

VILLAGE OF LOMBARD  
REQUEST FOR BOARD OF TRUSTEES ACTION  
For Inclusion on Board Agenda

  X   Resolution or Ordinance (Blue) \_\_\_\_\_ *Waiver of First Requested*  
\_\_\_\_\_ Recommendations of Boards, Commissions & Committees (Green)  
\_\_\_\_\_ Other Business (Pink)

TO: PRESIDENT AND BOARD OF TRUSTEES

FROM: Scott Niehaus, Village Manager

DATE: November 12, 2014 (B of T) Date: November 20, 2014

TITLE: A Resolution Authorizing Signature of the Village President on a Prescription Drug Services Agreement (Express Scripts Insurance Co.)

BACKGROUND/POLICY IMPLICATIONS:

Attached please find a Prescription Drug Services Agreement approving Express Scripts Insurance Co. the authorization to administer the Medicare Part D prescription drug portion of the Benistar insurance program for Medicare eligible post-65 retirees. The attached resolution provides for approval of the Prescription Drug Services Agreement with Express Scripts Insurance Co., the current provider of prescription drug services to the Village of Lombard.

Review (as necessary):

Village Attorney X \_\_\_\_\_ Date \_\_\_\_\_  
Finance Director X \_\_\_\_\_ Date \_\_\_\_\_  
Village Manager X Scott Niehaus \_\_\_\_\_ Date 11/12/14

NOTE: All materials must be submitted to and approved by the Village Manager's Office by 12:00 noon, Wednesday, prior to the Agenda Distribution.



#140457

**MEMORANDUM**

**TO:** Scott Niehaus, Village Manager  
**FROM:** Nicole Aranas, Assistant Village Manager *N.A.*  
**DATE:** November 12, 2014  
**SUBJECT:** **APPROVAL OF A PRESCRIPTION DRUG SERVICES AGREEMENT WITH EXPRESS SCRIPTS INSURANCE CO.**

Attached please find information pertaining to a prescription drug services agreement with Express Scripts Insurance Co. in connection with the Benistar Medicare Retiree insurance program.

The Village previously approved the Benistar group retiree health insurance program as an option for employees over the age of 65. The attached Prescription Drug Services Agreement is the authorization required by Express Scripts Insurance Co., our current prescription drug services provider, to administer the Medicare Part D prescription drug portion of the program.

Approval of the attached agreement authorizes Express Scripts Insurance Company, our current prescription drug services provider, to serve as the Village's prescription drug plan sponsor as part of the Benistar program. In executing the agreement, the Village is attesting to the fact that the eligible employees submitted to the plan were previously enrolled in the Village prescription drug plan or other creditable coverage.

Please let me know if you have any questions or concerns.

**RESOLUTION**  
**R \_\_\_\_\_14**

**A RESOLUTION AUTHORIZING SIGNATURE OF THE VILLAGE PRESIDENT ON A PRESCRIPTION DRUG SERVICES AGREEMENT**

**WHEREAS**, the Corporate Authorities of the Village of Lombard have received a Medicare Part D Employer/Union-Only Sponsored Group Waiver Plan Prescription Drug Services Agreement from Express Scripts Insurance Co. (“Prescription Drug Services Agreement”); and,

**WHEREAS**, the Corporate Authorities deem it to be in the best interest of the Village of Lombard to approve the Prescription Drug Services Agreement as attached hereto and marked Exhibit “A.”

NOW, THEREFORE, BE IT RESOLVED BY THE PRESIDENT AND BOARD OF TRUSTEES OF THE VILLAGE OF LOMBARD, DU PAGE COUNTY, ILLINOIS, AS FOLLOWS:

**SECTION 1:** That the Village President be and hereby is authorized to sign on behalf of the Village of Lombard said agreement as attached hereto.

**SECTION 2:** That this Resolution shall be in full force and effect from and after its passage and approval as provided by law.

Adopted this \_\_\_\_\_ day of \_\_\_\_\_, 2014.

Ayes: \_\_\_\_\_

Nays: \_\_\_\_\_

Absent: \_\_\_\_\_

Approved this \_\_\_\_\_, day of \_\_\_\_\_, 2014.

\_\_\_\_\_  
Keith Giagnorio, Village President

ATTEST:

\_\_\_\_\_  
Sharon Kuderna, Village Clerk

**MEDICARE PART D  
EMPLOYER/UNION-ONLY SPONSORED GROUP WAIVER PLAN  
PRESCRIPTION DRUG SERVICES AGREEMENT**

THIS MEDICARE PART D EMPLOYER/UNION-ONLY SPONSORED GROUP WAIVER PLAN PRESCRIPTION DRUG SERVICES AGREEMENT ("Agreement"), made as of the date of execution as set forth on the signature page (the "Execution Date"), is entered into by and between Express Scripts Insurance Co., an Arizona corporation ("ESIC"), and Village of Lombard, with its principal place of business located at 255 E. Wilson Avenue, Lombard, IL 60148, on its own behalf and on behalf of the Client Group Health Plan (as defined below) ("Client").

**RECITALS**

A. ESIC has received approval from the Centers for Medicare and Medicaid Services ("CMS") to serve as a Prescription Drug Plan Sponsor (a "PDP Sponsor") and to provide prescription drug coverage that meets the requirements of, and pursuant to, the Voluntary Prescription Drug Benefit Program set forth in Part D of the Medicare Prescription Drug, Improvement, and Modernization Act of 2003, 42 U.S.C. §1395w-101 through 42 U.S.C. §1395w-152 (the "Act") and all applicable and related rules and regulations promulgated, issued or adopted by CMS or other governmental agencies with jurisdiction over enforcement of the Act, including, but not limited to, 42 C.F.R. §423.1 through 42 C.F.R. §423.910 (with the exception of Subparts Q, R, and S), and the terms of any PDP Sponsor contract between CMS and ESIC (collectively, the "Medicare Drug Rules"); and

B. Pursuant to the waivers granted by CMS under 42 U.S.C. §1395w-132(b), ESIC offers employer/union-only sponsored group waiver plans ("EGWPs") to employers/unions that wish to provide prescription drug benefits to their Part D Eligible Retirees (as defined below) in accordance with the Medicare Drug Rules; and

C. Client desires to contract with ESIC to offer a prescription drug benefit to Client's Part D Eligible Retirees pursuant to an EGWP (the "EGWP Benefit") (as further defined below) as part of Client's group welfare benefit plan (the "Client Group Health Plan"); and

E. Provided that the EGWP Benefit meets the actuarial equivalence standards of the Medicare Drug Rules, as more fully described below, ESIC desires to offer the EGWP Benefit to Client's Part D Eligible Retirees in accordance with the Medicare Drug Rules and pursuant to the terms and conditions of this Agreement.

NOW, THEREFORE, in consideration of the mutual representations, warranties and covenants herein contained, and pursuant to the terms and subject to the conditions set forth below, ESIC and Client hereby agree as follows:

**TERMS AND CONDITIONS**

**ARTICLE I - DEFINITIONS**

Terms not otherwise defined in this Agreement shall have the meanings ascribed to them as set forth below, or as defined in the Medicare Drug Rules.

"Affiliate" means, with respect to ESIC, individually or collectively, any other individual, corporation, partnership, limited liability company, trust, joint venture or other enterprise or entity directly or indirectly controlling (including without limitation all directors and executive officers of such entity), controlled by or under direct or indirect common control of or with ESIC.

"Ancillary Supplies, Equipment, and Services" or "ASES" means ancillary supplies, equipment, and services provided or coordinated by ESIC Specialty Pharmacy in connection with ESIC Specialty Pharmacy's dispensing of Specialty Products. ASES may include all or some of the following: telephonic and/or in-person training, nursing/clinical services, in-home infusion and related support, patient monitoring, medication pumps, tubing, syringes, gauze pads, sharps containers, lancets, test strips, other supplies, and durable medical equipment. The aforementioned list is illustrative only (not exhaustive) and may include other supplies, equipment, and

services based on the patient's needs, prescriber instructions, payer requirements, and/or the Specialty Product manufacturer's requirements.

"BASI" means Benistar Admin Service, Inc., a third party administrator and benefit consultant. Client acknowledges and agrees that ESIC may subcontract with BASI as an independent contractor to perform certain delegated administrative functions on ESIC's behalf under this Agreement, consistent with the Medicare Drug Rules. In addition, ESIC engages BASI to perform certain marketing and sales services in connection with ESIC offering the EGWP Benefit to Client. In exchange for these services performed by BASI, ESIC compensates BASI in the manner described in Section 7.3 below.

"Copayment" or "Copay" means that portion of the charge for each Covered Drug dispensed to an EGWP Enrollee that is the responsibility of such EGWP Enrollee (e.g., copayment, coinsurance, cost sharing, and/or deductibles under initial coverage limits and up to annual out-of-pocket thresholds) as provided under the EGWP Benefit and shown on Exhibit A.

"Coverage Gap" means the stage of the benefit between the initial coverage limit and the catastrophic coverage threshold, as described in the Medicare Part D prescription drug program administered by the United States federal government.

"Coverage Gap Discount" means the manufacturer discounts available to eligible Medicare beneficiaries receiving applicable, covered Medicare Part D drugs, while in the Coverage Gap.

"Coverage Gap Discount Program" means the Medicare program that makes manufacturer discounts available to eligible Medicare beneficiaries receiving applicable, covered Medicare Part D drugs, while in the Coverage Gap.

"Covered Drug(s)" means those prescription drugs, supplies, Specialty Products and other items that are covered under the EGWP Benefit, or treated as covered pursuant to a coverage determination or appeal.

"EGWP Benefit" means the prescription drug benefit to be administered by ESIC under this Agreement, as defined in the Recitals above and as further described in Exhibit A, as may be amended from time to time in accordance with the terms of this Agreement.

"EGWP Enrollee" means each Part D Eligible Retiree who is enrolled in the EGWP Benefit in accordance with the terms of this Agreement.

"EGWP Enrollee Submitted Claim" means (a) a claim submitted by an EGWP Enrollee for Covered Drugs dispensed by a pharmacy other than a Participating Pharmacy, or (b) a claim for Covered Drugs filled at a Participating Pharmacy for which the EGWP Enrollee paid the entire cost of the Covered Drug.

"Enrollment File" means the list(s) submitted by Client to ESIC, in accordance with Article II, indicating the Part D Eligible Retirees that Client has submitted for enrollment in the EGWP Benefit, as verified by ESIC through CMS eligibility files.

"ESIC Specialty Pharmacy" means CuraScript, Inc., Accredo Health Group, Inc., Express Scripts Specialty Distribution Services, Inc., or another pharmacy or home health agency wholly-owned or operated by ESIC or one or more of its affiliates that primarily dispenses Specialty Products or provides services related thereto; provided, however, that when the Mail Service Pharmacy dispenses a Specialty Product, it shall be considered an ESIC Specialty Pharmacy hereunder.

"HIPAA" means the Health Insurance Portability and Accountability Act of 1996, as amended, and the regulations promulgated thereunder.

"Late Enrollment Penalty" or "LEP" means the financial penalty incurred under the Medicare Drug Rules by Medicare Part D beneficiaries who have had a continued gap in creditable coverage of sixty-three (63) days or more after the end of the beneficiary's initial election period, adjusted from time to time by CMS.

"Mail Service Pharmacy" means a duly licensed pharmacy wholly owned or operated by ESIC or one or more of its Affiliates, other than ESIC Specialty Pharmacy, where prescriptions are filled and delivered to EGWP Enrollees via mail or other delivery service.

"Manufacturer Administrative Fees" means those administrative fees of up to 3.5% of the AWP of certain Covered Drugs paid by pharmaceutical manufacturers to, or otherwise retained by, ESIC or its Affiliate pursuant to a contract between ESIC or its Affiliate and the manufacturer and directly in connection with ESIC or its Affiliate administering, invoicing, allocating and collecting the Rebates for the EGWP Benefit under the Medicare Rebate Program.

"Medicare Formulary" means the list of prescription drugs and supplies developed, implemented and maintained in accordance with the Medicare Drug Rules for the EGWP Benefit.

"Medicare Rebate Program" means ESIC's or its Affiliate's manufacturer rebate program under which ESIC or its Affiliate contracts with pharmaceutical manufacturers for Rebates payable on selected Covered Drugs that are reimbursed, in whole or in part, through Medicare Part D, as such program may change from time to time.

"Members" has the meaning as set forth in that certain Pharmacy Benefit Management Agreement, if any, by and between Express Scripts, Inc. ("ESI") and Client, as amended from time to time (the "Commercial Agreement").

"Part D" or "Medicare Part D" means the Voluntary Prescription Drug Benefit Program set forth in Part D of the Act.

"Part D Eligible Retiree" means an individual who is (a) eligible for Part D in accordance with the Medicare Drug Rules, (b) not enrolled in a Part D plan (other than the EGWP Benefit), and (c) eligible to participate in Client's Current Benefit.

