

**Administrative Services Only Agreement**

**By and Between**

**City of North Port  
"Employer"**

**And**

**Cigna Health and Life Insurance Company  
"CHLIC"**

**Effective Date: October 1, 2018**

**EXCEPT AS PROVIDED BY APPLICABLE LAW, THIS AGREEMENT AND ITS TERMS ARE  
PROPRIETARY AND CANNOT BE DISCLOSED WITHOUT THE PERMISSION OF EACH OF THE  
PARTIES**

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**THIS AGREEMENT**, effective October 1, 2018 (the “**Effective Date**”) is by and between City of North Port (“**Employer**”) and Cigna Health and Life Insurance Company (“**CHLIC**”).

**RECITALS:**

**WHEREAS**, Employer, as Plan sponsor, has adopted the benefit described in Exhibit A, as may be amended, (“**Plan**”) for certain of its employees/members and their eligible dependents (collectively “**Members**”); and

**WHEREAS**, Employer has requested CHLIC to furnish certain administration services in connection with the Plan (for its own internal purposes, CHLIC identifies Employer’s account by the following number 3338073).

**NOW, THEREFORE**, in consideration of the mutual promises and covenants contained herein, it is hereby agreed as follows:

**Definitions**

**Agreement** means this entire document including the Schedule of Financial Charges and all Exhibits and Addenda.

**Applicable Law** means the state, federal and/or international law and/or regulation that apply to a Party or the Plan.

**Bank Account** means a benefit plan account with a bank designated by CHLIC; established and maintained by Employer in its or a nominee’s name.

**ERISA** means the Employee Retirement Income Security Act of 1974, as amended and related regulations. CHLIC acknowledges that Employer’s Plan may not be subject to ERISA.

**Extra-Contractual Benefits** means payments which Employer has instructed CHLIC to make for health care services and/or products that CHLIC has determined are not covered under the Plan.

**Member** means a person eligible for and enrolled in the Plan as an employee or dependent.

**Participant/Participating Members** means Member(s) who is (are) participating in a specific program and/or product available to Members under the Plan.

**Participating Providers** means providers of health care services and/or products, who/which contract directly or indirectly with CHLIC to provide services and/or products to Members.

**Party/Parties** means Employer and CHLIC, each a “Party” and collectively, the “Parties”.

**Plan Benefits** means amounts payable under the terms of the Plan for expenses incurred by Members for services/items covered under the Plan.

**Plan Year** means the twelve (12) month period, beginning on the Effective Date and, thereafter, each subsequent twelve (12) month period.

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

**Subscriber** means the Member whose employment or participation is the basis for eligibility under the Plan.

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**Section 1. Term and Termination of Agreement**

This Agreement is effective on the Effective Date and shall remain in effect until the earliest of the following dates:

- i. The date which is at least sixty (60) days from the date that either Employer or CHLIC provides written notice to the other of termination of this Agreement;
- ii. The effective date of any Applicable Law or governmental action which prohibits performance of the activities required by this Agreement;
- iii. The date upon which Employer fails to fund the Bank Account as required by this Agreement provided CHLIC notifies Employer of its election to terminate;
- iv. The date upon which Employer fails to pay CHLIC any charges identified in this Agreement when due provided CHLIC notifies Employer of its election to terminate;
- v. Any other date mutually agreed upon by Employer and CHLIC.

**Section 2. Claim Administration and Additional Services**

- a. While this Agreement is in effect, CHLIC shall, consistent with, the claim administration policies and procedures then applicable to its own health care insurance business (i) receive and review claims for Plan Benefits; (ii) determine the Plan Benefits, if any, payable for such claims; (iii) disburse payments of Plan Benefits to claimants; and (iv) provide in the manner and within the time limits required by Applicable Law, notification to claimants of (a) the coverage determination or (b) any anticipated delay in making a coverage determination beyond the time required by Applicable Law.
- b. Following (i) termination of this Agreement, except pursuant to Section 1.iii and 1.iv; (ii) termination of a Plan benefit option or (iii) termination of eligible Members, if any required fees have been paid in full, CHLIC shall process Run-Out Claims for the applicable Run-Out Period (Refer to Schedule of Financial Charges for applicable fees and Run-Out Period). At the termination of any applicable Run-Out Period, CHLIC shall cease processing Run-Out Claims and, subject to the requirements of Section 6.b, make all relevant records in its possession relating to such claims, other than CHLIC's proprietary information, reasonably available to Employer or Employer's designee. CHLIC is not required to provide proprietary information to Employer or any other party.
- c. Employer hereby delegates to CHLIC the authority, responsibility and discretion to determine coverage under the Plan based on the eligibility and enrollment information provided to CHLIC by Employer. Employer also hereby delegates to CHLIC the authority, responsibility and discretion to (i) make factual determinations and to interpret the provisions of the Plan to make coverage determinations on claims for Plan Benefits, (ii) conduct a full and fair review of each claim which has been denied as defined by ERISA, (iii) decide level one mandatory appeals of "Urgent Care Claims" "Concurrent", "Pre-service" and "Post-service" claims (as those terms are defined under ERISA) and notify the Member or the Member's authorized representative of its decision. Employer will ensure that all summary plan description materials provided to Members reflect this delegation of discretionary authority.
- d. In addition to the basic claim administrative duties described above, CHLIC shall also perform the Plan-related administrative duties agreed upon by the Parties and specified in Exhibit B. Unless otherwise agreed to in writing by CHLIC, all services identified in this Agreement shall be provided by CHLIC on an exclusive basis with respect to that portion of the Plan administered by CHLIC pursuant to this Agreement.

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- e. As part of the Plan Benefits provided under this Agreement, CHLIC and Employer agree that CHLIC will provide the Pharmacy Benefit (as defined in Appendix A) services described in Appendix A and the Schedule of Financial Charges, if any (the "Pharmacy Benefit Provisions"). In the event of any conflict between the terms set forth in the Pharmacy Benefit Provisions and any other terms set forth in this Agreement, including Exhibits hereto, the Pharmacy Benefit Provisions shall control solely with respect to the Pharmacy Benefit services.

**Section 3. Funding and Payment of Claims**

- a. Employer shall establish a Bank Account, and maintain in the Bank Account an amount sufficient at all times to fund payments from it for the following (collectively "**Bank Account Payments**"): (i) Plan Benefits; (ii) those charges and fees identified in the Schedule of Financial Charges as payable through the Bank Account and (iii) any sales or use taxes, or any similar benefit- or Plan-related charge or assessment however denominated, which may be imposed by any governmental authority. Bank Account Payments may include without limitation: (a) fixed per person payments and pay-for-performance payments to Participating Providers; (b) amounts owed to CHLIC which are not billed to Employer in accordance with Section 4 of this Agreement; and (c) amounts paid to CHLIC's affiliates and/or subcontractors for, among other things, network access or in- and out-of network health care services/products provided to Members. CHLIC may credit the Bank Account with payments due Employer under a stop loss policy issued by CHLIC or an affiliate.
- b. CHLIC, as agent for the Employer, shall make Bank Account Payments from the Bank Account, in the amount CHLIC reasonably determines to be proper under the Plan and/or under this Agreement.
- c. In the event that sufficient funds are not available in the Bank Account to pay all Bank Account Payments when due, CHLIC shall cease to process and issue payment for claims for Plan Benefits including Run-Out Claims and CHLIC may notify claimants and Members regarding such insufficient funding.
- d. CHLIC will promptly adjust any underpayment of Plan Benefits or pay-for-performance payments by drawing additional funds due the claimant from the Bank Account. In the event CHLIC determines that it has overpaid a claim for Plan Benefits or paid Plan Benefits to the wrong party, it shall take all reasonable steps consistent with the policies and procedures applicable to its own health care insurance business to recover the overpayments of Plan Benefits. CHLIC shall also take all reasonable steps consistent with the policies and procedures applicable to its own health care insurance business to collect pay-for-performance payments due to Employer or to recover pay-for-performance overpayments (collectively "Pay-for-Performance Recoveries"). CHLIC shall not be required to initiate court, mediation, arbitration or other administrative proceedings to recover any overpayment of Plan Benefits or to collect or recover Pay-for-Performance Recovery. However, when it elects to do so, CHLIC is expressly authorized by Employer to take all actions on behalf of the Employer and/or the Plan to pursue overpayment recovery of Plan Benefits or to collect or recover Pay-for-Performance Recovery including, but not limited to, retaining counsel, settling and compromising claims or Pay-for-Performance Recoveries, in which case CHLIC shall be responsible for the attorney fees, court costs or arbitration fees incurred by CHLIC in the specific overpayment recovery action of Plan Benefits (not applicable to subrogation or conditional claim payment recoveries) or to collect or recover Pay-for-Performance Recovery, but not any other associated third party costs absent consent of CHLIC. CHLIC shall not be responsible for reimbursing any unrecovered payments of Plan Benefits or Pay-for-Performance Recoveries unless made as a result of its gross negligence or intentional wrongdoing.
- e. Employer shall promptly reimburse CHLIC for any Bank Account Payments paid by CHLIC with its own funds on Employer's behalf and no such payment by CHLIC shall be construed as an assumption of any of Employer's liability for such Bank Account Payments.

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- f. Following termination of this Agreement, Employer shall remain liable for payment of all Plan Benefits and other due Bank Account Payments and for all reimbursements due Members under the Plan.

This Section 3 shall survive termination of this Agreement.

**Section 4. Charges**

- a. Charges. CHLIC shall provide to Employer a monthly statement of all charges Employer is obligated to pay under this Agreement that are not paid as Bank Account Payments. Payment of all billed charges shall be due on the first day of the month, as indicated on the monthly statement. Payments received after the last day of the month in which they are due, shall be subject to late payment charges, from the due date at a rate calculated as follows: the one (1) year Treasury constant maturities rate for the first week ending in January plus five percent (5%). For purposes of calculating late payment charges, payments received will be applied first to the oldest outstanding amount due. CHLIC may reasonably revise the methodology for calculating late payment charges upon thirty (30) days' advance written notice to Employer.
- b. Changes – Additions and Terminations. If a Subscriber's effective date is on or before the fifteenth (15th) day of the month, full charges applicable to that Subscriber shall be due for that Subscriber for that month. If coverage does not start or ceases on or before the fifteenth (15th) day of the month for a Subscriber, no charges shall be due for that Subscriber for that month.
- c. Retroactive Changes and Terminations. Employer shall remain responsible for all applicable charges and Bank Account Payments incurred or charged through the date CHLIC processed Employer's notice of a retroactive change or termination of a Member. However, if the change or termination would result in a reduction in charges, CHLIC shall credit to Employer the reduction in charges charged for the shorter of (a) the sixty (60) day period preceding the date CHLIC processes the notice, or (b) the period from the date of the change or termination to the date CHLIC processes the notice.

This Section 4 shall survive termination of this Agreement.

**Section 5. Enrollment and Determination of Eligibility**

- a. Eligibility Determinations and Information. Employer is responsible for administering Plan enrollment. In determining any person's right to benefits under the Plan, CHLIC shall rely upon enrollment and eligibility information provided by the Employer and CHLIC shall have no liability for administering the Plan in reliance upon enrollment and eligibility information provided by Employer. Such information shall identify the effective date of eligibility and the termination date of eligibility and shall be provided promptly on a monthly basis (unless otherwise agreed to in writing by CHLIC) to CHLIC in a format and with such other information as reasonably may be required by CHLIC for the proper administration of the Plan.
- b. Release of Liability. Notwithstanding any inconsistent provision of this Agreement to the contrary, if Employer, fails to provide CHLIC with accurate enrollment and eligibility information, benefit design requirements, or other agreed-upon information in CHLIC's standard timeframe and format, CHLIC shall have no liability under this Agreement for any act or omission by CHLIC, or its employees, affiliates, subcontractors, agents or representatives, directly or indirectly caused by such failure.
- c. Reconciliation of Eligibility and Information and Default Terminations. CHLIC will periodically share potential discrepancies in eligibility information with Employer. Employer will review and reconcile any discrepancies within thirty (30) days of receipt and provide CHLIC corrected eligibility information. If Employer fails to timely

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do so, CHLIC may terminate coverage for any Member not listed as eligible in Employer's submitted eligibility information.

**Section 6. Claim Audits and Confidentiality**

- a. Claim Audit. Employer may audit CHLIC's payment of Plan Benefits in accordance with the following requirements:
- i. Employer shall provide to CHLIC a scope of audit letter and the fully executed Claim Audit Agreement, a sample of which is attached hereto as Exhibit C, together with a forty-five (45) day advance written request for audit.
  - ii. Employer may designate with CHLIC's consent (which consent shall not to be unreasonably withheld) an independent, third-party auditor to conduct the audit (the "Auditor").
  - iii. Employer and CHLIC will agree upon the date for the audit during regular business hours at CHLIC's office(s).
  - iv. Except as otherwise agreed to by the parties in writing prior to the commencement of the audit, the audit shall be conducted in accordance with the terms of CHLIC's Claim Audit Agreement attached hereto as Exhibit C, which is hereby agreed to by Employer and which shall be signed by the Auditor prior to the start of the audit.
  - v. If the audit identifies any claim adjustments, such adjustments will be made in accordance with this Agreement and based upon the actual claims reviewed and not upon statistical projections or extrapolations.
  - vi. Employer shall be responsible for its Auditor's costs.

