CONTRACT

FOR

CLAIMS ADMINISTRATION, COST MANAGEMENT SERVICES AND A PREFERRED PROVIDER ORGANIZATION (PPO) NETWORK FOR THE SELF-INSURED PPO HEALTH PLANS AND MANAGEMENT AND ATTORNEY DENTAL PLAN

ATTACHMENTS

EXHIBITS

CONTRACT

THIS Contract for Claims Administration, Cost Management Services and a Preferred Provider Organization (PPO) Network for the Self-Insured PPO Health Plans and Management and Attorney Dental Plan, hereinafter referred to as ("Contract") is effective January 1, 2014 by and between the County of Orange, a political subdivision of the State of California, hereinafter referred to as "County" and California Physician Services, dba Blue Shield of California, with a place of business at 50 Beale Street, San Francisco, CA 94105, hereinafter referred to as "Contractor", 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 Claims Administration, Cost Management Services and a Preferred Provider Organization (PPO) Network for the Self-Insured PPO Health Plans and Management and Attorney Dental Plan; 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 his designee to enter into this Contract with Contractor;

NOW, THEREFORE, the Parties mutually agree as follows:

ARTICLES

1. **Scope of Work:** This Contract specifies the contractual terms and conditions by which the County will obtain professional services as further set forth in Attachment A - Scope of Work.
   Services herein shall be provided by Contractor to include two distinct phases:

   Transition and Implementation period and On-Going Claims Administration

   Phase I: Transition and Implementation: The Transition and Implementation services shall consist of all tasks and milestones mutually agreed upon between County and Contractor and shall continue until each task and milestone is fully completed and accepted by the County.

   Phase II: Ongoing Administration of Claims: The ongoing Administration of Claims shall commence no later than January 1, 2014 and shall consist of all services identified within the Scope of Work.

2. **Pricing:** The Contract price, as specified in Attachment B hereto, includes full compensation for providing all services to be provided under this Contract.

3. **Invoicing/Payment:** All invoicing and payment for services performed under this Contract shall be as specified in Attachment B, hereto.

4. **Term of Contract:** This Contract shall commence from January 1, 2014, and shall continue in effect for a period of *five*~~our~~ (years) through December 21, 201*8*~~7~~. ~~The Contract may be renewed thereafter for one (1) additional year period upon mutual agreement of both Parties. The County does not have to give a reason if it elects not to renew this Contract.~~

5. **Entire Agreement:** This Contract, including its Attachments, contains the entire contract between the Parties with respect to the matters herein and there are no exceptions, alternatives, substitutions, revisions, understandings, agreements, restrictions, promises, warranties or undertakings, whether oral or written, other than those set forth herein or referred to herein.

6. **Amendments:** No alteration or variation of the terms of this Contract shall be valid unless made in writing and signed by the Parties.

7. **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, without reference to conflict of laws provisions. 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 venue.

8. **Appropriation/Contingency of Funds:** 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, this Contract will be immediately terminated without penalty to the County.

9. **Taxes:** The Contract provided does not contemplate any taxes, fees, other charges or offsets by any state or federal government which may, in the future, be assessed against Contractor on the basis of the benefit payments made on County's behalf under this Contract. In the event Contractor becomes liable for any such taxes, fees, other charges or offsets, including amounts assessed against Contractor under federal regulation, 42 CFR 411.24 (Medicare Secondary Payer), the County agrees to reimburse Contractor for the amount of tax, fee, charge or offset attributable to the benefits paid on the County's behalf. This obligation will survive termination of this Contract.

10. **Delivery:** Time of delivery of services is of the essence in this Contract. County reserves the right to refuse any services and to cancel all or any part of the services that do not conform to the prescribed Scope of Work.

11. **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.

12. **Assignment or Sub-contracting:** 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 sub-contract 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. Notwithstanding the foregoing, the County consents to the subcontractors listed in Attachment C.3. Irrespective of any assignment of subcontracting with respect to any portion of this Contract, Contractor shall remain fully responsible and liable for the performance of all services required herein.

13. **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 sub-contractors 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 anti-discrimination laws or regulations including but not limited to Section 1720 *et seq.*, of the California Labor Code.

14. **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 performed 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 services; and, if permitted to sub-contract, shall be fully responsible for all work performed by sub-contractors.

15. **Errors and Omissions:** All reports, files and other documents prepared and submitted by Contractor shall be complete and shall be carefully checked by the professional(s) identified by Contractor as Project Manager and key personnel, prior to submission to the County. Contractor agrees that County review is discretionary and Contractor shall not assume that the County will discover errors and/or omissions. If the County discovers any errors or omissions prior to approving Contractor's reports, files and other written documents, the reports, files or documents will be returned to Contractor for correction. Should the County or others discover errors or omissions in the reports, files or other written documents submitted by Contractor after County approval thereof, County approval of Contractor's reports, files or documents shall not be used as a defense by Contractor in any action between the County and Contractor, and the reports, files or documents will be returned to Contractor for correction at no charge to County.

16. **Patent/Copyright Materials/Proprietary Infringement:** 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 18 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.

17. **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 18 below, 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.

18. **Indemnification:** Contractor agrees to indemnify, defend with counsel approved in writing by County, and hold harmless County, its elected and appointed officials, officers, employees, agents and those special districts and agencies which County's Board of Supervisors acts as the governing Board ("County Indemnitees") 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, products or other performance 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.

19. **Insurance:**

Prior to the provision of services under this Contract, the Contractor agrees to purchase all required insurance at Contractor's expense and to deposit with the County Certificates of Insurance, including all endorsements or copies of relevant policy pages required herein, necessary to satisfy the 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 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 self-insured retentions (SIRs) and deductibles shall be clearly stated on the Certificate of Insurance. If no SIRs or deductibles apply, indicate this on the Certificate of Insurance with a 0 by the appropriate line of coverage. Any self-insured retention (SIR) or deductible in an amount in excess of $25,000 ($5,000 for automobile liability), shall specifically be approved by the County Executive Office (CEO)/Office of Risk Management.

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

Qualified Insurer

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 A.M. Best's Rating) and VIII (Financial Size Category).

The policy or policies of insurance must be issued by an insurer licensed to do business in the state of California (California Admitted Carrier). If the carrier is a non-admitted carrier in the state of California and does not meet or exceed an A.M. Best rating of A-/VIII, CEO/Office of Risk Management retains the right to approve or reject carrier after a review of the company's performance and financial ratings. If the non-admitted carrier meets or exceeds the minimum A.M. Best rating of A-/VIII, the agency can accept the insurance.

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

Coverage	Minimum Limits
Commercial General Liability	$1,000,000 limit per occurrence $2,000,000 aggregate
Automobile Liability including coverage for 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
Employee Dishonesty	$3,000,000 per occurrence
Network Security & Privacy Liability	$5,000,000 per claims made

All liability insurance, except Professional Liability and Network Security & Privacy Liability, 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 with a minimum aggregate limit of $20,000.00. The minimum aggregate limit for the Commercial General Liability policy shall be $2,000,000.

The Employee Dishonesty insurance must provide coverage for the following: employee dishonesty; forgery or alternation; computer and credit/debit/charge card fraud; funds transfer fraud; money order and counterfeit currency; and client or third party coverage in the amount of at least $3,000,000 each coverage part. Coverage to include expenses incurred to establish the amount of the covered loss and all employees are to be considered insureds.

Required Coverage Forms

The Commercial General Liability coverage shall be written on Insurance Services Office (ISO) form CG 00 01, or a substitute form providing liability coverage at least as broad.

The Business Auto Liability coverage shall be written on ISO form CA 00 01, CA 00 05, CA 0012, CA 00 20, or a substitute form providing coverage at least as broad.

Required Endorsements

The Commercial General Liability policy shall contain the following endorsements, which shall accompany the Certificate of insurance:

1) An Additional Insured endorsement using ISO form CG 2010 or CG 2033 or a form at least as broad naming the County of Orange, its elected and appointed officials, officers, employees, agents as Additional Insureds.
2) A primary non-contributing endorsement evidencing that the Contractor's insurance is primary and any insurance or self-insurance maintained by the County of Orange shall be excess and non-contributing.
3) The County of Orange shall be a joint loss payee on the Employee Dishonesty coverage. A Joint Loss Payee endorsement evidencing that the County of Orange is a Joint Loss Payee shall accompany the Certificate of Insurance.

The Network Security and Privacy Liability policy shall contain the following endorsements which shall accompany the Certificate of Insurance:

1) An Additional Insured endorsement naming the County of Orange, its elected and appointed officials, officers, agents and employees as Additional Insureds for its vicarious liability.
2) A primary and non-contributing endorsement evidencing that the Contractor's insurance is primary and any insurance or self-insurance maintained by the County of Orange shall be excess and non-contributing.

Commercial General Liability policy 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 Workers' Compensation policy shall contain a waiver of subrogation endorsement waiving 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.

All insurance policies required by this Contract shall give the County of Orange 30 days notice in the event of cancellation and 10 days for non-payment of premium. This shall be evidenced by policy provisions or an endorsement separate from the Certificate of Insurance.

If Contractor's Professional Liability and/or Network Security & Privacy Liability policy are "claims made" policies, Contractor shall agree to maintain coverage for two years following completion of Contract.

The Commercial General Liability policy shall contain a severability of interests clause also known as a "separation of insureds" clause (standard in the ISO CG 0001 policy).

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

If the Contractor fails to provide the insurance certificates and endorsements within seven days of notification by CEO/Purchasing or the agency/department purchasing division, award may be made to the next qualified vendor.

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, which shall be mutually agreed upon. 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, nor act in any way to reduce the policy coverage and limits available from the insurer.

20. **Confidentiality:** Contractor agrees 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. All such records and information shall be considered confidential and kept confidential by Contractor and Contractor's staff, agents and employees.

    County and Contractor agree that information identified by either party as confidential or trade secret due to its proprietary nature, and any confidential medical information shall be held in trust and confidence by the other, except as otherwise required by law, and shall be used only for the purposes contemplated under this Contract.

21. **Contractor Personnel:** Contractor warrants that all Contractor personnel engaged in the performance of work under this Contract shall possess sufficient experience and/or education and the required licenses set forth herein in good standing to perform the services requested by the County. In the event County is dissatisfied with the performance of any Contractor personnel, County will provide notice to Contractor. Contractor agrees to promptly investigate the matter and to work diligently with County toward a satisfactory resolution, including, as reasonably necessary, removal and replacement of Contractor personnel. If after 60 calendar days, the Contractor is unable to resolve the issues, the County's project manager retains its right to request the removal of personnel and Contractor will comply within three business days or a time frame agreeable to the County. The Parties agree to work cooperatively in the resolution of all such matters.

22. **Contractor's Principal Consultant and Key Personnel:** Contractor shall appoint a Principal Consultant to direct the Contractor's efforts in fulfilling Contractor's obligations under this Contract. This Principal Consultant shall be subject to approval by the County and shall not be changed without the written consent of the County's project manager, which consent shall not be unreasonably withheld.

    The Contractor's Principal Consultant and key personnel 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. Key personnel are those individuals who report directly to the Contractor's Principal Consultant.

23. **Project Manager**: The County shall appoint a project manager to act as liaison between the County and the Contractor during the term of this Contract. The County's project manager shall coordinate the activities of the County staff assigned to work with the Contractor. In the event County's project manager is dissatisfied with the performance of Contractor's Principal Consultant, County will provide notice to Contractor. Contractor agrees to promptly investigate the matter and to work diligently with County toward a satisfactory resolution, including, as reasonably necessary, removal and replacement of Contractor's Principal Consultant. The County's project manager shall review and approve the appointment of the replacement for the Contractor's Principal Consultant, which approval shall not be unreasonably withheld. If after 60 calendar days, the Contractor is unable to resolve the issues, the County's project manager retains its right to request the removal of personnel and Contractor will comply within three business days or a time frame agreeable to the County. The Parties agree to work cooperatively in the resolution of all such matters.

24. **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's Project Manager will meet on reasonable notice to discuss the Contractor's performance and progress under this Contract. If requested, the Contractor's Project Manager and other project personnel shall attend all meetings. The Contractor shall provide such information that is requested by the County for the purpose of monitoring progress under this Contract.

25. **Ownership of Documents:** The County has permanent ownership of all directly connected and derivative materials produced under this Contract by the Contractor. Subject to section 20 (Confidentiality), all documents, reports and other incidental or derivative work or materials furnished hereunder shall become and remain the sole properties 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.

26. **Title to Data:** 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. All materials, documents, data or information, including copies, must be returned to the County at the end of this Contract.

27. **Audits/Inspections:** Contractor agrees to permit the County's Auditor-Controller or the Auditor-Controller's authorized representative (including auditors from a private auditing firm hired by the County) access during normal working hours to all books, accounts, records, reports, files, financial records, supporting documentation, and other papers or property of Contractor for the purpose of auditing or inspecting any aspect of performance under this Contract. The inspection and/or audit will be confined to those matters connected with the performance of the Contract. The County will provide reasonable notice of such an audit or inspection.

    The County reserves the right to audit and verify the Contractor's records before final payment is made.

    Contractor agrees to maintain such records for possible audit for a minimum of three years after final payment, unless a longer period of records retention is stipulated under this Contract or by law. Contractor agrees to allow interviews of any employees or others who might reasonably have information related to such records. Further, Contractor agrees to include a similar right to the County to audit records and interview staff of any sub-contractor related to performance of this Contract.

    Should the Contractor cease to exist as a legal entity, the Contractor's records pertaining to this Contract shall be forwarded to the surviving entity in a merger or acquisition or, in the event of liquidation, to the County's Project Manager.

28. **Publication:** No copies of schedules, written documents, and computer based data, photographs, maps or graphs, resulting from performance or prepared in connection with this Contract, are to be released by Contractor and/or anyone acting under the supervision of Contractor to any person, partnership, company, corporation, or agency, without prior written approval by the County, except as necessary for the performance of the services of this Contract. All press releases, including graphic display information to be published in newspapers, magazines, etc., are to be administered only by the County unless otherwise agreed to by both Parties.

29. **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 contractor's and third parties associated with accomplishing 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 Board of Supervisors policy prohibits its employees from engaging in activities involving a conflict of interest. The Contractor shall not, during the period of this Contract, employ any County employee for any purpose.

30. **Termination:** In addition to any other remedies or rights it may have by law and subject to section 32 hereof, County has the right to terminate this Contract without penalty immediately with cause or

after 30 days' written notice without cause, unless otherwise specified in this contract. 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. In addition to any other remedies or rights it may have by law and as set forth in this Contract, Contractor has the right to terminate this Contract without penalty after 270 days written notice without cause, unless otherwise specified. The County shall have the right to terminate your services under the following conditions and timeframes

a) Upon the firm committing a material breach of the terms of the Contract with the County subject to the notice and right to cure described in Section 32.

b) Immediately for violation of any fiduciary duty or if the Contractor commits a fraud or criminal act in providing the agreed upon services.

c) Thirty days after the County provides Contractor with written notice, if the Contractor sells all of their assets or transfers control of management or operations to any third party.

d) Upon appropriate notice if there has been a filing of a petition for voluntary or involuntary bankruptcy or dissolution involving Contractor and/or thirty days after the County provides Contractor with written notice, if under Title 11 of the United States Code, the firm becomes subject to any voluntary or involuntary insolvency, cession or similar proceedings or the Contractor has made an assignment for the benefit of creditors.

e) Thirty days after the County provides the Contractor with written notice, if the County determines there has been a significant decline in the firm's financial condition.

f) Thirty days after a termination from Contractor's provider panel, hospital network and/or medical group(s) that ranks in the top 20 in claims volumes or participant utilization.