"Participating Pharmacy" means any licensed retail pharmacy, including retail, long-term care, home infusion, I/T/U pharmacies, with which ESIC or one or more of its Affiliates has executed an agreement to provide Covered Drugs to EGWP Enrollees. These shall not include any mail order or specialty pharmacy affiliated with any such Participating Pharmacy.

"Pharmacy" or "Pharmacies" refers from time to time to any or all Participating Pharmacies, Mail Service Pharmacy, or ESIC Specialty Pharmacy as the context of the provision dictates.

"Prescription Drug Claim" means an EGWP Enrollee Submitted Claim or claim for payment of a Covered Drug submitted to ESIC by a Pharmacy.

"Prescription Drug Plan" or "PDP" shall have the meaning set forth in the Medicare Drug Rules.

"PHI" means protected health information as defined under HIPAA.

"Rebates" means retrospective formulary rebates that are paid to ESIC or its Affiliate, pursuant to the terms of a formulary rebate contract negotiated independently by ESIC or its Affiliate with a pharmaceutical manufacturer and directly attributable to the utilization of certain Covered Drugs by EGWP Enrollees under the EGWP Benefit. Rebates do not include Manufacturer Administrative Fees, product discounts or fees related to the procurement of prescription drug inventories by or on behalf of ESIC or its Affiliates owned and operated specialty or mail order pharmacies; as more fully described in Exhibit B; fees received by ESIC from manufacturers for care management or other services provided in connection with the dispensing of Specialty Products; or other fee-for-service arrangements whereby pharmaceutical manufacturers generally report the fees paid to ESIC or its Affiliates for services rendered as "bona fide service fees" pursuant to federal laws and regulations, including, but not limited to the Medicaid "Best Price" rule (collectively, "Other Pharma Revenue"). Such laws and regulations, as well as ESIC's contracts with pharmaceutical manufacturers, generally prohibit ESIC from sharing any such "bona fide service fees" earned by ESIC, whether wholly or in part, with any ESIC client. ESIC represents and warrants that it will not enter into any agreement with a pharmaceutical manufacturer for Other Pharma Revenue in exchange for a reduction of Rebates.

"Specialty Product List" means the standard list of Specialty Products and their reimbursement rates available to EGWP Enrollees as part of the EGWP Benefit provided to Client with this Agreement and as updated from time

to time. ESIC or its Affiliate will provide additional and/or updated Specialty Product Lists any time upon request from Client.

"Specialty Products" means those injectable and non-injectable drugs on the Specialty Product List. Specialty Products typically have one or more of several key characteristics, including: frequent dosing adjustments and intensive clinical monitoring to decrease the potential for drug toxicity and increase the probability for beneficial treatment outcomes; intensive patient training and compliance assistance to facilitate therapeutic goals; limited or exclusive product availability and distribution; specialized product handling and/or administration requirements and/or cost in excess of \$600 for a 30 day supply. Specialty Products elected for coverage shall be considered "Covered Drugs" as defined in the Agreement.

"True Out-of-Pocket Costs" or "TrOOP" means costs incurred by an EGWP Enrollee or by another person on behalf of an EGWP Enrollee, such as a deductible or other cost-sharing amount, with respect to Covered Drugs, as further defined in the Medicare Drug Rules.

"UM Company" means MCMC, LLC or other independent third party utilization management company contracted by ESIC, subject to and as further described herein.

## **ARTICLE II – PLAN STATUS UNDER APPLICABLE LAWS; ENROLLMENT AND DISENROLLMENT IN THE EGWP BENEFIT**

2.1 Medicare Part D. Client and ESIC acknowledge and agree as follows:

(a) Under the Medicare Drug Rules, the EGWP Benefit will be deemed to be an EGWP administered by ESIC and each EGWP Enrollee will be deemed to be a Part D enrollee of ESIC who is covered by the EGWP Benefit.

(b) The design of and administration of the EGWP Benefit is subject to the applicable requirements of the Medicare Drug Rules. Client shall cooperate with ESIC and, upon ESIC's request, do, execute, acknowledge, deliver, and provide such further acts, reports, information, and instruments as may be reasonably required or appropriate to administer the EGWP Benefit in compliance with the Medicare Drug Rules, applicable state insurance laws and other applicable laws.

2.2 HIPAA.

(a) Each of Client, the Client Group Health Plan and ESIC agrees to take reasonable and necessary actions to safeguard the privacy and security of information that identifies a particular EGWP Enrollee in accordance with state and federal privacy and security requirements, including HIPAA and the confidentiality and security provisions stated in 42 C.F.R. §423.136. Without limiting the generality of the foregoing, the parties acknowledge that, for the purposes of HIPAA compliance, each of ESIC and the Client Group Health Plan is a Covered Entity, and that, with respect to the EGWP Benefit, ESIC and the Client Group Health Plan shall be deemed to be an Organized Health Care Arrangement. ESIC and the Client Group Health Plan may transmit and receive PHI as necessary for the operation of the EGWP Benefit. In addition, ESIC may transmit PHI to the Client Group Health Plan for payment purposes and any other purpose permitted by HIPAA. Client hereby represents and warrants that: (i) the Client Group Health Plan's documents have been amended to meet the specification requirements set forth at 45 C.F.R. §164.504(f); (ii) Client will use and disclose PHI solely in accordance with these provisions; and (iii) accordingly, ESIC, at the direction of the Client Group Health Plan, may disclose PHI to Client consistent with the terms of this Section 2.2. The parties shall take reasonable steps to ensure that all uses and disclosures of PHI by ESIC, the Client Group Health Plan and Client only include information that is minimally necessary to accomplish the purpose(s) of the use or disclosure. Capitalized terms used in this Section 2.2 and not otherwise defined in this Agreement shall have the meaning set forth in HIPAA. Notwithstanding the foregoing, the parties acknowledge that in providing services to EGWP Enrollees, ESIC Specialty Pharmacy and the Mail Service Pharmacy are acting as separate health care provider covered entities under HIPAA and not as business associates to the Plan covered by the Business Associate Agreement. In providing services, ESIC Specialty Pharmacy and the Mail Services Pharmacy shall abide by all HIPAA requirements applicable to covered entities and shall safeguard, use and disclose EGWP Enrollees PHI accordingly.

(b) As ESIC's subcontractor contracted to perform certain delegated functions under this Agreement, Client acknowledges that BASI is acting as a "business associate" of ESIC, as that term is defined

under HIPAA. Accordingly, in order to facilitate BASI performing such delegated functions, Client hereby authorizes ESIC to disclose EGWP Enrollee PHI to BASI solely to perform its delegated functions under this Agreement and in a manner consistent with that certain Business Associate Agreement by and between ESIC and BASI.

2.3 Group Enrollment. Subject to each individual's right to opt out, as described below, Client shall enroll Part D Eligible Retirees in the EGWP Benefit through a group enrollment process, as further described in and permitted under the Medicare Drug Rules. Client agrees that it will comply with all applicable requirements for group enrollment in EGWPs as set forth in the Medicare Drug Rules and related CMS guidance, and as described and required by ESIC's policies and procedures. Client's performance under this Section 2.3 shall be a condition precedent to ESIC's performance under this Agreement.

2.4 Enrollment File. No later than thirty (30) days prior to the Effective Date (unless otherwise agreed to by the parties) and the first day of each EGWP Benefit enrollment period thereafter, so long as this Agreement is in effect, Client, or its authorized representative, shall provide an Enrollment File to ESIC via on-line or other communication medium reasonably requested by ESIC that lists those Part D Eligible Retirees that Client intends to make application for enrollment in the EGWP Benefit (i.e., those Part D Eligible Retirees who have not opted out of the group enrollment process) for that contract year. Client shall communicate all new enrollments (i.e., individuals who become eligible to participate in the EGWP Benefit outside of an annual election period), requested retroactive enrollments of Part D Eligible Retirees, and disenrollments from the EGWP Benefit via the communication medium reasonably requested by ESIC. ESIC agrees to process retroactive enrollment requests pursuant to the requirements of the Medicare Drug Rules. Client acknowledges and agrees that the requested effective date for any such retroactive enrollment may not be prior to the date that the enrollment request was completed by the individual, and that the effective date of enrollment may be adjusted by no greater than ninety (90) days. Client represents and warrants that the Enrollment File provided to ESIC pursuant to this Section 2.4, and all retroactive additions thereto, shall only include those individuals eligible for enrollment in the EGWP Benefit. Client's performance under this Section 2.4 shall be a condition precedent to ESIC's performance under this Agreement.

## 2.5 Implementation.

(a) ESIC's Responsibilities. ESIC shall implement the Enrollment File following confirmation of the eligibility of the Part D Eligible Retirees listed on the Enrollment File with CMS eligibility files. A Part D Eligible Retiree will not be enrolled in the EGWP Benefit unless such individual is listed on both the Enrollment File submitted by Client and the CMS eligibility files. ESIC will seek from CMS verification of eligibility for all Part D Eligible Retirees whose names are listed in the Enrollment File. If an individual is listed on the Enrollment File provided by Client, but is not eligible for participation according to CMS eligibility files, then ESIC shall notify Client in a timely manner regarding such individual's ineligibility. ESIC will work with Client to determine if such individual has been rejected due to an administrative or clerical error (e.g., data field standards errors, rejections related to information input by ESIC related to the EGWP Benefit into the CMS system, etc.), or an error requiring individual retiree contact, and if so in either case, ESIC will take appropriate action and attempt to correct such error and resubmit the individual through the CMS system. Client acknowledges and agrees that ESIC may update in the Enrollment File any and all information concerning Part D Eligible Retirees upon receipt of corrected information from CMS, and ESIC may use such corrected information to obtain a Part D Eligible Retiree's enrollment in the EGWP Benefit. For all Part D Eligible Retirees that have been included by Client in the Enrollment File, but who are ultimately determined to be ineligible for participation in the EGWP Benefit, ESIC or its Affiliate shall notify the individual of his or her ineligibility in the EGWP Benefit and take all other action as required by applicable law. ESIC shall communicate to Client any changes to a Part D Eligible Retiree's information in the Enrollment File based upon updates or corrections received from CMS.

(b) Incomplete Enrollment File Information. Client acknowledges that its submission to ESIC of an inaccurate or incomplete Enrollment File (e.g., missing date of birth, last name, first name, etc.) or otherwise of incomplete information with respect to any individual Part D Eligible Retiree, may result in a rejection of the Part D Eligible Retiree's enrollment in the EGWP Benefit. ESIC will provide Client with regular reports providing the details of all such incomplete information needed to enroll Part D Eligible Retirees. Upon Client's request, ESIC will perform research and may initiate contact and communication with all such Part D Eligible Retirees to obtain all missing information needed to complete enrollment of the Part D Eligible Retirees in the EGWP Benefit. Client acknowledges and agrees that ESIC may contact Client's Part D Eligible Retirees to obtain the information required hereunder, and that ESIC will update the Enrollment File on Client's behalf to reflect additional information needed to complete enrollment of the Part D Eligible Retirees in the EGWP Benefit. ESIC



shall provide to Client all such updated information through the regular reports provided hereunder. After obtaining all information needed to complete enrollment of the Part D Eligible Retirees in the EGWP Benefit, ESIC shall complete such enrollment including verification with CMS; provided, however, that if ESIC, using reasonable efforts, is not able to obtain all missing information from a Part D Eligible Retiree within twenty-one (21) days after receiving Client's initial request for enrollment of the Part D Eligible Retiree in the EGWP Benefit, then Client's request shall be deemed cancelled and ESIC or its Affiliate shall notify the individual of his or her non-enrollment in the EGWP Benefit and shall take all other action as required by applicable law.

(c) Effective Date of Application for Enrollment into EGWP Benefit. Notwithstanding any provision of this Agreement to the contrary, the effective date of the application for any Part D Eligible Retiree who ESIC seeks to enroll in the EGWP Benefit hereunder shall be the date on which the application for enrollment is entered by ESIC into its enrollment system, subject however to any adjustments that ESIC may make for retroactive enrollments as necessary to enroll the Part D Eligible Retiree in the EGWP Benefit.

2.6 Individual Disenrollment. If Client or ESIC determines that an EGWP Enrollee will no longer be eligible to participate as an EGWP Enrollee in the EGWP Benefit (an "Ineligible Enrollee"), in accordance with the EGWP Benefit's eligibility requirements and/or the Medicare Drug Rules, then the following procedures shall be implemented as applicable:

(a) Upon Client's determination, Client shall notify ESIC at least sixty (60) days prior to the effective date of such Ineligible Enrollee's ineligibility, in a manner and format agreed upon by the parties;

(b) ESIC shall send a letter / notification to the Ineligible Enrollee alerting the Ineligible Enrollee that he or she is no longer eligible to participate in the EGWP Benefit and advising the Ineligible Enrollee of other insurance options offered by the Client that may be available to the Ineligible Enrollee;

(c) If Client offers other Medicare Part D options that the Ineligible Enrollee may be eligible to participate in, Client shall permit the Ineligible Enrollee to go through the appropriate process to make an enrollment choice concerning such Medicare Part D options with Client;

(d) Client shall provide all information to ESIC that is required for ESIC to submit a complete disenrollment request transaction to CMS, as set forth in the Medicare Drug Rules; and

(e) ESIC shall submit the disenrollment request transaction to CMS in accordance with the Medicare Drug Rules.