Employer may (as determined by CHLIC based upon the resources required by the audit requested) be responsible for CHLIC's reasonable costs with respect to the audit, except that while this Agreement is in effect there shall be no additional cost to Employer for an audit of payment documents relating to a random, statistically valid sample of two-hundred twenty-five (225) claims paid during the two prior Plan years and not previously audited, provided that if Employer has five thousand (5,000) or more employees who are Members, Employer may conduct one such audit every Plan Year (but not within six (6) months of a prior audit); otherwise, Employer may conduct one such audit every two (2) Plan Years (but not within eighteen (18) months of a prior audit). In the event Employer requests to alter the scope of the claim audit, CHLIC will endeavor to reasonably accommodate the Employer's request, which may be subject to additional charges to be mutually agreed upon by the Employer and CHLIC prior to the start of the audit.

b. Confidentiality

- i. Subject to the requirements of Applicable Law, the terms of this Agreement and the Privacy Addendum in Exhibit D, a signed Business Associate agreement between Employer and its designee(s), and a signed Confidentiality Agreement between CHLIC and applicable designee(s), CHLIC shall release copies of confidential claims and Plan Benefit payment information in CHLIC's claims system ("**Confidential Information**") and may release copies of proprietary information relating to the Plan in CHLIC's claims system ("**Proprietary Information**") to the Employer and/or its designee(s). Employer will keep Confidential Information and Proprietary Information confidential and will use Confidential Information and Proprietary Information solely for the purpose of administering the Plan or as otherwise required by law. Employer is solely responsible for any unauthorized use or disclosure of Confidential Information and/or Proprietary Information provided by CHLIC pursuant to this paragraph b whether by itself or its designee and the consequences thereof.
- ii. CHLIC will maintain the confidentiality of all Protected Health Information in its possession in accordance with the Privacy Addendum in Exhibit D and any applicable state privacy laws, including, without limitation, 201

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CMR 17.00: Massachusetts Standards for the Protection of Personal Information of Residents of the Commonwealth.

- c. Upon termination of this Agreement and subject to the provisions of Section 6.b above, CHLIC shall make information available, to the extent administratively feasible, if the Parties agree upon the charge to be paid by Employer.

The obligations set forth in this Section 6 (b), shall survive termination of this Agreement.

**Section 7. Plan Benefit Liability**

- a. Employer Liability for Plan Benefits. Employer is solely responsible for all Plan Benefits including any Plan Benefits paid as a result of any legal action. Employer is responsible for reimbursing CHLIC, its directors, officers and employees for any reasonable expense incurred (including reasonable attorneys' fees) by them in the defense of any action or proceeding involving a claim for Plan Benefits. CHLIC shall reasonably cooperate with Employer, in its defense of such actions.

If Employer directs CHLIC in writing to pay Extra-Contractual Benefits, Employer is responsible for funding the payment and such payments shall not be considered in determining reimbursements or payments under stop loss insurance provided by CHLIC or CHLIC affiliate or in determining any CHLIC or CHLIC affiliate risk-sharing or performance guarantee reimbursements. Employer shall reimburse CHLIC for any liability or expenses (including reasonable attorneys' fees) CHLIC may incur in connection with making such payments.

- b. Employer Liability for Plan-Related Expenses. Employer shall reimburse CHLIC for any amounts CHLIC may be required to pay (i) as state premium tax or any similar Plan-related tax, charge, surcharge or assessment, or (ii) under any unclaimed or abandoned property, or escheat law, with respect to Plan Benefits and any penalties and/or interest thereon.

The reimbursement obligations set forth in this Section 7 shall survive termination of this Agreement.

**Section 8. Modification of Plan and Charges**

- a. Except as may be otherwise provided in the Schedule of Financial Charges, CHLIC shall have the right to revise the charges identified in this Agreement (i) on the first anniversary of this Agreement and at any time thereafter by giving Employer at least sixty (60) days' prior written notice, but not more frequently than once in a twelve (12) month period, (ii) upon any modification or amendment of the benefits under the Plan, (iii) upon any variation of fifteen percent (15%) or more in the number of Members used by CHLIC to calculate its charges under this Agreement, and/or (iv) upon any change in law or regulation that materially impacts CHLIC's liabilities and/or responsibilities under this Agreement.
- b. Employer shall provide CHLIC written notice of any modification or amendment to the Plan sufficiently in advance of any such change as to allow CHLIC to implement the modification or amendment. Employer and CHLIC shall agree upon the manner and timing of the implementation of such modification or amendment subject to CHLIC's system and operational capabilities.
- c. Employer is solely responsible for communicating any Plan modification or amendment to Members or individuals considering enrolling in the Plan.

**Section 9. Modification of Agreement**

This Agreement constitutes the entire contract between the Parties regarding the subject matter herein. Except, as otherwise provided herein, the provisions of this Agreement shall control in the event of a conflict with the terms of any other agreements. Except for changes to the charges identified in this Agreement, no modification or amendment hereto shall be valid unless in writing and agreed to by an authorized person of each of the Parties. The charges identified in this Agreement may be revised in accordance with Section 8 by CHLIC providing written notice to Employer and Employer indicating its acceptance of the modification either by paying the revised charges or failing to object to such revised charges in writing to CHLIC within fifteen (15) days of receipt of such notice from CHLIC. The revised charges will be effective on the date indicated in CHLIC's written notice to Employer unless otherwise agreed to by CHLIC and Employer.

**Section 10. Laws Governing Agreement**

- a. This Agreement shall be construed in accordance with the laws of the State of Connecticut without regard to conflict of law rules, and both Employer and CHLIC consent to the venue and jurisdiction of its courts.
- b. The Parties shall perform their obligations under this Agreement in conformance with all Applicable Laws and regulatory requirements.

**Section 11. Information in CHLIC Processing Systems**

CHLIC may retain and use all Plan-related claim/payment information recorded/integrated into CHLIC's business records (including claim processing systems) in the ordinary course of business. Such information will be available to Employer pursuant to Section 6. CHLIC will retain such Plan-related claim/payment information in accordance with its record retention policy and Applicable Law.

**Section 12. Resolution of Disputes**

It is understood and agreed that any dispute between the Parties arising from or relating to the performance or interpretation of this Agreement ("**Controversy**") shall be resolved exclusively pursuant to the following mandatory dispute resolution procedures:

- a. Any Controversy shall first be referred to an executive level employee of each Party who shall meet and confer with his/her counterpart to attempt to resolve the dispute ("**Executive Review**") as follows: The disputing Party shall initiate Executive Review by giving the other Party written notice of the Controversy and shall specifically request Executive Review of said Controversy in such notice. Within twenty (20) calendar days of any Party's written request for Executive Review, the receiving Party shall submit a written response. Both the notice and response shall include a statement of each Party's position and a summary of the evidence and arguments supporting its position. Within thirty (30) calendar days of any Party's request for Executive Review, an executive level employee of each Party shall be designated by the Party to meet and confer with his/her counterpart to attempt to resolve the dispute. Each representative shall have full authority to resolve the dispute.
- b. In the event that a Controversy has not been resolved within thirty-five (35) calendar days of the request of Executive Review under Section 12.a, above, the disputing Party shall initiate mediation by providing written notice to the other Party, which shall be conducted in Hartford, Connecticut, in accordance with the American Arbitration Association Commercial Mediation Rules ("**Mediation**"). Each Party shall assume its own costs and attorneys' fees, and the compensation and expenses of the mediator and any administrative fees or costs associated with the mediation proceeding shall be borne equally by the Parties.

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- c. In the event that a Controversy has not been resolved by Executive Review or Mediation, the Controversy shall be settled exclusively by binding arbitration. The arbitration shall be conducted in the same location as noted in Section 12.b above, in accordance with the American Arbitration Association Commercial Arbitration Rules, and which to the extent of the subject matter of the arbitration, shall be binding not only on all Parties to this Agreement but on any other entity controlled by, in control of or under common control with the Party to the extent that such affiliate joins in the arbitration, and judgment on the award rendered by the arbitrator may be entered in any court having jurisdiction thereof. Each Party shall assume its own costs and attorneys' fees, and the compensation and expenses of the arbitrator and any administrative fees or costs associated with the arbitration proceeding shall be borne equally by the Parties. The decision of the arbitrator shall be final, conclusive and binding, and no action at law or in equity may be instituted by any Party other than to enforce the award of the arbitrator.
  
- d. The Parties intend this dispute resolution procedure described above to be a private undertaking and agree that an arbitration conducted under this provision will not be consolidated with an arbitration involving other plans administered in whole or in part by CHLIC or other Cigna Corporation, or third parties not parties to this Agreement. The arbitrator will be without power to conduct arbitration on a class or representative basis. The Employer waives its right to participate in a class action or representative proceeding against CHLIC or other Cigna Corporation. The arbitrator may award declaratory or injunctive relief only in favor of the individual party seeking relief and only to the extent necessary to provide relief warranted by that party's individual claim. All issues are for the arbitrator to decide, except the courts will decide those issues relating to the scope and enforceability of the arbitration provision.

This Section 12 shall survive termination of this Agreement.

**Section 13. Third Party Beneficiaries**

This Agreement is for the exclusive benefit of Employer and CHLIC. It shall not be construed to create any legal relationship between CHLIC and any other party.

**Section 14. Waivers**

No course of dealing or failure of any Party to strictly enforce any term, right or condition of this Agreement shall be construed as a waiver of such term, right or condition. Waiver by either Party of any default shall not be deemed a waiver of any other default.

**Section 15. Headings**

Article, section, or paragraph headings contained in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement.

**Section 16. Severability**

If any provision or any part of a provision of this Agreement is held invalid or unenforceable by a court of competent jurisdiction, such invalidity or unenforceability shall not invalidate or render unenforceable any other portion of this Agreement.

**Section 17. Force Majeure**

CHLIC shall not be liable for any failure to meet any of their obligations under this Agreement where such failure to perform is due to any contingency beyond the reasonable control of CHLIC or their affiliates or subcontractors, its

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employees, officers, or directors. Such contingencies include, but are not limited to, acts of God, fires, wars, accidents, labor disputes or shortages, and governmental actions, laws, ordinances, rules or regulations.

**Section 18. Assignment and Subcontracting**

No Party may assign any right, interest, or obligation hereunder without the express written consent of the other Party; provided, however that CHLIC may assign any right, interest, or responsibility under this Agreement to its affiliates and/or subcontract specific obligations under this Agreement provided that CHLIC shall not be relieved of its obligations under this Agreement when doing so.

**Section 19. Notices**

Except as otherwise provided, all notices or other communications hereunder shall be in writing and shall be deemed to have been duly made when (a) delivered in person, (b) delivered to an agent, such as an overnight or similar delivery service, (c) delivered electronically, or (d) deposited in the United States mail, postage prepaid, and addressed as follows:

To CHLIC:  
Cigna Health and Life Insurance Company  
401 Chestnut Street  
Chattanooga, TN 37402  
Attention: John Dyer, Financial Analysis Manager

To Employer:  
City of North Port  
4970 City Hall Boulevard  
North Port, FL 34286  
Attention: Deborah Hope, HR Manager

The address to which notices or communications may be given by any Party may be changed by written notice given by one Party to the other pursuant to this Section.

**Section 20. Identifying Information and Internet Usage**

Except, as necessary in the performance of their duties under this Agreement, no Party may use the other's name, logo, service marks, trademarks or other identifying information or to establish a link to the other's World Wide Web site without its prior written approval.

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**SIGNATURES**

**IN WITNESS WHEREOF**, the Parties have caused this Agreement, to be executed in duplicate and signed by their respective officers duly authorized to do so as of the dates given below. Employer executes as the authorized representative of the Plan with respect to the Privacy Addendum to this Agreement.

