	
Oncology	VINCASAR INJ	17%	
Oncology	VINCRISTINE INJ	17%	
Oncology	VUMON	17%	
Oncology	XELODA TAB	17%	
Oncology	ZANOSAR	17%	
Oncology	ZINECARD INJ	17%	
Oncology	ZOLADEX IMP	17%	
Oncology Adjunct	ALOXI INJ	17%	
Oncology Adjunct	ANZEMET INJ	17%	
Oncology Adjunct	AREDIA INJ	17%	
Oncology Adjunct	EMEND CAPSULE	17%	
Oncology Adjunct	KYTRIL INJ	17%	
Oncology Adjunct	LEUCOVORIN INJ	17%	
Oncology Adjunct	LEUKINE SOL INJ	17%	
Oncology Adjunct	NEULASTA INJ	17%	
Oncology Adjunct	NEUMEGA	17%	
Oncology Adjunct	NEUPOGEN	17%	
Oncology Adjunct	PAMIDRONATE INJ	17%	
Oncology Adjunct	SANDOSTATIN INJ	17%	
Oncology Adjunct	ZOFRAN INJ	17%	
Oncology Adjunct	ZOMETA INJ	17%	
Osteoarthritis	EUFLEXXA	17%	
Osteoarthritis	HYALGAN INJ	17%	
Osteoarthritis	ORTHOVISC INJ	17%	
Osteoarthritis	SUPARTZ INJ	17%	
Osteoarthritis	SYNVISC INJL	17%	
Other	SOMAVERT INJ	8%	
Other	ACTHAR HP INJ	15%	
Other	ACTIMMUNE INJ	16%	
Other	CORTROSYN INJ	17%	
Other	FORTEO SOL	17%	
Other	LUPR DEP-PED INJ	17%	

## Attachment B. Redline Version to Attachment A

Condition Treated	Drug Name	AWP-%	Notes
Other	RIMSO SOL	17%	
Other	RISPERDAL INJ	17%	
Other	SYNAREL SOL	17%	
Other	THROMBAT III INJ	17%	
Other	THYROGEN INJ	17%	
Other	ZEMPLAR INJ	17%	
Parkinson's	APOKYN INJ	14%	
Psoriasis	AMEVIVE INJ	16%	
Psoriasis	RAPTIVA KIT	14%	
Pulmonary	FLOLAN INJ	0%	
Pulmonary	FLOLAN STERILE DILU SOL	0%	
Pulmonary	TRACLEER TABLETS	14%	
Pulmonary	REMODULIN INJ	0%	
Pulmonary	PULMOZYME SOL	17%	
Pulmonary	TOBI	17%	
Rheumatoid Arthritis	ENBREL INJ	17%	
Rheumatoid Arthritis	HUMIRA KIT	17%	
Rheumatoid Arthritis	KINERET INJ	17%	
Rheumatoid Arthritis	MYOCHRYSINE INJ	17%	
Rheumatoid Arthritis	REMICADE INJ	17%	
RSV	SYNAGIS INJ	14%	
Sexual Dysfunction	ALPROSTADIL INJ	17%	
Sexual Dysfunction	CAVERJECT KIT	17%	
Sexual Dysfunction	EDEX INJ/KIT	17%	

Generic Medications substituted when available at a discount of AWP-25%

Effective July 1, 2011, each of the AWP discounts set forth in the pricing chart shall be reduced by 3% and such AWP discounts will be based on the AWP methodology utilized by Medi-Span on and after September 26, 2009.