2.7 Group Disenrollment. If, upon the expiration of the then current term of this Agreement, Client plans to disenroll its EGWP Enrollees from the EGWP Benefit using a group disenrollment process, then Client shall implement the following procedures:

(a) Notification to EGWP Enrollees. Client shall provide at least thirty (30) days (or such other minimum days' notice as required by the Medicare Drug Rules) prior written notice to each EGWP Enrollee that Client plans to disenroll him or her from the EGWP Benefit and shall include with such written notification an explanation as to how the EGWP Enrollee may contact CMS for information on other Medicare Part D options that might be available to the EGWP Enrollee; and

(b) Information to ESIC. Client shall provide all the information to ESIC that is required for ESIC to submit a complete disenrollment request transaction to CMS, as set forth in the Medicare Drug Rules.

2.8 Voluntary Disenrollment. If an EGWP Enrollee makes a voluntary request to be disenrolled from the EGWP Benefit (the "Voluntary Disenrollee") to Client, then Client shall notify ESIC at least sixty (60) days (or, if sixty (60) days is not possible, as soon as Client determines that an individual has made a voluntary request to disenroll from the EGWP Benefit) prior to the effective date of such Voluntary Disenrollee's disenrollment, in a manner and format agreed upon by the parties. If Client does not timely notify ESIC of such Voluntary Disenrollee's disenrollment in the EGWP Benefit, then ESIC shall submit a retroactive disenrollment request to CMS. Client acknowledges that CMS may only grant up to a ninety (90) day retroactive disenrollment in such instances. If the Voluntary Disenrollee makes his or her request directly to ESIC, then ESIC shall submit the disenrollment request to CMS, as set forth in the Medicare Drug Rules.

2.9 Responsibility for Claims After Loss of Eligibility or Disenrollment. Client represents and warrants that all information that Client, or its authorized representative, provides to ESIC in the Enrollment File will be complete and correct. Except for Prescription Drug Claims that are paid due to ESIC's negligence, Client shall be responsible for reimbursing ESIC pursuant to Section 5.1 for all Prescription Drug Claims processed by ESIC (a) with respect to an Ineligible Enrollee during any period in which the Enrollment File indicated that such Ineligible Enrollee was eligible and (b) with respect to a Voluntary Disenrollee, in the event Client did not provide timely notice to ESIC of such disenrollment as set forth in this Article II.

2.10 General Support Services. In addition to any other Client obligation under this Article II or elsewhere in this Agreement, Client shall be responsible for providing general support services to EGWP Enrollees throughout the enrollment process, including, but not limited to, EGWP Enrollee education concerning the EGWP Benefit, communicating information concerning premiums, providing information concerning alternative benefit options offered by Client, and answering on-going inquiries related to the payment of the applicable EGWP Enrollee premium.

2.11 Effect On / Effect Of Commercial Agreement. Except as expressly provided in this Agreement, the parties acknowledge that ESIC shall have no obligations under the Commercial Agreement with respect to the Client Group Health Plan, and that Client shall be solely responsible for determining the eligibility of Members covered by the prescription drug benefit administered pursuant to the Commercial Agreement (the "Commercial Benefit"). Upon a Member's enrollment as an EGWP Enrollee in the EGWP Benefit, such EGWP Enrollee's eligibility as a Member in the Commercial Benefit shall immediately terminate. An EGWP Enrollee may not have dual coverage under the EGWP Benefit and the Commercial Benefit; and therefore, after any EGWP Enrollee's enrollment in the EGWP Benefit, all Prescription Drug Claims and Member Submitted Claims submitted to ESI under the Commercial Agreement shall be treated as Prescription Drug Claims under this Agreement and shall be processed by ESIC in accordance with the EGWP Benefit. Any Prescription Drug Claim or Member Submitted Claim processed under the Commercial Agreement and the Commercial Benefit after the date of an EGWP Enrollee's enrollment in the EGWP Benefit shall be reversed and shall be re-processed under the EGWP Benefit. Client acknowledges that termination of a Member's coverage under the Commercial Benefit prior to such Member's enrollment as an EGWP Enrollee in the EGWP Benefit may result in a loss of prescription drug benefit coverage for such Member; provided, however, notwithstanding the foregoing, the parties acknowledge and agree that a Member's prescription drug benefit coverage under the Commercial Benefit shall be solely determined by Client and not by ESIC or any of its Affiliates, including without limitation ESI.

### **ARTICLE III – PRESCRIPTION DRUG SERVICES**

3.1 Exclusivity. Client acknowledges and agrees that, in the event Client offers its Part D Eligible Retirees more than one Part D benefit option, the eligibility determinations, enrollment and disenrollment and other administration of such Part D options will require extensive coordination with the administration of the EGWP Benefit. For these reasons, Client agrees that Client shall use ESIC as Client's exclusive provider of all Medicare Part D services for its Part D Eligible Retirees during the term of this Agreement unless otherwise requested by Client and agreed to by ESIC in writing. The terms and conditions of Client's and ESIC's arrangements for Part D options other than the EGWP Benefit shall be set forth in separate agreements.

3.2 Prescription Drug Services. In exchange for Client's payment to ESIC of the amounts set forth in Section 5.2, ESIC will offer the EGWP Benefit to EGWP Enrollees in accordance with the terms and conditions of this Agreement. In its capacity as a PDP Sponsor with respect to the EGWP Benefit, ESIC will be responsible for pharmacy network contracting; Mail Service Pharmacy and Specialty Products services; Prescription Drug Claim processing; Formulary and Rebate administration; Medication Therapy Management; and related services (collectively, "Prescription Drug Services"), as further described in this Agreement. All Prescription Drug Services shall be provided by ESIC in accordance with the Medicare Drug Rules and the terms of the EGWP Benefit. Client acknowledges and agrees that ESIC may provide Prescription Drug Services under this Agreement through one or more of its Affiliates. ESIC represents and warrants that it will have written agreements with each Affiliate that will perform services on behalf of ESIC in connection with the EGWP Benefit that meet the requirements the Medicare Drug Rules for subcontractors of PDP Sponsors.

3.3 Compliance with Medicare Drug Rules and State Insurance Laws. Under the Medicare Drug Rules, ESIC is required to maintain licensure under applicable state insurance laws or to obtain appropriate waivers from CMS of such requirements. Notwithstanding any provision to the contrary in this Agreement, ESIC shall not be obligated to take any action or omit to take any action with respect to the EGWP Benefit that is not in compliance with the Medicare Drug Rules, applicable state insurance laws or other applicable laws.

3.4 The EGWP Benefit. The EGWP Benefit will satisfy all actuarial equivalence standards set forth in the Medicare Drug Rules. Client hereby agrees to cooperate with ESIC to perform the necessary actuarial equivalence calculations to determine whether the EGWP Benefit meets the foregoing actuarial equivalence standards prior to the Effective Date. If ESIC determines that the EGWP Benefit does not meet the actuarial equivalence standards, then Client shall cooperate with ESIC to make necessary adjustments to the EGWP Benefit design to meet the actuarial equivalence standards.

3.5 Changes to the EGWP Benefit. Client shall have the right to request changes to the terms of the EGWP Benefit from time to time by providing written notice to ESIC. ESIC shall implement any such requested changes in its sole discretion. Any such changes shall be subject to the following requirements: (a) all changes to the EGWP Benefit must be consistent with the Medicare Drug Rules; (b) the EGWP Benefit, after implementation of such changes, must continue to meet the actuarial equivalence standards referenced in Section 3.4 above; (c) EGWP Benefit changes may be implemented only at times and in the manner permitted by the Medicare Drug Rules; and (d) any requested change that would increase ESIC's costs of administering the EGWP Benefit without an equivalent increase in the PMPM Fees (as defined in Section 5.2 below) paid to ESIC from Client shall not be implemented unless and until Client and ESIC agree in writing upon a corresponding adjustment to the PMPM Fees.

3.6 EGWP Enrollee Communications. All standard EGWP Enrollee communications concerning the EGWP Benefit (i.e., summary plan description, evidence of coverage, etc.) shall be mutually developed by ESIC and the Client pursuant to the Medicare Drug Rules, including the CMS Marketing Guidelines contained therein. ESIC shall be responsible, with assistance from Client, in completing the EGWP Enrollee communications and distributing them to EGWP Enrollees as appropriate. Pursuant to the Medicare Drug Rules, Client acknowledges and agrees that ESIC must provide all such EGWP Enrollee communications, whether created and/or distributed by ESIC or Client, to CMS for review. If CMS notifies ESIC that any such EGWP Enrollee communication is deficient, Client agrees to assist ESIC to make necessary revisions to such EGWP Enrollee communication to correct such deficiency.

3.7 Network Access and Service Area Requirements. At least thirty (30) days prior to the Effective Date, Client shall provide ESIC information concerning where: (A) all Part D Eligible Retirees reside; and (B) all of Client's employees reside, as necessary for ESIC to determine whether ESIC's network of Participating Pharmacies is sufficient to meet the needs of such individuals. Client represents and warrants that all such information shall be accurate and complete. Client's performance under this Section 3.7 shall be a condition precedent to ESIC's performance under this Agreement. If ESIC determines that its network of Participating Pharmacies is not sufficient to meet the needs of individuals eligible to participate in the EGWP Benefit, then ESIC shall use its best efforts to address such deficiencies. If ESIC is not able to satisfactorily address such deficiencies prior to the Effective Date, then ESIC shall provide written notice to Client prior to the Effective Date and this Agreement shall automatically terminate.

3.8 Pharmacy Network. Subject to the terms of Section 3.7 above, ESIC shall develop and maintain a Participating Pharmacy network that, at a minimum, is sufficient to meet the needs of the EGWP Enrollees, as provided in the CMS waiver guidance concerning network access under Medicare Drug Rules.

(a) Pharmacy Credentialing. ESIC agrees to comply with all applicable Medicare Drug Rules regarding credentialing requirements. ESIC shall require Participating Pharmacies, ESIC Mail Service Pharmacy and ESIC Specialty Pharmacy to meet ESIC's and the Medicare Drug Rules' credentialing requirements, including but not limited to licensure, insurance and provider agreement requirements.

(b) Independent Contractors. Neither ESIC nor its Affiliate directs or exercises any control over the professional judgment exercised by any pharmacist in dispensing prescriptions or otherwise providing pharmaceutical related services at a Participating Pharmacy. Participating Pharmacies are independent contractors of ESIC or its Affiliate, and neither ESIC nor its Affiliate shall have any liability to Client, any EGWP Enrollee or any other person or entity for any act or omission of any Participating Pharmacy or its agents or employees.

(c) Pharmacy Help Desk. ESIC will provide 24-hour a day, 7-days a week toll-free telephone support and Internet web site to assist Participating Pharmacies with EGWP Enrollee eligibility verification and questions regarding reimbursement, and Covered Drug benefits under the EGWP Benefit.

3.9 Audits of Participating Pharmacies; Fraud and Abuse. ESIC shall periodically audit Participating Pharmacies to determine compliance with their agreements with ESIC or its Affiliate and in order to meet the anti-fraud provisions of the Medicare Drug Rules applicable to PDPs. ESIC also shall perform fraud and abuse reviews of EGWP Enrollees and physicians as required under the Medicare Drug Rules for PDPs.

3.10 Claims Processing. Subject to Sections 3.10(a)-(h), ESIC will be responsible for all claims processing services for Covered Drugs dispensed to EGWP Enrollees by a Pharmacy consistent with the applicable standard transaction rules required under HIPAA and the Medicare Drug Rules. ESIC also shall process EGWP Enrollee Submitted Claims.

(a) COB.

(i) ESIC will coordinate benefits with state pharmaceutical assistance programs and entities providing other prescription drug coverage consistent with the Medicare Drug Rules. If Client, in accordance with the Medicare Drug Rules, elects to provide non-Medicare EGWP supplemental coverage for EGWP Enrollees through other health insurance separately issued by a carrier with which ESIC or its Affiliate has contracted (the "EGWP Supplemental Policy"), then ESIC will perform the following additional coordination of benefits: Coordination of benefits for Medicare Part D applicable drugs throughout the EGWP Benefit and the EGWP Supplemental Policy; single transaction for Members at POS utilizing Medicare Part D eligibility and a single ID card; utilize EGWP Enrollee eligibility established under Medicare Part D plan; comprehensive EGWP Enrollee communications package for the EGWP Supplemental Policy; all CMS required reporting; claims reporting detailing primary and secondary payments; and financial reporting detailing application of Coverage Gap Discount Program.