Dated at \_\_\_\_\_, \_\_\_\_\_

**CITY OF NORTH PORT**

This \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_

By: \_\_\_\_\_  
Name:  
Its  
Duly Authorized

Dated at Hartford, Connecticut

**CIGNA HEALTH AND LIFE INSURANCE COMPANY**

This 6th day of August, 2018

By:   
Name: Victoria A. Sirica  
Its Contractual Agreement Unit Manager  
Duly Authorized

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## Schedule of Financial Charges

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

MEDICAL ADMINISTRATION CHARGES		
Product	Description	Charge
Medical	• Open Access Plus (OAP) with PHS Medical Management	\$35.20/employee/month
Medical	• HSA Open Access Plus (OAP) with PHS Medical Management (Cobra)	\$35.20/employee/month
Medical	• HSA Open Access Plus (OAP) with PHS Medical Management (Non-Cobra)	\$39.70/employee/month
Medical	• Open Access Plus In-Network (OAPIN) with PHS Medical Management	\$35.20/employee/month
MEDICAL NETWORK ACCESS FEE, UTILIZATION MANAGEMENT FEE AND OPTIONAL PROGRAM FEE		
Product	Description	Charge
Medical	• OAP Access Fee	\$24.70/employee/month Included in Medical Administration Charge
Medical	• HSA OAP Access Fee (Cobra)	\$24.70/employee/month Included in Medical Administration Charge
Medical	• HSA OAP Access Fee (Non-Cobra)	\$29.20/employee/month Included in Medical Administration Charge
Medical	• OAPIN Access Fee	\$24.70/employee/month Included in Medical Administration Charge
CIGNA CHOICE FUND AND OTHER CONSUMER DIRECTED ACCOUNT ADMINISTRATION SERVICES AND CHARGES		
Product	Description	Charge
	• Cigna Choice Fund Health Savings Account (HSA) Administration (Non-Cobra Only)	\$4.50/employee/month Included in Medical Administration Charge

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	For HSA OAP Only: Included in Medical Access Fee
<p>Health Advisor – A</p> <p>The Health Advisor program focuses on engaging targeted Members related to a variety of wellness and prevention topics, and is designed to facilitate healthy behaviors and promote achievement of health-related goals. The program includes the following components:</p> <ul style="list-style-type: none"> <li>• Health and wellness coaching on high blood pressure, high cholesterol, healthy eating, physical activity and pre-diabetes using multiple coaching sessions, behavior modification techniques and other motivational interviewing and coaching styles to encourage behavior change that helps Participants reach established goals.</li> <li>• Education and referral coaching on program topics with referral to appropriate internal and external resources available</li> <li>• Access to educational materials and web based Member tools and resources</li> <li>• Identification of gaps in care and outreach to Member to provide coaching for those identified with gaps for high cholesterol, high blood pressure</li> <li>• Support of Participants identified through predictive modeling with certain preference sensitive care conditions by supplying impartial evidence based medical information, to empower Participants' to understand the potential benefits/ disadvantages of a specific course of action and make more informed care decisions.</li> <li>• Answering health and medical related questions</li> <li>• Counseling Participants on prevention and the benefits of compliance with prescribed medications and treatments</li> </ul>	
<b>AMOUNTS OWED TO CHLIC</b>	
<p>Amounts paid by CHLIC with its own funds on behalf of Employer or the Plan with respect to charges for which Employer or the Plan is obligated to pay under this Agreement including Plan Benefits, Bank Account Payments (including fixed per person payments and pay-for-performance payments to Participating Providers), governmental taxes or assessments.</p>	
<b>CIGNA PHARMACY BENEFIT MANAGEMENT SERVICES CHARGES AND RELATED PROVISIONS</b>	
<b>PHARMACY ADMINISTRATION FEE</b>	
<ul style="list-style-type: none"> <li>• Cigna Pharmacy Plus Product Administration Fee, only if applicable, is separate from the Medical Administration Charge shown above, but included on same billing line as the Medical Administration Charge for billing purposes only.</li> </ul>	

**CHARGES FOR COVERED DRUGS**

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

**Brand Drug Claims:** AWP minus an Actuarially Estimated average discount of 21.00%.

**Generic Drug Claims:** The Generic Drug's charge on a CHLIC MAC List which generates an Actuarially Estimated average discount on Generic Drugs across those CHLIC clients in the aggregate using such MAC List of AWP minus 77.50%.

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

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

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

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

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

**Generic Drug Claims:** The lesser of: (i) the Generic Drug's charge on a CHLIC MAC List which generates an Actuarially Estimated average discount on Generic Drugs across those CHLIC clients in the aggregate using such MAC List of AWP minus 74.75%; or (ii) the Retail Pharmacy's U&C Charge.

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

**Specialty Brand Drug Claims:** The lesser of (i) AWP minus an Actuarially Estimated annual average aggregate discount of 10.50%; or (ii) the Retail Pharmacy's U&C Charge.

**Dispensing Fees for Both Brand Drug Claims and Generic Drug Claims:** An Actuarially Estimated average Dispensing Fee of no more than \$1.40, except in the case of Claims adjudicated at the U&C Charge, for which no separate Dispensing Fee is charged.

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

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

**Brand Drug Claims:** The lesser of (i) A WP minus an Actuarially Estimated average discount of 20.30%; or (ii) the Retail Pharmacy's U&C Charge.

**Generic Drug Claims:** The lesser of: (i) the Generic Drug's charge on a CHLIC MAC List that generates an Actuarially Estimated average discount on Generic Drugs across those CHLIC clients in the aggregate using such MAC List of AWP minus 78.50%; or (ii) the Retail Pharmacy's U&C Charge.

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

**Specialty Brand Drug Claims:** The lesser of (i) A WP minus an Actuarially Estimated annual average aggregate discount of 10.50%; or (ii) the Retail Pharmacy's U&C Charge.

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

**PBM PRICING – ADDITIONAL PROVISIONS**

- The amount paid by CHLIC to the Retail Pharmacy for Claims for Covered Drugs may or may not be equal to the amount charged to Employer and/or Member, and CHLIC will absorb or retain any difference.
- For a specific Claim for a Covered Drug, and after application of any Plan cost-share requirements, CHLIC shall charge the Employer the lowest of:
  - (1) Gross Drug Cost (whether calculated as a discount off of the Covered Drug's AWP or a MAC); and
  - (2) U&C Charge, as applicable.
- For a specific Claim for a Covered Drug, CHLIC shall charge the Member the lowest of:
  - (1) Gross Drug Cost (whether calculated as a discount off of the Covered Drug's AWP or a MAC);
  - (2) U&C Charge, as applicable; and
  - (3) The applicable flat dollar Plan copayment for the Covered Drug, if any.
- Unless specifically noted herein, the discounts to Employer for Covered Drugs set forth in this Agreement are not guaranteed to result in an average aggregate discount off the aggregate AWP of all such Covered Drugs.
- Any pricing guarantees, including any ingredient cost discount or Dispensing Fee guarantee, set forth in this Agreement shall be rendered null and void in the event Employer terminates CHLIC's administration of the Pharmacy Benefit prior to completion of the then-current Plan Year.
- CHLIC may, upon written notice to Employer, adjust any or all of the fees, Rebates (if any), discounts or guarantees (if any) in this Agreement to the extent reasonably necessary to preserve the economic value of this Agreement as it existed immediately prior to any of the following events or changes: (a) there are any significant changes in the composition of the CHLIC pharmacy network utilized by Employer hereunder or in such pharmacy network's contract compensation rates, or the structure of the pharmacy stores/chains/vendors that are contracted with CHLIC, including but not limited to disruption in the retail pharmacy delivery model, or bankruptcy of a chain pharmacy; or (b) there is a change in government laws or regulations which has a significant impact on pharmacy claim costs; or (c) any material manufacturer-rebate contracts with, or for the benefit of, CHLIC are terminated or modified in whole or in part; or (d) there is any legal action or law that materially affects or could materially affect the manner in which CHLIC's rebate program is administered or an existing law is interpreted so as to materially affect or potentially affect a material effect on CHLIC's administration of the Plan; or (e) a major change in market conditions affecting the pharmaceutical or pharmacy benefit management market, a drug shortage in the market, an issue involving the safety of the drug supply, or similar market event occurs; or (f) there is a material change in the Plan that is initiated by Employer (and which CHLIC agrees to administer) which impacts CHLIC's costs, or Employer fails to disclose a material feature of the Plan or the Plan's Pharmacy Benefit.

**DRUG MANUFACTURER-PAYMENT SHARING**

Subject to the caveats below, CHLIC will remit to Employer the following portion of Rebates that CHLIC collects with respect to utilization of Covered Drugs under the Plan's Pharmacy Benefit:  
50.00% of such Rebates.

Caveats:

- (1) Upon termination of this Agreement, CHLIC may use Rebates otherwise payable to Employer to offset payable Bank Account Payments or other payable fees or charges identified in this Agreement.
- (2) Should Employer terminate this Agreement before completion of the then-current Plan Year, no Rebates shall be due with respect to that Plan Year as payments of Rebates is conditioned on CHLIC exclusively administering the Pharmacy Benefits for the entire Plan Year.
- (3) For percentage-based sharing arrangements, payout amount may differ slightly from the stated percentage when payout occurs before manufacturers' final reconciliations and payments are made to CHLIC.
- (4) Rebates are not paid out on Run-Out Claims, on Claims for pharmaceutical products covered under the federal 340B drug pricing program, on pharmaceutical products or supplies covered under the Plan's medical benefit or Compound Drugs.
- (5) CHLIC or its agent contracts with drug manufacturers on CHLIC's own behalf, and not as agent of the Employer or the Plan.
- (6) The Rebate minimum guarantees, if any, set forth in this Schedule of Financial Charges are, among any other conditions communicated in this Agreement or otherwise in writing to Employer, contingent on Employer's Pharmacy Benefit applying a 90-day supply limit for Specialty Drugs. In the event that Employer has adopted, or adopts, a 30-day supply limit for Specialty Drugs, CHLIC shall revise the stated Rebate minimum guarantees, if any, to the extent necessary to reflect CHLIC's revised estimate of Rebates it may collect on Specialty Drugs utilized under the Pharmacy Benefit.

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

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CIGNA HOME DELIVERY PHARMACY DISCLOSURE		
	Product	Charge
Cigna Home Delivery Pharmacy (a CHLIC affiliated company)	<p>Specialty drugs dispensed by Cigna Home Delivery Pharmacy and administered under the Plan's medical benefit.</p> <p>Cigna Home Delivery Pharmacy and any other licensed pharmacy affiliate of CHLIC may maintain product purchase discount arrangements and/or fee-for-service arrangements with pharmaceutical manufacturers and wholesale distributors. Cigna Home Delivery Pharmacy or any other licensed pharmacy affiliate of CHLIC contract for these arrangements on its own account in support of its pharmacy operations. These arrangements relate to services provided outside of this Agreement and other pharmacy benefit management arrangements and may be entered into without regard to whether a specific drug is on one of the formularies that CHLIC offers to entities like Employer that sponsor group health plans. Discounts and fee-for-service payments received by Cigna Home Delivery Pharmacy or any other licensed pharmacy affiliate of CHLIC are not part of the administrative fees or other charges paid to CHLIC in connection with CHLIC's services hereunder.</p> <p>This provision shall survive termination or expiration of the Agreement.</p>	<p>The drug's charge under a national specialty drug discount schedule that generates a 12.5% annual average aggregate discount off AWP across specialty drug claims dispensed at Cigna Home Delivery Pharmacy to CHLIC's self-funded and insured group-client book of business.</p>
<b>FEES FOR PROCESSING RUN-OUT CLAIMS</b>		
OAP, HSA OAP, OAPIN	<p>Run-Out Period of twelve (12) months</p> <p>CHLIC shall not be required to process Run-Out Claims until it has received full payment of the required fees.</p>	<p>The sum of the last four (4) months of billed fees applicable to the terminated (i) Agreement, (ii) Plan benefit option or (iii) Members.</p>
Pharmacy Plus Product	Run-Out Period of three (3) months for all pharmacy claims	No Additional Cost

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

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**CHLIC MEDICAL COST CONTAINMENT FEES**

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

For charges for covered services received from a non-Participating Provider (including emergency/urgent care services that are covered at the in-network benefit level), CHLIC may apply discounts available under agreements with third parties or through negotiation of the billed charges. These programs are identified below as the Network Savings Program Supplemental Network, and Medical Bill Review (pre-payment). CHLIC charges the percentage shown for administering these programs. Applying these discounts may result in higher payments than if the maximum reimbursable charge is applied. Whereas application of the maximum reimbursable charge may result in the patient being balance billed for the entire unreimbursed amount, applying these discounts avoids balance billing and substantially reduces the patient's out-of-pocket cost.

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

- (i) If charges are not subject to CHLIC's benefit enhancement policy – the plan's maximum reimbursable charge (in which case the patient may be balance billed by the provider if the provider's charge exceeds the plan's maximum reimbursable charge); or
- (ii) If charges are subject to CHLIC's benefit enhancement policy – depending upon the Employer's election:
  - a. the amount of provider's billed charge not exceeding the greater of a CHLIC determined percentage of the Medicare allowable amount (the 80<sup>th</sup> percentile of the reasonable and customary charge if there is no Medicare allowable charge) or the amount required by state or federal, law (in the case of emergency room services) for charges subject to CHLIC's benefit enhancement policy (patient may be balance billed by the provider if the provider's charge exceeds such amount), or
  - b. the provider's billed charge.