In the event Contractor attempts to terminate this Contract or otherwise ceases delivery of the services provided in Attachment A – Scope of Work, without complying with the Termination provisions herein, Contractor agrees to pay the County as damages the sum of: (1) the County's (including County consultants and advisors) costs and expenses in procuring a new contractor to perform the services, (2) the additional fees, expenses and other compensation paid to the new contractor in excess of what would have been paid to Contractor had Contractor fully performed the services under this Contract and (3) any and all other costs, expenses, damages or liabilities of the County resulting from Contractor's improper termination of this Contract of the failure to perform Contract services.

If the County fails to fund account at County Bank as required in Attachment H, Contractor will provide County with notice of funding deficiencies. If the County does not fund the account within forty-eight (48) hours from Contractor's notice, excluding weekends and County holidays, Contractor may cease claims administration and issuance of benefit checks until appropriate funding is provided. If the deficiencies are corrected, Contractor will commence claims administration and issuance of benefits checks. If the County fails to fund the account at County Bank after ten (10) business days from the receipt of notice deficiencies, Contractor may terminate this Agreement upon five (5) business days written notice for failure to provide sufficient funds for claim payments as required under this agreement unless such funds are paid in full before such date.

In the event that the Contractor, or its subcontractor, is unable to either perform the services described in Attachment A in regards to the administration of the County's Management and Attorney Dental Plan or to meet the Performance Standards described in this Contract in regards to the administration

of the County's Management and Attorney Dental Plan, County reserves the right to terminate this Contract only in regards to the administration of the County's Management and Dental Plan and to terminate any compensation in connection to the administration of the County's Management and Dental Plan as described in Attachment B and to contract with a different contractor to administer the County's Management and Dental Plan. The Contractor agrees to pay the County the damages the sum of: (1) the County's (including County consultants and advisors) costs and expenses in procuring a new contractor to perform the services, (2) the additional fees, expenses and other compensation paid to the new contractor in excess of what would have been paid to Contractor had Contractor fully performed the services under this Contract and (3) any and all other costs, expenses, damages or liabilities of the County resulting from Contractor's improper termination of this Contract or the failure to perform Contract services. In the event that the Contractor, or its subcontractor, is unable to either perform the services described in Attachment A in regards to the administration of the County's Management and Attorney Dental Plan or to meet the Performance Standards described in this Contract in regards to the administration of the County's Management and Attorney Dental Plan, County reserves the right to demand that the Contractor employ a new subcontractor, that must meet the County's approval, to perform the services described in Attachment A in regards to the administration of the County's Management and Attorney Dental Plan.

31. **PPO Network Changes**: (1) Contractor will provide the County with periodic updates regarding the hospitals and medical groups for which contract renewals are being negotiated subject to a notice of termination from the provider and, (2) Contractor will provide County with as much advance notice of the termination of any such provider contract as reasonably possible and no less notice than within one (1) business day of the date any such provider contract is actually terminated. For provider ranking in the top 20 in claims volume or participant utilization, Contractor will provide written notice at no cost to the County to those participants that have utilized these providers within the last six months.

32. **Breach of Contract:** The failure of the Contractor to comply with any of the terms, provisions, covenants or conditions of this Contract shall constitute a material breach of this Contract. In such event the County will, and in addition to any other remedies available at law, in equity, or otherwise specified in this Contract, afford the Contractor written notice of the breach and fifteen (15) calendar days or such shorter time that may be specified in this Contract within which to cure the breach. If the breach is not cured within fifteen (15) calendar days the County may choose to terminate the Contract without penalty to the County.

33. **Disputes:** The Parties shall deal in good faith and attempt to resolve potential disputes informally. If a 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's Project Manager and the County's Project Manager, such matter shall be brought to the attention of the Purchasing Agent by way of the following process:

    a. The Contractor shall submit to the 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.

    b. The Contractor's written demand shall be fully supported by factual information, and, if such demand involves a cost adjustment to this 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 amount for which the Contractor believes the County is liable.

c. 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 his Contract, including the provision of services, unless the dispute relates to failure of the County to appropriately fund the account for payment of claims and Contractor determines to cease claims administration and benefit check payments in accordance with paragraph 30 hereof. The Contractor's failure to diligently proceed shall be considered a material breach of this Contract. Any final decision of the County shall be expressly identified as such, shall be in writing, and shall be signed by the County's Purchasing Agent or his designee. If the County fails to render a decision within 90 days after receipt of the Contractor's demand, it shall be deemed a final decision adverse to the Contractor's contentions.

34. **Orderly Termination:** Upon termination or other expiration of this Contract, each Party shall promptly return to the other Party all papers, materials, and other properties of the other held by each for purposes 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.

    At the end of the term of this Contract or in the event of termination of this Contract by either party, the Contractor agrees to provide County with a computer history tape (in a form and format reasonable acceptable to the County) with information necessary to transfer the records of each member's history of Claims within thirty (30) days of the effective date of the termination of this Contract. County may request copies of individual files necessary to reconstruct individual histories on specified members for up to five (5) years after termination of this Contract.

    At the end of the term of this Contract or in the event of termination of the Contract by either Party the Parties each agree to cooperate with and timely respond to requests from the other Party for records, information or other reasonable requests for assistance relating to matters that occurred while the contract was in effect. Such cooperation shall include providing reasonable access to records and information and assistance in responding to inquiries and litigation.

35. **Force Majeure:** Contractor shall not be in breach of this 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 himself of any available remedies.

36. **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.

37. **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.

38. **Notices:** Any and all notices, requests demands and other communications contemplated, called for, permitted, or required to be given herein shall be in writing, except through the course of the County's Project Manager and Contractor's Project Manager routine exchange of information and cooperation during the terms of the work and services. Any written communications shall be deemed

to have been duly given upon actual in-person delivery, if delivery is by direct hand or upon delivery on the actual day of receipt or no greater than four calendar days after being mailed by US certified or registered mail, return receipt requested, postage prepaid, whichever occurs first. The date of mailing shall count as the first day. All communications shall be addressed to the appropriate Party at the address stated herein or such other address as the Parties hereto may designate by written notice from time to time in the manner aforesaid**.**

County:	Human Resource Services/Employee Benefits Attn: Project Manager, Barbara Voelkel 333 W. Santa Ana Blvd., Rm. 137 Santa Ana, CA 92701
cc:	Human Resource Services/Employee Benefits Attn: Tracy Vonada, Deputy Purchasing Agent 333 W. Santa Ana Blvd., Rm. 137 Santa Ana, CA 92701
Contractor:	California Physician Services dba Blue Shield of California 50 Beale Street San Francisco, CA 94105

39. **County Child Support Enforcement:** Contractor is required to comply with the child support enforcement requirements of the County. Failure of the Contractor 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 60 calendar days of notice from the County shall constitute grounds for termination of this Contract**.**

40. **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.

41. **Precedence:** The documents herein consist of this Contract and its Attachments. In the event of a conflict between or among 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 articles of this Contract, and then the Attachments and Exhibits.

42. **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.

43. **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.

44. **Calendar Days:** Any reference to the word "day" or "days" herein shall mean calendar day or calendar days, respectively, unless otherwise expressly provided.

45. **Attorney 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.

46. **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.

47. **Interpretation:** This Contract has been negotiated at arm's length and between persons sophisticated and knowledgeable in the matters dealt with in this Contract. In addition, each Party has been represented by experienced and knowledgeable independent legal counsel of their 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 they have not been influenced to any extent whatsoever in executing this Contract by any other Party hereto or by any person representing them, or both. 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.

48. **Authority:** The Parties to this Contract represent and warrant that this Contract has been duly authorized and executed and constitutes the legally binding obligation of their respective organization or entity, enforceable in accordance with its terms.

49. **Health Insurance Portability and Accountability Act (HIPAA):** Contractor understands and agrees that the disclosure of PHI by a health care component of a covered entity is subject to the HIPAA Privacy Rule, Contractor understands and agrees that it is a Business Associate of County for the purposes of the HIPAA Privacy Rule. Therefore, the provisions set forth in Attachment G hereto shall be operative and control the Business Associate relationship of the parties. Nothing in Attachment G shall be considered a waiver of the limitation on subcontracting as set forth in this Contract.

50. **Survival:** Notwithstanding any provision to the contrary herein, the provisions of paragraphs 15, 16, 17, 18, 19 and 20 shall survive the termination of this Contract.

51. **Employee Eligibility Verification:** The Contractor warrants that it fully complies with all Federal and State statutes and regulations regarding the employment of aliens and others and that all its employees performing work under this Contract meet the citizenship or alien status requirement set forth in Federal statutes and regulations. The Contractor shall obtain, from all employees performing work hereunder, all verification and other documentation of employment eligibility status required by Federal or State statutes and regulations including, but not limited to, the Immigration Reform and Control Act of 1986, 8 U.S.C. §1324 et seq., as they currently exist and as they may be hereafter amended. The Contractor shall retain all such documentation for all covered employees for the period prescribed by the law. The Contractor shall indemnify, defend with counsel approved in writing by County, and hold harmless, the County, its agents, officers, and employees from employer sanctions and any other liability which may be assessed against the Contractor or the County or both in connection with any alleged violation of any Federal or State statutes or regulations pertaining to the eligibility for employment of any persons performing work under this Contract.

52. **Bills 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 18 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.

53. **Changes:** Contractor shall make no changes in the work or perform any additional work without County's specific written approval.

54. **Terms and Conditions**: Contractor acknowledges that it has read and agrees to all terms and conditions included in this Contract.

55. **Incorporation:** This Contract and its Attachments A through H are attached hereto and incorporated by reference and made a part of this Contract.

56. **Association Disclosure:** The County, on behalf of itself, hereby expressly acknowledges its understanding that this Contract constitutes a contract solely between the County and Contractor, that Contractor is an independent corporation operating under a license from the Blue Cross and Blue Shield Association ("Association") permitting Contractor to use the Blue Shield Service Mark in the State of California, and that Contractor is not contracting as the agent of the Association. The County further acknowledges and agrees that it has not entered into this Contract based upon representations by any person other than Contractor and that no person, entity or organization other than Contractor shall be held accountable or liable to the County or its Participants for any of Contractor's obligations created under this agreement. This paragraph shall not create any additional obligations whatsoever on the part of Contractor, other than those obligations created under other provisions of this Contract.

CONTRACT SIGNATURE PAGE

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

CALIFORNIA PHYSICIAN SERVICES DBA BLUE SHIELD OF CALIFORNIA

____

Print Name Title

____

Signature Date

____

Print Name Title

____

Signature Date

*** 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.

In the alternative, a single corporate signature is acceptable when accompanied by a corporate resolution demonstrating the legal authority of the signature to bind the company.

****

County of Orange, a political subdivision of the State of California

____

Print Name Title

____

Signature Date

****

Approved by Board of Supervisors on: Date______________________________

APPROVED AS TO FORM:

____

Deputy County Counsel

ATTACHMENT A

Scope of Work

I. Definitions: For purposes of this Contract, including all Attachments and Exhibits, the parties agree to the following definitions:

a. *The Board*. The Board of Supervisors for the County of Orange is the legislative and policy making body of the County and is responsible for the review and approval of all service agreements and/or contracts with the County.

b. *Employee Benefits Division.* A Division of Human Resource Services of the County responsible for the design, implementation and on-going administration of the County's various employee benefit plans and programs.

c. *Human Resource Services (HRS)*. The County's HRS is comprised of various divisions and sections that provide a wide array of personnel and employee services to County departments and agencies. The HRS Director reports directly to the County Executive Officer (CEO).

d. *TPA*. Third Party Administrator(s) for the County's self-insured PPO and dental benefit plans.

e. *"Benefits Center"* shall be defined as the County's Benefits Center for employees and retirees, currently provided through Xerox.

f. *"Claim"* shall be defined as one or more documents related to accident, illness or treatment that are submitted for reimbursement under the Plan and received together in batch plus any additional documents received at a later time in support of the original submission.

g. *"Claimant"* are certain County employees, retirees, and their dependents who are Participants under the Plan.

h. "*Claim Form*" includes, but is not limited to a County Claim form, HCFA 1500 (Physician Bill) or a UB 82 (Hospital Bill) or information in writing from Claimant or Provider that is sufficient to accurately process a Claim, including diagnosis, the services rendered, the date the services were rendered, the charge for each service, billing address, phone number, Provider's name and signature of licensed medical Provider who provided the services.

i. *"County Bank"* means the bank selected by County.

j. *"Covered Person"* shall mean any eligible covered person under the Plan, including dependents of the covered employee or retiree.

k. *"IVR"* is Interactive Voice Response and shall mean any automated voice response system utilized by Contractor for incoming calls from plan participants.

l. *"Net Proceeds of Subrogation"* is the amount recovered on account of the enforcement by Contractor or its subcontractors of the Subrogation provision of the medical plans less the costs of such recovery retained by the Contractor and/or paid by the Contractor to third persons.

m. *"Plan"* means the self-funded PPO Plans established by County for certain employees, retirees, and dependents, consisting of the Premier Wellwise Plan, Premier Sharewell Plan, Wellwise Choice Plan, Sharewell Choice Plan, Wellwise Retiree Plan, and Sharewell Retiree Plan.

n. *"Dental Plan"* means the self-funded dental plan established by County for certain management and attorney employees and their dependents known as the "Management and Attorney Dental Plan."

o. *"Participant"* shall mean employee or retiree subscribers covered under the Plans.

p. *"Plan Administrator"* is the County Human Resource Services Director or his or her designee.

q. "*Plan Benefit Account*" means the Contractor Bank account establish for payment of County Plan(s) for health care and dental care benefits and from which Provider payment checks are issued by the Contractor.

r. *"Preferred Provider Organization" or "PPO"* means the Network of preferred providers offered by Contractor.

s. *"Provider"* means a hospital, physician, or other medical or dental care provider, who, through contract with Contractor or with a physician hospital organization, individual physician association, or other provider network or organization with whom Contractor has contracted, has agreed to be a member of Contractor's PPO network.

t. *"Provider Agreement"* means Contractor's agreement with a hospital, physician, or other medical care provider or with a physician hospital organization, individual physician association, or other provider network or organization, whereby Providers have agreed to be members of Contractor's PPO network.

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u. *"Subrogation"* means the right to recover payments made to person covered under the Plan or a health care provider because of an injury to that person caused by a third party's wrongful act or negligence and which person or health care provider later recovers or is entitled to recover from the third party or the third party's insurer.

v. *"Utilization and Case Management"* means the services provided by Contractor as described in this Attachment A.

w. *"Working Days"* are all calendar days except Saturday, Sunday, and legal holidays as recognized by Plan Administrator and Contractor.

II. Scope of Services for the County of Orange Self-Insured PPO Health Plans and Management and Attorney Dental Plan

Contractor will provide services in accordance with the following:

Objectives

The Contractor shall perform the required services to accomplish the following objectives:

1. Ensure that claims are being processed in compliance with Plan provisions in an expeditious manner.

2. Ensure that claims are being processed in compliance with Preferred Provider negotiated rates (where applicable) and utilization review decisions in accordance with program requirements to maximize the cost management savings of these programs.
3. Ensure that Plan Participants receive high quality customer service and access to information relative to understanding and utilizing their Plan benefits.

III. County Responsibilities

County shall:

1. Promptly pay the County's self-funded claim liability under this Contract as approved claims are presented by Contractor.

2. In addition to Plan documents, which Contractor acknowledges that it has received and reviewed, furnish the Contractor with a detailed written description of Plan coverage.

3. Furnish the Contractor with information from which the Contractor can determine Claimant eligibility under the Plan.

4. Authorize Contractor to enter into Provider Agreements and amendments thereto, on behalf of the County, which Provider Agreements may, among other provisions, specify fee amounts which shall be accepted by Providers as payment in full for health care services provided to Covered Persons under the Plans.