(ii) The premium collected by ESIC or its Affiliate for the EGWP Supplemental Policy, which is an amount set forth as a separate line item on Client's invoice, is included in the PMPM Fees paid to ESIC pursuant to this Agreement. PMPM Fees collected by ESIC pursuant to this Agreement will first be applied to all non-EGWP Supplemental Policy PMPM Fees owed to ESIC before applying any remaining amounts to the EGWP Supplemental Policy premium amounts owned. As a result, default in payment of PMPM Fees by Client, in whole or in part, may result in a default under the EGWP Supplemental Policy for failure to pay premium amounts thereunder. In addition to the principal ESI revenue sources disclosed in Exhibit B (Financial Disclosure), in connection with the EGWP Supplemental Policy issued to Client in connection with this Agreement, ESIC or its Affiliate is paid an original commission in an amount equal to one percent (1%) of the gross premium collected by ESIC or its Affiliate for the EGWP Supplemental Policy.

(iii) If ESIC and/or the carrier with which ESIC or its Affiliate has contracted to provide the EGWP Supplemental Policy at any time does not receive authority to issue such EGWP Supplemental Policy, or has such authority revoked, then this Agreement is subject to immediate termination by ESIC upon written notice to Client.

(b) Utilization Management. Consistent with the terms of the EGWP Benefit, ESIC will establish a reasonable and appropriate drug management program that includes incentives to reduce costs when medically appropriate; maintains policies and systems to assist in preventing over-utilization and under-utilization of prescribed medications, according to guidelines specified by CMS and in accordance with the Medicare Drug Rules.

(c) Quality Assurance. Consistent with the terms of the EGWP Benefit, ESIC will establish quality assurance measures and systems to reduce medication errors and adverse drug interactions and improve medication use in accordance with the Medicare Drug Rules.

(d) TrOOP. Consistent with the terms of the EGWP Benefit, ESIC will establish and maintain a system to record EGWP Enrollees' TrOOP balances, and shall communicate TrOOP balances to EGWP Enrollees upon request.

(e) Coverage Determinations and Appeals. The parties acknowledge and agree that ESIC is required under the Medicare Drug Rules to maintain oversight of coverage determinations under the EGWP Benefit, including prior authorizations and EGWP Enrollee Submitted Claims determinations, and to maintain an appeals process for EGWP Enrollees. Client acknowledges and agrees that ESI

may perform such services through the UM Company. ESIC or the UM Company, as applicable, will be responsible for conducting the appeal in a manner consistent with the requirements of the Medicare Drug Rules and shall ensure that the contract with the UM Company complies with the applicable delegation requirements of the Medicare Drug Rules, including without limitation 42 C.F.R. §423.505. ESI represents to Client that UM Company has contractually agreed that: (A) UM Company will conduct appeals in accordance with the Medicare Drug Rules and the EGWP Benefit, (B) Client is a third party beneficiary of UM Company's agreement with ESIC or its Affiliate (a copy of which is available upon request) and the remedies set forth therein, and (C) UM Company will indemnify Client for third party claims caused by the UM Company's negligence or willful misconduct in providing the appeal services.

(f) EOBs. ESIC will furnish EGWP Enrollees, in a manner specified by CMS, a written explanation of benefits ("EOB") when prescription drug benefits are provided under qualified prescription drug coverage consistent with the requirements of the Medicare Drug Rules. Client acknowledges and agrees that ESIC may delegate this function to BASI.

(g) EGWP Enrollee Services. ESIC will provide 24-hours a day, 7-days a week toll-free telephone, IVR and Internet support to assist Client and EGWP Enrollees with EGWP Enrollee eligibility, benefits and TrOOP verification, location of Participating Pharmacies and other related EGWP Enrollee concerns.

### 3.11 Formulary and Medication Management

(a) P&T Committee and Medicare Formulary. ESIC or its Affiliate will maintain a pharmacy and therapeutics committee ("P&T Committee") in accordance with the Medicare Drug Rules, which will develop a Medicare Formulary for the EGWP Benefit consistent with the requirements of the Medicare Drug Rules. In accordance with the Medicare Drug Rules, all Covered Drugs on the Medicare Formulary shall be Part D drugs (within the meaning of the Medicare Drug Rules) or otherwise permitted to be covered by a PDP under the Medicare Drug Rules. Client acknowledges and agrees that the Medicare Formulary may not be modified by removing Covered Drugs, adding additional utilization management restrictions, or making the cost-sharing status of a drug less beneficial or otherwise modified in a manner not consistent with the Medicare Drug Rules.

(b) Medication Therapy Management. Consistent with the terms of the EGWP Benefit, ESIC or its Affiliate may implement a Medication Therapy Management program that is designed to ensure that Covered Drugs prescribed to targeted EGWP Enrollees are appropriately used to optimize therapeutic outcomes through improved medication use and reduce the risk of adverse events, including adverse drug interactions in accordance with the Medicare Drug Rules.

### 3.12 Medicare Rebate Program

(a) ESIC or its Affiliate will negotiate with pharmaceutical manufacturers regarding the terms of the Medicare Rebate Program and will enter into agreements with such manufacturers for Rebates for certain Covered Drugs and Manufacturer Administrative Fees. ESIC and its Affiliate retain all right, title and interest to any and all actual Rebates and Manufacturer Administrative Fees received from manufacturers. Client acknowledges and agrees that it shall not have a right to any Rebate and Manufacturer Administrative Fee payments received by ESIC or its Affiliates.

(b) Client shall not negotiate or arrange with, or enter into an agreement with, a pharmaceutical manufacturer for rebates or similar discounts for any Covered Drugs dispensed to EGWP Enrollees. A breach of the prior sentence shall be deemed to be a material breach of this Agreement.

3.13 Mail Service Pharmacy. EGWP Enrollees may have prescriptions filled through the Mail Service Pharmacy. Subject to applicable law, ESIC may communicate with EGWP Enrollees regarding benefit design, cost savings, availability and use of the Mail Service Pharmacy, as well as provide supporting services. ESIC may suspend Mail Service Pharmacy services to an EGWP Enrollee who is in default of any Copayment amount due ESIC. Client will be responsible for any unpaid EGWP Enrollee Copayment amounts if payment has not been received from the EGWP Enrollee within one hundred twenty (120) days following dispensing. Client will be billed following the one hundred twenty (120) day collection period, with payment due in accordance with the payment terms set forth in Article V of this Agreement.

### 3.14 Specialty Products

(a) Specialty Products and ASES. EGWP Enrollees may have prescriptions filled through ESIC Specialty Pharmacy and Participating Pharmacies. Subject to applicable law, ESIC and its affiliates may communicate with EGWP Enrollees and physicians to advise EGWP Enrollees filling Specialty Products at Participating Pharmacies of the availability of filling prescriptions through ESIC Specialty Pharmacy.

(i) For Specialty Products filled through ESIC Specialty Pharmacy only, EGWP Enrollees may receive the following services from ESIC Specialty Pharmacy, depending on the particular therapy class or disease state: ASES; patient intake services; pharmacy dispensing services and/or social services (patient advocacy, hardship reimbursement support, and indigent and patient assistance programs).

(ii) Subject to Client's prior authorization requirements, if applicable, ESIC or its affiliates will provide or coordinate ASES for EGWP Enrollees through ESIC Specialty Pharmacy or through other specialty pharmacies or other independent third party providers of ASES when ASES is required. If ESIC or affiliates engages a third party provider of ASES, ESIC or affiliates shall contractually obligate such third party provider of ASES to comply with all applicable laws, including, without limitation, all applicable laws relating to professional licensure. Neither ESIC nor its affiliates direct or exercise any control over any third party provider of ASES in administering Specialty Products or otherwise providing ASES.

(b) ESIC shall notify Client no more frequently than monthly of new Specialty Products that are introduced to the market and added to the Specialty Product List on or after the Effective Date of this Agreement ("Notice").

3.15 Late Enrollment Penalty. Client agrees to comply with the applicable CMS requirements of the LEP and shall comply with ESIC's LEP policy, including participating with ESIC in the following process:

(a) Upon implementation, client has an option to provide an attestation to ESIC to attest to creditable coverage for all or a portion of its EGWP Enrollees

(b) Client will provide ESIC with the attestation in the form attached as Exhibit C of this Agreement, and a file listing of all the EGWP Enrollees, their HICN, and effective date included in the attestation.

(c) ESIC will collect responses to the attestations from Client or EGWP Enrollees and submits EGWP Enrollees information to CMS for processing and determination of applicable LEP.

(d) CMS calculates the LEP amount and transmits the LEP amount to ESIC on the daily TRR file, which is communicated to Client and Benistar. ESIC shall invoice Benistar for payment of the LEP, which shall be due and owing by the Client to Benistar and ESIC. Per the Medicare Drug Rules, Client may elect to either pay for the LEP on behalf of the EGWP Enrollee, or seek reimbursement of the LEP amount from the EGWP Enrollee. This election must be made prior to the beginning of the plan year and must be applied consistently by Client for all EGWP Enrollees throughout the plan year.

#### **ARTICLE IV – PROGRAM OPERATIONS**

4.1 Program Reporting. ESIC or its Affiliate shall make available to Client ESIC's or its Affiliate's standard management information reporting applications. At the request of Client, ESIC or its Affiliate may develop special reporting packages at ESIC's or its Affiliate's standard hourly rate for such services.

4.2 Regulatory Reporting. ESIC shall comply with the reporting requirements set forth in 42 C.F.R. §423.514, including reporting significant business transactions with parties in interest to CMS, notifying CMS of any loans or other financial arrangements that it makes with contractors, subcontractors, and related entities, and making such information available to EGWP Enrollees upon reasonable request.

4.3 Claims Data Retention. ESIC and Client will maintain, for a period of the then current plan year plus an additional ten (10) years, the applicable books, contracts, medical records, patient care documentation, and other records relating to covered services under this Amendment. ESIC may use and disclose both during and after the term of this Agreement the anonymized claims data (de-identified in accordance with HIPAA) including drug and related medical data collected by ESIC or provided to ESIC by Client for research; provider profiling;

benchmarking, drug trend, and cost and other internal analyses and comparisons; clinical, safety and/or trend programs; ASES; or other ESIC business purposes, in all cases subject to applicable law.

4.4 Government Audits. ESIC and Client agree to allow the United States Department of Health and Human Services ("DHHS") and the Comptroller General, or their designees, the right to audit, evaluate, inspect books, contracts, medical records, patient care documentation and other records relating to covered services under this Agreement, as are reasonably necessary to verify the nature and extent of the costs of the services provided to EGWP Enrollees under this Agreement, for a period of the then current plan year, plus an additional ten (10) years following termination or expiration of the Amendment for any reason, or until completion of any audit, whichever is later.

4.5 Liability Insurance. Each party shall maintain such policies of general liability, professional liability and other insurance of the types and in amounts customarily carried by their respective businesses. Proof of such insurance shall be available upon request. ESIC agrees, at its sole expense, to maintain during the term of this Agreement or any renewal hereof, commercial general liability insurance, pharmacists professional liability insurance for the ESIC Mail Service and ESIC Specialty Pharmacies, and managed care liability with limits, excess of a self insured retention, in amounts of not less than \$5,000,000 per occurrence, and in the aggregate. ESIC or its Affiliate does not maintain liability insurance on behalf of any Participating Pharmacy, but does contractually require such pharmacies to maintain a minimum amount of commercial liability insurance or, when deemed acceptable by ESIC or its Affiliate, to have in place a self-insurance program.

## **ARTICLE V – MONTHLY PREMIUMS; FEES; BILLING AND PAYMENT**

### **5.1 Monthly Premiums.**

(a) Determination of Monthly Premium Amounts. Prior to the Effective Date and each EGWP Benefit enrollment period thereafter, ESIC shall determine the amount of the monthly premium to be charged for each EGWP Enrollee for participation in the EGWP Benefit, which shall be determined based on the CMS Medicare Drug Rules and guidance for standard prescription drug coverage along with enhancements under the EGWP Benefit as compared to the standard prescription drug coverage as permitted.