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

1. Network Savings Program	29% of net savings
2. Supplemental Network	29% of net savings
3. Medical Bill Review – (Pre-payment Cost Containment for Non-contracted claims):	
<b>Inpatient Hospital Bill Review</b>	

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	<ul style="list-style-type: none"> <li>Line Item Analysis</li> <li>Professional Fee Negotiation</li> </ul>	Lesser of 5% of hospital bill or the gross savings achieved
	<b>Outpatient Hospital Bill Review</b>	29% of net savings
	Professional Fee Negotiation	29% of net savings
	Line Item Analysis Re-pricing	29% of net savings
	<b>Physician/Professional Bill Review</b>	
	Professional Fee Negotiation	29% of net savings
	Line Item Analysis Re-pricing	29% of net savings
4.	<p>Medical Bill Review – (Pre or Post-payment Cost Containment for Non-contracted and Contracted claims):</p> <ul style="list-style-type: none"> <li>Bill Audit</li> </ul>	29% of the gross savings/recovery achieved plus hospital fees or expenses passed through
	Diagnosis Related Grouping (DRG) Validation/Audits and Recovery. An overpayment audit and recovery program in which CHLIC or its vendors review paid claim data to identify overpayments based on inaccurate DRG coding.	29% of recovery plus any fees or expenses passed through by the hospital or regulatory agency
	Medical Implant Device Audits	29% of recovery
5.	COB Vendor Recoveries [Exclusive of pharmacy programs where claims are adjudicated at time prescription is received.]	29% of recovery
6.	Secondary Vendor Recovery Program	29% of recovery
7.	Provider Credit Balance Recovery Program	29% of recovery
8.	High Cost Specialty Pharmaceutical Audits (this service is only provided with respect to Medical coverage)	29% of recovery
9.	Class Action Recoveries	35% of recovery
10.	Eligibility Overpayment Recovery Vendor Services. Identification and recovery of funds in situations where the overpayment is due to the late receipt of Member termination information. (This service is only provided with respect to Medical coverage).	29% of recovery

<b>CHLIC PHARMACY COST CONTAINMENT FEES</b>	
<p>CHLIC administers the following programs to contain costs with respect to charges for health care service/supplies that are covered by the Plan. In administering these programs, CHLIC contracts with vendors to perform program related services. CHLIC's charge for administering these programs is the percentage (indicated below) of the "recovery" (i.e. the amount recovered) as applicable.</p>	
1.	<p>Pharmacy Vendor Recoveries. CHLIC performs periodic audits of contracted pharmacies in order to determine the accuracy of payments to the pharmacy(ies). CHLIC's recovery vendor collects and remits to CHLIC all overpayments to pharmacy(ies), and CHLIC remits to Employer's Bank Account the balance collected from the recovery vendor, less the recovery fee set forth herein.</p> <p style="text-align: right;"><b>30% of recovery</b></p>
2.	<p>Class Action Recoveries. CHLIC identifies, monitors, and may participate, on behalf of Employer, in class action lawsuits or similar legal proceedings against pharmaceutical manufacturers. CHLIC collects and retains as a recovery fee set forth herein of any recovery (net of attorneys' fees) attributable to Employer's Plan.</p> <p style="text-align: right;"><b>35% of recovery</b></p>
<b>CARE MANAGEMENT/COST CONTAINMENT PROGRAM FEES</b>	
<p>CHLIC arranges for third parties to provide care management services to:</p> <ul style="list-style-type: none"> <li>(i) contain the cost of specified health care services/items overall with respect to all plans insured and/or administered by CHLIC, and/or</li> <li>(ii) improve adherence to evidence based guidelines designed to promote patient safety and efficient patient care.</li> </ul> <p style="text-align: right;"><b>Specific vendor fees and care management program services are available upon request.</b></p>	
<b>EXTERNAL REVIEW AND CONSULTATIVE REVIEW FEES</b>	
<p>When a Member elects an External Review (as that term is defined in ERISA) of a benefit determination by an independent third party, the cost of a specific third party review is dependent on the nature and complexity of the issue on appeal. In highly complex, non-routine cases or cases related to new technology or experimental-investigational treatment, as part of the internal appeal process a panel of external reviewers may be necessary. Third party review charges will be commensurate with the number of reviewers (usually only one is used), as well as their level of expertise and time required to complete the review.</p> <p style="text-align: right;"><b>\$500-\$4,000 Review</b></p>	
<b>STRATEGIC ALLIANCES</b>	
<p>CHLIC contracts directly or indirectly with other managed care entities and third party network vendors for access to their provider networks and discounts. These third parties charge either a network access fee, which is included in CHLIC's monthly charges, or a percentage of the savings realized on a claim by claim basis as a result of the application of their discounts. Charges based on percentage of savings may be paid from the Bank Account. Additional details regarding specific charges will be provided upon request.</p> <p style="text-align: right;"><b>All Medical Products</b></p>	

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<b>OTHER VENDORS AND HEALTH CARE SERVICES PROVIDERS</b>	
	<p>Fixed per person per period and fee-for-service charges for various vendors and other providers/arrangers of health care services and/or supplies will be paid as claims for Plan Benefits. In addition, performance-based payments to Participating Providers will be charged to the Bank Account. Such payments will be at the payment rates then in effect, which may be amended from time to time. Additional details regarding charges and the identity of the vendor or provider of health care services will be made available upon request.</p>
<b>NOTICE REGARDING PAYMENTS FROM THIRD PARTIES</b>	
	<p>Unless indicated otherwise in the Agreement or the Schedule of Financial Charges, CHLIC retains all Rebates (as defined in Appendix A) it may receive from manufacturers of pharmaceutical products covered under the Plan Pharmacy Benefit. Information on the projected aggregate amount of such Rebates with respect to the Plan Pharmacy Benefit will be provided upon request.</p> <p>This provision shall survive termination or expiration of the Agreement.</p>
	<p>CHLIC may receive and retain payments under contracts with pharmaceutical manufacturers with respect to Members' utilization of the manufacturer's specialty drugs covered under the Employer's Plan medical benefit. If CHLIC enters into any such contracts, it does so on its own behalf, and not as agent of the Employer or the Plan. CHLIC contracts with pharmaceutical manufacturers for any such remuneration on its own behalf and for its own benefit, and not on behalf of Employer or the Plan. Accordingly, CHLIC retains all right, title and interest to any and all such remuneration received from manufacturer; neither Employer, its Members, nor Employer's Plan retains any beneficial or proprietary interest in any such remuneration, which shall be considered part of the general assets of CHLIC.</p> <p>This provision shall survive termination or expiration of the Agreement.</p>
	<p><b>All Products</b></p>
	<p><b>All Pharmacy Products</b></p>
	<p><b>All Medical Products</b></p>

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	<p>From time to time, CHLIC, directly or through its affiliates, arranges with third parties (e.g., service vendors, provider network managers) to provide various services (e.g., cost-containment services or health care services) in connection with the Plan. CHLIC and its affiliates may receive payments from such third parties to help defray CHLIC's expenses associated with its implementation and/or ongoing administration of these arrangements or as a reimbursement for services or network access provided to such parties by CHLIC. CHLIC may also receive compensation from third-party vendors that Employer may retain based upon a referral from CHLIC or that Members may utilize following an introduction facilitated by CHLIC or an affiliate. CHLIC may also receive:</p> <ul style="list-style-type: none"> <li>• network administration fees from some providers participating in its provider network,</li> <li>• credits from banks on balances in accounts utilized to administer claims,</li> <li>• non-material incidental compensation/benefits from other source as a result of administering the Plan.</li> </ul>	<p><b>All Products</b></p>
<b>COMPLIANCE ASSISTANCE</b>		
	<p>CHLIC shall provide the following services to assist Employer in meeting its compliance obligations under section 2715 of the Public Health Service Act as added by the Patient Protection and Affordable Care Act and applicable regulations with respect to the provision of the Summary of Benefits and Coverage ("SBC"), translation notice and glossary. Applicable to all medical plans including HRA and FSA which are considered "group health plans" subject to the SBC requirements.</p>	
1.	Preparation of SBC, translation notice. CHLIC will not be responsible for any changes that Employer makes to the SBC.	No charge
2.	Provide SBC, translation notices prepared by CHLIC to Employer electronically as well as any updates or material modifications.	No charge
3.	Include in SBC a summary of benefits administered by carve-out vendor if Employer or carve-out vendor provides CHLIC with necessary carve-out benefit information at least twelve (12) weeks prior to the date the SBCs are to be delivered to Employer.	<p><b>\$500 for each benefit option under the Plan for which carve-out vendor benefits are included in SBC</b></p>

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ADDITIONAL SERVICES		Charge
Service	Description	
Pharmacy Utilization Management Program	<u>Limited Package</u> – a utilization management program under which some pharmaceutical products are subject to one or several coverage limitations, including prior authorization and/or quantity limits. Under a prior authorization requirement, the requested drug is generally reviewed for clinical appropriateness based on the intended use in therapy.	Included in Pharmacy Administration Fee
Clinical Program	<u>Cigna TheraCare® Program</u> – a targeted condition drug therapy management program that supports individuals using specialty medications for certain chronic conditions and helps them better understand their condition, medication side effects and importance of adherence.	Included at No Additional Cost
Your Health First	<p>A proactive health education and improvement program for Members with a chronic condition. The program involves services that span across the Member's health needs. Behavioral coaching principles and evidence based medicine guidelines are utilized to optimize self-management skills and foster sustained health improvements.</p> <p>The program targets a chronic population at high risk for near term and future high cost medical expenses. Members are identified as having a chronic condition through a variety of sources which may include: claims data, referrals, and self-identification. A variety of resources is provided to those with a chronic condition, including access to online tools, personalized support, and targeted materials.</p> <p>The program includes the following components for those with a chronic condition:</p> <ul style="list-style-type: none"> <li>• Chronic condition-specific coaching</li> <li>• Pre- and post-discharge calls</li> <li>• Lifestyle management coaching: stress, weight management and tobacco cessation</li> <li>• Treatment decision support and coaching</li> </ul> <p>In order to continuously assess the effectiveness of the program and/or test new ideas to further engage Members around their health, a small sample of Members may be placed in a comparison group which for a defined period of time receives alternative services or is suppressed from receiving proactive outreach, such as engagement letters and/or calls. This could affect a few Members targeted for outreach during this limited time period.</p>	For OAP, HSA OAP, OAPIN Products: Included in Medical Access Fee

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<p>One Guide</p>	<p>One Guide is an enhanced level of personalized benefit service which offers Members proactive, personalized guidance and a simplified Member experience.</p> <p>The One Guide solution combines human interaction- through One Guide agents- with a robust digital tool - through the myCigna native mobile app - so Members have quick, convenient access to personal benefit information, and can engage the way they prefer. The system simplifies and strengthens the connection between Members, their benefit plan, and their overall health and well-being. One Guide proactively engages Members with clear ways to save money, stay healthy, and improve health outcomes that lead to a healthy lifestyle.</p> <p>One Guide offers:</p> <ul style="list-style-type: none"> <li>• education on health plan features, account balances and ways to maximize benefits and earn available incentives</li> <li>• guidance in finding the right doctor, lab, convenience care or pharmacy</li> <li>• immediate connection to health coaches and other resources</li> </ul> <p>The goal of One Guide is to help Members take care of what matters most- staying healthy, saving money, and improving health.</p>	<p><b>\$3.50/employee/month Included in Medical Access Fee</b></p>
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**Exhibit A - Plan Booklet**

A "Plan Booklet" that describes the Plan Benefits and Members' rights and responsibilities under the Plan will be provided by Employer to CHLIC for its use in administering the Plan including denials and appeals of denials of claims for Plan Benefits. If Employer has not provided CHLIC with a copy of its finalized Plan Booklet by the time this Agreement is effective, CHLIC will administer the Plan in accordance with the Plan Benefits described in the Plan Booklet draft provided by CHLIC to Employer and Section 2 of this Agreement. CHLIC will continue to administer the Plan in this manner until CHLIC receives the finalized Plan Booklet and follows CHLIC's preparation and review process. After that time CHLIC will administer the Plan in accordance with Plan Benefits described in the finalized Plan Booklet and Section 2 of this Agreement.

**Exhibit B – Services**

<b>BANKING AND ADMINISTRATION</b>		
<b>Products excluding Health Savings Account</b>		
1.	Furnishing CHLIC's standard Bank Account activity data reports to Employer as and when agreed upon. CHLIC's administration of the Plan does not include performing obligations, if any, under state escheat or unclaimed property laws. It is Employer's responsibility to determine the extent to which these laws may apply to the Plan and to comply with such laws.	<b>All Products</b>
2.	If Employer has elected, pursuant to section 63 of the New York Health Care Reform Act of 1996 (section 2807-t of the Public Health Law) ("the Act"), to pay the assessment on covered lives set forth in section 63 and has consented to the conditions set forth in section 63, CHLIC shall file such forms and pay such surcharge and assessment on covered lives on behalf of Employer through the Bank Account to the extent set forth in section 63. Such obligation shall end immediately upon Employer's failure to provide any information required by CHLIC to fulfill this obligation, the failure to comply with any requirement imposed upon Employer pursuant to the Act or the failure of Employer to properly fund the Bank Account.  In addition, where permitted and agreed to by CHLIC, CHLIC will file applicable forms and pay on behalf of Employer and/or the Plan any assessment, surcharge, tax or other similar charge which is required to be made by Employer and/or the Plan based on covered lives and/or paid claims or otherwise in accordance with and as required by other applicable state and/or federal laws and regulations and the Bank Account will be charged for any such payments made by CHLIC.	<b>All Products</b>
<b>CLAIM ADMINISTRATION</b>		
<b>Products excluding Health Savings Account</b>		
1.	Calculate benefits, check and/or electronic payments disbursed from Employer's Bank Account. Bank Account payments will appear in Employer's standard Bank Account activity data reports.	<b>All Products</b>
2.	CHLIC's generic claim forms are made available to Employer for individuals eligible to enroll in the Plan.	<b>All Products</b>
3.	CHLIC's Special Investigations Unit will investigate, pend, recommend denial of claims in whole or in part, and/or reprocess claims, as appropriate.	<b>All Products</b>
4.	Discuss claims, when appropriate, with providers of health services.	<b>All Products</b>
5.	Perform, based on CHLIC's book of business internal audits of plan benefit payments on a random sample basis.	<b>All Products</b>
6.	Claim control procedures reported annually in Statement on Standards for Attestation Engagements (SSAE) No. 18 Report (or any applicable successor thereto).	<b>All Products</b>
7.	Respond to Insurance Department complaints.	<b>All Products</b>
8.	Dedicated toll-free telephone line for Member and Provider calls to CHLIC Service Centers.	<b>All Products</b>