5. Be bound by and comply with all terms and conditions of Provider Agreements which apply to Contractor and its network, provided that Contractor has received advance written notice of such terms and conditions from Contractor and provided that no provision of such Provider Agreement(s) are inconstant with the terms of the Plan.

6. Sufficiently fund the Plan Benefit Account to meet the County's obligation to pay Providers based on the payment amount specified in the applicable Provider Agreement and to allow Contractor to process Claim payments in accordance with the terms of this Contract.

IV. Contractor Responsibilities

A. Facilities and Staffing

Contractor shall:

1. Maintain adequate staff in medical and dental claims offices for the effective administration of the Plan Claims processing and payments. The staffing shall include a Designated Team to be dedicated to the County account. The Designated Team will be supplemented as needed to meet the performance requirements of this Contract. For purposes of this Contract, "Designated Team" means staff in the claims and customer service area, trained on the unique provisions of the County Plans and whose primary and priority job function is the servicing of the County claims and Participants in order to meet the performance requirements of this Contract. The Designated Team will be maintained so that 75% of the staff has 2 or more years of relevant experience.

   Contractor agrees to staff the Designated Team at a level sufficient to routinely have:

a. 95% of Plan claims processed through a combination of auto-adjudication and/or the Designated Team; and,
b. 85% off customer service calls handled through the Designated Team.

2. Notify the County project manager of any Designated Team long term staffing level changes within 14 calendar days of the change(s).

3. Provide a dedicated toll free number routed to the County's dedicated customer service team and a dedicated Post Office Box for submission of County claims.

4. Maintain Customer Service hours for Medical and Dental Plans from at least 6:00 a.m. to 8:00 p.m. (Pacific Time) Monday through Friday, except for the following holidays; New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, and Christmas Day. For purposes of this Contract, dedication is defined as a unit specifically trained on the unique provisions of the County Plans. County calls shall be routed to and processed exclusively by this unit.

5. Provide access to a 24 Hour Telephone Advice Nurse. Telephone Advice Nurse shall encourage utilization of PPO providers whenever possible.

6. Conduct prepayment audits of new claim team members ensuring that 100% of new claim team member's work is audited for 30 days after training.

7. Withhold the addition of other new accounts serviced by the County's account team until September 1, 2014, to facilitate successful implementation of the County account.

8. Should Contractor be merged with, acquired by or acquire another entity during the Contract Term; Contractor shall pay for all of the County's transition costs if there is a need to migrate the County plans, including but not limited to reimbursement of County programming and communications costs and pre and post implementation audit costs if a change in claims processing and/or eligibility systems occurs.

B. Claims Processing

Contractor shall:

1. Supervise and administer the payment of Claims in accordance with the Plan Documents and act as the representative of the County with regard to Claims administration and review. Services provided by Contractor shall cover Claimants' benefits provided in the State of California as well as outside of the State of California.

2. Coordinate and administer Claims in cooperation with contractor(s) selected by County for services of the Prescription Drug Card and Mail Order Program.

3. Adjudicate Plan Claims in an expeditious and courteous manner, responding to each Claim with a benefit determination within 30 calendar days of receipt of the Claim. Provide Plan Participants with an explanation of benefits for each and every adjudicated claim including Claims which are ineligible. The explanation of benefits shall include the reason for ineligibility.

4. Out of Network Claims:
   a. For employees enrolled in the Premier Wellwise and Premier Sharewell plans: Except when the allowance derived from an existing negotiated letter of agreement, as noted in Paragraph 26

below, is less than URC, (i) process all out of network professional and facility claims from California providers, except claims for anesthesiology services, based on Usual, Reasonable and Customary (URC) charges, which charges shall not exceed the 90th percentile of recorded charges for each procedure or service in a specific geographic area; and (ii) process all out of network claims for anesthesiology services based on eligible billed charges.

b. For retirees enrolled in the Wellwise Retiree and Sharewell Retiree plans and employees enrolled in the Wellwise Choice and Sharewell Choice plans: Except when the allowance derived from an existing negotiated letter of agreement, as noted in Paragraph 26 below, is less than URC, (i) process out of network claims from California providers using allowances as follows: (A) for professional claims (i.e., non-facility claims), except claims for anesthesiology services, utilize a URC amount consistent with that described in the County plan documents, and, (B) for facility claims, except for ambulatory surgery center and dialysis center claims, utilize a URC amount consistent with that described in the County plan documents; (ii) process facility claims for out of network ambulatory surgery centers and dialysis centers located in California in accordance with the County plan documents; and (iii) process all out of network claims for anesthesiology services based on eligible billed charges.

c. For all participants, process all out of network claims from Non-California providers pursuant to paragraph d. below, "Blue Card Program". County agrees to Contractor's use of this methodology notwithstanding any provisions of the County plan documents to the contrary.

d. Out-of-Area Services - **Inter-Plan Programs (BlueCard® Program and Others)**

Contractor has a variety of relationships with other Blue Cross and/or Blue Shield Licensees referred to generally as "Inter-Plan Programs." Whenever a Plan Participant accesses covered services outside California, the claim for those services may be processed through one of these Inter-Plan Programs and presented to Contractor for payment in accordance with the rules of the Inter-Plan Programs policies then in effect. The Inter-Plan Programs available to Plan Participants under this agreement are described generally below.

When a Plan Participant accesses covered services outside of California, such Plan Participant may obtain care from health care providers that have a contractual agreement (i.e., are "Participating Providers") with the local Blue Cross and/or Blue Shield Licensee in that other geographic area (a "Host Blue"). In some instances, Plan Participants may obtain care from non-participating health care providers. Contractor's payment practices in both instances are described below.

1) BlueCard® Program

Under the BlueCard® Program, when Plan Participants access covered health care services within the geographic area served by a Host Blue, Contractor will remain responsible for fulfilling its contractual obligations. However, in accordance with applicable Inter-Plan Programs policies then in effect, the Host Blue will be responsible for providing such services as contracting and handling substantially all interactions with its participating health care providers.

The financial terms of the BlueCard Program are described generally below. Individual circumstances may arise that are not directly covered by this description; however, in those instances, its actions will be consistent with the spirit of this description.

Liability Calculation Method Per Claim

The calculation of the Plan Participant liability on claims for covered health care services processed through the BlueCard Program, if not a flat dollar copayment, will be based on the

lower of the participating health care provider's billed covered charges or the negotiated price made available to Contractor by the Host Blue.

The calculation of County liability on claims for covered health care services processed through the BlueCard Program will be based on the negotiated price made available to Contractor by the Host Blue. Sometimes, this negotiated price may be greater than billed charges if the Host Blue has negotiated with its participating health care provider(s) an inclusive allowance (e.g., per case or per day amount) for specific health care services.

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

(i) an actual price. An actual price is a negotiated payment without any other increases or decreases; or

(ii) an estimated price. An estimated price is a negotiated payment reduced or increased by a percentage to take into account certain payments negotiated with the provider and other claim- and non-claim-related transactions. Such transactions may include, but are not limited to, anti-fraud and abuse recoveries, provider refunds not applied on a claim-specific basis, retrospective settlements, and performance-related bonuses or incentives; or

(iii) an average price. An average price is a percentage of billed covered charges representing the aggregate payments negotiated by the Host Blue with all of its health care providers or a similar classification of its providers and other claim- and non-claim-related transactions. Such transactions may include the same ones as noted above for an estimated price.

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

If a Host Blue uses either an estimated price or an average price on a claim, it may also hold some portion of the amount that County pays in a variance account, pending settlement with its participating health care providers. Because all amounts paid are final, neither variance account funds held to be paid, nor the funds expected to be received, are due to or from County. Such payable or receivable would be eventually exhausted by health care provider settlements and/or through prospective adjustment to the negotiated prices. Some Host Blues may retain interest earned, if any, on funds held in variance accounts.

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

BlueCard Program Fees and Compensation

County agrees (a) to reimburse Contractor for certain fees and compensation which it is obligated under the BlueCard Program to pay to the Host Blues, to the Blue Cross and Blue Shield Association ("BCBSA"), and/or to BlueCard Program vendors, as described below and (b) that fees and compensation under the BlueCard Program may be revised without County's prior approval in accordance with the program's standard procedures for revising such fees and compensation. Revisions to fees and compensation under the BlueCard Program typically are made annually as a result of program policy changes and/or vendor negotiations. These revisions may occur at any time during the course of a given calendar year, and they do not necessarily coincide with County's benefit period under this agreement.

BlueCard Program fees include access fees, administrative expense allowance ("AEA") fees, Central Financial Agency ("CFA") fees and Inter-Plan Teleprocessing Services ("ITS") fees.

All BlueCard Program-related fees are included in Contractor's general administrative fee.

Return of Overpayments

Under Inter-Plan Programs, recoveries from a Host Blue or its participating health care providers can arise in several ways, including, but not limited to, anti-fraud and abuse recoveries, health care provider/hospital audits, credit balance audits, utilization review refunds, and unsolicited refunds. In some cases, the Host Blue will engage a third party to assist in identification or collection of recovery amounts. Recovery amounts determined in these ways will be applied in accordance with applicable Inter-Plan Programs policies, which generally require correction on a claim-by-claim or prospective basis.

2) Non-Participating Health Care Providers Outside of the Contractor Service Area

Plan Participant Liability Calculation

Claims for covered services received from non-participating health care providers outside of the Contractor service area are paid based on the allowable amount as defined in the Benefit Booklet.

Fees and Compensation

County agrees (a) to reimburse Contractor for certain fees and compensation which we are obligated to pay to Host Blues, to the BCBSA, and/or to Inter-Plan Programs vendors for the processing of non-Participating Provider claims and (b) that fees and compensation assessed in connection with such claims may be revised without County's prior approval in accordance with standard procedures for revising such fees and compensation. Revisions to fees and compensation for the processing of non-Participating Provider claims typically are made annually as a result of policy changes and/or vendor negotiations. These revisions may occur at any time during the course of a given calendar year, and they do not necessarily coincide with County's benefit period under this agreement.

Non-participating health care provider claims fees include AEA fees, which are included in Contractor's general administrative fee.

5. Provide Claims information services to Plan Participants including a dedicated Medical and Dental Benefits Specialist to research and resolve, to the satisfaction of the County, benefits and/or Claims inquiries and complaints submitted by the Participants. Claims Service Representative should have the ability to gather and analyze data, create a historical picture, including a timeline of Claim activity

for individual Participants, and develop appropriate correspondence for complicated Claim issues that are appealed to the County.

6. Take reasonable and effective precautions to prevent payment of invalid, duplicate and fraudulent Claims with respect to the Plans.

7. Coordinate benefit payments with other group insurance plans and Medicare in which employees, retirees or dependents may be enrolled to protect against duplication of benefits or excessive payment of Claims. Coordination of payment with Medicare shall be done via Contractor's direct crossover with Medicare claims information and shall not require the submission of a Medicare EOB from Plan Participants.

8. Maintain accepted professional practices for the control and efficient payment of Claims.

9. Verify the eligibility of all Claimants for benefits under the County's group medical and dental benefit Plans from eligibility information provided by the Benefits Center.

10. Compute and pay Claims for group hospital and medical benefits, and dental benefits from funds provided by the County in accordance with the Plan documents established and/or amended by the County.

11. Provide bank reconciliation services and produce checks for Claims and indicate that Contractor administers the Plan. Any interest earned on County funds remains with the County.

12. Notify the Benefits Center and the County in writing through the Claims Service Representative when during the course of claims payment or benefits verification Contractor is notified, or should have known, a retiree or dependent eligible for Medicare is not enrolled in Medicare or has assigned their Medicare benefits to another health plan.

13. Notify the Benefits Center of deceased Covered Persons when Contractor receives notification of such death via telephone call with Customer Service or Utilization Management, or via claim submission.

14. Pursue and enforce Subrogation under the Plans when, in Contractor's judgment, there is recovery potential. The Contractor or its subcontractors will make final settlement decisions, which, in Contractor's judgment, are reasonable based on the circumstances of the accident or injury and the available recovery sources. Contractor shall have the authority to reduce the amount of a lien and Order to Pay against a third party for paid claims paid under the following conditions:

    a. The attorney for the claimant shall request in writing a reduction for the lien indicating the potential settlement and percentage of attorney's fees;
    b. The percentage of reduction of the lien shall not exceed the percentage of settlement represented by the attorney's direct fees;
    c. The reduction shall not exceed $20,000; and
    d. The Claims paid by the Contractor and the amount represented by the lien are verified and a record of the reduction is available for audit.

15. Report status of subrogation cases quarterly to County.

16. Comply with the County's rules and procedures in the processing of large Claim payment (currently required for Claim payments of $100,000 or more), withholding such check until approved by the County.

17. Maintain proper controls to avoid overpayments with respect to the Plans. If Coordination of Benefits (COB) is noted on a claim, Contractor shall mail a COB questionnaire to Participant's for whom there is no COB information on file. Such claim will not be processed until such time as the COB questionnaire is properly completed and returned to Contractor. Contractor will update COB systems upon receipt.

18. Provide to each Participant an Explanation of Benefits (EOB) for Claims processed for the member or eligible enrolled dependent(s). The explanation shall include at a minimum, a listing of billed charges, the charges as adjusted under a Preferred Provider Agreement, charges not eligible, charges paid, deductible applied, calculation of rate paid, listing of payees and amounts, and the amount to be paid by the Participant.

19. Provide, upon request, information on Claims to assist the County in resolving problems of Participants with Claims, providing information for retirement actions and to assist in preparing litigation.

20. Perform internal audit of Claims for accurate and correct application of medical benefits, for all checks in excess of $10,000.

21. Provide an effective, on-going quality review using MTM methodology of randomly selected County of Orange Claims processed under the Plans. County and Contractor shall mutually select sampling method from within the MTM direct measure program guide.

22. Perform a pre-payment audit of Claims for accurate and correct application of Plan benefits, for dental benefit checks to providers and Participants in excess of $1,500.

23. Provide for adjustment in the event a Claimant has been paid less than the amount provided by the Plan, and for collection of overpayment in the event the Claimant has been paid more than the amount provided by the Plan, but in no event shall Contractor be required to initiate legal process for recovery.

24. Assist the County in managing the prescription drug payments to include:

    a. For employees enrolled in the Premier Sharewell plan: Processing all prescription claims under plan benefits for the Premier Sharewell plan.

    b. For retirees enrolled in the Sharewell Retiree plan and employees enrolled in the Sharewell Choice plan: Processing all prescription claims under plan benefits for the Sharewell Retiree plan and Sharewell Choice plan, respectively. Contractor's negotiated discounts would apply.

    c. Verifying eligibility for Prescription benefits under the plan during normal working hours.

    d. Paying any eligible prescription claims in cooperation with the formulary of the County's contracted Pharmacy Benefits Manager for urgent/emergent and out-of-network prescriptions for the Premier Wellwise Plan, the Wellwise Choice plan and the Wellwise Retiree Plan.

e. Assisting the Pharmacy Benefits manager to prevent Claims paid under the Pharmacy Network from also being paid by Contractor through the Plans.

25. Conduct, at the written request of the County, hospital audits to ensure accurate billing of charges to be covered under the Plans.

26. For medical claims, actively seek ad-hoc provider discounts for claims from non-network providers as follows: (1) utilize previously negotiated letters of agreement from non-network facilities for claims of $5,000 or more in billed charges, and, (2) seek ad hoc discounts from other non-network facilities for claims of $5,000 or more in billed charges. Report status of negotiations and savings quarterly to County.