(b) Collection of Monthly Premium Amounts. In accordance with the Medicare Drug Rules, ESIC hereby delegates the premium collection function to Client and/or BASI and hereby directs Client, and/or BASI, on behalf of ESIC, to collect all monthly premium payments due from EGWP Enrollees for participation in the EGWP Benefit. In connection with ESIC's delegation of the premium collection function to Client under this Section 5.1(b), Client hereby agrees as follows:

(i) That in no event, including, but not limited to, ESIC's insolvency, or ESIC's breach of this Agreement, will Client bill, charge, collect a deposit from, seek compensation, remuneration or reimbursement from, or have any recourse against an EGWP Enrollee or persons acting on his or her behalf for payments that are the financial responsibility of ESIC under this Agreement. The foregoing is not intended to prohibit Client and/or BASI from collecting premium amounts due by EGWP Enrollees for participation in the EGWP Benefit;

(ii) That DHHS, the Comptroller General, or their designees shall have the right to inspect, evaluate, and audit pertinent contracts, books, documents, papers and records of the Client and BASI involving Client's and/or BASI's collection of premium amounts from EGWP Enrollees, and that DHHS', the Comptroller General's, or their designees' right to inspect, evaluate, and audit any such pertinent information will exist through ten (10) years from the date of termination or expiration of this Agreement, or from the date of completion of any audit, whichever is later;

(iii) That if ESIC or CMS determines that Client or BASI is not performing the premium collection function in compliance with all applicable Medicare Drug Rules and Client or BASI is unable to cure such noncompliance within thirty (30) days following notice from ESIC or CMS, then ESIC may, at its sole discretion, either: (i) upon prior written notice to Client, revoke all or a portion of such delegated function as ESIC deems necessary to effectuate ESIC's ultimate responsibility to CMS for the performance of such delegated function under ESIC's contract with CMS; or (ii) negotiate an alternative remedy in lieu of revocation of delegation, so long as such remedy conforms to the requirements of the Medicare Drug Rules. Nothing in this Section 5.1(b)(3), including, but not limited to, the thirty (30) day

cure period, shall be construed in any way to limit ESIC's right to suspend performance under Section 8.2 for non-payment; and

(iv) That Client shall not further delegate or subcontract the performance of the premium collection function to a third party other than to BASI without ESIC's prior written consent. If Client does further delegate or subcontract the performance of the premium collection function to a third party other than BASI, then Client agrees that it shall: (i) amend its written agreement with such subcontractor or enter into a separate written agreement with such subcontractor that contains the terms, conditions, and provisions set forth in Schedule 5.1(b)(iv) attached hereto and incorporated herein by reference; and (ii) ensure that such subcontractor's performance of the premium collection function complies with the provisions set forth on Schedule 5.1(b)(iv).

(c) Determination of Monthly Premium Amounts (if any) to be Subsidized by Client. In determining the amount of the EGWP Enrollee's monthly premium for participation in the EGWP Benefit that Client will subsidize, Client shall make such determination subject to the following restrictions and any other restrictions that may be imposed by CMS:

(i) Client may subsidize different amounts for different classes of EGWP Enrollees provided such classes are reasonable and based on objective business criteria, such as years of service, business location, job category, and nature of compensation (e.g., salaried vs. hourly). Different classes cannot be based on eligibility for the Low Income Subsidy;

(ii) Client may not vary the premium subsidy for individuals within a given class of EGWP Enrollees;

(iii) Client may not charge an EGWP Enrollee more than the sum of his or her monthly beneficiary premium attributable to basic prescription drug coverage and 100% of the monthly beneficiary premium attributable to his or her supplemental prescription drug coverage, if any;

(iv) Client shall directly refund to the EGWP Enrollee (or shall allow ESIC to do so), within forty-five (45) days of original receipt from CMS of the Low Income Subsidy premium, the full premium subsidy amount up to the monthly beneficiary premium amount previously collected from the EGWP Enrollee; provided, however, that to the extent there are Low Income Subsidy premium amounts remaining after Client refunds the full monthly beneficiary premium amount to the EGWP Enrollee, then Client may apply that remaining portion of the Low Income Subsidy premium to the portion of the monthly premium paid by Client;

(v) If Client is not able to reduce the up-front monthly beneficiary premium as described in subsection (iv) above, Client shall directly refund to the EGWP Enrollee (or shall allow ESIC to do so), within forty-five (45) days of original receipt from CMS of the Low Income Subsidy premium, the full premium subsidy amount up to the monthly beneficiary premium amount previously collected from the EGWP Enrollee;

(vi) If the Low Income Subsidy amount for which an EGWP Enrollee is eligible is less than the portion of the monthly beneficiary premium paid by the EGWP Enrollee, then Client must communicate to the EGWP Enrollee the financial consequences for the beneficiary of enrolling in the EGWP Benefit as compared to enrolling in another Medicare Part D plan with a monthly beneficiary premium equal to or below the Low Income Subsidy amount; and

(vii) In the event of a change in an EGWP Enrollee's Low Income Subsidy status or an EGWP Enrollee otherwise becomes ineligible to receive the Low Income Subsidy after payment of the Low Income Subsidy premium amount to the EGWP Enrollee, and upon ESIC's receipt of notification from CMS that such Low Income Subsidy premium amount will be recovered from ESIC or withheld from future payments to ESIC, then ESIC in its sole discretion will invoice Client or set off from amounts otherwise owed from ESIC to Client, and in either case Client shall reimburse ESIC for, all amounts deemed by CMS to be ineligible Low Income Subsidy premium payments with respect to the EGWP Enrollee.

(d) Reporting and Auditing of Premium Amounts; Non-Payment by EGWP Enrollees. As of the Effective Date and on a monthly basis thereafter, Client shall, or shall cause BASI to, provide a report to ESIC,



in a form and manner as agreed to by the parties, that includes all information concerning monthly premium amounts due by EGWP Enrollees for participation in the EGWP Benefit, including, without limitation, the monthly premium amount charged to each class of EGWP Enrollees, the amount that is being subsidized by the Client, and all premium amounts collected from EGWP Enrollees. Client represents and warrants that all information that it or BASI provides to ESIC pursuant to this Section 5.1(d) shall be accurate and complete. Client further represents and warrants that it shall, or shall cause BASI to, collect only those monthly premium amounts that are due from EGWP Enrollees, consistent with the information provided to ESIC pursuant to this Section 5.1(d). Upon reasonable advance written notice, ESIC or its Affiliate shall have access to Client's records in order to audit the monthly premium amounts collected from EGWP Enrollees for the purposes of fulfilling reporting requirements under the Medicare Drug Rules or applicable state insurance laws related to collection of such premium amounts or to otherwise assess compliance with the Medicare Drug Rules in connection with the collection of such premium amounts. Any audits performed by ESIC or its Affiliate pursuant to this Section 5.1(d) will be at ESIC's expense. Client acknowledges and agrees that neither ESIC nor its Affiliate shall be responsible to Client for non-payment by any EGWP Enrollee of any monthly premium amount due by such EGWP Enrollee for participation in the EGWP Benefit. Client further acknowledges and agrees that in the event that either Client or ESIC (through any audit) determines that Client or BASI has collected a greater premium amount from an EGWP Enrollee than is due, that Client shall, or shall cause BASI to, promptly refund any such overpayment to the EGWP Enrollee.

5.2 **Billing.** Once a month, on or about the first (1<sup>st</sup>) day of the month beginning on the Effective Date, Client shall be invoiced for an amount equal to the product of: (i) the then-current number of EGWP Enrollees; multiplied by (ii) a "per member per month" fee (i.e., member premium amount) determined by ESIC on an annual basis, as may be adjusted by ESIC pursuant to the terms of this Agreement. The monthly fee shall be referred to in this Agreement as the "PMPM Fees." During the Initial Term (as defined in Section 8.1 below) of this Agreement, the "per member per month" fee used to calculate the PMPM Fees shall be two hundred thirty six and 43/100 Dollars (\$236.43). Thereafter, ESIC shall provide written notice to Client of any annual adjustment to the "per member per month" fee at least ninety (90) days prior to the commencement of any one (1) year renewal term hereunder. The parties acknowledge and agree that ESIC may facilitate billing and remittance under this Agreement through BASI.

5.3 **CMS Reimbursement.** ESIC and its Affiliate retain all right, title and interest to any and all reimbursement received from CMS with respect to the EGWP Benefit and EGWP Enrollees, including the following: (1) advance direct subsidy monthly payments with respect to EGWP Enrollees, (2) reinsurance subsidy payments with respect to the EGWP Benefit, (3) low-income subsidy payments with respect to EGWP Enrollees, and (4) any other reimbursement payment by CMS to ESIC for coverage provided to EGWP Enrollees under the EGWP Benefit for such period (each as further defined in the Medicare Drug Rules) (collectively, "CMS Reimbursement"). Client acknowledges and agrees that neither it nor its EGWP Enrollees shall have a right to any CMS Reimbursement payments received by ESIC or its Affiliates during the collection period or moneys payable under this Section. Notwithstanding the foregoing, to the extent that ESIC receives any low-income subsidy payments from CMS with respect to any EGWP Enrollee that qualifies for such payments, ESIC will remit amounts equal to such payments to Client. In such case, Client shall apply such amounts received from ESIC pursuant to Section 5.1(c)(iv) and (v) above.

5.4 **Payment.** Payment of the PMPM Fees is due by Client by the twentieth (20<sup>th</sup>) day of each month for the monthly invoice received by Client on or about the first (1<sup>st</sup>) day of that month. Client represents that it has an arrangement with BASI pursuant to which BASI collects the PMPM Fees due hereunder from Client and/or its EGWP Enrollees. Client hereby acknowledges and agrees that if payment of the PMPM Fees has not been received by BASI so that ESIC is paid by the twentieth (20<sup>th</sup>) day of each month, then Client shall be delinquent in payment of the PMPM Fees due hereunder. Client shall be responsible for all costs of collection and shall reimburse ESIC for such costs and expenses, including reasonable attorneys' fees. Any amounts not paid by the due date thereof shall bear interest at the rate of prime lending rate as published by *The Wall Street Journal* plus two percent (2%) per annum.

5.5 **Deposit.** If, at any time: (i) Client has one (1) or more outstanding past due invoices; or (ii) ESIC has reasonable grounds to believe that Client may become delinquent in payment of PMPM Fees to ESIC based on Client's published financial data (examples include, but are not limited to, persistent negative cash flow, bankruptcy, and insolvency), then ESIC may require that Client provide to ESIC a deposit in an amount equal to one (1) month's billing, using the average of the last three (3) months of billing history as the basis for determining the one (1) month deposit amount or, if three (3) months billing history is not available, the most recent month of billing history as the basis. ESIC shall retain the deposit until the earlier of: (i) termination of this

Agreement (following any run-off period); or (ii) six (6) consecutive months of timely payments of all PMPM Fees following submission of the deposit, and may apply the deposit to delinquent PMPM Fees until return of the deposit.

5.6 Manufacturer Coverage Gap Discount. Pursuant to its CMS contract, ESIC has agreed to administer for EGWP Enrollees at point-of-sale the Coverage Gap Discount authorized by section 1860D-14A of the Social Security Act. In connection with the Coverage Gap Discount, CMS will coordinate the collection of discount payments from manufacturers, and payment to ESIC, through a CMS contractor (the "Coverage Gap Discount Payments"). ESIC and its Affiliate retain all right, title and interest to any and all actual Coverage Gap Discount Payments received from CMS. Client acknowledges and agrees that neither it nor its EGWP Enrollees shall have a right to interest on, or the time value of, any Coverage Gap Discount Payments received by ESIC or its Affiliates under this Section.

## **ARTICLE VI - CONFIDENTIALITY**

6.1 Proprietary Information. Each party agrees that information of the other party, including, but not limited to the following, shall constitute confidential and proprietary information ("Proprietary Information") of the other party unless otherwise public: (a) with respect to ESIC and its Affiliate: reporting and system applications, (web-based and other media), and system formats, databanks, clinical and formulary management operations and programs, fraud, waste and abuse tools and programs, manuals, and anonymized claims data (de-identified in accordance with HIPAA), ESIC Specialty Pharmacy and Mail Service Pharmacy data, information concerning Rebates, prescription drug evaluation criteria, drug choice management, drug pricing information, and Participating Pharmacy agreements; and (b) with respect to Client: Participating Pharmacy Client and EGWP Enrollee identifiable health information and data, Client information files, business operations and strategies. Neither party shall use the other's Proprietary Information or disclose it to any third party, at any time during or after termination of this Agreement, except as specifically contemplated by this Agreement, upon prior written consent or as required by the Medicare Drug Rules or other applicable law. Upon termination of this Agreement, each party shall cease using the other's Proprietary Information, and all such information shall be returned or destroyed upon the owner's direction.

6.2 Non-Access to ESIC's or its Affiliate's Systems. Client will not, and will not permit any third party acting on Client's behalf to, access, attempt to access, test or audit ESIC's or its Affiliate's systems or any other system or network connected to ESIC's or its Affiliate's systems. Without limiting the foregoing, Client will not: (i) access or attempt to access any portion or feature of ESIC's or its Affiliate's systems, by circumventing such systems' access control measures, either by hacking, password "mining" or any other means; or (ii) probe, scan, audit or test the vulnerability of such systems, nor breach the security or authentication measures of such systems.

## **ARTICLE VII - COMPLIANCE WITH LAW; FINANCIAL DISCLOSURE; DISCLOSURE OF FEES PAID TO BASI**

7.1 Compliance with Law; Change in Law. ESIC and Client hereby agree to perform their respective obligations under this Agreement in a manner that is consistent with and complies with the Medicare Drug Rules and with ESIC's contractual obligations under its contract with CMS. In addition, each party shall be responsible for ensuring its compliance with all federal, state, and local laws and regulations applicable to its business, including maintaining any necessary licenses and permits. If the scope of ESIC's duties under this Agreement is made materially more burdensome or expensive due to a change in federal, state or local laws or regulations or the interpretation thereof, including actions by CMS, the parties shall negotiate an appropriate modification of the services and/or an adjustment to the PMPM Fees paid to ESIC. If the parties cannot agree on a modification or adjusted PMPM Fees, then either party may terminate this Agreement upon no less than thirty (30) days prior written notice to the other party.