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9.	Member Explanation of Benefit (“EOB”) statements including, when applicable, notice of denied claims, denial reason(s) and appeal rights.	All Products (excluding Pharmacy)
10.	Verify enrollment and eligibility using Member information submitted by Employer and/or its authorized agent.	All Products
<b>Medical Only</b>		
1.	CHLIC’s generic enrollment form is made available to Employer for individuals eligible to enroll in the Plan.	All Medical Products
2.	CHLIC’s standard ID card with toll-free telephone number are prepared and mailed directly to Members.	All Medical Products
3.	Administration of subrogation/conditional Claim Payment (terms described in Exhibit E).	All Medical Products
<b>HEALTH SAVINGS ACCOUNT Administration</b>		
1.	Provision of Health Savings Account: CHLIC shall provide to Employer enrollment materials for Health Savings Accounts (“HSA”) at a bank or other authorized entity with which CHLIC contracts (the “Bank Vendor”) for Employer’s employees enrolled in an eligible High Deductible Health Plan (“HDHP”). CHLIC and/or the Bank Vendor shall provide to Employer’s eligible employees who open an HSA (“HSA Account Holder”) telephonic and Internet customer service, debit cards, HSA checks (option made available to HSA account holders from the bank) to access HSA funds, required IRS forms such as the 1099 and 5498 and access to Individual Summary Statements that reflect account activity. CHLIC shall provide to Employer its standard reports of aggregate non-identifiable information concerning the administration of the HSA.	HSA Products
2.	Claim Forwarding: Each HSA Account Holder may elect to have claims not payable under the HDHP paid from funds in the Account Holder’s HSA, to the extent that funds are available in such account (“Claim Forwarding”), whether or not the expense is a qualified IRS medical expense. Claim Forwarding is only available for payments due medical providers. Claim Forwarding is not available for pharmacy expenses.	HSA Products
3.	Use of HSA: HSA Account Holders are solely responsible to use HSA funds as permitted by law, including Section 223(a) of the Internal Revenue Code, to qualify for applicable tax benefits.	HSA Products
4.	Enrollment in High Deductible Health Plan - Employer acknowledges that its prompt furnishing of complete and accurate HDHP eligibility and benefit information, including prompt depositing of contributions, is essential to the timely and efficient administration of its employees’ health savings accounts and impacts bank ability to respond to employee account withdrawals or payments. It is understood that employee HDHP coverage terminations, including default terminations whether or not caused by employer failure to reconcile employee eligibility when so requested by CHLIC, could result in health savings account tax consequences for the employee and/or in interrupting the employee’s eligibility to make health savings account contributions.	HSA Products
5.	Access Codes. Employer shall ensure that each authorized user establishes an Access Code for access to the Online Portal. Employer shall further ensure that authorized users safeguard all Access Codes and shall be responsible for all use of Access Codes.	HSA Products

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6.	<p><u>Online Portal.</u> Access to the Online Employer Portal delivered by the Bank Account Administrator shall be in accordance with such manuals, training materials, terms of use, administrative control procedures, terms and conditions, and other information as shall be provided to Employer from time to time and Employer shall ensure access to Online Employer Portal complies with any such information and materials. Employer's authorized users may be assigned different levels of access. Some of the functions that Employer may access on the Portal are: 1) view reserve funding account balance and activity; 2) fund up to 2000 participants using a CSV template; 3) perform manual funding of employee bank accounts; 4) download various reports; 5) learn of upcoming changes in HSA rules; 6) use the links and tools for HSA education and additional information.</p>	<b>HSA Products</b>
7.	<p>Employer agrees that any access, transaction, or business conducted using the Online Employer Portal is presumed by CHLIC to have been in compliance with HSA Plan Administration under Section 223(a) of the Internal Revenue Code. Any unauthorized use of the Online Employer Portal or any Access Code shall be solely the responsibility of the Employer.</p>	<b>HSA Products</b>
<b>Employer Responsibilities</b>		
1.	<p><u>HSA Contributions</u> - Employer will facilitate pre-tax payroll contributions by HSA Account Holders. Employer may elect to make its own contributions to HSA. Employer shall send HSA Account Holder contributions plus any Employer contributions directly to the Bank Vendor.</p>	<b>HSA Products</b>
2.	<p><u>Eligibility and Enrollment</u> - Employer is responsible for distributing to eligible employees the HSA enrollment application and documents provided to Employer by CHLIC and the Bank Vendor. Employer will submit completed HSA enrollment applications to CHLIC and/or Bank Vendor, as indicated, in the established timeframe. It is understood and agreed that an eligible employee's HSA cannot be opened until the Bank Vendor has received all necessary documents and information and has determined the HSA can be established.</p>	<b>HSA Products</b>
3.	<p><u>Information Verification</u> - Employer shall verify information provided to CHLIC and Bank Vendor that is necessary for the establishment of the HSA. It is understood that the Bank Vendor shall rely on such information and verification in establishing and maintaining the HSA and in reporting required by law.</p>	<b>HSA Products</b>
<b>Bank Vendor Relationship</b>		
1.	<p><u>Employee Agreement with Bank</u> - Eligible employees wishing to enroll in an HSA may be required to execute certain bank documents including a custodial agreement. Approved eligible employees will become Account Holders and contract directly with the Bank Vendor for the establishment and maintenance of the HSA, including the issuance of debit cards and checks.</p>	<b>HSA Products</b>
2.	<p><u>Investment of Account Funds</u> - While Bank Vendor offers various investment options in connection with the funds in the HSA, the HSA Account Holder is solely responsible for selecting and approving the investment vehicles into which their HSA funds will be invested. HSA Account Holders exercise sole investment discretion over their HSA investments.</p>	<b>HSA Products</b>
3.	<p><u>Bank Fees</u> - CHLIC pays Bank Vendor to administer the HSA Accounts.</p>	<b>HSA Products</b>

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4.	<p><u>Bank Fees to Accountholder</u> – It is understood that there are separate account fees charged each HSA Account Holder by the Bank Vendor pursuant to terms communicated to HSA Account Holders through separate bank documents.</p>	<p><b>HSA Products</b></p>
<b>Termination</b>		
1.	<p><u>Termination of HSA Account Holder's HDHP or of Services Under This Exhibit – Free Agents:</u> In the event of the termination of an HSA Account Holder's HDHP coverage through CHLIC, the HSA Account Holder becomes a "Free Agent". Similarly, should CHLIC's HSA services under this Exhibit be terminated for any reason, either for a specific employee, or for the Employer as a whole, the affected HSA Account Holders shall from that point on be Free Agents. For Free Agents: (1) CHLIC shall no longer provide HSA services; (2) Any terms of this Exhibit shall no longer be applicable; (3) HSA shall continue to be maintained by the Bank Vendor directly not in its role as a contractor to CHLIC; (4) Bank Vendor shall issue new account numbers, debit cards, checks etc. to Free Agents; and (5) Bank Vendor shall inform Free Agents of the new applicable schedule of bank fees.</p> <p>Even if HSA Account Holders continue HDHP coverage through COBRA, they are still considered Free Agents for purposes of HSA services hereunder.</p>	<p><b>HSA Products</b></p>
2.	<p><u>Retroactive Terminations:</u> It is understood and agreed that although this ASO Agreement contemplates instances in which an employee's HDHP coverage may be retroactively terminated, there will be no retroactive terminations with respect to HSA services provided hereunder. Termination of an employee's HDHP coverage or termination of an HSA shall result in the termination of services rendered under this Exhibit and the applicable fees, effective as of the end of the month that CHLIC receives notice of such termination.</p>	<p><b>HSA Products</b></p>
<b>Effect of HSA Plan on ASO Agreement Terms</b>		
	<p>All applicable provisions of the ASO Agreement apply to the HSA Services described in this Exhibit. In the event of a conflict between any provision of the ASO Agreement and the terms of the Exhibit with respect to the HSA services, the terms of this Exhibit shall govern.</p>	<p><b>HSA Products</b></p>
<b>PLAN BOOKLET</b>		
<b>Products excluding Health Savings Account</b>		
	<p>Prepare and make accessible Member benefit booklet drafts to Employer.</p>	<p><b>All Products</b></p>
<b>UNDERWRITING SERVICES</b>		
1.	<p>5500 Schedule C reporting.</p>	<p><b>All Products</b></p>
2.	<p>5500 Schedule A or Annual Reconciliation Disclosure reporting (when applicable)</p>	<p><b>All Products</b></p>
3.	<p>CHLIC's standard Underwriting services: a) benefit design analysis-b) projected cost analysis.</p>	<p><b>All Products</b></p>

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<b>HIPAA INDIVIDUAL RIGHTS</b>	
<b>Products excluding Health Savings Account</b>	
	Handling of requests from Members for access to, amendment and accounting of protected health information, and requests for restrictions and alternative communications as required under federal HIPAA law and regulations, as set out in this Agreement and its Exhibits.
<b>COST CONTAINMENT</b>	
1.	Maximum reimbursable charge determinations of non-Participating Provider charges for covered services.
2.	CHLIC's standard cost containment controls: Application of non-duplication and coordination of benefits rules and coordination with Medicare.
3.	Delivery of information, as necessary, regarding standard application of non-duplication or coordination of benefits.
4.	Review of medical bills in accordance with CHLIC's then current Medical Bill Review program.
5.	Network Savings Program, a national vendor network that provides discounted rates when a Member accesses care through a Network Savings Program contracted provider.
6.	Annual reporting of CHLIC's standard cost containment results upon Employer's request.
7.	Pharmacy Vendor Recoveries.
<b>CUSTOMER REPORTING</b>	
1.	Summary reports of medical and pharmacy cost and utilization experience (where applicable), upon completion of internal report generation, are available through Cigna's web site, CignaAccess.com.
2.	CHLIC's standard pharmacy utilization reports.
3.	Claim Reporting: CHLIC will provide standard banking and financial report information based upon paid claim data. CHLIC will not provide information on incurred-but-not-reported claims, projected claims, pre-certifications of coverage, case management information or information on a Member's prognosis or course of treatment.  Stop Loss Reporting is an optional service provided at an additional fee to Employers who have stop loss through another entity other than CHLIC. CHLIC will provide its standard reporting only after the stop loss carrier and Employer have executed CHLIC's standard Hold Harmless/Confidentiality Agreement.
<b>MEMBER EXTERNAL REVIEW PROGRAM</b>	
	CHLIC contracts with a minimum of three (3) independent review organizations that meet the Patient Protection and Affordable Care Act (PPACA) external review requirements. Members may appeal eligible claims requiring medical judgment to an external independent review organization which is selected by CHLIC on a random basis. If Employer has chosen not to participate in this program, the Employer may be responsible for making other arrangements to meet the Patient Protection and Affordable Care Act (PPACA) external review requirements.

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<b>MEDICAL MANAGEMENT SERVICES</b>	
	CHLIC provides integrated medical management that includes (depending upon the terms of the Plan) the following core services.
1.	Pre-Admission Certification and Continued Stay Review (PAC/CSR) services to certify coverage of acute and sub-acute inpatient admissions/stays or provides guidance to appropriate alternative settings. Administered in accordance with CHLIC's then applicable medical management and claims administration policies, practices and procedures.
2.	Case Management, a service designed to provide assistance to a Member who is at risk of developing medical complexities or for whom a health incident has precipitated a need for rehabilitation or additional health care support.
3.	Assist providers with resources and tools to enable them to develop long term treatment plans in the management of chronic or catastrophic cases.
4.	The Cigna HealthCare Healthy Babies <sup>®</sup> Program is a one-time educational mailing which provides Participants with prenatal care education and resources to help them better manage their pregnancy. Other benefits of this program include the Health Information Line <sup>SM</sup> and pregnancy information on myCigna.com.
5.	HealthCare Cost and Quality tools available on myCigna.com and myCigna mobile app.
6.	A panel of physicians and other clinicians to assess the safety and effectiveness of new and emerging medical technologies. The panel meets monthly to review and update coverage policies.
7.	The Health Information Line <sup>SM</sup> is a service that provides twenty-four (24) hour toll free access to nurses, who provide answers to healthcare questions, recommend appropriate settings for care and assist Participants in locating physicians. It also includes access to an extensive audio library on a wide range of medical topics.
8.	Cigna LifeSOURCE Transplant Network <sup>®</sup> contracts with more than one hundred sixty-five (165) independent transplant facilities which includes over seven hundred fifty (750) transplant programs and provides access to solid organ and bone marrow/stem cell transplantation while improving cost containment and reducing financial risk.
9.	A health education program that delivers mailings to Members with certain conditions.
10.	Behavioral health services are provided/arranged by Cigna Behavioral Health (CBH), CBH provides utilization review and case management for both inpatient and outpatient, in-network behavioral health services.
11.	Implement clinical quality measurements, track and validate performance and initiate continuous quality improvement.
12.	Transition of care services to allow Members with defined conditions to continue treatment with non-Participating Providers after enrollment for continued uninterrupted care for a limited time.