27. Distribute, upon request, informational material furnished by the County with the Explanation of Benefits.

28. Administer Annual Wellwise Wellness Incentive and Non-Smoker Incentive during the 2nd quarter of 2014, and the 2nd quarter of each subsequent contract year, if requested by the County as follows:

Wellness Incentive Per the Premier Wellwise, Wellwise Choice and Wellwise Retiree Plan Documents (no claims filed incentive):

a. Review enrollment and claims data for the prior plan year to determine subscribers and their dependents (if applicable) who have not submitted any claims during the plan year.
b. Receive and review prescription data from County Pharmacy Benefit Manager to determine which subscribers and dependents (if applicable) did not utilize the Pharmacy Benefit program.
c. Create eligible file of subscribers who are eligible to claim the Wellness Incentive
d. Calculate the amount of the subscriber Wellness Incentive for that plan year, pro-rating based upon number of months enrolled and the coverage level enrolled at during the year

Non-Smoker Incentive per the Premier Wellwise, Wellwise Choice and Wellwise Retiree Plan Documents

a. Determine all subscribers who were enrolled in the plan at any time during the plan year (no pro-rating required)
b. Create a file of subscribers who are eligible for the Non-Smoker Incentive

Both Groups

a. Utilize files of eligible Wellness Incentive and Non-Smoker Incentive subscribers to create notifications to claim Incentive payment.
b. Mail notifications to eligible subscribers
c. Review and process claims for Incentive payments as they are returned by subscribers
d. Employee Incentive payments shall be provided to the County on an electronic file in the 2nd quarter of the year following Plan Year, e.g. 2nd quarter of 2015, for 2014 Plan Year and shall be in a format acceptable to the County. The Employee Incentive payments will be processed by the County via payroll.
e. Retiree Incentive payments shall be made via check directly to retirees. The Contractor will responsible for providing a detail file itemizing the Retiree Incentive payment in the 2nd quarter of the year following Plan Year, e.g. 2nd quarter of 2015, for 2014 Plan Year and invoicing the County for reimbursement.
f. Report to the County total Wellwise Rebate payments for employees, for retirees, and overall total.

29. Provide individual Usual Reasonable and Customary amounts, on request, to the County or its designee when needed to process internal County appeals to reimburse out of pocket expenses for Superior Court Judges not covered by the County's Plans.

30. Print and pay the cost of all necessary Plan Claim forms, including Plan benefit account checks.

31. Process and flag claims potentially involve third party liability sending appropriate claims to the third party to pursue recovery. Review all claims data to identify and to pursue potential third party liability claims.

32. Comply with the federal Patient Protection and Affordable Care Act appeal requirements for non-grandfathered plan participants, as specified in the applicable Plan Document. For participants in grandfathered plans or retiree plans, review all Participant and provider appeals, grievances and complaints in an expeditious and courteous manner, rendering a decision within *30*~~60~~ calendar days of receipt of the appeal, grievance or complaint. Maintain a log of all County appeals that includes at a minimum the Participant's name and ID number, the nature of the appeal, grievance or complaint, the date the appeal, grievance or complaint was received, and the date Contractor's review of the appeal, grievance or complaint was completed and communicated to the Participant.

33. Review medical and dental claims for medical necessity when appropriate, utilizing Contractor's internal written guidelines to identify candidates for review, and to conduct such a review in a consistent manner for similar claims. Such reviews should be conducted by a clinician with the appropriate background, training and expertise to evaluate questions of medical necessity.

34. Continue the administration of claims incurred prior to the effective ending date of this Contract for a period of twelve months after the termination date (Run-Out Claims) including but not limited to claims processing, claims reporting, bank reconciliation reports, claim appeals, subrogation, etc.

35. Coordinate with previous administrator to process final run-in claims from 2013 and prior not processed by December 31, 2014.

36. Conduct plan testing of all non-standard benefit provisions, as defined by the County and Contractor, for the County's medical and/or dental plans in conjunction with any significant claims processing software upgrade or system/plan maintenance to identify the impact, if any, the upgrade or maintenance had on the accuracy of claims processing, and report results to the County. Plan testing must occur prior to claims processing resuming under the new or modified system. Significant is defined as any upgrade or maintenance item that would be anticipated to impact County non-standard provisions. Non-standard provisions will be mutually identified during the implementation process. All other upgrades or maintenance would be reviewed by Contractor during regular monthly performance audits.

37. *Contractor will provide Telehealth consultation services for primary care services. Telehealth consultations for primary care services will provide confidential consultation using a network of U.S. board certified Physicians who are available 24 hours a day by telephone and from 7 a.m. to 9 p.m. by secure online video, 7 days a week (subject to change). Telehealth Physicians can provide diagnosis and treatment for urgent and routine non-emergency medical conditions and can also issue prescriptions for certain medications. Telehealth consultation services are optional to the Covered Persons and are not intended to replace services from a Covered Person's Physician but are a supplemental service to assist Covered Persons when their Physician is not available and they need quick access to a Physician. Telehealth consultation services are not available for specialist services or mental health and Substance Use Disorder Services. Before Telehealth services can be*

accessed, the Covered Person must complete and submit a Medical History Disclosure form to the Telehealth service organization. The Telehealth consultation fee is considered a network benefit subject to network deductibles and coinsurance. If medications are prescribed, applicable co-insurance and other requirements of the Prescription Drug Card Program contained in the Plan Document apply. The County at its sole discretion may add or delete Telehealth services based on an analysis of service results, cost effectiveness, and risk as needed.

C. Customer Service for Medical and Dental Plans

Contractor shall:

1. Provide a dedicated Customer Service team to quote benefits, provide Claim status information, assist in the filing of appeals, and related Claims processing issues.

2. Provide, upon request by Plan Participants, Claim forms for those without Internet Access.

3. Provide on Contractor's web site access to custom County web page for medical and dental containing links to PPO provider directories, eligibility and Plan benefit information, claim status, the ability to request replacement ID cards and email a Customer Service Representative.

4. Attend County Open Enrollment meetings and annual Health Fair to provide health education information and to assist employees and Participants with Plan inquiries or customer service issues.

5. Make its best efforts to sponsor four (4) lunch-time wellness seminars each year and work with designated County staff to determine scheduling and topics.

6. Provide on-line verification of eligibility to health care providers on Contractors' website.

D. Utilization Review / Case Management

The Utilization Review program described herein is designed to help determine if certain health care services may be recommended for certification as medically necessary under the terms of the Plans. Contractor will use the results of the Utilization Review program to assist in making Claims decisions under the Plans. The Utilization Review program is not intended to be a substitute for actual Claims decisions. The decision or determination to obtain or deliver any health care service is always made only by the patient (and his or her parent or guardian, if appropriate) and/or his or her health care provider. Final Claim decisions will continue to be governed by the terms and conditions of this Contract and the Plan.

Contractor shall:

1. Be responsible for the provision of medical Utilization Review (UR) services. Medical Utilization Review services shall include at a minimum Hospital Pre-admission Review, Concurrent Review, Retrospective Review, maternity management, Mental Health and Chemical Dependency Review, and Case Management.
   a. Pre-admission Review involves review of medical necessity and/or appropriateness of proposed hospitalizations and Outpatient Surgery Review.
   b. Concurrent Review involves the monitoring of the medical necessity and/or appropriateness of an ongoing hospital stay and discharge planning.
   c. Retrospective Review involves review of medical necessity and/or appropriateness of a hospital stay after the stay has been completed.

d. Case Management is a comprehensive service that provides assistance in the design of medically necessary treatment plans, including, without limitation, discharge planning and referrals to home health care and hospice care, with the consent of the patient and the patient's treating physician, for persons facing catastrophic illness or injury.
e. Maternity management is a service designed to promote healthy pregnancies through early prenatal care, education, early identification of high risk factors and, if necessary, early Case Management.
f. Mental Health and Chemical Dependency Review involves Pre-admission Review and Concurrent Review of the medical necessity and/or appropriateness of all proposed hospitalizations for mental health or chemical dependency treatment.

2. Identify Case Management cases promptly upon notification of a hospital admission, or based upon other catastrophic condition indicators identified by claims data, pharmacy data, customer service referrals, referrals from practitioners, etc.

3. Send a review letter to the Participant to verify the Utilization Review decision on the proposed treatment plan, need for hospital admission or both. This letter is to be sent within one Working Day of the Utilization Review decision.

4. Coordinate efforts with the County's Employee Assistance Program (EAP) to refer Participants to PPO Providers when seeking treatment.

5. Provide minimum UR/Case Management/Discharge Planning office hours from 8:00 a.m. to 5:00 p.m., Monday-Friday (PT).

6. Provide a toll-free telephone number and live telephone Nurse line, 24 hours a day, and 7 days a week.

7. Provide the County with Utilization Review reports similar to those listed below. Reports shall be issued once each calendar quarter. The final quarterly report shall include information applicable to the full calendar year.
   a. Executive Summary
   b. Quarterly UR Report
   c. Major Diagnostic Category (MDC) at Policy Level
   d. MDC by Relationship
   e. Claims by Age Group

8. Prepare and provide Utilization Review communication material and/or presentations for County Participants.

9. Refer to the County for consideration and final decision, certain Utilization Review recommendations or decisions based upon procedures mutually agreed upon in writing by the Parties.

10. Provide a comprehensive dental management program (preauthorization, dental utilization review), including: (1) pre-treatment review to determine, before treatment, the dental necessity of each proposed procedure, as well as Plan coverage parameters; and (2) a retrospective evaluation of the appropriateness of the treatment and fee after submission of the claim but prior to payment.

11. Identify outlier hospitals and physician organizations through Contractor's Care Coordination Model to reduce preventable admissions.

12. Refer Participants considering treatment from non-network providers to PPO providers as appropriate.

E. Disease Management

Contractor shall:

1. Interface with the County's Pharmacy Benefit Manager to obtain prescription Claims data in order to conduct pharmacy utilization analysis.

2. Accept referrals into the disease management program from physicians and Participants, as appropriate.

3. Identify Participants with chronic illnesses and offer available programs and services to assist in the management of these conditions. At a minimum include programs for heart failure, chronic obstructive pulmonary disease, coronary artery disease, diabetes asthma and musculoskeletal conditions.

4. Provide detailed procedures denoting how potential program participants are identified and the data utilized, how outreach is conducted, how enrollment is tracked against goals and benchmarks, how return on investment is calculated as well as how participants can disenroll in programs.

5. Accept data from prior Contractor for purposes of identification of potential program participants.

F. Preferred Provider Network

Contractor shall:

1. Make its PPO network of Providers available to Participants in the Plans. Contractor shall require Providers to accept the Contractor's reimbursement amount as payment in full less any patient responsibility (e.g. deductibles and coinsurance) for covered services rendered by Providers to Participants under County's Plans. Contractor's negotiated rate will result in health Plan discounts.

2. Provide and maintain PPO network information on Contractor's website.

3. Provide appropriate referrals to the website, or provide assistance in locating a PPO provider upon request by a Participant.

4. Provide the County with management reports similar to those listed below on utilization of the PPO program: (Such reports shall be based on data available to the Contractor). Reports shall be presented quarterly.
   a. Health Experience Report / Executive Summary
   b. Hospital Utilization by Diagnostic Category
   c. Provider Report by PPO Indicator and Type
   d. The reports described shall be provided electronically and hard copy

5. Assist the County in interpreting the reports and shall make recommendations for improving cost-effective utilization of health care for Participants.

6. Assist the County in communicating the PPO program to employees and retirees. This assistance

shall include the preparation and provision to County of communication material for Participants, and presentations by the Contractor's staff to employees and retirees.

G. Eligibility Administration for Medical and Dental Plans

The Benefits Center on behalf of the County will determine participant eligibility and provide Contractor with eligibility records. Contractor will be entitled to rely on the eligibility information the County provides and will not maintain or independently verify any portion of the Plan eligibility records. The Benefits Center on behalf of the County will provide Contractor with changes in enrollment as soon as practical in the month in which a change in eligibility occurs, but generally no later than sixty (60) calendar days after the effective date of change. Changes in eligibility will be effective on the first of the month, whenever possible. Eligibility information will include new Plan Participants and effective dates of coverage, changes in types or levels of coverage for existing Plan Participants and effective dates of termination of coverage.

As Plan Administrator, the County will be responsible for billing and compliance with other administrative requirements of the Consolidated Omnibus Budget Reconciliation Act of 1985, P.L. 99-272 ("COBRA"), as amended, and will include qualified beneficiaries eligible to participate under the Plan pursuant to COBRA in the eligibility information provided to Contractor.

Contractor shall:

1. Accept and load eligibility information weekly, within 48 hours of receipt from the Benefits Center. Contractor shall accept eligibility electronically in the County's current ANSI 834-5010 formatted file and future formats as required by Federal laws and regulations

2. Provide weekly electronic eligibility information to the County's Prescription Benefits Manager for Participants and dependents in the affected PPO Plans.

3. Do urgent verification of coverage and/or eligibility updates within one (1) business day as directed by the Benefits Center when needed to provide access to care in between eligibility file transmissions. Provide necessary information to the PBM within one (1) business day to allow eligibility update of their system, if applicable.

4. Reconcile enrollment and administrative fee of Plan Participants with the Benefits Center records monthly. Correct information to match the County enrollment information and maintain appropriate Claims payment history.

5. Develop, print, and mail Plan identification cards within seven (7) working days of eligibility updates.

H. Banking

Contractor shall:

1. Establish and maintain Account with or agreed to between Contractor and County to fund all claim costs in accordance with the Funding and Banking Arrangement attached hereto as Attachment H.

2. Contractor's Bank must be members of the state or local ACH for debits to be processed process the ACH debits according to National Automated Clearing House Association (NACHA) rules and regulations.

3. Furnish bank account activity and check registers, including reconciliation of account on a monthly basis, in a format acceptable to the County.

4. Issue forms and payment of assessments for New York Health Care Reform Act of 1996 and Massachusetts Uncompensated Care Trust Fund.

5. Issue annual 1099 forms to providers using Contractor's Tax ID and reconcile any discrepancies with the 1099s directly with the Internal Revenue Services, if necessary.

I. Management Information Reports

Contractor shall:

1. Prepare and submit to the County not later than the 20th day of each month a Medical Paid Claims analysis by the enrollment categories including, but not limited to:
   a. Employees and Dependents by Plan
   b. Retirees and Dependents by Plan
   c. Retirees with no Medicare, Spouse with Medicare by Plan
   d. Retirees with Medicare, Spouse with Medicare by Plan
   e. Retirees with Medicare, Spouse with no Medicare by Plan
   f. Total Retirees and Dependents all Plans
   g. Total Employees and Dependents, all Plans
   h. Total all categories, all Plans combined

   County will provide designation of enrollment in the reporting groups for the Claims reporting. Account structure may be modified during the 2014 implementation process or during the term of this Contract, as needed.

2. Prepare and submit a variety of Management Reports to be agreed upon by the Contractor and the County, which may include, but are not limited to the types of reports listed below and may include breakdown between active and retiree:
   a. Executive Summary
   b. Monthly Claims Lag Analysis by Plan
   c. Monthly Pended Claims by Plan
   d. Standardized Large Claim Report, Claims Exceeding $100,000
   e. PPO Savings Report
   f. Large Case Management Report
   g. Third Party Lien Report
   h. Accounts Receivable Reports (monthly aging and analysis)
   i. Utilization Reports by Provider, Diagnosis, Categories of illnesses or injuries, Major services
   j. Year-end Employee/Retiree and Dependent Claims Report (Required)
   k. Turn Around Time
   l. Customer Service Performance Reports
   m. Quality Review Reports
   n. Subrogation Activity and Recovery Reports

3. Prepare and submit at the Plan Administrator's request standard Dental management reports (or an equivalent report) which may include, but are not limited to the types of reports listed below:
   a. Dental Paid Claims Summary - Monthly and Year to Date

b. Daily Check Register
c. Claims Lag Analysis
d. Claims Turnaround
e. Population Utilization Report - Monthly
f. Dental Utilization Summary - Quarterly
g. Reasonable & Customary Savings - Quarterly

4. County will provide designation of enrollment in the reporting groups for the Claims reporting.

5. Contractor shall provide all reports either through on-line access, and/or electronically format within 20 days following the close of the applicable reporting period.