7.2 Disclosure of Certain Financial Matters. Client acknowledges and agrees that ESIC will contract with its Affiliate, ESI, to provide the pharmacy benefit management services contemplated by this Agreement on ESIC's behalf. In addition to the administrative fees paid to ESIC by Client, ESIC and ESI's wholly-owned subsidiaries or Affiliates derive revenue in one or more of the ways as further described in the ESI Financial Disclosure to PBM Clients set forth in Exhibit D hereto ("Financial Disclosure"), as updated by ESI from time to time. Unlike the administrative fees, the revenues described in the Financial Disclosure are not direct or indirect compensation to ESIC from Client for services rendered to Client or the Client Group Health Plan under this Agreement. In negotiating any of the fees and revenues described in the Financial Disclosure, ESI and ESI's

wholly-owned subsidiaries and Affiliates act on their own behalf, and not for the benefit of or as agents for Client, EGWP Enrollees or the EGWP Benefit. Except for the Rebate amounts set forth in Exhibit B, if any, Client acknowledges and agrees that ESIC and ESIC's wholly-owned subsidiaries and Affiliates retain all interest, revenues, any or all Rebates and Manufacturer Administrative Fees not payable to Client, and all Participating Pharmacy discounts, if any, in addition to any administrative and other fees paid by Client. Client acknowledges for itself and its EGWP Enrollees that, except as may be expressly provided herein, neither it nor any EGWP Enrollee has a right to receive, or possesses any beneficial interest in, any such discounts or payments.

7.3 Disclosure of Fees Paid to BASI; Broker Commissions. In connection with ESIC's administration of the EGWP Benefit for EGWP Enrollees pursuant to this Agreement, ESIC engages BASI to perform certain marketing, sales and delegated administrative services. In exchange for such services, ESIC pays BASI a fair market value fee not to exceed \$20.00 PMPM. In addition, if Client worked with a benefits broker or consultant who advised Client or helped Client obtain the EGWP Benefit, BASI may pay that benefits broker or consultant a commission pursuant to an arrangement between BASI and such broker or consultant. State law may require Client's broker or consultant to disclose to Client further detail regarding compensation from BASI.

## **ARTICLE VIII - TERM AND TERMINATION; DEFAULT AND REMEDIES**

8.1 Term. The initial term of this Agreement (the "Initial Term") shall commence on the Execution Date, and coverage of EGWP Enrollees under the EGWP Benefit shall begin as of January 1, 2015 (the "Effective Date"). Unless earlier terminated as provided herein, the Initial Term shall continue until December 31, 2015. Thereafter, this Agreement shall automatically renew with the same terms and conditions as set forth herein for successive one (1) year renewal terms, unless and until either party notifies the other of its intent not to renew the Agreement in writing at least ninety (90) days prior to the expiration of the then current term. This Agreement may be terminated earlier during the Initial Term or any renewal terms pursuant to Section 8.2 below.

### 8.2 Termination.

(a) Breach or Default. Either party may give the other written notice of a material, substantial and continuing breach of this Agreement. If the breaching party has not cured said breach within thirty (30) days from the date such notice was sent, this Agreement may be terminated at the option of the non-breaching party. If the amount of time commercially reasonable for the breach to be cured is longer than thirty (30) days, this Agreement may not be terminated by the non-breaching party pursuant to this provision until such commercially reasonable period of time has elapsed; provided, however, that in no event shall such period exceed sixty (60) days.

(b) Termination of ESIC's Contract with CMS. If at any time throughout the term of this Agreement, CMS either does not renew its contract with ESIC or terminates its contract with ESIC such that ESIC may no longer provide services as a PDP Sponsor under the Medicare Drug Rules, then this Agreement shall be automatically terminated conterminously with such CMS contract termination.

(c) Non-Payment. To the extent permitted by the Medicare Drug Rules and other applicable laws, ESIC and its Affiliate may terminate or suspend their performance hereunder and cease providing or authorizing provision of Covered Drugs to EGWP Enrollees upon forty-eight (48) hours written notice if Client fails to pay ESIC or provide a deposit, if required, in accordance with the terms of this Agreement. ESIC also may offset amounts overdue to ESIC with amounts owed, if any, by ESIC to Client. To the extent permitted by law, ESIC may suspend Mail Service Pharmacy and/or ESIC Specialty Pharmacy services to any EGWP Enrollee who is in default of payment of any Copayments or deductibles to the applicable Pharmacy.

(d) Insolvency; Regulatory Action. To the extent permitted by applicable law, ESIC may terminate this Agreement, or suspend performance hereunder, upon the insolvency of Client, and Client may terminate this Agreement upon the insolvency of ESIC. The "insolvency" of a party shall mean the filing of a petition commencing a voluntary or involuntary case (if such case is an involuntary case, then only if such case is not dismissed within sixty (60) days from the filing thereof) against such party under the United States Bankruptcy Code or applicable state law; a general assignment by such party for the benefit of creditors; the inability of such party to pay its debts as they become due; such party's seeking or consenting to, or acquiescence in, the appointment of any trustee, receiver or liquidation of it, or any material part of its property; or a proceeding under

any state or federal agency declaration or imposition of receivership, composition, readjustment, liquidation, insolvency, dissolution, or like law or statute, which case or proceeding is not dismissed or vacated within sixty (60) days. Notwithstanding the preceding, in the event of Client's insolvency or other cessation of operations, ESIC agrees to require Participating Pharmacies to continue to provide prescription drug services to EGWP Enrollees if required by the Medicare Drug Rules and all other applicable federal and state laws relating to insolvency or other cessation of operations or termination. Nothing herein shall be interpreted to require ESIC or Pharmacies to provide services without being paid for Covered Drugs or Prescription Drug Services.

### 8.3 Remedies.

(a) Remedies Not Exclusive. A party's right to terminate this Agreement under Article VIII shall not be exclusive of any other remedies available to the terminating party under this Agreement or otherwise, at law or in equity.

(b) Force Majeure. Neither party shall lose any rights under this Agreement or be liable in any manner for any delay to perform its obligations under this Agreement that are beyond a party's reasonable control, including, without limitation, any delay or failure due to strikes, labor disputes, riots, earthquakes, storms, floods or other extreme weather conditions, fires, explosions, acts of terrorism, epidemics or pandemics, embargoes, war or other outbreak of hostilities, government acts or regulations, the failure or inability of carriers, suppliers, delivery services, or telecommunications providers to provide services necessary to enable a party to perform its obligations hereunder, or any other reason where failure to perform is beyond the party's reasonable control, and is not caused by the negligence, intentional conduct or misconduct of the defaulting party; *provided, however,* that this clause may not be invoked to excuse a party's payment obligations hereunder.

(c) Limitation of Liability. Except for the indemnification obligations set forth in Section 8.3(d), each party's liability to the other hereunder shall in no event exceed the actual proximate losses or damages caused by breach of this Agreement. In no event shall either party or any of their respective affiliates, directors, employees or agents, be liable for any indirect, special, incidental, consequential, exemplary or punitive damages, or any damages for lost profits relating to a relationship with a third party, however caused or arising, whether or not they have been informed of the possibility of their occurrence.

(d) Indemnification.

(i) ESIC will indemnify and hold Client harmless from and against any loss, cost, damage, expense or other liability, including, without limitation, reasonable costs and attorney fees ("Costs") incurred in connection with any and all third party claims, suits, investigations or enforcement actions, including claims of infringement of any intellectual property rights ("Claims") which may be asserted against, imposed upon or incurred by Client and arising as a result of (A) ESIC's negligent acts or omissions or willful misconduct, (B) ESIC's breach of this Agreement, (C) ESIC's unauthorized use or disclosure of EGWP Enrollee PHI, or (D) ESIC's breach of any representation or warranty made by ESIC under this Agreement.

(ii) Client will indemnify and hold ESIC harmless from and against any Costs for Claims which may be asserted against, imposed upon or incurred by ESIC and arising as a result of (A) Client's negligent acts or omissions or willful misconduct, (B) Client's breach of this Agreement, (C) Client's or the Client Group Health Plan's unauthorized use or disclosure of EGWP Enrollee PHI, or (D) Client's breach of any representation or warranty made by Client under this Agreement.

(iii) As a condition of indemnification, the party seeking indemnification shall notify the indemnifying party in writing promptly upon learning of any Claim for which indemnification may be sought hereunder, and shall tender the defense of such claim to the indemnifying party. No party shall indemnify the other with respect to any claim settled without the written consent of the other.

8.4 Obligations Upon Termination. Client or its agent shall pay ESIC in accordance with this Agreement for all PMPM Fees due hereunder on or before the later of: (i) the effective date of termination, or (ii) the final date that all EGWP Enrollees have been transitioned to a new Part D plan, as applicable (the "Termination Date"). The parties shall cooperate regarding the transition of Client and its EGWP Enrollees to a successor PDP Sponsor in accordance with all applicable Medicare Drug Rules and ESIC will take all reasonable steps to mitigate any disruption in service to EGWP Enrollees. Notwithstanding the preceding, ESIC may (a) delay payment of any amounts due Client, if any, to allow for any final adjustments to EGWP Enrollee enrollment

information, or (b) request that Client pay a reasonable deposit in the event ESIC is requested to process after the Termination Date claims incurred on or prior to such date.

8.5 Survival. The parties' rights and obligations under Section 3.8(b) and 3.10(e); Articles V and VI; and Sections 7.1, 8.3, 8.4, and 8.5 shall survive the termination of this Agreement for any reason.

## ARTICLE IX - MISCELLANEOUS

9.1 Notice. Any notice or document required or permitted to be delivered pursuant to this Agreement must be in writing and shall be deemed to be effective upon mailing and must be either (a) deposited in the United States Mail, postage prepaid, certified or registered mail, return receipt requested, or (b) sent by recognized overnight delivery service, in either case properly addressed to the other party at the address set forth below, or at such other address as such party shall specify from time to time by written notice delivered in accordance herewith:

Express Scripts Insurance Co.  
Attn: President  
One Express Way  
St. Louis, Missouri 63121

with copy to: General Counsel  
Fax: 800-417-8163

Attn: Nicole Aranas  
Village of Lombard  
255 E. Wilson Avenue  
Lombard, IL 60148

9.2 Independent Parties. No provision of this Agreement is intended to create or shall be construed to create any relationship between ESIC or its Affiliate and Client other than that of independent entities contracting with each other solely for the purpose of effecting the provisions of this Agreement. Neither party, nor any of their respective representatives, shall be construed to be the partner, agent, fiduciary, employee, or representative of the other and neither party shall have the right to make any representations concerning the duties, obligations or services of the other except as consistent with the express terms of this Agreement or as otherwise authorized in writing by the party about which such representation is asserted.

9.3 Assignment and Subcontracting. Client acknowledges and agrees that ESIC may perform certain services hereunder (e.g., mail service pharmacy and specialty pharmacy services) through one or more ESIC subsidiaries or Affiliates. ESIC is responsible and liable for the performance of its subsidiaries and Affiliates in the course of their performance of any such service. To the extent that ESIC subcontracts any PBM Service under this Agreement to a third party, ESIC is responsible and liable for the performance of any such third party. In addition, ESIC may contract with third parties to provide information technology support services and other ancillary services, which services are not PBM Services hereunder, but rather are services that support ESIC's conduct of its business operations. This Agreement will be binding upon, and inure to the benefit of and be enforceable by, the respective successors and permitted assigns of the parties hereto.

9.4 Integration. This Agreement and all Exhibits hereto constitute the entire understanding of the parties hereto and supersede any prior oral or written communication between the parties with respect to ESIC's plan offering to EGWP Enrollees as a PDP Sponsor of the EGWP Benefit under the Medicare Drug Rules. The parties hereby expressly agree that this Agreement and the Commercial Agreement are separate and independent agreements that stand on their own and that, unless otherwise specifically set forth in this Agreement, no term or condition in one such agreement shall have any connection to or bear any force or effect on the other agreement.

9.5 Amendments. No modification, alteration, or waiver of any term, covenant, or condition of this Agreement shall be valid unless in writing and signed by both parties or the agents of the parties who are authorized in writing.

9.6 Choice of Law. Unless governed by the Medicare Drug Rules or applicable state insurance laws, this Agreement shall be construed and governed in all respects according to the laws in the State of Missouri, without regard to the rules of conflict of laws thereof.

9.7 Waiver. The failure of either party to insist upon the strict observation or performance of this Agreement or to exercise any right or remedy shall not be construed as a waiver of any subsequent breach of this Agreement or impair or waive any available right or remedy.