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

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

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

**EFFECTIVE APRIL 1, 2018**

(Applicable to Open Access Plus Products)

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

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

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

CMG pharmacy rates:

Brand Name: 30-day supply: AWP – 10.56% + \$2.75 dispensing fee  
 90-day supply: AWP – 17.91% + \$1.50 dispensing fee

Generic\*: 30-day supply: AWP – 35% + \$2.75 dispensing fee  
 90-day supply: AWP – 21% + \$1.50 dispensing fee

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

**Exhibit C – Claim Audit Agreement (Sample)**

- A. WHEREAS, Cigna Health and Life Insurance Company ("CHLIC") desires to cooperate with requests by \_\_\_\_\_ ("Employer") to permit an audit for the purposes set forth below and subject to Section 6 of the Administrative Services Only Agreement between CHLIC and Employer;
- B. WHEREAS, \_\_\_\_\_ ("Auditor") has been retained by Employer for the purpose of performing an audit ("Audit") of claims administered by CHLIC;
- C. WHEREAS, the Auditor and the Employer recognize CHLIC's legitimate interests in maintaining the confidentiality of its claim information, protecting its business reputation, avoiding unnecessary disruption of its claim administration, and protecting itself from legal liability; and

NOW THEREFORE, IN CONSIDERATION of the premises and the mutual promises contained herein, CHLIC, the Employer and the Auditor hereby agree as follows:

1. Audit Specifications

The Auditor will specify to CHLIC in writing at least forty-five (45) days prior to the commencement of the Audit the following "Audit Specifications":

- a. the name, title and professional qualifications of individual Auditors;
- b. the Claim Office locations, if any, to be audited;
- c. the Audit objectives;
- d. the scope of the Audit (time period, lines of coverage and number of claims);
- e. the process by which claims will be selected for audit;
- f. the records/information required by the Auditor for purposes of the Audit; and
- g. the length of time contemplated as necessary to complete the Audit.

2. Review of Specifications

CHLIC will have the right to review the Audit Specifications and to require any changes in, or conditions on, the Audit Specifications which are necessary to protect CHLIC's legal and business interests identified in paragraph C above.

3. Access to Information

CHLIC will make the records/information called for in the Audit Specifications available to the Auditor at a mutually acceptable time and place.

4. Audit Report

The Auditor will provide CHLIC with a true copy of the Audit's findings, as well as the Audit Report, if any, that is submitted to the Employer. Such copies will be provided to CHLIC at the same time that the Audit findings and the Audit Report are submitted to the Employer.

5. Comment on Audit Report

CHLIC reserves the right to provide the Auditor and the Employer with its comments on the findings and, if applicable, the Audit Report.

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6. Confidentiality

The Auditor understands that CHLIC is permitting the Auditor to review the claim records/information solely for purposes of the Audit. Accordingly, the Auditor will ensure that all information pertaining to individual claimants will be kept confidential in accordance with all applicable laws and/or regulations. Without limiting the generality of the foregoing, the Auditor specifically agrees to adhere to the following conditions:

- a. The Auditor shall not make photocopies or remove any of the claim records/information without the express written consent of CHLIC;
- b. The Auditor agrees that its Audit Report or any other summary prepared in connection with the Audit shall contain no individually identifiable information.

7. Restricted Use of the Audit Information

With respect to persons other than the Employer, the Auditor will hold and treat information obtained from CHLIC during the Audit with the same degree and standard of confidentiality owed by the Auditor to its clients in accordance with all applicable legal and professional standards. The Auditor shall not, without the express written consent of CHLIC executed by an officer of CHLIC, disclose in any manner whatsoever, the results, conclusions, reports or information of whatever nature which it acquires or prepares in connection with the Audit to any party other than the Employer except as required by applicable law. The Employer and Auditor agree to indemnify and to hold harmless CHLIC for any and all claims, costs, expenses and damages which may result from any breaches of the Auditor's obligations under paragraphs 6 and 7 of this Agreement or from CHLIC's provision of information to the Auditor. The Employer authorizes CHLIC to provide to the designated Auditor the necessary information to perform the audit in a manner consistent with all Health Insurance Portability and Accountability Act of 1996 ("HIPAA"), Privacy Standards and in compliance with the signed Business Associate Agreement ("BAA").

8. Termination

CHLIC may terminate this Agreement with prior written notice. The obligations set forth in Sections 4 through 7 shall survive termination of this Agreement.

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**Cigna Health and Life Insurance Company**

By: TO BE SIGNED AT TIME OF AUDIT  
Duly Authorized

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

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**Employer:** \_\_\_\_\_

By: TO BE SIGNED AT TIME OF AUDIT  
Duly Authorized

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

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**Auditor:** \_\_\_\_\_

By: TO BE SIGNED AT TIME OF AUDIT  
Duly Authorized

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

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**Exhibit D – Privacy Addendum**  
("Business Associate Agreement")

**I. GENERAL PROVISIONS**

**Section 1. Effect.** As of the Effective Date, the terms and provisions of this Addendum are incorporated in and shall supersede any conflicting or inconsistent terms and provisions of (as applicable) the Administrative Services Only Agreement and/or Flexible Spending Account or Reimbursement Accounts Administrative Services Agreement to which this Addendum is attached, including all exhibits or other attachments to, and all documents incorporated by reference in, any such applicable agreements (individually and collectively any such applicable agreements are referred to as the "**Agreement**"). This Addendum sets out terms and provisions relating to the use and disclosure of Protected Health Information ("**PHI**") without written authorization from the Individual. To the extent there is a conflict between the Agreement and this Addendum, this Addendum shall control.

**Section 2. Amendment to Comply with Law.** CHLIC, on behalf of itself and its affiliates and subsidiaries that perform services under the Agreement (collectively referred to as "**CHLIC**"), Employer (also referred to as "**Plan Sponsor**"), and the group health plan that is the subject of the Agreement (also referred to as the "**Plan**") agree to amend this Addendum to the extent necessary to allow either the Plan or CHLIC to comply with applicable laws and regulations including, but not limited to, the Health Insurance Portability and Accountability Act of 1996 and its implementing regulations (45 C.F.R. Parts 160 to 164) ("**HIPAA Privacy and Security Rules**").

**Section 3. Relationship of Parties.** The parties intend that CHLIC is an independent contractor and not an agent of the Plan or the Plan Sponsor.

**II. PERMITTED USES AND DISCLOSURES BY CHLIC**

**Section 1. Uses and Disclosures Generally.** Except as otherwise provided in this Addendum, CHLIC may use or disclose PHI to perform functions, activities or services for, or on behalf of, the Plan as specified in the Agreement, provided that such use or disclosure would not violate the HIPAA Privacy & Security Rules if done by the Plan. CHLIC shall not further use or disclose PHI other than as permitted or required by this Addendum, or as required by law.

**Section 2. To Carry Out Plan Obligations.** To the extent CHLIC is to carry out one or more of the Plan's obligations under Subpart E of 45 C.F.R. Part 164, CHLIC agrees to comply with the requirements of Subpart E that apply to the Plan in the performance of such obligations.

**Section 3. Management and Administration.**

- (A) CHLIC may use PHI for the proper management and administration of CHLIC or to carry out the legal responsibilities of CHLIC.
- (B) CHLIC may disclose PHI for the proper management and administration of CHLIC, provided that disclosures are: (a) required by law; or (b) CHLIC obtains reasonable assurances from the person to whom the information is disclosed that it will remain confidential and used or further disclosed only as required by law or for the purpose for which it is disclosed to the person, and the person notifies CHLIC of any instances of which it is aware in which the confidentiality of the information has been breached.

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(C) CHLIC may use or disclose PHI to provide Data Aggregation services relating to the Health Care Operations of the Plan, or to de-identify PHI. Once information is de-identified, this Addendum shall not apply.

**Section 4. Required or Permitted By Law.** CHLIC may use or disclose PHI as required by law or permitted by 45 C.F.R. §164.512.

**III. OTHER OBLIGATIONS AND ACTIVITIES OF CHLIC**

**Section 1. Receiving Remuneration in Exchange for PHI Prohibited.** CHLIC shall not directly or indirectly receive remuneration in exchange for any PHI of an Individual, unless an authorization is obtained from the Individual, in accordance with 45 C.F.R. §164.508, that specifies whether PHI can be exchanged for remuneration by the entity receiving PHI of that individual, unless otherwise permitted under the HIPAA Privacy Rule.

**Section 2. Limited Data Set or Minimum Necessary Standard and Determination.** CHLIC shall, to the extent practicable, limit its use, disclosure or request of Individuals' PHI to the minimum necessary amount of Individuals' PHI to accomplish the intended purpose of such use, disclosure or request and to perform its obligations under the underlying Agreement and this Addendum. CHLIC shall determine what constitutes the minimum necessary to accomplish the intended purpose of such disclosure.

**Section 3. Security Standards.** CHLIC shall use appropriate safeguards and comply with Subpart C of 45 C.F.R. Part 164 with respect to Electronic PHI to prevent use or disclosure of PHI other than as provided for by the Agreement.

**Section 4. Protection of Electronic PHI.** With respect to Electronic PHI, CHLIC shall:

- (A) Implement administrative, physical and technical safeguards that reasonably and appropriately protect the confidentiality, integrity and availability of the Electronic PHI that CHLIC creates, receives, maintains or transmits on behalf of the Plan as required by the Security Standards;
- (B) Ensure that any agent or subcontractor to whom CHLIC provides Electronic PHI agrees to implement reasonable and appropriate safeguards to protect such information; and,
- (C) Promptly report to the Plan any Security Incident with respect to Electronic PHI of which it becomes aware and which has compromised the protections set forth in the HIPAA Security Rule. In the event of a Security Incident, CHLIC shall report to the Plan in writing (i) any actual, successful Security Incident within ten (10) business days of the date on which CHLIC first becomes aware of such actual, successful Security Incident and (ii) to the extent commercially reasonable, the Plan may request CHLIC to report in writing attempted but unsuccessful Security Incidents involving PHI of which CHLIC becomes aware, provided however that such reports are not required for trivial and routine incidents such as port scans, attempts to log-in with an invalid password or user name, denial of service attacks that do not result in a server being taken off-line, malware and pings or other similar types of events.

**Section 5. Reporting of Violations.** CHLIC shall report to the Plan any use or disclosure of PHI not provided for by this Addendum of which it becomes aware. CHLIC agrees to mitigate, to the extent practicable, any harmful effect from a use or disclosure of PHI in violation of this Addendum of which it is aware.

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**Section 6. Security Breach Notification.** CHLIC will notify the Plan of a Breach (including privacy related incidents that might, upon further investigation, be deemed to be a Breach) without unreasonable delay and, in any event, within ten (10) business days after CHLIC's discovery of same. This notification will include, to the extent known:

- i. the names of the individuals whose PHI was involved in the Breach;
- ii. the circumstances surrounding the Breach;
- iii. the date of the Breach and the date of its discovery;
- iv. the information Breached;
- v. any steps the impacted individuals should take to protect themselves;
- vi. the steps CHLIC is taking to investigate the Breach, mitigate losses, and protect against future Breaches; and,
- vii. a contact person who can provide additional information about the Breach.

For purposes of discovery and reporting of Breaches, CHLIC is not the agent of the Plan or the Employer (as "agent" is defined under common law). CHLIC will investigate Breaches, assess their impact under applicable state and federal law and make a recommendation to the Plan as to whether notification is required pursuant to 45 C.F.R. §§164.404-408 and/or applicable state breach notification laws. With the Plan's prior approval, CHLIC will issue notices to such individuals, state and federal agencies – including the Department of Health and Human Services, and/or the media – as the Plan is required to notify pursuant to, and in accordance with the requirements of applicable law (including 45 C.F.R. §§164.404-408). In the event of a Breach affecting multiple CHLIC clients where CHLIC believes notification to affected individuals is required in accordance with applicable law, CHLIC reserves the right to issue notifications to the affected individuals without Plan approval.

CHLIC will pay the costs of issuing notices required by law and other remediation and mitigation which, in CHLIC's discretion, are appropriate and necessary to address the Breach. CHLIC will not be required to issue notifications that are not mandated by applicable law. CHLIC shall provide the Plan with information necessary for the Plan to fulfill its obligation to report Breaches affecting fewer than 500 Individuals to the Secretary as required by 45 C.F.R. §164.408(c).

**Section 7. Disclosures to and Agreements with Third Parties.** CHLIC agrees to ensure that any subcontractors that create, receive, maintain, or transmit PHI on behalf of CHLIC agree to the same restrictions, conditions and requirements that apply to CHLIC with respect to such information.

**Section 8. Access to PHI.** CHLIC shall provide an Individual with access to such Individual's PHI contained in a Designated Record Set in response to such Individual's request in the time and manner required in 45 C.F.R. §164.524.

**Section 9. Availability of PHI for Amendment.** CHLIC shall respond to a request by an Individual for amendment to such Individual's PHI contained in a Designated Record Set in the time and manner required in 45 C.F.R. §164.526.

**Section 10. Right to Confidential Communications and to Request Restriction of Disclosures of PHI.** CHLIC shall respond to a request by an Individual for confidential communications or to restrict the uses and disclosures of PHI contained in such Individual's Designated Record Set in the time and manner required by 45 C.F.R. §164.522. CHLIC shall not be obligated to agree to, or implement, any restriction, if such restriction would hinder Health Care Operations or the provision of the functions, activities or services, unless such restriction would otherwise be required by 45 C.F.R. § 164.522(a).

**Section 11. Accounting of PHI Disclosures.** CHLIC shall provide an accounting of disclosures of PHI to an Individual who requests such accounting in the time and manner required in 45 C.F.R. §164.528.

**Section 12. Availability of Books and Records.** CHLIC hereby agrees to make its internal practices, books and records relating to the use and disclosure of PHI received from, or created or received by CHLIC on behalf of the Plan, available to the Secretary for purposes of determining the Plan's compliance with the Privacy Rule.

**Section 13. Standard Transactions.** CHLIC certifies that it conducts any applicable transactions that are subject to the HIPAA standard transaction rules (45 C.F.R. Parts 160-164) as required under such rules.