6. Contractor shall work with the County to customize a monthly reporting package that meets the needs of the County. Final Standard Reporting Package shall be mutually finalized in writing no later than June 30, 2014.

7. For purposes of Ad-Hoc/Custom reporting, including obtaining information or custom formatting or analysis requiring specific programming, Contractor shall provide 75 hours of report programming annually at no additional cost. Ad-Hoc/Custom reporting costs beyond the 75 hours of report programming shall be billed as noted in Attachment B.

8. Contractor shall provide the on-line reporting capabilities of a data warehouse system, which provides a comprehensive set of reports profiling the County's membership, incorporating comparative data, including network averages and external benchmarks and utilization statistics for medical and dental plans.

9. Contractor shall provide a reporting download feature.

10. Interface with the County's Pharmacy Benefit Manager to obtain prescription Claims data for analysis and reporting purposes. County will hold Pharmacy Benefit Manager responsible to provide Contractor with prescription claims data. Contractor shall provide monthly medical claims data to the County's Pharmacy Benefit Manager.

11. Provide the monthly the numbers of members enrolled in the plans with benefits provided by the Pharmacy Benefits Manager (PBM). Reconcile any difference in enrollment counts with PBM, if necessary.

J. Contract Administration

Contractor shall:

1. Meet with the County on a biweekly basis from January 1, 2014 through June 30, 2014, and on a monthly basis thereafter, to discuss current issues, new procedures, etc. Contractor attendees shall include: Claims Manager, Claims Supervisor, Customer Service Manager, Customer Service Supervisor, Ombudsman/Claims Service Representative, and Account Managers for both medical and dental.

2. Provide the County with a custom Administrative Manual consisting of policies and procedures used by Contractor to administer the Plans. Update the Administrative Manual and provide updates to County within thirty (30) days of any changes in policies and/or procedures.

3. Act as the Plan's Fiduciary in all matters related to Claims Administration under the scope of this Contract, as specified in Attachment F. However, after a Plan Participant has completed the appeal process offered by Contractor, the Participant may submit additional appeals as specified in the applicable Plan Document.

K. Records Retention and Audit

Notwithstanding any provision to the contrary in this Contract, Contractor Shall:

1. Store and maintain Claims records safely for a minimum of five (5) years beyond the end of the calendar year in which Claim is made, or a longer period of time, as required by law, and necessary in the case of litigated Claims.

2. Assist County with information necessary to perform periodic audits of fiscal procedures and Claims processing and respond to all audit recommendations as requested by the County.

3. Be subject to periodic audits of the Claims administration activity performed by Contractor, conducted by the County or its designee. The scope and timing of the audits will be determined prior to the commencement of the audits. Following the filing of the report of findings and after a reasonable period has elapsed to test the implementation of corrections and/or recommended actions; County may elect to conduct a follow-up audits.

4. County shall notify Contractor of intent to audit and the time periods in which audit staff will conduct the audit. Notice will be given of intent to audit at a minimum of fifteen (15) days prior to the beginning of the audit. With the notice of intent to audit, County will inform Contractor of the purpose and scope of the audit.

5. Make workspace available and produce all records and materials necessary for the work of the audit staff.

6. Provide, upon the identification of the audit sample by County or its designee, all Claims records and related documentation requested for the audit. If, in the process of the audit, County or its designee needs additional documentation, the same standards for furnishing such documentation shall apply.

7. Reimburse the County the cost of a one-time pre-implementation review audit; conducted by the County's designee, to ensure the County's benefits, account structure, Plan provisions, administrative procedures, and exceptions have been set up accurately. Costs of the pre-implementation audit are not to exceed $25,000.

8. Provide reasonable travel arrangements, i.e. transportation and lodging at Contractor's expense, for County Auditor-Controller staff or designee for purposes of conducting the audits. Amount not to exceed $5,000 throughout the term of this Contract.

9. County shall be responsible for the cost of audit fees for post-implementation audits, excluding travel, as noted above. The first post-implementation audit shall commence no later than 120 days following the end of the first contract year. Audits will be conducted annually thereafter at the discretion of the County.

10. Provide Recovery Status reports monthly for recovery of all audit errors which resulted in claim overpayments. Contractor shall reimburse the County the full value of all audit error claims

overpayment recovery regardless of subrogation fees paid by contractor to subcontractor for recovery services.

11. Initiate correction of all underpayments within 5 calendar days of identification by either Contractor during normal course of business or by the County through an independent audit.

12. Initiate recovery of all provider (medical and/or dental) overpayments within 14 calendar days of identification of overpayment by either Contractor during normal course of business or by the County through an independent audit. For those overpayments that cannot be recovered from providers via deduction from next payment to the provider, Contractor will send follow-up requests at 30-day intervals until overpayment is recovered. Should Contractor elect to utilize the services of an external vendor for overpayment recoveries, any costs (contingency fees) associated with overpayment recovery efforts by the external vendor will be absorbed by Contractor as a cost of doing business. Contractor shall reimburse the County the value of overpayments not recovered due to Contractors failure to initiate recovery as outlined above.

13. Consult with the County prior to initiating overpayment recovery efforts against a plan member, within 14 calendar days of identification of overpayment by either Contractor during normal course of business or by the County through an independent audit.

14. Annually provide County with detailed back-up documentation on a County-selected sampling of Contractor's self-reported Performance Guarantee results for the purposes of County's validation.

L. Implementation and Transition

As Contractor will be continuing to provide services to County, no implementation tasks are required.

M. Wellness and Health Management Activities

The County is considering implementing certain wellness and health management activities. Upon direction of the County and at the effective date and to the plan participants specified by the County, Contractor shall provide Annual Wellness Credit Dollars specified in Attachment B. These Annual Wellness Credit Dollars may be utilized and/or applied to the following. This is including but not limited to:

- Specified Wellness Activities utilizing Assessment tools, Behavioral Intervention or Incentive Delivery vehicles offered by Contractor
- Specified Wellness related activities, not provided by Contractor. The County would be required to get approval for services from Contractor and pay third party before invoicing Contractor for reimbursement.
- Contractor will maintain an ongoing tally of Wellness Program Credit, and provide to County designee at determined intervals.

Contractor shall:

1. Provide the following wellness programs at the cost specified in Attachment B:
   a. Online programs
   b. Telephonic coaching
   c. Tobacco cessation programs

2. Provide, track and report to the County's designee, those activities specified by the County, at the cost specified in Attachment B, including:

a. Completion of health risk assessment
b. Completion of biometric screening
c. Completion of an online health living course
d. Online health coach interactions
e. Telephonic health coach interactions
f. Completion of tobacco cessation program
g. Participation in disease management programs
h. Completion of annual preventive exam
i. Daily Challenge online health engagement platform
j. Walkadoo online and mobile device generated activity and step challenges

3. Provide lifestyle management programs identified above to all of the County health plan members, even those with insurance from other vendors.

4. The option for dedicated Contractor employed wellness coordinator is available to the County. Cost would be additional and would be determined based on final wellness program design. Contractor shall assist in developing a strategy and determine parameters of position.

N. Other

Contractor shall:

1. Assist legal counsel in the preparation and conduct of any litigated cases or claims and pursuit of actions of fraud or misrepresentation by Participants or Providers of service during the contract term and for a period of two years following termination of the contract.

2. Assist the County in the modification or amendment of the Plan documents to incorporate revisions, additions, or amendments to the Plans as directed by the County.

3. Assist the County in updating Summaries of Benefits and Coverage for active employees and in appropriately communicating any revisions, additions or amendments to the Plan Documents.

4. Implement, at the request of the County, any changes to benefit plan design made during the course of the contract.

5. Provide consultation on benefit design and market trends.

6. Calculate benefit change worth, i.e., impact on claims and administration costs, for proposed Plan design changes.

7. Determine expected Claims costs for existing and proposed benefits, including accrual rates.

8. Provide annual calendar year end accounting consisting of the amount of paid Claims at the coverage level and a summary of fees paid.

9. Perform such other services, at the written request of the County, such as special communications, peer review fees, audit of provider records, reprogramming of computer information to accommodate Plan changes or amendments, and other such costs consistent with providing administration of the Plan. The additional costs will be paid by the County in addition to the monthly administration fees, following written approval of the work and cost estimate, as noted in Attachment B.

10. At the written request of the County, provide, at no additional cost, standard communication and access to Contractor's health programs.

11. Assist the County in implementing any actions or data/reporting required by the Federal Patient Protection and Affordable Care Act.

12. Support the County with any necessary follow-up for the Early Retiree Reinsurance Program.

ATTACHMENT B

Compensation / Payment

1. **Compensation**: This is a fixed fee price Contract between the County and Contractor for services as provided in this Contract. The Contractor agrees to accept the specified compensation as set forth in this Contract as full remuneration for performing all services and furnishing all staffing and materials required, for any reasonably unforeseen difficulties which may arise or be encountered in the execution of the services until acceptance, for risks connected with the services, and for performance by the Contractor of all its duties and obligations hereunder. The County shall have no obligation to pay any sum in excess of total Contract amount specified below unless authorized by amendment.

2. **Firm Discount and Pricing Structure:** Contractor agrees that no price increases shall be passed along to the County during the term of this Contract not otherwise specified and provided for within this Contract.

3. **Contractor's Expense:** The Contractor will be responsible for all costs related to photo copying, telephone communications, fax communications, and parking while on County sites during the performance of work and services under this Contract. The County will not provide free parking for any service in the County Civic Center.

4. **Payment Term:** Invoices for Miscellaneous Fees and Other Charges are to be submitted within 30 days from the date Contractor completes deliverables as defined in the Attachment A-Scope of Work. Contractor shall reference Contract number on invoice. Payment will be net 30 days after receipt, and approval, by County of an invoice in a format acceptable to the County and verified and approved by the agency/department and subject to routine processing requirements.

   Invoices shall cover services not previously invoiced. The Contractor shall reimburse the County for any monies paid to the Contractor for services not provided or when services do not meet the Contract requirements.

   Payment for per employee per month costs identified herein will not be based upon Contractor invoice, but will be issued by the County based on the number of active and retired subscribers as provided by the County to the Contractor on the monthly Claims Administration Fee Report. Payment will be made by the last day of each month, representing payment for services provided in the current month, i.e. payment for the month of January will be paid by January31st.

   Payments 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.

5. **Payment – Invoicing Instructions for Miscellaneous Fees, Retiree Wellwise Incentive, and Other Charges:** The Contractor will provide an invoice on the Contractor's letterhead for services rendered. Each invoice will have a number and will include the following information:

   1. Contractor's name and address
   2. Contractor's remittance address, if different from 1 above
   3. Name of County agency/department
   4. Delivery/service address
   5. Contract Number
   6. Date of order

7. Type of fees/service
8. Sales tax, if applicable
9. Dates of fees/service
10. Brief description of fees/service
11. Contractor's Federal I.D. Number

The County's Project Manager, or designee, is responsible for approval of invoices and subsequent submittal of invoices to the County Auditor-Controller for processing of payment. The responsibility for providing an acceptable invoice 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.

Invoices and support documentation are to be forwarded to:

Project Manager, Barbara Voelkel
Human Resource Services/Employee Benefits
333 W. Santa Ana Blvd., Rm. 137
Santa Ana, CA 92701

One Time Implementation Costs

One Time Set Up Fee (if applicable)	$0.00
Potential Additional Costs (describe if applicable)	$0.00
Pre-Implementation Audit Fee (if applicable)	$0.00
Other (describe if applicable)	$0.00
Total Estimated Implementation Costs	$0.00

Ongoing Administration of Claims

1. Preferred Provider Organization (PPO) Administration Fees (Medical) - Current Plan Designs

FEE CHARGES PER PARTICIPANT (EMPLOYEE AND RETIREE) PER MONTH (PEPM)					
	Year 1 2014	**Year 2 2015**	**Year 3 2016**	***Year 4 2017**	***Year 5 if renewed 2018**
▪ **Medical Claims Administration**	$12.36	$12.73	$13.11	$13.77	$14.46
▪ **Cost Management Services**					
– Utilization Review	$1.96	$2.02	$2.08	$2.18	$2.29
– Medical Case Management	$1.82	$1.87	$1.93	$2.03	$2.13
– Disease Management Programs: At a minimum include programs for heart failure, chronic obstructive pulmonary disease, coronary artery disease, diabetes asthma and musculoskeletal conditions	$1.27	$1.31	$1.35	$1.42	$1.49
▪ **PPO Network Access Fees (if applicable)**	$4.24	$4.37	$4.50	$4.73	$4.97
▪ **Fiduciary Responsibility (if applicable)**	$0.73	$0.75	$0.77	$0.81	$0.85
▪ *Teledoc Administration Fee*	*N/A*	*N/A*	*N/A*	*N/A*	*Included*
▪ **Other (administrative, sales and marketing expenses and overhead, health advocate and complex case management costs, and nurse-line services)**	$12.56	$12.94	$13.33	$14.00	$14.70
▪ **Total**	$34.94	$35.99	$37.07	$38.94	$40.89
▪ **Estimated Number of Participants**	6,648	6,648	6,648	6,648	6,648

*** If you cannot quote a flat fee for years 4 and 5 provide a formula upon which the rate will be based.**				Not to exceed +5% Fee Cap to the 2016 fees	Not to exceed +5% Fee Cap to the 2017 fees

Contractor will provide a credit for Year One only equal to 5% of the total annual premium which will be credited in the January 2014 invoice. Total annual premium shall be calculated as January 2014 premium amount without adjustments times 12.

2. Preferred Provider Organization (PPO) Administration Fees (Medical) – Assuming High, Medium and Low Plan Design (if implemented by the County)

FEE CHARGES PER PARTICIPANT (EMPLOYEE AND RETIREE) PER MONTH (PEPM)					
	Year 1 2014	**Year 2 2015**	**Year 3 2016**	***Year 4 if renewed 2017**	***Year 5 if renewed 2018**
▪ **Medical Claims Administration**	$12.36	$12.73	$13.11	$13.77	$14.46
▪ **Cost Management Services**					
– Utilization Review	$1.96	$2.02	$2.08	$2.18	$2.29
– Medical Case Management	$1.82	$1.87	$1.93	$2.03	$2.13
– Disease Management Programs At a minimum include programs for heart failure, chronic obstructive pulmonary disease, coronary artery disease, diabetes asthma and musculoskeletal conditions	$1.27	$1.31	$1.35	$1.42	$1.49
▪ **PPO Network Access Fees (if applicable)**	$4.24	$4.37	$4.50	$4.73	$4.97
▪ **Fiduciary Responsibility (if applicable)**	$0.73	$0.75	$0.77	$0.81	$0.85
▪ **Other (administrative, sales and marketing expenses and overhead, health advocate and complex case management costs, and nurse-line services)**	$12.56	$12.94	$13.33	$14.00	$14.70
▪ **Total**	$34.94	$35.99	$37.07	$38.94	$40.89
▪ **Estimated Number of Participants**	6,648	6,648	6,648	6,648	6,648

*** If you cannot quote a flat fee for years 4 and 5 provide a formula upon which the rate will be based.**				Not to exceed +5% Fee Cap to the 2016 fees	Not to exceed +5% Fee Cap to the 2017 fees

Contractor will provide a credit for Year One only equal to 5% of the total annual premium which will be credited in the January 2014 invoice. Total annual premium shall be calculated as January 2014 premium amount without adjustments times 12.