9.8 Taxes and Assessments. Any applicable sales, use, excise, or other similarly assessed and administered tax, surcharge, or fee imposed on items dispensed, or services provided hereunder or the EGWP Supplemental Policy, or the fees or revenues generated by the items dispensed or services provided hereunder or the EGWP Supplemental Policy, or any other amounts ESIC or one or more of its subsidiaries or affiliates may incur or be required to pay arising from or relating to ESIC's or its subsidiaries' or affiliates' performance of services as a pharmacy benefit manager, third-party administrator, or otherwise in any jurisdiction, will be the sole responsibility of Client or the EGWP Enrollee. If ESIC is legally obligated to collect and remit, or to incur or pay, any such sales, use, excise, or other similarly assessed and administered tax, surcharge, or fee in a particular jurisdiction, such amount will be reflected on the applicable invoice or subsequently invoiced at such time as ESIC becomes aware of such obligation or as such obligation becomes due. ESIC reserves the right to charge a reasonable administrative fee for collection and remittance services provided on behalf of Client.

9.9 Severability. In the event that any provision of this Agreement is invalid or unenforceable, such invalid or unenforceable provision shall not invalidate or affect the other provisions of this Agreement which shall remain in effect and be construed as if such provision were not a part hereof; provided that if the invalidation or unenforceability of such provision shall, in the opinion of either party to the Agreement, have a material effect on such party's rights or obligations under this Agreement, then the Agreement may be terminated by such party upon thirty (30) days written notice by such party to the other party.

9.10 Third Party Beneficiary Exclusion. This Agreement is not a third party beneficiary contract, nor shall this Agreement create any rights on behalf of EGWP Enrollees as against ESIC. Client and ESIC reserve the right to amend, cancel or terminate this Agreement without notice to, or consent of, any EGWP Enrollee.

9.11 Trademarks. Each party acknowledges each other party's sole and exclusive ownership of its respective trade names, commercial symbols, trademarks, and service marks, whether presently existing or later established (collectively "Marks"). No party shall use the other party's Marks in advertising or promotional materials or otherwise without the owner's prior written consent; provided, however, that the parties may inform Pharmacies that ESIC provides prescription drug benefit management services to Client.

9.12 Debarment. ESIC or its Affiliate shall not knowingly employ, or subcontract with, an individual or an entity that employs or contracts with an individual, who is excluded from participation in Medicare under section 1128 or 1128A of the Act or from participation in a Federal health care program for the provision of health care, utilization review, medical social work, or administrative services.

9.13 Signatures. Any documents required to implement the terms of this Agreement shall be signed by a representative of each party with legal authority to bind the entity.

9.14 Federal Funds. The parties acknowledge that information provided in connection with this Agreement is used for purposes of obtaining federal funds and, as such, the parties are subject to certain laws that are applicable to individuals and entities receiving federal funds.

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the day and year below set forth.

EXPRESS SCRIPTS INSURANCE CO.

VILLAGE OF LOMBARD

By: \_\_\_\_\_  
Printed Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Printed Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Phone: \_\_\_\_\_  
Fax: \_\_\_\_\_  
Federal ID Number: \_\_\_\_\_  
Date: \_\_\_\_\_

**EXHIBIT A**

# Village of Lombard

## EGWP BENEFIT DESCRIPTION

### Benistar Standard Plan Design: 14A

BPL: 50221

	Retail Pharmacy Network	Retail Maintenance Drug Program (MDP) Pharmacy	Express Scripts Home Delivery
Day Supply	Up to 31 day	Up to 90 day	1-31 day mirrors retail cost share, 32-90 day cost share below
Initial Coverage Period Member Cost Share	\$2 Generic \$20 Preferred Brand \$40 Non-Preferred Brand \$40 Specialty	One (1) retail co-pay per 31 day supply	\$4 Generic \$40 Preferred Brand \$80 Non-Preferred Brand \$80 Specialty
Deductible	N/A		
Maximum Out-Pocket	N/A		
Coverage Gap	No Coverage Gap; Member Co-pays above apply.		
Catastrophic Coverage	(2015) Member cost share post-TrOOP (\$4,700) is greater of 5% or \$2.65 for generic or preferred multi-source drugs and greater of 5% or \$6.60 for all other brands with a maximum of initial coverage period member cost share		
Formulary	Medicare National Preferred		
Non Part D Drugs <sup>2</sup>	Covered; Copays above apply		
Part B Drugs <sup>2</sup>	Not Covered		
Generics Policy	Voluntary		
Utilization Management Program	All Approved Standard Part D		
Federal Poverty Limits	Standard Federal Poverty Limit (FPL) guidelines apply		
<b>Premium Per Member Per month (PMPM)</b>	<b>Effective Date</b>		<b>Expiration Date</b>
	1/1/2015		12/31/2015
<b>Plan Cost Premium (PMPM)</b>			\$69.48
<b>Enhanced Insurance Premium<sup>3</sup> (PMPM)</b>			\$146.95
<b>Benistar Administrative Fee</b>			\$20.00
<b>Total Premium<sup>4</sup> (PMPM)</b>			\$236.43

Please note that most specialty medications can only dispensed up to a 31 day supply to Medicare members

<sup>1</sup> Coverage Gap begins at the Initial Coverage Limit which is \$2,850 for CY 2014 and \$2,960 for CY 2015. In cases where the client's co-insurance in the Coverage Gap exceeds the maximum, beneficiaries' co-insurance will be reduced in the Coverage Gap so as not to exceed the maximum allowable co-insurance as defined by CMS.

<sup>2</sup> Some states require coverage for certain Non Part D and Part B drugs. Express Scripts will comply with all state requirements on your behalf.

<sup>3</sup> This group Medicare Part D plan has additional benefits to enhance the Medicare Part D coverage, as required by the Centers for Medicare and Medicaid Services (CMS). Per CMS regulations, the benefit enhancements are considered other health insurance benefits and require filing with and approval by the state department of insurance. Express Scripts Medicare will offer this product in conjunction with Companion, Niagara or Pan American as applicable by state.

<sup>4</sup> The illustrated premium is subject to change in the event of CMS guidance and rate changes. Income Related Monthly Adjustment Amounts (IRMAA) apply for high income beneficiaries.



### **SCHEDULE 5.1(b)(iv)**

If Client engages a subcontractor ("Subcontractor"), other than BASI, to perform any of the functions that ESIC has delegated to Client to perform under this Agreement, Client shall do so pursuant to a written agreement that includes the following terms, conditions, and provisions:

1. The agreement between Client and Subcontractor (the "Subcontract") must clearly identify the parties to the Subcontract.
2. The Subcontract must describe the functions that are being delegated to and performed by the Subcontractor.
3. The Subcontract must describe the manner in which Client will monitor the performance of the Subcontractor on an ongoing basis; specifically to monitor compliance with the Medicare Drug Rules.
4. The Subcontract must describe any reporting requirements that the Subcontractor has to Client.
5. The Subcontract must describe the payment that the Subcontractor will receive for performance under the Subcontract.
6. The Subcontractor must agree that the United States Department of Health and Human Services ("DHHS"), the Comptroller General, or their designees have the right to inspect, evaluate, and audit any pertinent contracts, books, documents, papers and records (including medical records and documentation) of the Vendor involving transactions related to the Centers for Medicare and Medicaid Services' ("CMS") contract with ESIC for a period of the then current plan year, plus an additional ten (10) years following the expiration or termination of the Subcontract or the date of any audit completion, whichever is later.
7. The Subcontractor must agree pursuant 42 CFR § 423.505(i)(3)(iv) to produce upon request by CMS, or its designees, any books, contracts, records, including medical records and documentation of the PDP Sponsor, relating to the Part D program, to either the PDP Sponsor to provide to CMS, or directly to CMS or its designees.
8. The Subcontractor must agree that in no event, including, but not limited to, nonpayment by Client, Client's insolvency, or breach of the Subcontract, will the Subcontractor bill, charge, collect a deposit from, seek compensation, remuneration or reimbursement from, or have any recourse against a beneficiary of Client or persons acting on his or her behalf for services provided by the Subcontractor pursuant to the Subcontract.
9. The Subcontract must: (i) specify that the Subcontractor will perform all services under the Subcontract in a manner that is consistent with and that complies with ESIC's contractual obligations under its contract with CMS; (ii) specify that the Subcontractor agrees to comply with all applicable federal laws, regulations, and CMS instructions; and (iii) provide for revocation of the Subcontractor's delegated activities and reporting responsibilities or specify other remedies in instances when CMS, Client, or ESIC determine that the Subcontractor has not performed satisfactorily.
10. The Subcontract must require the Subcontractor to agree to comply with state and federal privacy and security requirements, including the confidentiality and security provisions stated in 42 CFR §423.136.
11. The Subcontract must include an acknowledgment by the parties that information provided in connection with the Subcontract is used for purposes of obtaining federal funds.
12. If the Subcontract permits the Subcontractor to use a subcontractor to perform any of the services delegated to it under the Subcontract, the Subcontract must require that the Subcontractor include all of the above provisions in a written agreement with such subcontractor.

13. The Subcontract must be signed by a representative of the Subcontractor with legal authority to bind the Subcontractor.
14. The Subcontract must contain a representation by Client and the Subcontractor that they shall not knowingly employ, or subcontract with, an individual or an entity that employs or contracts with an individual, who is excluded from participation in Medicare under section 1128 or 1128A of the Act or from participation in a Federal health care program for the provision of health care, utilization review, medical social work, or administrative services.
15. The Subcontract must contain language clearly indicating that the first tier, downstream, or related entity has agreed to participate in the PDP Sponsor's Medicare Prescription Drug Benefit program. This requirement is not applicable for a network pharmacy if the existing contract would allow participation in this program.
16. The Subcontract must be for a term of at least the one-year contract period for which the PDP Sponsor's Medicare Part D Application is submitted. However, where the Subcontract is for services or products to be used in preparation for the next contract year's Part D operations (marketing, enrollment), the initial term of such Subcontract must include this period of performance (e.g., contracts for enrollment-related services must have a term beginning no later than November 15 extending through the full contract year ending on December 31 of the next year).
17. Insofar as the Subcontractor establishes the pharmacy network or select pharmacies to be included in the network, the Subcontractor must agree: i) pursuant 42 CFR § 423.505(i)(5) that the PDP Sponsor retains the right to approve, suspend, or terminate any arrangement with a pharmacy; ii) pursuant 42 CFR §423.505(i)(3)(vi) and consistent with 42 CFR § 423.520 to issue, mail, or otherwise transmit payment of all clean claim to such pharmacies (excluding long-term care and mail order) submitted by or on behalf of pharmacies within 14 days for electronic claims and within 30 days for claims submitted otherwise; iii) pursuant 42 CFR § 423.505(i)(3)(viii)(B) and 42 CFR § 423.505(i)(3)(viii)(A) that if a prescription drug pricing standard is used for reimbursement, Subcontractor will identify the source used by the PDP Sponsor for the prescription drug pricing standard of reimbursement and agree to a contractual provision that updates to such a standard occur not less frequently than once every 7 (seven) days beginning with an initial update on January 1 of each year, to accurately reflect the market price of acquiring the drug.

## EXHIBIT B

*As provided in the Agreement, ESIC may provide services under this Agreement through one or more of its Affiliates, including Express Scripts, Inc. ("ESI"). The following financial disclosure statement relates to the rebate programs and other financial arrangements that may be used by Express Scripts, Inc. ("ESI") in connection with ESIC's administration of the EGWP Benefit under this Agreement.*

### **FINANCIAL DISCLOSURE TO ESI PBM CLIENTS**

This disclosure provides an overview of the principal revenue sources of Express Scripts, Inc. and Medco Health Solutions, Inc. (individually and collectively referred to herein as "ESI"), as well as ESI's affiliates. In addition to administrative and dispensing fees paid to ESI by our clients for pharmaceutical benefit management ("PBM") services, ESI and its affiliates derive revenue from other sources, including arrangements with pharmaceutical manufacturers, wholesale distributors, and retail pharmacies. Some of this revenue relates to utilization of prescription drugs by members of the clients receiving PBM services. ESI may pass through certain manufacturer payments to its clients or may retain those payments for itself, depending on the contract terms between ESI and the client.

Network Pharmacies – ESI contracts for its own account with retail pharmacies to dispense prescription drugs to client members. Rates paid by ESI to these pharmacies may differ among networks (e.g., Medicare, Worker's Comp, open and limited), and among pharmacies within a network, and by client arrangements. PBM agreements generally provide that a client pay ESI an ingredient cost, plus dispensing fee, for drug claims. If the rate paid by a client exceeds the rate contracted with a particular pharmacy, ESI will realize a positive margin on the applicable claim. The reverse also may be true, resulting in negative margin for ESI. ESI also enters into pass-through arrangements where the client pays ESI the actual ingredient cost and dispensing fee amount paid by ESI for the particular claim when the claim is adjudicated to the pharmacy. In addition, when ESI receives payment from a client before payment to a pharmacy, ESI retains the benefit of the use of the funds between these payments. ESI may maintain non-client specific aggregate guarantees with pharmacies and may realize positive margin. ESI may charge pharmacies standard transaction fees to access ESI's pharmacy claims systems and for other related administrative purposes.