#### **IV. TERMINATION OF AGREEMENT WITH CHLIC**

**Section 1. Termination Upon Breach of Provisions Applicable to PHI.** Any other provision of the Agreement notwithstanding, the Agreement may be terminated by the Plan upon prior written notice to CHLIC in the event that CHLIC materially breaches any obligation of this Addendum and fails to cure the breach within such reasonable time as the Plan may provide for in such notice.

If CHLIC knows of a pattern of activity or practice of the Plan that constitutes a material breach or violation of the Plan's duties and obligations under this Addendum, CHLIC shall provide a reasonable period of time, as agreed upon by the parties, for the Plan to cure the material breach or violation. Provided, however, that, if the Plan does not cure the material breach or violation within such agreed upon time period, CHLIC may terminate the Agreement at the end of such period.

**Section 2. Use and Disclosure of PHI upon Termination.** The parties hereto agree that it is not feasible for CHLIC to return or destroy PHI at termination of the Agreement; therefore, the protections of this Addendum for PHI shall survive termination of the Agreement, and CHLIC shall limit any further uses and disclosures of such PHI to the purpose or purposes which make the return or destruction of such PHI infeasible.

#### **V. OBLIGATIONS OF THE PLAN AND PLAN SPONSOR**

**Section 1. Disclosures Generally.** Except as otherwise provided for in this Addendum, the Plan will not request that CHLIC use or disclose PHI in any manner that would not be permissible under HIPAA.

**Section 2. Disclosures to the Plan or Third Parties.** To the extent the Plan requests that CHLIC disclose PHI either to the Plan or to a third party business associate acting for the Plan, the Plan represents and warrants that:

- (A) It only will request PHI for the purposes of Treatment, Payment, or Health Care Operations, or another permitted purpose under the HIPAA Privacy Rule;
- (B) The information requested is the minimum necessary to achieve the purpose of the disclosure; and
- (C) If the PHI is to be disclosed to a third party, the Plan has a business associate agreement in place with the third party.

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**Section 3. Disclosure to Plan Sponsor.** To the extent the Plan requests that CHLIC disclose PHI to the Plan Sponsor, the Plan and Plan Sponsor each represent and warrant that:

(A) The information only will be used for one of the following purposes:

- i. Plan Administration functions, as defined by the HIPAA Privacy Rule, and that the Plan Sponsor has executed the required plan amendment and certification allowing the disclosure, as set out in the HIPAA Privacy Rule;
- ii. Enrollment functions, provided the information to be disclosed is limited to enrollment and disenrollment information; or
- iii. To amend, modify, or terminate the Plan, or to obtain premium bids to provide health insurance coverage under the Plan, provided the information to be disclosed is limited to Summary Health Information, as defined in the HIPAA Privacy Rule; and

(B) The information requested is the minimum necessary to achieve the purpose of the disclosure.

**VI. DEFINITIONS FOR USE IN THIS ADDENDUM**

**Definitions.** Certain capitalized terms used in this Addendum shall have the meanings ascribed to them by HIPAA including their respective implementing regulations and guidance. If the meaning of any term defined herein is changed by regulatory or legislative amendment, then this Addendum will be modified automatically to correspond to the amended definition. All capitalized terms used herein that are not otherwise defined have the meanings described in HIPAA. A reference in this Addendum to a section in the HIPAA Privacy Rule or HIPAA Security Rule means the section then in effect, as amended.

**“Breach”** means the unauthorized acquisition, access, use or disclosure of Unsecured Protected Health Information which compromises the security or privacy of such information, except where an unauthorized person to whom such information is disclosed would not reasonably have been able to retain such information.

A Breach does not include any unintentional acquisition, access or use of PHI by an employee or individual acting under the authority of CHLIC if such acquisition, access or use was made in good faith and within the course and scope of the employment or other professional relationship of such employee or individual with CHLIC; any inadvertent disclosure from an individual who is otherwise authorized to access PHI at a facility operated by CHLIC to another similarly situated individual at the same facility; and such information is not further acquired, accessed, used or disclosed without authorization by any person.

**“Business Associate”** means CHLIC.

**“Covered Entity”** means the Plan.

**“Designated Record Set”** shall have the same meaning as the term "designated record set" as set forth in the Privacy Rule, limited to the enrollment, payment, claims adjudication and case or medical management record systems maintained by CHLIC for the Plan, or used, in whole or in part, by CHLIC or the Plan to make decisions about Individuals.

**“Effective Date”** shall mean the earliest date by which CHLIC and the Plan must enter into a business associate agreement under 45 C.F.R. Part 164.

**“Electronic Protected Health Information”** shall mean PHI that is transmitted by, or maintained in,

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electronic media as that term is defined in 45 C.F.R. §160.103.

**“Limited Data Set”** shall have the same meaning as the term “limited data set” as set forth in 45 C.F.R. §164.514(e)(2).

**“Protected Health Information”** or **“PHI”** shall have the same meaning as set forth at 45 C.F.R. §160.103.

**“Secretary”** shall mean the Secretary of the United States Department of Health and Human Services.

**“Security Incident”** shall have the same meaning as the term "security incident" as set forth in 45 C.F.R. §164.304.

**“Unsecured Protected Health Information”** shall mean PHI that is not rendered unusable, unreadable, or indecipherable to unauthorized individuals through the use of a technology or methodology specified by the Secretary in the guidance issued under Section 13402(h)(2) of the American Recovery and Reinvestment of 2009.

### Exhibit E – Conditional Claim/Subrogation Recovery Services

**I. Plans Without CHLIC Stop Loss Coverage**

If Employer has not purchased individual or aggregate stop loss coverage from CHLIC or an affiliated Cigna company with respect to its self-funded employee welfare benefit plan:

A. All conditional claim payment and/or subrogation recoveries under the Plan will be handled by the entity checked below;

- Employer
- An independent recovery vendor whose name and address follow:  
Name:  
Address:  
 CHLIC and its subcontractor(s)

B. If Employer has designated CHLIC and its subcontractors to act as its recovery agent in paragraph I.A. above, then:

- i. Employer hereby confers upon CHLIC and its subcontractors' discretionary authority to reduce recovery amounts by as much as fifty percent (50%) of the total amount of benefits paid on Employer's behalf, and to enter into binding settlement agreements for such amounts.
- ii. In the event a settlement offer represents a reduction greater than the percentage identified above, CHLIC and its subcontractors should seek settlement advice from:  
Name:  
Title:  
Address:  
Telephone:
- iii. All amounts reimbursed to Employer's Bank Account shall be refunded at the gross amount. CHLIC's and its subcontractors' subrogation administration fee on cases where CHLIC and its subcontractors' have retained counsel and in cases where no counsel has been retained by CHLIC and its subcontractors are both reflected in the Schedule of Financial Charges.

C. Except where agreed to by CHLIC and Employer, CHLIC and its subcontractors shall have no duty or obligation to represent Employer in any litigation or court proceeding involving any matter which is the subject of this Agreement, but shall make available to Employer and/or Employer's counsel such information relevant to such action or proceeding as CHLIC and its subcontractors may have as a result of its handling of any matter under this Agreement.

D. In the event Employer purchases individual or aggregate stop loss coverage from CHLIC or an affiliate with respect to its self-funded employee welfare benefit plan at any time during the life of this Agreement, the provisions of paragraph II., below, shall control.

**II. Plans with CHLIC Stop Loss Coverage**

If Employer has purchased individual or aggregate stop loss coverage from CHLIC or an affiliate with respect to its self-funded employee welfare benefit plan:

- A. CHLIC and its subcontractors shall have the right and responsibility to manage all conditional claim payment and/or subrogation recoveries under the Plan. CHLIC and its subcontractors shall reimburse to the Plan the recovery minus relevant individual and aggregate stop loss payments made by CHLIC.
- B. All amounts reimbursed to Employer's Bank Account shall be refunded at the gross amount. CHLIC's and its subcontractors' subrogation administration fee on cases where CHLIC and its subcontractors' have retained counsel and in cases where no counsel has been retained by CHLIC and its subcontractors, are both reflected in the Schedule of Financial Charges.
- C. CHLIC and its subcontractors shall have no duty or obligation to represent Employer in any litigation or court proceeding involving any matter which is the subject of this Agreement but shall make available to Employer and/or Employer's counsel such information relevant to such action or proceeding as CHLIC and its subcontractors may have as a result of its handling of any matter under this Agreement. Notwithstanding the foregoing, CHLIC and its subcontractors reserve to itself the right to retain counsel to represent CHLIC's own interests in any subrogation and/or conditional claim recovery action under the Plan.

## Appendix A – Pharmacy Benefit Management Services

### PHARMACY BENEFIT MANAGEMENT - DEFINITIONS

#### Definitions

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

- “Actuarially Estimated” shall mean that the discount(s) listed in the Schedule of Financial Charges are estimated, but not guaranteed, to result in a particular discount for Covered Drugs. Actuarially estimated discounts are calculated based on evaluation of an expected distribution of drug utilization across CHLIC’s aggregate group client book of business. As measured in the aggregate for Employer’s Pharmacy Benefit, Employer’s results may vary based on the Plan-specific factors such as drug mix utilization.
- “Average Wholesale Price” or “A WP” shall mean the average wholesale price of a Covered Drug as established and reported by Medi-Span. The applied A WP of a Covered Drug shall be the A WP for the actual eleven (11) digit National Drug Code (“NDC”), Covered Drug specific, quantity appropriate actual package size (or the manufacturer-packaged quantity closest to the dispensed size), submitted by a Retail Pharmacy, Home Delivery Pharmacy, or Specialty Pharmacy at the time that the Covered Drug is adjudicated. Notwithstanding any other provision in this Agreement, in the event of any major change in market conditions affecting the pharmaceutical or pharmacy benefit management market, including, for example, any change in the markup, methodologies, processes or algorithms underlying the published A WP(s), CHLIC may adjust any or all of the Rebates, charges, rates, discounts, guarantees and/or fees in connection with CHLIC’s administration of the Pharmacy Benefit hereunder, including any that are based on A WP, as it reasonably deems necessary to preserve the economic value or benefit of this Agreement to the Parties as it existed immediately prior to such change. Additionally, and notwithstanding any other provision in this Agreement, CHLIC may replace A WP as its pharmaceutical pricing benchmark with an alternative benchmark and/or may replace Medi-Span, or other such publication, as its source for the A WP or alternative benchmark with a different pricing source, provided that CHLIC adjusts any or all such A WP-based charges or such alternative benchmark-based charges as it reasonably deems necessary to preserve the economic value or benefit of this Agreement to the Parties as it existed immediately prior to such replacement or immediately prior to the event(s) giving rise to such replacement, as the case may be.
- “Brand Drug” shall mean a pharmaceutical product, including a Covered Drug that is a prescription drug, including over-the-counter drugs dispensed pursuant to a prescription, medicine, agent, substance, device, supply or other therapeutic product that is not a Generic Drug. Except if and where the language expressly states otherwise, a Brand Drug does not include a Specialty Brand Drug for ingredient cost discount purposes.
- “Business Decision Team” shall mean a committee comprised of voting and non-voting representatives across various Cigna business units such as clinical, medical and business leadership that is duly authorized by Cigna to make decisions regarding coverage treatment of pharmaceutical products based on clinical findings provided by the P&T Committee, including, but not limited to, decisions regarding tier placement and application of utilization management to pharmaceutical products.

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- “Cigna Home Delivery Pharmacy” shall mean a duly licensed pharmacy operated by CHLIC or its affiliates, where prescriptions are filled and delivered via the mail service, which may include Tel-Drug, LLC of Pennsylvania and Tel-Drug, Inc.
- “Claim”, for purposes of this Appendix A, is a claim or request for coverage under the Pharmacy Benefit.
- “Compound Drug” shall mean a medication that (a) is comprised of two or more gaseous, solid, semi-solid, or liquid ingredients (other than water or flavoring added to any preparation) that are weighed or measured at a pharmacy and then prepared according to the prescriber’s order and the pharmacist’s art; (b) contains at least one FDA-approved federal legend drug as an active ingredient; (c) is not otherwise generally available in its compound form; and (d) is not a compound preparation administered by infusion or injection.
- “Covered Drugs” shall mean prescription drugs, including over-the-counter drugs dispensed pursuant to a prescription, biologics, medicines, agents, substances, devices, supplies, and other therapeutic products that are prescribed for Members and are covered under the Pharmacy Benefit and shall include all associated standard services usually and customarily rendered by a pharmacy or provider in the normal course of business, including dispensing, administration, counseling and product consultation.
- “Dispensing Fee” means an amount paid to a pharmacy for providing professional services necessary to dispense a Covered Drug to a Member.
- “FDA” shall mean the U.S. Food and Drug Administration.
- “Formulary” shall mean the list of FDA-approved prescription drugs and supplies developed and managed by CHLIC across its self-funded and insured group book of business and that is selected and adopted by Employer. The drugs and supplies included on the Formulary will be modified by CHLIC from time to time as a result of factors including, but not limited to, economic and clinical factors like clinical appropriateness, manufacturer Rebate arrangements and patent expirations. Any changes CHLIC makes to the Formulary are hereby adopted by Employer.
- “Generic Drug” means a pharmaceutical product, including a Covered Drug, whether identified by its chemical, proprietary, or non-proprietary name, that is accepted by the FDA as therapeutically equivalent and interchangeable with drugs having an identical amount of the same active ingredient(s), and which is identified as such in CHLIC’s master drug file using indicators from First Databank, Medi-Span, or other nationally recognized source as used by CHLIC across its book of business on the basis of a proprietary algorithm, a summary of which may be made available for review by Employer or, subject to CHLIC’s consent, its auditor upon request in accordance with the terms set forth in this Appendix A. Employer and, as applicable, its auditor shall sign a confidentiality agreement acceptable to CHLIC relating specifically to such summary. The reference to a drug by its chemical name does not necessarily mean that the product is recognized as a generic for adjudication, pricing or copay purposes. Except if and where the language expressly states otherwise, a Generic Drug does not include a Specialty Generic Drug for ingredient cost discount purposes. For pricing purposes, a Generic Drug excludes a Covered Drug that is either marketed under three (3) or fewer Abbreviated New Drug Application pursuant to 21 USC §355, and its implementing regulations, or cannot be purchased by the pharmaceutical industry at large from more than one pharmaceutical wholesaler.
- “Gross Drug Cost” shall mean the sum of the total discounted cost to Employer and/or a Member for a Covered Drug plus any applicable Dispensing Fee, plus and sales tax or other tax applied thereto.
- “Maximum Allowable Charge” shall mean the maximum unit price for a Covered Drug included on the applicable MAC List as set forth on such MAC

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List.