3. Wellness (for programs that may be implemented for active employees after January 1, 2014):

Wellness	**Year 1 2014**	**Year 2 2015**	**Year 3 2016**	***Year 4 2017**	***Year 5 if renewed 2018**
▪ Contractor's Wellness Budget to the County for wellness activities. Please note, this amount is separate budget provided by Contractor and is not included as part of the ASO fee.	$200,000	$200,000	$200,000	$200,000	$200,000
▪ Wellness Activities to be provided by Contractor. Fees below include provision of program, tracking and reporting to the County's designee.					
- Health risk assessment	$0.00	$0.00	$0.00	$0.00	$0.00
- Biometric screening (also known as Shield Wellcheck – cost is per participant)	Onsite fasting: $52.75	Onsite fasting: $54.33	Onsite fasting: $55.96	Onsite fasting: $57.64	Onsite fasting: $59.37
	Onsite Non-fasting: $49.75	Onsite Non-fasting: $51.24	Onsite Non-fasting: $52.78	Onsite Non-fasing: $54.36	Onsite Non-fasting: $55.89
	Physician Fax: $12.00	Physician Fax: $12.36	Physician Fax: $12.73	Physician Fax: $13.11	Physician Fax: $13.50
	Onsite limited Scope (BMI, BP and smoking): $17.00	Onsite limited Scope (BMI, BP and smoking): $17.51	Onsite limited Scope (BMI, BP and smoking): $18.04	Onsite limited Scope (BMI, BP and smoking): $18.58	Onsite limited Scope (BMI, BP and smoking): $19.14
	Remote lab:	Remote lab:	Remote lab:	Remote lab:	Remote lab:

	$84.00	$84.00	$84.00	$84.00	$84.00
- Telephonic health coach interactions	$1.06	$1.09	$1.12	$1.15	$1.18
- Tobacco cessation program	$0.32	$0.33	$0.34	$0.36	$0.38
- Participation in disease management programs	Included in medical	Included in medical	Included in medical	Included in medical	Included in medical
- Certification of completion of annual preventive exam – please refer to physician fax	$12.00	$12.36	$12.73	$13.11	$13.50
Daily Challenge online health engagement platform	$.91 pepm	$.94 pepm	$.97 pepm	$.99 pepm	$1.02 pepm
Walkadoo online and mobile device generated activity and step challenges.	$2.54 pepm	$2.61 pepm	$2.69 pepm	$2.77 pepm	$2.85 pepm

Projected wellness costs not to exceed amount provided in this document for like services.

4. Wellwise Retiree Incentives

The County will reimburse the Contractor for Wellwise Retiree Incentive payments made via check directly to retirees and employees not on County payroll at the time the Incentive is processed. The Contractor will responsible for providing a detail file itemizing the Wellwise Retiree Incentive payment in the 2nd quarter of the year following Plan Year, e.g. 2nd quarter of 2015, for 2014 Plan Year when invoicing the County for reimbursement.

5. Network Savings

Contractor guarantees to the County PPO Network Savings (both for California and outside of California) during the contract period as set forth below.

NETWORK DISCOUNT GUARANTEE

1/1/2014–12/31/2014

Contractor guarantees to County of Orange PPO Network Savings during the contract period as set forth in this Exhibit. Retroactive adjustment to the administrative fee shall be as follows and subject to the Definitions and Calculations as stated below:

Performance Guarantee - Network Savings

California PPO In-Network Discount Guarantee

Difference in In-Network Savings	Retro % Adjustment to Admin Fee
- 3.0%	No Adjustment
<-3.0% to -4.0%	-8.75%
<-4.0% to -5.0%	-17.50%
<-5.0% to -6.0%	-26.25%
<-6.0%	-35.00%

Definitions and Calculations:

Target In-Network discount percentage (Illustrative)	**54.0%**
Risk Free Corridor	- 3.0%
Period Covered	January 1, 2014 to December 31, 2014
Assumed number of active members in California in Contractor PPO plan	6,531
Assumed number of active employees in California in Contractor PPO plan	3,858

- Network Savings are defined as the difference between the covered billed charges (excluding non-covered benefits) submitted by the network provider and the amount based on the negotiated rate with that provider. The calculation is performed before the application of co-payments, deductibles, or other coinsurance, and includes reductions in allowance for clinical code edits.
- The risk free corridor means the range of 3% below the Target In-Network Discount Percentage in which no adjustment to the fees will be made.
- Network Savings are calculated excluding the following claims:
    - Claims for non-covered benefits
    - Out of network claims
    - Retail/Pharmacy claims
    - Mental health and chemical dependency claims
    - Coordination of Benefit claims
    - Medicare claims
    - Client specific network claims
    - Claims where the effective discount is less than 1%
    - Claims that occur outside of California
- Entire facility claims where billed charges exceed $150,000 are excluded from the Network Savings calculation.
- The 54% Network Savings Guarantee is blended based on discounts of 61% Inpatient Facility, 48% Outpatient Facility, and 55% Professional with an assumed distribution of 23%, 31%, and 46%, respectively. The applicable Retrospective Percent Adjustment to the Administrative Fee will be calculated on the actual billed charge distribution of Inpatient Facility, Outpatient Facility, and Professional allowed claims for County of Orange during the reporting period.
- This guarantee is effective for claims incurred during the period of 1/1/2014-12/31/2014. Network Savings shall be calculated on incurred claims for the reporting period with 4 months runout. The guarantee will not apply if termination of the policy occurs prior to the end of the guarantee period.

- Contractor reserves the right to revise the savings guarantee under the following circumstances:
  - There is a change of more than 10% in employee enrollment in Metropolitan Statistical Areas with more than 200 eligible employees.
  - There is a change of more than 10% in employee enrollment in states with more than 200 eligible employees.
  - There is a change of more than 10% in employee enrollment in the aggregate eligible employees.
  - The benefits requested and/or quoted change prior to or after the effective date of this guarantee.
  - An award is not made within 90 days of the issuance of this quotation.
  - Changes in federal, state, or other applicable legislation or regulation require changes to this quotation.
- This guarantee is eligible for renewal in ongoing annual Agreement periods and is subject to Contractor's determination that the minimum Employee enrollment requirements are met. Contractor reserves the right to revise the discount targets for subsequent Agreement periods based on the market distribution percentages and provider discounts then in effect.
- Employees that reside outside the state of California are excluded from this guarantee.

County of Orange Census Applied to Network Discount Guarantee with 01/01/2014 Effective Date

	Employees	Members
Total CA Matched	**3,858**	**6,531**

COUNTY	State	Employee Count	Member Count
Orange County	CA	3,127	5,362
Los Angeles	CA	436	666
Riverside	CA	182	298
San Bernardino	CA	68	121
San Diego	CA	38	69
Sacramento	CA	1	4
Santa Barbara	CA	1	4
San Luis Obispo	CA	2	3
Ventura	CA	1	2
Kern	CA	1	1
Solano	CA	1	1

Included Populations:
CA Only
977782-0001,0002, 0005
977783-0001,0005

	Employees	Members
Total CA Matched	**3,858**	**6,531**

MSA	State	Employee Count	Member Count
Orange County	CA	3,076	5,293
Los Angeles-Long Beach	CA	646	1,006
Riverside-San Bernardino	CA	92	149
San Diego	CA	38	69

Included Populations:
CA Only
977782-0001,0002, 0005
977783-0001,0005

San Luis Obispo,Santa Barbara	CA	4	9
Sacramento, Sacramento-Yolo	CA	2	5

6. Management and Attorney Dental Plan Administration Fees

FEE CHARGES PER PARTICIPANTS (EMPLOYEE) PER MONTH (PEPM)					
	Year 1 2014	**Year 2 2015**	**Year 3 2016**	***Year 4 2017**	***Year 5 if renewed 2018**
▪ **Dental Claims Administration**	$4.06	$4.18	$4.31	$4.53	$4.76
▪ **PPO Network Access Fees (if applicable)**	Included	Included	Included	Included	Included
▪ **Fiduciary Responsibility (if applicable)**	$0.10	$0.10	$0.10	$0.11	$0.12
▪ **Total**	$4.16	$4.28	$4.41	$4.64	$4.88
▪ **Estimated Number of Participants**	1,951	1,951	1,951	1,951	1,951

7. Miscellaneous Additional Fees

	Year 1 2014	**Year 2 2015**	**Year 3 2016**	***Year 4 if renewed 2017**	***Year 5 if renewed 2018**
▪ **Reporting Fees (in excess of 75 AD-HOC hours included annually at no charge, upon written approval of the County prior to the start of work)**	$150/hr	$150/hr	$150/hr	$150/hr	$150/hr
▪ **Programming Fees (if applicable, upon written approval of the County prior to the start of work)**	$150/hr	$150/hr	$150/hr	$150/hr	$150/hr
▪ **ID Cards / Medical**	$0.00	$0.00	$0.00	$0.00	$0.00
▪ **Hospital Audit Fees**	$0.00	$0.00	$0.00	$0.00	$0.00
▪ **Subrogation**	$0.00	$0.00	$0.00	$0.00	$0.00

▪ **Affordable Care Act-Transitional Reinsurance tax if paid on the County's behalf (0ptional Service)***	Estimated at $5.25 pmpm (excluding Medicare-eligible members)	Amount pmpm to be determined by ACA	Amount pmpm to be determined by ACA	N/A	N/A

* If County elects to have Contractor pay the Transaction Reinsurance fee on the County's behalf, County shall reimburse Contractor for the actual fee paid to the Federal government. Contractor may convert rate to per employee per month.

For additional work requested by County during the term of this Contract, consistent with administration of the Plans, the County will be charged at the programming and reporting rates above. Examples of such work would be a request to implement Plan design changes, eligibility changes, etc. Contractor shall provide written estimate of the work and the related charges for written County approval prior to the start of work.

8. Run-Out Fees

▪ **Run-out claims processing(Medical)**	$52,745
▪ **Estimated Number of Participants**	6,648
▪ **Run-out claims processing (Dental)**	$0
▪ **Estimated Number of Participants**	1,951
▪ **Claims and Litigation Support Services for two years following termination of contract.**	$0

* The total processing fees listed above for the entire run-out period shall be payable in two (2) equal monthly installments during the first two (2) months following the Contract termination. Contractor will process run-out medical and dental claims for a period of twelve months following the termination date. Any and all additional services needed by the County to administer and track Claims run-out, including but not limited to claims reporting, bank reconciliation reports, claim appeals, subrogation, etc., shall be included in the above fees.

ATTACHMENT C

STAFFING PLAN

1. **Primary Staff to perform Contract duties**

Name	Classification/Title
William McQueen, CEBS	Vice President and General Manager, Premier Accounts
Mike Chiarodit	Director of Account Management, Premier Accounts
Julie Ellis	Major Accounts Manager, Premier Accounts
Anne Snowden	Senior Service Account Representative, Premier Accounts
Dr. Bill Panek	Medical Director
Preddis Sullivan, DDS	Dental Director
Kim Demas, RN.	Manager for Case Management and Health Advocate Nursing
Jennifer Stanley	Priority Representative and Ombudsman to the County of Orange
Janine Boyer	Senior Operations Manager and Dental Ombudsman to the County of Orange
Matt Lindner	Senior Health Data Analyst
Angie Kalousek	Senior Program Manager, Wellness
Elizabeth Laird	Senior Marketing and Communications Consultant
Lorie Johns	Implementation Manager

2. **Alternate staff** (for use only if primary staff are not available)

Name	Classification/Title
Lynda Martens	Customer Service Supervisor/Ombudsman Back-Up

Substitution or addition of Contractor's key personnel in any given category or classification shall be allowed only with prior written approval of the County Project Manager.

The Contractor may reserve the right to involve other personnel, as their services are required. The specific individuals will be assigned based on the need and timing of the service/class required. Assignment of additional key personnel shall be subject to County Project Manager approval. County reserves the right to have any of Contractor personnel removed from providing services to County under this Contract. County is not required to provide any reason for the request for removal of any Contractor personnel.

3. **Sub-contractor(s), if applicable**

In accordance with Article 12, "Assignment or Sub-Contracting", listed below are Sub-contractor(s) anticipated by Contractor to perform services specified in this Contract.

Company Name	**Service**
Accent Company	Accent provides investigation and recovery functions related to workers' compensation and third-party liability.
ACS Commercial Solutions, Inc.	ACS provides member enrollment data entry services.
Aegis USA, Inc.	Aegis assists with handling calls from Individual and Family Plan (IFP) members, as well as eligibility and billing questions for members with portfolio plans.
Alere, LLC	Alere currently administers Blue Shield's Predictive Triage Engine, disease management programs; a suite of high-risk case management programs; chronic complex, prenatal, and musculoskeletal case management programs; tobacco cessation services as part of our Tobacco Cessation program; CareTips clinical care gap messaging for members and providers; and our NurseHelp 24/7 program.
American Specialty Health Plans	American Specialty Health Plans provides access to their chiropractic, acupuncture, and podiatry networks.
Citibank, N.A.	Citibank manages the financial incentives linked to our wellness offerings via a prepaid debit card that can be electronically reloaded when additional rewards are earned and redeemed.
Dental Benefit Providers	Dental Benefit Providers serves as Blue Shield's dental plan administrator.
DST Output	DST Output provides production services for ID cards and explanation of benefits documents.
HealthEquity	HealthEquity provides integrated HSA/HRA/FSA consumer directed healthcare services for our high deductible health plans (HDHP).
Hea!thrageous, Inc.	Hea!thrageous offers a wellness platform that uses wireless-enabled fitness devices and apps to power team challenges among employee populations.
Healthwise	Healthwise, a nonprofit consumer health content provider, supplies a robust health and wellness knowledgebase product for use on our website, www.blueshieldca.com.
Hewlett Packard	Hewlett-Packard provides information systems and reporting services.
Hinduja Global Solutions, Inc.	Hinduja provides claims edit resolution services.

LabCorp	LabCorp provides access to a network of clinical laboratories.
Language Line	Language Line provides language services to assist non-English speaking members.
Medical Eye Services	Medical Eye Services serves as Blue Shield's vision plan administrator.
National Imaging Associates	National Imaging Associates provides prior authorization and medical management for outpatient radiology services, including CAT scans, MRIs/MRAs, nuclear cardiology, bone densitometry, and PET scanning.
Quest Diagnostics	Quest Diagnostics provides access to a network of clinical laboratories.
SourceHOV, LLC	SourceHOV provides paper claims and correspondence mailroom, imaging and data entry services, including image viewing capabilities, claims edit resolution, correspondence activation, small group enrollment, claim credit backs, and pre-denial audits.
Summit Health	Summit Health provides onsite and remote biometric screening services for our Shield Wellcheck program, and other onsite wellness services, including immunizations, onsite seminars, lifestyle management courses, ad hoc screening, and tests for our Onsite Wellness program.
TeleTech Financial Services Management	TeleTech assists with handling phone calls for IFP members, eligibility and billing questions for members with portfolio plans, and providers.
Towne Allpoints	Triad is a leading musculoskeletal service company focused on the healthcare needs of the patient with painful spine and joint conditions. They coordinate the prior authorization process for members requiring care management services for musculoskeletal pain management and spinal surgery through the Blue Shield Integrated Case Management program.
Triad Healthcare	Triad is a leading musculoskeletal service company focused on the healthcare needs of the patient with painful spine and joint conditions. They coordinate the prior authorization process for members requiring care management services for musculoskeletal pain management and spinal surgery through the Blue Shield Integrated Case Management program.

WebMD	WebMD provides the platform and content for our award-winning online wellness program, Healthy Lifestyle Rewards, and our telephonic Health Coach program.