Brand/Generic Classifications – Prescription drugs may be classified as either a "brand" or "generic;" however, the reference to a drug by its chemical name does not necessarily mean that the product is recognized as a generic for adjudication, pricing or copay purposes. Associated with pharmacy reimbursement, ESI distinguishes brands and generics through a proprietary algorithm ("BGA") that uses certain published elements provided by First DataBank (FDB) including price indicators, Generic Indicator, Generic Manufacturer Indicator, Generic Name Drug Indicator, Innovator, Drug Class and ANDA. The BGA uses these data elements in a hierarchical process to categorize the products as brand or generic. The BGA also has processes to resolve discrepancies and prevent "flipping" between brand and generic status due to price fluctuations and marketplace availability changes. The elements listed above and sources are subject to change based on the availability of the specific fields. Updated summaries of the BGA are available upon request. Brand or generic classification for client reimbursement purposes is either based on the BGA or specific code indicators from Medi-Span or a combination of the two as reflected in the client's specific contract terms. Application of an alternative methodology based on specific client contract terms does not affect ESI's application of its BGA for ESI's other contracts.

Maximum Allowable Cost ("MAC")/Maximum Reimbursement Amount ("MRA") – As part of the administration of the PBM services, ESI maintains a MAC List of drug products identified as requiring pricing management due to the number of manufacturers, utilization and/or pricing volatility. The criteria for inclusion on the MAC List are based on whether the drug has readily available generic product(s), is generally equivalent to a brand drug, is cleared of any negative clinical implications, and has a cost basis that will allow for pricing below brand rates. ESI also maintains MRA price lists for drug products on the MAC List based on current price reference data provided by MediSpan or other nationally recognized pricing source, market pricing and availability information from generic manufacturers and on-line research of national wholesale drug company files, and client arrangements. Similar to the BGA, the elements listed above and sources are subject to change based on the availability of the specific fields. Updated summaries of the MAC methodology are available upon request.

Manufacturer Formulary Rebates, Associated Administrative Fees, and PBM Service Fees – ESI contracts for its own account with manufacturers to obtain formulary rebates attributable to the utilization of certain brand drugs and supplies (and possibly certain authorized generics marketed under a brand manufacturer's new drug application). Formulary rebate amounts received vary based on client specific utilization, the volume of utilization as well as formulary position applicable to the drug or supplies, and adherence to various formulary management controls, benefit design requirements, claims volume, and other similar factors, and in certain instances also may vary based on the product's market-share. ESI often pays an amount equal to all or a portion of the formulary rebates it receives to a client based on the client's PBM agreement terms. ESI retains the financial benefit of the use of any funds held until payment of formulary rebate amounts is made to the client. ESI may maintain non-client specific aggregate guarantees with manufacturers and may realize positive margin. In addition, ESI provides administrative services to contracted manufacturers, which include, for example, maintenance and operation of the systems and other infrastructure necessary for managing and administering the PBM formulary rebate process, pharmacy discount programs, access to drug utilization data, as allowed by law, for purposes of verifying and evaluating applicable payments, and for other purposes related to the manufacturer's products. ESI receives administrative fees from the participating manufacturers for these services. These administrative fees are calculated based on the price of the drug or supplies along with the volume of utilization and do not exceed the greater of (i) 4.58% of the average wholesale price, or

(ii) 5.5% of the wholesale acquisition cost of the products. In its capacity as a PBM company, ESI also may receive other service fees from manufacturers as compensation for the performance of various services, including, for example, formulary compliance initiatives, clinical services, therapy management services, education services, medical benefit management services, and the sale of non-patient identifiable claim information. These service fees are not part of the formulary rebates or associated administrative fees.

Copies of ESI's standard formularies may be reviewed at [www.express-scripts.com/services/clientsadvisors](http://www.express-scripts.com/services/clientsadvisors). In addition to formulary considerations, other plan design elements are described in ESI's Plan Design Review Guide, which may be reviewed at [www.express-scripts.com/services/clientadvisors](http://www.express-scripts.com/services/clientadvisors).

ESI Subsidiary Pharmacies – ESI has several licensed pharmacy subsidiaries, including our specialty pharmacies. These entities may maintain product purchase discount arrangements and/or fee-for-service arrangements with pharmaceutical manufacturers and wholesale distributors. These subsidiary pharmacies contract for these arrangements on their own account in support of their various pharmacy operations. Many of these subsidiary arrangements relate to services provided outside of PBM arrangements, and may be entered into irrespective of whether the particular drug is on one of ESI's national formularies. Discounts and fee-for-service payments received by ESI's subsidiary pharmacies are not part of the PBM formulary rebates or associated administrative fees paid to ESI in connection with ESI's PBM formulary rebate programs. However, certain purchase discounts received by ESI's subsidiary pharmacies, whether directly or through ESI, may be considered for formulary purposes if the value of such purchase discounts is used by ESI to supplement the discount on the ingredient cost of the drug to the client based on the client's PBM agreement terms. From time to time, ESI and its affiliates also may pursue and maintain for its own account other supply chain sourcing relationships not described below as beneficial to maximize ESI's drug purchasing capabilities and efficiencies, and ESI or affiliates may realize an overall positive margin with regard to these initiatives.

The following provides additional information regarding examples of ESI subsidiary discount arrangements and fee-for-service arrangements with pharmaceutical manufacturers, and wholesale distributors:

ESI Subsidiary Pharmacy Discount Arrangements – ESI subsidiary pharmacies purchase prescription drug inventories, either from manufacturers or wholesalers, for dispensing to patients. Often, purchase discounts off the acquisition cost of these products are made available by manufacturers and wholesalers in the form of either up-front discounts or retrospective discounts. These purchase discounts, obtained through separate purchase contracts, are not formulary rebates paid in connection with our PBM formulary rebate programs. Drug purchase discounts are based on a pharmacy's inventory needs and, at times, the performance of related patient care services and other performance requirements. When a subsidiary pharmacy dispenses a product from its inventory, the purchase price paid for the dispensed product, including applicable dispensing fees, may be greater or less than that pharmacy's acquisition cost for the product net of purchase discounts. In general, our pharmacies realize an overall positive margin between the net acquisition cost and the amounts paid for the dispensed drugs.

ESI Subsidiary Fee-For-Service Arrangements – One or more of ESI's subsidiaries, including, but not limited to, its subsidiary pharmacies also may receive fee-for-service payments from manufacturers or wholesalers in conjunction with various programs or services, including, for example, patient assistance programs for indigent patients, dispensing prescription medications to patients enrolled in clinical trials, various therapy adherence and fertility programs, administering FDA compliance requirements related to the drug, product reimbursement support services, and various other clinical or pharmacy programs or services. As a condition to having access to certain products, and sometimes related to certain therapy adherence criteria or FDA requirements, a pharmaceutical manufacturer may require a pharmacy to report selected information to the manufacturer regarding the pharmacy's service levels and other dispensing-related data with respect to patients who receive that manufacturer's product. A portion of the discounts or other fee-for-service payments made available to our pharmacies may represent compensation for such reporting.

Other Manufacturer Arrangements – ESI also maintains other lines of business that may involve discount and service fee relationships with pharmaceutical manufacturers and wholesale distributors. Examples of these businesses include a wholesale distribution business, group purchasing organizations, a medical benefit management company, and United BioSource Corporation ("UBC"). Compensation derived through these business arrangements is not part of the PBM formulary rebates or associated administrative fees paid to ESI in connection with ESI's PBM formulary rebate programs. Services related to these arrangements are provided to manufacturers irrespective of whether a drug is on one of ESI's national formularies. Of particular note, UBC partners with life sciences and pharmaceutical companies to develop, commercialize, and support safe, effective use and access to pharmaceutical products. UBC maintains a team of research scientists, biomedical experts, research operations professionals, technologists and clinicians who work with clients to conduct and support clinical trials, create, and validate and administer pre and post product safety and risk management programs. UBC also works on behalf of pharmaceutical manufacturers to provide product and disease state education programs, reimbursement assistance, and other support services to the public at large. These service fees are not part of the formulary rebates or associated administrative fees.

Third Party Data Sales – Consistent with any client contract limitations, ESI or its affiliates may sell HIPAA compliant information maintained in their capacity as a PBM, pharmacy, or otherwise to data aggregators, manufacturers, or other third parties on a fee-for-service basis or as a condition of discount eligibility. All such activities are conducted in compliance with applicable patient and pharmacy privacy laws and client contract restrictions.

THIS EXHIBIT REPRESENTS ESI'S FINANCIAL POLICIES. ESI MAY PERIODICALLY UPDATE THIS EXHIBIT AND THE FINANCIAL DISCLOSURES CONTAINED HEREIN TO REFLECT CHANGES IN ITS BUSINESS PROCESSES; THE CURRENT FINANCIAL DISCLOSURE IS AVAILABLE UPON REQUEST AND ACCESSIBLE ON EXPRESS-SCRIPTS.COM FOR CLIENTS & ADVISORS.

## EXHIBIT C

### **CERTIFICATION OF INFORMATION RELATING TO CREDITABLE COVERAGE REQUIREMENT AND LATE ENROLLMENT PENALTY FOR PART D EMPLOYER GROUP WAIVER PLAN**

Pursuant to the contract(s) between the Centers for Medicare & Medicaid Services ("CMS") and Express Scripts Insurance Co. ("ESIC"), governing the operation of the contract between ESIC and \_\_\_\_\_ ("Client"), an Employer Group Waiver Plan (EGWP), ESIC hereby requests from Client a certification concerning the creditable coverage maintained for the Part D beneficiaries enrolled under the contract with Client ("Enrollees").

**CMS REQUIREMENT** - Under applicable CMS Part D regulations, 42 CFR 423, CMS Manual Chapter 4, and related guidance as may be amended from time to time: plans, "using the Batch Eligibility Query (BEQ), [must] determine whether the Enrollee was either enrolled in a Part D plan or was covered by an employer receiving the retiree drug subsidy (RDS) since the IEP end date. If the Enrollee was enrolled in a Part D Plan or by an employer receiving RDS or in an employer-sponsored plan providing coverage at least as good as the standard Medicare part D plan since the end of the IEP, such that there is no gap in creditable coverage of sixty-three (63) or more days, [the plan must] report to CMS that the Enrollee had zero (0) uncovered months." This coverage is deemed to be continuous "creditable coverage."

Under the same guidance, plans may secure an attestation from employers and unions such as Client, who enroll groups of Enrollees into Medicare prescription drug coverage. The attestation must provide that employer/Client has been maintaining continuous creditable coverage for each applicable Enrollee for the time during which the Enrollee was enrolled through Client.

#### **Attestation**

Client directs ESIC to effectuate enrollment into an EGWP of all persons on such files. In doing so:

For persons on the initial file and subsequent files, Client attests that all Enrollees submitted by the Client to ESIC for enrollment under an Enhanced Plan were either enrolled under another Prescription Drug Plan or had other creditable coverage as defined by the CMS applicable guidelines prior to their coverage under Enhanced Plan. This Attestation applies to all enrollees Client has submitted to ESIC as of the date below, and shall further apply as a continuing obligation to submissions by Client at any time during the term of the Agreement.

For the initial file, Client attests that all Enrollees submitted by the Client to ESIC for enrollment under an Enhanced Plan were either enrolled under another Prescription Drug Plan or had other creditable coverage as defined by the CMS applicable guidelines prior to their coverage under Enhanced Plan.

**RELEASE TO DISCLOSE PROTECTED HEALTH INFORMATION (PHI)** - PHI is collected by Express Scripts, Inc. and its affiliates ("ESI") in connection with the prescription drug program of Client which is administered by ESI pursuant to ESI's arrangement with Client. Pursuant to the Standards for Privacy of Protected Health Information ("Privacy Rule") to the Health Insurance Portability and Accountability Act of 1996, Client represents and warrants that ESIC may access information pertaining to the commercial coverage, which includes RDS coverage of the Enrollees for the purpose of verifying whether Enrollees had creditable prescription drug coverage during the coverage gap assessed by the ESIC pursuant to the Chapter 4 – Creditable Coverage Period Determinations and the Late Enrollment Penalty - of the Medicare Prescription Drug Benefit Manual requirements.

**ACCURACY** – In providing said Certification, Client acknowledges that the information directly affects the calculation of CMS payments to the ESIC and/or Client or additional benefit obligations of ESIC and those misrepresentations to CMS about the accuracy of such information may result in Federal civil action and/or criminal prosecution.

**RESPONSIBILITY** – Client will indemnify and hold ESIC harmless from claims or causes of action asserted against ESIC arising from misrepresentation of information provided in this Attestation by Client. Client agrees to

provide ESIC proof of creditable coverage or documentation from members in the event that ESIC is audited by any government authority.

**APPEAL** – ESIC shall not be responsible for appealing CMS' determination of Enrollees' creditable coverage status, however, ESIC shall honor the final disposition of appeals that are filed by Client.

**AGREEMENT** – This Attestation supplements and is made a part of the Agreement in effect between ESIC and Client.

Based on best knowledge, information, and belief, as of the date indicated below, Client is attesting that all information submitted to ESIC is accurate, complete, and truthful.

Signature: \_\_\_\_\_

Print Name: \_\_\_\_\_

Client: \_\_\_\_\_

Dated: \_\_\_\_\_