ATTACHMENT D

Performance Standards

Self-reported medical claims processing quality results will be based on a monthly minimum sample size of 100 County of Orange medical claims selected at random, using a financial stratified sampling approach. Self-reported dental claims processing quality results will be based on a monthly minimum sample size of 100 County of Orange dental claims selected at random, using a financial stratified sampling approach. Self-reported customer service call quality results will be based on a minimum monthly sample size of 100 County of Orange calls selected at random from all calls handled by the customer service unit servicing the County.

Reporting Frequency and Annual Calculation

Contractor will provide County with reports setting forth the performance of the Contractor against each of the metrics in accordance with the reporting schedule set forth for each metric described below. Unless otherwise noted, reports will be generated within 60 days after the close of each reporting period.

At the close of the calendar year, Contractor will prepare a single report which sets forth Contractor's performance against each of the metrics. Annually, County will select a sampling of performance guarantees and request detailed back-up documentation to validate results. In the event Contractor has failed to meet any metric, payment by Contractor of the applicable performance penalty will be sent to County within 60 days after the issuance of the annual report.

Performance Area	Standard	Definition	Measurement/ Frequency	Penalty/ Amount at risk
Medical and Dental Claims Processing				
Overall Claims Processing Accuracy	95% or above	The percentage of audited client claims processed accurately. Calculated as the total number of audited claims processed without error, divided by the total number of audited claims. Definition of "error" includes any type of error (e.g. coding, procedural, system, payment, (etc.) whether a payment or non-payment error. Each type of error is counted as one full error and no more than one error can be assigned to one claim. County specific results.	Quarterly, with monthly client specific reporting to County	2% of annual medical and/or dental administrative fees. Penalty will be ¼ for each period standard is not met. Medical and dental will be calculated separately.

Performance Area	Standard	Definition	Measurement/ Frequency	Penalty/ Amount at risk
Financial Payment (Dollar) Accuracy	99.25% or above	The percentage of audited client claims dollars paid accurately. Calculated as total audited paid dollars minus the absolute value of over and underpayments, divided by total audited paid dollars. County specific results.	Quarterly, with monthly client specific reporting to County.	3% of annual medical administrative fees. Penalty will be ¼ for each period the standard is not met.
Claims Payment Accuracy	97% or above	The percentage of audited client claims processed without payment error. Calculated as the total number of audited claims minus the number of claims processed with "payment" error, divided by the total number of audited claims. Definition of error includes any type of error (e.g., coding procedural, system payment (etc.) that results in a payment error. County specific results.	Quarterly, with monthly client specific reporting to County.	2% of annual medical administrative fees. Penalty will be ¼ for each period the standard is not met.

Performance Area	Standard	Definition	Measurement/ Frequency	Penalty/ Amount at risk
Turnaround Time – Target 1 (TAT)	94% of all claims processed within 14 calendar days.	The percentage of claims processed within a specified number of calendar days. TAT is measured from the date the claim is received by Contractor to the date it is processed (i.e., paid, denied, or pended for external information). County specific results.	Quarterly, with monthly client specific reporting to County.	2% of annual medical administrative fees. Penalty will be ¼ for each period the standard is not met.
Turnaround Time – Target 2	98% of all claims processed within 30 calendar days.	The percentage of claims processed within a specified number of calendar days. TAT is measured from the date the claim is received by Contractor to the date it is processed (i.e., paid, denied, or pended for external information). County specific results.	Quarterly, with monthly client specific reporting to County.	1% of annual medical and/or dental administrative fees. Penalty will be ¼ for each period the standard is not met. Medical and dental will be calculated separately

Performance Area	Standard	Definition	Measurement/ Frequency	Penalty/ Amount at risk
Customer Service				
Telephone Response Time	80% of calls answered in 30 seconds or less	The amount of time that elapses between the time a call is received to the time answered by a representative (live voice answer). County specific results. Call volume does not include calls that are handled by an IVR system.	Quarterly, with monthly client specific reporting to County.	2% of annual medical and/or dental administrative fees. Penalty will be ¼ for each period the standard is not met. Medical and dental will be calculated separately
Call Quality	95% or higher (standard to be finalized based on vendor's internal call quality program and performance objective)	The average of all calls quality results for the reporting period. County specific results.	Quarterly, with monthly client specific reporting to County.	1% of annual medical and/or dental administrative fees. Penalty will be ¼ for each period the standard is not met. Medical and dental will be calculated separately
Call Resolution Rate	90% of calls to customer service will be resolved within 2 business days	The time taken in days (excluding weekends and holidays) by Member Service Representatives to close call inquiries placed by Plan Participants to the service facility. Results specific to County's designated call center.	Quarterly, with monthly client specific reporting to County.	1% of annual medical and/or dental administrative fees. Penalty will be ¼ for each period the standard is not met. Medical and dental will be calculated separately

Performance Area	Standard	Definition	Measurement/ Frequency	Penalty/ Amount at risk
Member complaint response time – Target 1	Respond to 99% of all written member complaints within 60 calendar days after receipt of complaint.	Measured from date of complaint receipt to date response mailed to member. Member complaint is defined as a complaint about the services performed by Contractor. Resolution of complaints is defined as satisfactory result to the member within the parameters of the plan specifications along with a letter of apology.	Quarterly, with monthly client specific reporting to County.	1% of annual medical and/or dental administrative fees. Penalty will be ¼ for each period the standard is not met. Medical and dental will be calculated separately
Member appeal response time – Target 2	Review and respond to 99% of all formal written appeals within 60 calendar days.	Measured from date of appeal receipt to date response mailed to County. Response to appeal is defined as a thorough review of all information related to the appeal followed by a detailed explanation of the final determination in writing, citing specific reasons for denials.	Quarterly, with monthly client specific reporting to County.	1% of annual medical and/or dental administrative fees. Penalty will be ¼ for each period the standard is not met. Medical and dental will be calculated separately

Performance Area	Standard	Definition	Measurement/ Frequency	Penalty/ Amount at risk
Administrative Issues				
Dedicated Claim Processing	90% or higher	90% of County claims will be either system-adjudicated, or adjudicated by claims processors dedicated to the County.	Quarterly, with monthly client specific reporting to County.	1% of annual medical administrative fees. Penalty will be ¼ for each period the standard is not met.
Overpayment Recoveries	65% of overpaid dollars will be recovered within 90 calendar days of initial refund request.	Client-specific results, based on Contractor's internal reporting.	Quarterly, with monthly client specific reporting to County.	1% of annual medical administrative fees. Penalty will be ¼ for each period the standard is not met.
ID Card distribution (Ongoing)	95% of ongoing ID cards will be issued and mailed within 7 working days of receipt of request or enrollment data. (applicable when an average minimum 45 ID cards are issued per month)	The amount of time elapsed from the date of receipt of eligibility information or request from Covered Person to the date ID cards are mailed to members. County specific results.	Quarterly, with monthly client specific reporting to County.	2% of annual medical and/or dental administrative fees. Penalty will be ¼ for each period the standard is not met. Medical and dental will be calculated separately

Performance Area	Standard	Definition	Measurement/ Frequency	Penalty/ Amount at risk
Processing of Electronic Files	100% of electronic files will be processed within 48 hours of receipt	The amount of time elapsed from the date of receipt of eligibility information and the date eligibility is entered into the eligibility system	Quarterly, with monthly client specific reporting to County.	2% of annual medical administrative fees. Penalty will be ¼ for each period the standard is not met.
Account Management & Implementation				
Account Team Performance Appraisal	Overall Account Team performance is a composite score of 3 or better.	County will evaluate each member of Administrator's designated Account Management Team. Scale is as follows: **Score / Description** 5 - Exceptional 4 - Exceeds Expectations 3 - Meets Expectations 2 - Minimally Meets Expectations 1 – Does Not Meet Expectations	Quarterly, with client specific reporting.	2 % of annual medical and dental administrative fees. Penalty will be ¼ for each period the standard is not met. Establish weekly conference calls until issue is resolved and client is satisfied.

Performance Area	Standard	Definition	Measurement/ Frequency	Penalty/ Amount at risk
Report delivery	Monthly, quarter-to-date, year-to-date, paid claims and lag reports delivered within 20 calendar days following end of reporting period.	Delivery shall be complete upon receipt of reports by the County.	Quarterly, with client specific reporting.	$250 for each day report delivery is delayed.

ATTACHMENT E

Data Interfaces

Contractor agrees to develop, transmit and or receive, and reconcile the following interface files and other interfaces files as required to administer to the Plans.

To Contractor:

From	Purpose/Data to be Provided	Frequency	Comments
Xerox or other Health and Welfare eligibility administrator selected by the County	Eligibility records for subscribers and dependents in Medical and Dental Plans	Weekly	Full file with reconciliation
Catamaran or other Pharmacy Benefit Plan selected by County	Prescription Data for Disease Management Programs	Monthly	Existing interface
Catamaran or other Pharmacy Benefit Plan selected by County	Prescription Data for Annual Wellness Rebate for Premier Wellwise, Wellwise Choice and Wellwise Retiree PPO Plans	Annually after the close of the prior Plan year (January)	Existing interface

From Contractor:

To:	Purpose	Frequency	Comments
Catamaran or other Pharmacy Benefit Plan selected by County	Eligibility records for subscribers and dependents of Premier Wellwise, Wellwise Choice or Wellwise Retiree Plans	Weekly, within 3 business days of loading eligibility files from Xerox or other health and welfare vendor selected by the County	
Catamaran or other Pharmacy Benefit Plan selected by County	Claims Data for Catamaran to calculate ROI of various Prescription Programs they are conducting for	TBD	

To:	Purpose	Frequency	Comments
	Premier Wellwise, Wellwise Choice and Wellwise Retiree Plans.		
County of Orange	Incentive payment records for Annual Premier Wellwise and Wellwise Choice Rebate and Non-Smoker Incentive	Initial file, with 1-2 subsequent follow up files in the same format	Payment file and Reports are sent to County
Wellness Vendor and/or Xerox (if implemented by County)	Data regarding completion of wellness activities	TBD	

ATTACHMENT F

Contractor Named Claim Fiduciary

County hereby delegates to Contractor fiduciary responsibility and discretion to determine all matters relating to the interpretation and operation of the health plan(s) as it relates to the administration and payment of disputed benefit claims in accordance with the terms of the health plan(s), the Agreement and to the extent provided in this Attachment F.

Notwithstanding any provision in this Agreement to the contrary, the parties agree that Contractor shall provide claim appeal fiduciary services subject to the terms and conditions set forth below. The parties acknowledge that Contractor has received and accepted additional fees/compensation from the County, under this Agreement, for the specific purpose of acting as claims fiduciary for the Plan(s).

Fiduciary Claims Appeal Services

Contractor shall act as the claims fiduciary under the health plan(s) for the appeal of disputed claims under the applicable health plan(s). For purposes of this Agreement, a disputed claim is a claimant's written request for review and reconsideration of a claim for benefits initially denied in whole or in part by Contractor. Except to the extent Plan Participants file additional appeals as specified in the Participant's applicable Plan Document, any action taken by Contractor in that capacity shall be fully binding upon the health plan and County. As claims fiduciary, Contractor shall take all actions and retain all experts and outside resources, at its own cost and expense that it deems necessary and appropriate to act in the capacity of claims fiduciary.

In the event a claimant files any court action seeking payment on any claim, whether appealed to Contractor or otherwise, Contractor shall take immediately notify County and await instructions and/or direction from County with respect to any further actions to be taken by Contractor.

Contractor shall, at reasonable intervals, provide County with information on the status of such litigation.

In no event may Contractor settle any claim based upon an expense not covered, or in an amount excess of that permitted, under the applicable health plan(s).

Nothing in this Agreement shall be construed as making Contractor a fiduciary for any other activity, function or responsibility in connection with the health plan and in no event will Contractor be liable for any breach of duty by any other fiduciary, of the County.

In carrying out its services under this Attachment, Contractor shall have discretionary authority to interpret the health plan and to determine all issues or questions relating to whether, or to what extent, a claim is payable under the terms of the health plan. Contractor may consult with the County, when appropriate, to determine the intent and past practice of the Plan.

ATTACHMENT G

BUSINESS ASSOCIATE CONTRACT

A. GENERAL PROVISIONS AND RECITALS

1. The Parties agree that the terms used, but not otherwise defined below in Paragraph B, shall have the same meaning given to such terms under the Health Insurance Portability and Accountability Act of 1996, Public Law 104-191 ("HIPAA"), the Health Information Technology for Economic and Clinical Health Act, Public Law 111-005 ("the HITECH Act"), and their implementing regulations at 45 CFR Parts 160 and 164 ("the HIPAA regulations") as they may exist now or be hereafter amended.

2. The Parties agree that a business associate relationship under HIPAA, the HITECH Act, and the HIPAA regulations between the Contractor and County arises to the extent that Contractor performs, or delegates to subcontractors to perform, functions or activities on behalf of County pursuant to, and as set forth in, the Contract that are described in the definition of "Business Associate" in 45 CFR § 160.103.

3. The County wishes to disclose to Contractor certain information pursuant to the terms of the Contract, some of which may constitute Protected Health Information ("PHI"), as defined below in Subparagraph B.10, to be used or disclosed in the course of providing services and activities pursuant to, and as set forth, in the Contract.

4. The Parties intend to protect the privacy and provide for the security of PHI that may be created, received, maintained, transmitted, used, or disclosed pursuant to the Contract in compliance with the applicable standards, implementation specifications, and requirements of HIPAA, the HITECH Act, and the HIPAA regulations as they may exist now or be hereafter amended.

5. The Parties understand and acknowledge that HIPAA, the HITECH Act, and the HIPAA regulations do not pre-empt any state statutes, rules, or regulations that are not otherwise pre-empted by other Federal law(s) and impose more stringent requirements with respect to privacy of PHI.

6. The Parties understand that the HIPAA Privacy and Security rules, as defined below in Subparagraphs B.9 and B.14, apply to the Contractor in the same manner as they apply to a covered entity (County). Contractor agrees therefore to be in compliance at all times with the terms of this Business Associate Contract and the applicable standards, implementation specifications, and requirements of the Privacy and the Security rules, as they may exist now or be hereafter amended, with respect to PHI and electronic PHI created, received, maintained, transmitted, used, or disclosed pursuant to the Contract.

B. DEFINITIONS

1. "Administrative Safeguards" are administrative actions, and policies and procedures, to manage the selection, development, implementation, and maintenance of security measures to protect electronic PHI and to manage the conduct of Contractor's workforce in relation to the protection of that information.

2. "Breach" means the acquisition, access, use, or disclosure of PHI in a manner not permitted under the HIPAA Privacy Rule which compromises the security or privacy of the PHI.

a. Breach excludes:

i. Any unintentional acquisition, access, or use of PHI by a workforce member or person acting under the authority of Contractor or County , if such acquisition, access, or use was made in good faith and within the scope of authority and does not result in further use or disclosure in a manner not permitted under the Privacy Rule.

ii. Any inadvertent disclosure by a person who is authorized to access PHI at Contractor to another person authorized to access PHI at the Contractor, or organized health care arrangement in which County participates, and the information received as a result of such disclosure is

not further used or disclosed in a manner not permitted under the HIPAA Privacy Rule.

iii. A disclosure of PHI where Contractor or County has a good faith belief that an unauthorized person to whom the disclosure was made would not reasonably have been able to retain such information.

b. Except as provided in paragraph (a) of this definition, an acquisition, access, use, or disclosure of PHI in a manner not permitted under the HIPAA Privacy Rule is presumed to be a breach unless Contractor demonstrates that there is a low probability that the PHI has been compromised based on a risk assessment of at least the following factors:

i. The nature and extent of the PHI involved, including the types of identifiers and the likelihood of re-identification;

ii. The unauthorized person who used the PHI or to whom the disclosure was made;

iii. Whether the PHI was actually acquired or viewed; and

iv. The extent to which the risk to the PHI has been mitigated.

3. "Data Aggregation" shall have the meaning given to such term under the HIPAA Privacy Rule in 45 CFR § 164.501.

4. "Designated Record Set" shall have the meaning given to such term under the HIPAA Privacy Rule in 45 CFR § 164.501.

5. "Disclosure" shall have the meaning given to such term under the HIPAA regulations in 45 CFR § 160.103.

6. "Health Care Operations" shall have the meaning given to such term under the HIPAA Privacy Rule in 45 CFR § 164.501.

7. "Individual" shall have the meaning given to such term under the HIPAA Privacy Rule in 45 CFR § 160.103 and shall include a person who qualifies as a personal representative in accordance with 45 CFR § 164.502(g).

8. "Physical Safeguards" are physical measures, policies, and procedures to protect CONTRACTOR's electronic information systems and related buildings and equipment, from natural and environmental hazards, and unauthorized intrusion.

9. "The HIPAA Privacy Rule" shall mean the Standards for Privacy of Individually Identifiable Health Information at 45 CFR Part 160 and Part 164, Subparts A and E.

10. "Protected Health Information" or "PHI" shall have the meaning given to such term under the HIPAA regulations in 45 CFR § 160.103.

11. "Required by Law" shall have the meaning given to such term under the HIPAA Privacy Rule in 45 CFR § 164.103.

12. "Secretary" shall mean the Secretary of the Department of Health and Human Services or his or her designee.

13. "Security Incident" means attempted or successful unauthorized access, use, disclosure, modification, or destruction of information or interference with system operations in an information system. "Security incident" 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.

14. "The HIPAA Security Rule" shall mean the Security Standards for the Protection of electronic PHI at 45 CFR Part 160, Part 162, and Part 164, Subparts A and C.

15. "Subcontractor" shall have the meaning given to such term under the HIPAA regulations in 45 CFR § 160.103.

16. "Technical safeguards" means the technology and the policy and procedures for its use that protect electronic PHI and control access to it.

17. "Unsecured PHI" or "PHI that is unsecured" means PHI that is not rendered unusable, unreadable, or indecipherable to unauthorized individuals through the use of a technology or methodology specified by the Secretary of Health and Human Services in the guidance issued on the HHS Web site.

18. "Use" shall have the meaning given to such term under the HIPAA regulations in 45 CFR § 160.103.

C. OBLIGATIONS AND ACTIVITIES OF CONTRACTOR AS BUSINESS ASSOCIATE:

1. Contractor agrees not to use or further disclose PHI County discloses to Contractor other than as permitted or required by this Business Associate Contract or as required by law.

2. Contractor agrees to use appropriate safeguards, as provided for in this Business Associate Contract and the Contract, to prevent use or disclosure of PHI County discloses to Contractor or Contractor creates, receives, maintains, or transmits on behalf of County other than as provided for by this Business Associate Contract.

3. Contractor agrees to comply with the HIPAA Security Rule at Subpart C of 45 CFR Part 164 with respect to electronic PHI County discloses to Contractor or Contractor creates, receives, maintains, or transmits on behalf of County.

4. 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 Business Associate Contract.

5. Contractor agrees to report to County immediately any Use or Disclosure of PHI not provided for by this Business Associate Contract of which Contractor becomes aware. Contractor must report Breaches of Unsecured PHI in accordance with Paragraph E below and as required by 45 CFR § 164.410.

6. Contractor agrees to ensure that any Subcontractors that create, receive, maintain, or transmit PHI on behalf of Contractor agree to the same restrictions and conditions that apply through this Business Associate Contract to Contractor with respect to such information.

7. Contractor agrees to provide access, within fifteen (15) calendar 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 in order to meet the requirements under 45 CFR § 164.524.

8. Contractor agrees to make any amendment(s) to PHI in a Designated Record Set that County directs or agrees to pursuant to 45 CFR § 164.526 at the request of County or an Individual, within thirty (30) calendar days of receipt of said request by County. Contractor agrees to notify County in writing no later than ten (10) calendar days after said amendment is completed.

9. Contractor agrees to make internal practices, books, and records, including policies and procedures, 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 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 HIPAA Privacy Rule.

10. Contractor agrees to document any Disclosures of PHI County discloses to Contractor or Contractor creates, receives, maintains, or transmits on behalf of County, and to make information related to such Disclosures available as would be required for County to respond to a request by an Individual for an accounting of Disclosures of PHI in accordance with 45 CFR § 164.528.

11. Contractor agrees to provide County or an Individual, as directed by County, in a time and manner to be determined by County, that information collected in accordance with the Contract, in order to permit County to respond to a request by an Individual for an accounting of Disclosures of PHI in accordance with 45 CFR § 164.528.

12. Contractor agrees that to the extent Contractor carries out County's obligation under the HIPAA Privacy and/or Security rules Contractor will comply with the requirements of 45 CFR Part 164 that apply to County in the performance of such obligation.

13. Contractor shall work with County upon notification by Contractor to County of a Breach to properly determine if any Breach exclusions exist as defined in Subparagraph B.2.a above.

D. SECURITY RULE

1. Contractor shall comply with the requirements of 45 CFR § 164.306 and establish and maintain appropriate Administrative, Physical and Technical Safeguards in accordance with 45 CFR § 164.308, § 164.310, § 164.312, and § 164.316 with respect to electronic PHI County discloses to

Contractor or Contractor creates, receives, maintains, or transmits on behalf of County. Contractor shall follow generally accepted system security principles and the requirements of the HIPAA Security Rule pertaining to the security of electronic PHI.

2. Contractor shall ensure that any subcontractors that create, receive, maintain, or transmit electronic PHI on behalf of Contractor agree through a contract with Contractor to the same restrictions and requirements contained in this Paragraph D of this Business Associate Contract.

3. Contractor shall report to County immediately any Security Incident of which it becomes aware. Contractor shall report Breaches of Unsecured PHI in accordance with Paragraph E below and as required by 45 CFR § 164.410.

E. BREACH DISCOVERY AND NOTIFICATION

1. Following the discovery of a Breach of Unsecured PHI , Contractor shall notify County of such Breach, however both Parties agree to a delay in the notification if so advised by a law enforcement official pursuant to 45 CFR § 164.412.

a. A Breach shall be treated as discovered by Contractor as of the first day on which such Breach is known to Contractor or, by exercising reasonable diligence, would have been known to Contractor.

b. Contractor shall be deemed to have knowledge of a Breach, if the Breach is known, or by exercising reasonable diligence would have known, to any person who is an employee, officer, or other agent of Contractor, as determined by federal common law of agency.

2. Contractor shall provide the notification of the Breach immediately to the County Privacy Officer at

Thea Bullock, County Privacy Officer 405 W. 5th Street Santa Ana, CA 92701 (714) 834-3154 tbullock@ochca.com privacyofficer@ocgov.com	Or Linda Le, Deputy County Privacy Officer 405 W. 5th Street Santa Ana, CA 92701 (714) 834-4082 lile@ochca.com HIPAA@ochca.com

a. Contractor's notification may be oral, but shall be followed by written notification within 24 hours of the oral notification.

3. Contractor's notification shall include, to the extent possible:

a. The identification of each Individual whose Unsecured PHI has been, or is reasonably believed by Contractor to have been, accessed, acquired, used, or disclosed during the Breach;

b. Any other information that County is required to include in the notification to Individual under 45 CFR §164.404 (c) at the time Contractor is required to notify County or promptly thereafter as this information becomes available, even after the regulatory sixty (60) day period set forth in 45 CFR § 164.410 (b) has elapsed, including:

(1) A brief description of what happened, including the date of the Breach and the date of the discovery of the Breach, if known;

(2) A description of the types of Unsecured PHI that were involved in the Breach (such as whether full name, social security number, date of birth, home address, account number, diagnosis, disability code, or other types of information were involved);

(3) Any steps Individuals should take to protect themselves from potential harm resulting from the Breach;

(4) A brief description of what Contractor is doing to investigate the Breach, to mitigate harm to Individuals, and to protect against any future Breaches; and

(5) Contact procedures for Individuals to ask questions or learn additional information, which shall include a toll-free telephone number, an e-mail address, Web site, or postal address.

4. County may require Contractor to provide notice to the Individual as required in 45 CFR § 164.404, if it is reasonable to do so under the circumstances, at the sole discretion of the County.

5. In the event that Contractor is responsible for a Breach of Unsecured PHI in violation of the HIPAA Privacy Rule, Contractor shall have the burden of demonstrating that Contractor made all notifications to County consistent with this Paragraph E and as required by the Breach notification regulations, or, in the alternative, that the acquisition, access, use, or disclosure of PHI did not constitute a Breach.

6. Contractor shall maintain documentation of all required notifications of a Breach or its risk assessment under 45 CFR § 164.402 to demonstrate that a Breach did not occur.

7. Contractor shall provide to County all specific and pertinent information about the Breach, including the information listed in Section E.3.b.(1)-(5) above, if not yet provided, to permit County to meet its notification obligations under Subpart D of 45 CFR Part 164 as soon as practicable, but in no event later than fifteen (15) calendar days after Contractor's initial report of the Breach to County pursuant to Subparagraph E.2 above.

8. Contractor shall continue to provide all additional pertinent information about the Breach to County as it may become available, in reporting increments of five (5) business days after the last report to County. Contractor shall also respond in good faith to any reasonable requests for further information, or follow-up information after report to County, when such request is made by County.

9. Contractor shall bear all expense or other costs associated with the Breach and shall reimburse County for all expenses County incurs in addressing the Breach and consequences thereof, including costs of investigation, notification, remediation, documentation or other costs associated with addressing the Breach.

F. PERMITTED USES AND DISCLOSURES BY CONTRACTOR

1. Contractor may use or further disclose PHI County discloses to Contractor as necessary to perform functions, activities, or services for, or on behalf of, County as specified in the Contract, provided that such use or Disclosure would not violate the HIPAA Privacy Rule if done by COUNTY except for the specific Uses and Disclosures set forth below.

a. Contractor may use PHI County discloses to Contractor, if necessary, for the proper management and administration of Contractor.

b. Contractor may disclose PHI County discloses to Contractor for the proper management and administration of Contractor or to carry out the legal responsibilities of Contractor, if:

i. The Disclosure is required by law; or

ii. Contractor obtains reasonable assurances from the person to whom the PHI is disclosed that it will be held confidentially and used or further disclosed only as required by law or for the purposes for which it was disclosed to the person and the person immediately notifies Contractor of any instance of which it is aware in which the confidentiality of the information has been breached.

c. Contractor may use or further disclose PHI County discloses to Contractor to provide Data Aggregation services relating to the Health Care Operations of Contractor.

2. Contractor may use PHI County discloses to Contractor, if necessary, to carry out legal responsibilities of Contractor.

3. Contractor may use and disclose PHI County discloses to Contractor consistent with the minimum necessary policies and procedures of County.

4. Contractor may use or disclose PHI County discloses to Contractor as required by law.

G. OBLIGATIONS OF COUNTY

1. County shall notify Contractor of any limitation(s) in County's notice of privacy practices in accordance with 45 CFR § 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, the permission by an

Individual to use or disclose his or her 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 § 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 HIPAA Privacy Rule if done by County.

H. BUSINESS ASSOCIATE TERMINATION

1. Upon County's knowledge of a material breach or violation by Contractor of the requirements of this Business Associate Contract, County shall:

a. Provide an opportunity for Contractor to cure the material breach or end the violation within thirty (30) business days; or

b. Immediately terminate the Contract, if Contractor is unwilling or unable to cure the material breach or end the violation within (30) days, provided termination of the Contract is feasible.

2. Upon termination of the Contract, Contractor shall either destroy or return to County all PHI Contractor received from County or Contractor created, maintained, or received on behalf of County in conformity with the HIPAA Privacy Rule.

a. This provision shall apply to all PHI that is in the possession of Subcontractors or agents of Contractor.

b. Contractor shall retain no copies of the PHI.

c. In the event that Contractor determines that returning or destroying the PHI is not feasible, Contractor shall provide to County notification of the conditions that make return or destruction infeasible. Upon determination by County that return or destruction of PHI is infeasible, Contractor shall extend the protections of this Business Associate Contract to such PHI and limit further Uses and Disclosures of such PHI to those purposes that make the return or destruction infeasible, for as long as Contractor maintains such PHI.

3. The obligations of this Business Associate Contract shall survive the termination of the Contract.

ATTACHMENT H

CLAIMS FUNDING ARRANGEMENTS

ARTICLE 1
BANKING ARRANGEMENTS

1.1 Contractor will establish and maintain a Plan Benefit Account with a Bank agreed to between the Contractor and County to fund all claims cost. County will make proper arrangements with County Bank to accept daily or weekly Automated Clearing House (ACH) debit transaction from the Contractor to facilitate funding of the Plan Benefit Account.

1.2 Contractor's Bank must be members of the state or local ACH for debits to be processed. Contractor will process the ACH debits according to National Automated Clearing House Association (NACHA) rules and regulations.

ARTICLE 2
AUTHORIZATION TO TRANSFER FUNDS

2.1 County authorizes Contractor to transfer funds from an account designated by the County at the County Bank to the Contractor Bank in accordance with this Agreement between County and Contractor. These transfers will be through the ACH process and shall be governed by this Agreement and such arrangement as agreed upon between Contractor and County Treasurer-Tax Collector.

2.2 Contractor operations will process the claim payment cycles and send checks or non-draft payments to providers or make other payments as applicable. Contractor will request funds from the County when the checks are presented for payment and the non-drafts adjustments are passed to the banking system. Contractor will initiate daily or weekly ACH debit to County Bank as denoted in 2.1 above.

2.3 Contractor shall provide to the County a bank cleared register which reconciles to the daily or weekly funding advice and includes the amount by plan, eligibility, and enrollment Structure as requested by the County. The bank cleared register shall be separated by medical and dental plans include name of payee, amount, check date, check number, claim number. Contractor will provide with the check register a summary report in a format acceptable to the County to support the amount of claim payments issued from County claim accounts, both medical and dental.

2.4 Contractor will email the daily or weekly funding advice to the multiple designated contacts of the County. This advice will be available to the County prior to 10:00 am Pacific Time prior to the day the funds are to be made available. Standard monthly banking reports will confirm and reconcile deposits and charges for each bank day of the month.

2.5 County authorizes Contractor to transfer funds with the daily or weekly funding advice upon providing backup to multiple designated contacts within County describing the amount of the funds being transferred.

2.6 County will pay any fees charged by County Bank to service the designated account. Contactor will not charge the County any fees for maintaining the Plan Benefit Account at Contractor Bank.

2.7 Upon receipt of the notification, County shall fund the account at County Bank within forty-eight (48) hours, excluding weekends and County holidays. Sufficient Funds will be available in the County Bank account to fund ACH debits.

2.8 County grants Contractor a limited right to transfer funds to satisfy plan claim costs described herein. Contractor has no right to transfer any funds other than expressly outline in this Agreement unless authorized by the County to collect through Account.

ARTICLE 3
TERMINATION

3.1 This terms and conditions set forth in this Attachment H will continue throughout the term of this Contract, the Run-out Period (as defined herein), and for an additional twelve (12) months following the end of the Run-out Period, at which time this Attachment will automatically terminate. The Contractor will place stop payments on remaining uncashed check and provide the County a detailed listing of the stop payments. The County will recover any monies remaining in the Account and receive all final reports.

EXHIBIT 1

County of Orange Child Support Enforcement
Certifications Requirements

A. In the case of an individual Contractor, his/her name, date of birth, Social Security number, and residence address:

Name: _____
D.O.B: _____
Social Security No: _____
Residence Address: _____
_____

B. In the case of a 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:

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)

"I certify that Company name *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 the Price Agreement 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.*

Authorized Signature Name Title
Date