- “MAC List” shall mean a then-current list maintained by CHLIC of prescription drugs, devices, supplies and over-the-counter drugs identified as readily available as a Generic Drug or generally equivalent to a Brand Drug (in which case it may also be on a MAC List) and that, in each case, are deemed to require or are otherwise capable of pricing management due to the number of manufacturers, utilization and/or pricing volatility.
  - “Pharmacy Benefits” shall mean amounts payable for covered pharmacy benefit services and products under the terms of the Plan; Pharmacy Benefits shall be considered Plan Benefits for purposes of this Agreement.
  - “P&T Committee” shall mean a committee comprised of both voting and non-voting Cigna-employed clinicians, Medical Directors and Pharmacy Directors and non-employees such as Participating Providers that represent a range of clinical specialties. The committee regularly reviews pharmaceutical products, new pharmaceutical products, for safety and efficacy, the findings of which clinical reviews inform coverage status decisions made by the Business Decision Team. The P&T Committee’s review may be based on consideration of, without limitation, FDA-approved labeling, standard medical reference compendia, or scientific studies published in peer-reviewed English-language bio-medical journals.
  - “PBM Proprietary Information” shall mean information relating to CHLIC’s pharmacy benefit management products and services, including, without limitation, CHLIC’s reporting and web-based applications, eligibility and adjudication systems and coding methodologies, system formats and databanks, clinical or formulary management operations or programs, information and agreements relating to Rebates and other financial information, prescription drug evaluation criteria and coverage policies, drug pricing information, including MAC List and Specialty Drug pricing, paid Claims information integrated into CHLIC’s adjudication systems, and pharmaceutical manufacturer, vendor or pharmacy network agreements.
  - “Rebate” shall mean the following payments or other consideration paid or payable to CHLIC from manufacturers to the extent arising from or as a result of Covered Drugs dispensed to Members and/or the performance of any pharmacy benefit management services provided under the Agreement.
    - (a) Payments, rebates and other consideration paid to CHLIC from any manufacturer arising from or as a result of the inclusion or exclusion on any Formulary of Covered Drugs manufactured, sold, marketed, or distributed by any manufacturer;
    - (b) Rebates, discounts, service fees and other consideration paid to CHLIC from any manufacturer arising from or as a result of any arrangements, commitments, programs or activities involving or relating to utilization (e.g., market share, growth, etc.) of certain prescription drugs within their respective therapeutic categories; and
    - (c) Rebates, discounts, service fees and other consideration paid to CHLIC from any manufacturer arising from or as a result of any arrangements, commitments, programs or activities involving or relating to services performed by CHLIC where CHLIC is paid or is entitled to fees or other compensation on the basis of the volume or value of prescription drugs or other products that are prescribed or dispensed to CHLIC customers.
- However, “Rebates” shall exclude: (i) pricing adjustments, payments and credits made in the ordinary course by any manufacturer on account of product returns, delivery errors or shipping damage or losses arising from drugs and other products purchased from such manufacturer by or on behalf of CHLIC; (ii) pricing discounts paid or credited by a manufacturer to pharmacies affiliated with CHLIC for prescription drugs and other products purchased from such manufacturer; (iii) any fees or other compensation paid by any manufacturer in consideration of any services, products, activities or programs performed,

provided or implemented by CHLIC or any of its affiliates for such manufacturer; (iv) payments, rebates or other compensation paid to CHLIC for or by reason of any administrative or other services provided by CHLIC to or for any manufacturer, in connection with administering, computing, invoicing, allocating and/or collecting amounts otherwise constituting Rebates; and (v) rebates or other amounts paid to CHLIC for prescription drugs that are administered or otherwise provided to Members in providers' offices, home health care settings or outpatient clinics.

- "Retail Pharmacy" shall mean any licensed retail pharmacy with which CHLIC has contracted directly or indirectly with a third party, to provide Covered Drugs to Members, and is not a mail order pharmacy. A mail order pharmacy is a pharmacy that primarily fills and delivers pharmaceutical products via the mail service. The term "Retail", when immediately preceding the term "Brand Drug Claim," "Generic Drug Claim," "Specialty Drug Claim," "Specialty Brand Drug Claim, or "Specialty Generic Drug Claim" means that the resulting term (e.g., "Retail Brand Drug Claim") refers to such claim as dispensed by a Retail Pharmacy.
- "Specialty Drug" shall mean a pharmaceutical product, including a Covered Drug, considered by CHLIC to be a Specialty Drug based on consideration of the following factors: (i) whether the pharmaceutical product is prescribed and used for the treatment of a complex, chronic or rare condition; (ii) whether the pharmaceutical product has a high acquisition cost; and, (iii) whether the pharmaceutical product is subject to limited or restricted distribution, requires special handling and/or requires enhanced patient education, provider coordination or clinical oversight. A Specialty Drug may not possess all or most of the foregoing characteristics, and the presence of any one such characteristic does not guarantee that a pharmaceutical product will be considered a Specialty Drug. The term "Specialty," when immediately preceding the terms "Generic Drug" or "Brand Drug", means that the resulting term (e.g. "Specialty Generic Drug") refers to a Generic Drug or Brand Drug that is considered a Specialty Drug, respectively.
- "Specialty Pharmacy" shall mean a duly licensed pharmacy designated by or operated by CHLIC or its affiliates that primarily dispenses Specialty Drugs or provides services related thereto; provided, however, that when the Cigna Home Delivery Pharmacy dispenses a Specialty Drug, it shall be considered a Specialty Pharmacy hereunder.
- "U&C Charge" shall mean the price the applicable Retail Pharmacy would charge a regular cash-paying customer for a Covered Drug (and any services related to the dispensing thereof) on the day on which the Covered Drug is dispensed.

**PHARMACY BENEFIT MANAGEMENT – SERVICES TO BE PROVIDED**

**1. Retail Pharmacy Network.**

- (a) General. CHLIC shall maintain a Retail Pharmacy network. Retail Pharmacies included in the network shall provide Covered Drugs to which the Retail Pharmacies have access to Members during their normal business hours in all applicable locations. A list of the Retail Pharmacies included in the network, as updated from time to time, shall be made available to Members online. CHLIC maintains multiple networks and/or sub-networks and may periodically consolidate networks and/or migrate clients, including Employer, between networks and sub-networks. CHLIC shall require each Retail Pharmacy included in the network to meet its requirements for participation in the Retail Pharmacy network, which include, but are not limited to, satisfaction of licensing and insurance requirements.
- (b) Retail Pharmacy Audits and Overpayments. CHLIC shall perform desktop and on-site audits of each Retail Pharmacy to ensure that each Retail Pharmacy is complying with the terms of its contract with CHLIC. In the event that CHLIC discovers that an overpayment has been made to a Retail

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Pharmacy, CHLIC shall take reasonable steps to recover the overpayment pursuant to the terms of this Agreement.

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

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

**2. Cigna Home Delivery Pharmacy.**

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

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

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

**3. Claims Processing.**

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

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

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

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

6. Drug-Related Services.

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

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

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

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

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

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

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

7. Member Communications and Services.

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

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

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

**8. Formulary Management; Clinical Programs; Other Services.**

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

**PHARMACY BENEFIT MANAGEMENT – PROGRAM OPERATIONS**

**1. Implementation of Agreement.**

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

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

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

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

**4. Claims Data.**

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

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

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

This provision shall survive termination or expiration of the Agreement.

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

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

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

(b) The Auditor may audit records directly related to CHLIC's performance of its obligations hereunder regarding Rebates once in each 12-month period upon the following conditions: (1) Employer shall provide at least 45 days written notice to CHLIC; (2) the Auditor (including each auditor conducting the audit) shall be agreeable to Employer and CHLIC; (3) a mutually agreed upon nondisclosure/nonuse contract shall be executed by Employer, the Auditor and CHLIC; (4) the records to be audited shall be no more than two years old as of the date of the audit; (5) the scope of records to be audited shall be as mutually agreed upon by the Auditor and CHLIC as those which are necessary to determine compliance with the Rebate-sharing obligations under this Agreement; (6) the audit shall be conducted at a mutually acceptable time during regular business hours at CHLIC's office where such records are located; (7) records shall not be removed or photocopied without CHLIC's express written consent; (8) the Auditor shall provide its audit report to CHLIC and Employer at the same time; and (9) the Auditor may disclose the aggregate amount of Rebates due Employer but no other details of CHLIC's manufacturer contracts of which the Auditor is apprised, if any.

This provision shall survive termination or expiration of the Agreement.

**PHARMACY BENEFIT MANAGEMENT – FUNDING AND PAYMENT OF CLAIMS; CHARGES**

- 1. Funding and Payment of Claims.** With respect to Pharmacy Benefits, (1) CHLIC may withdraw funds from the Bank Account for the purposes specified in Section 3 of the Agreement five times per month, and (2) any recovered overpayments shall be credited to Employer via a line item on its invoice, less the fee set forth on the Schedule of Financial Charges.
- 2. Retroactive Member Changes and Terminations.** Notwithstanding anything in the Agreement to the contrary, Employer shall remain responsible for all charges and Bank Account Payments incurred or charged through the date CHLIC processed Employer's notice of a retroactive change or termination of a Member's enrollment in the Plan. Notwithstanding anything to the contrary in Section 4.c. of the Agreement, with respect to Pharmacy Benefits, CHLIC generally will implement eligibility updates received from Employer that adhere to CHLIC's standard electronic format as soon as reasonably practicable following receipt of such updates.

**PHARMACY BENEFIT MANAGEMENT – FIDUCIARY ACKNOWLEDGMENTS**

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

This provision shall survive termination or expiration of the Agreement.

**PHARMACY BENEFIT MANAGEMENT – FINANCIAL ARRANGEMENTS**

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

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certain instances also may vary based on the product market share. Employer acknowledges and agrees that neither it, its Members nor its Plan will have a right to interest on, or the time value of, any Claim payments charged by CHLIC to Employer or any Rebate payments received by CHLIC during the collection period of moneys payable under this section, and that CHLIC shall retain any such remuneration..

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

This provision shall survive termination or expiration of the Agreement.

**PHARMACY BENEFIT MANAGEMENT – OBLIGATIONS UPON TERMINATION**

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

- (a) Employer shall notify Members at least thirty (30) days prior to the termination of the Agreement becoming effective of any transition to a successor pharmacy benefit manager.
- (b) If mutually agreed upon by CHLIC and Employer, CHLIC shall provide services following termination of the Agreement at CHLIC's then-prevailing rate. Such services, if any, shall be determined by mutual agreement of CHLIC and Employer in advance of the termination of the Agreement becoming effective.
- (c) Upon request by Employer and subject to execution of a nondisclosure agreement acceptable to CHLIC, CHLIC shall transition Claims files and/or history to the pharmacy benefit manager or other third party specified by Employer and otherwise acceptable to CHLIC. Any disclosure of Claims files and/or history shall be limited to the information the successor pharmacy benefit manager or other third party needs to implement or administer Employer's pharmacy benefits. CHLIC shall not be required to directly or indirectly release, and Employer shall not release, PBM Proprietary Information to any such third party.
- (d) Upon termination of the Agreement for any reason, the Parties shall handle Confidential Information, PBM Proprietary Information and Protected Health Information (as defined in the Business Associate Agreement attached as Exhibit D) pursuant to the terms of the Agreement.

This provision shall survive termination or expiration of the Agreement.

**PHARMACY BENEFIT MANAGEMENT – CONFIDENTIALITY**

- 1. General.** Employer acknowledges and agrees that CHLIC's PBM Proprietary Information constitutes competitively sensitive trade secrets, and that its misuse or mis-disclosure could result in material financial and legal loss or liability to CHLIC, its affiliates and their respective subcontractors. CHLIC shall not be required to disclose PBM Proprietary Information to Employer, or its vendor or designee, except to the extent necessary for Employer to exercise any audit rights expressly provided hereunder or perform other Plan administration functions. If CHLIC discloses PBM Proprietary Information to Employer, or, if CHLIC consents, to the Employer's vendor or designee, CHLIC may require Employer, or its vendor or designee, to execute a non-disclosure agreement specifically relating to the requested PBM Proprietary Information. Notwithstanding the foregoing, in no event will CHLIC be required to disclose information related to, or including, its pharmacy network agreements, vendor agreements or pharmaceutical manufacturer agreements. Employer agrees that it and its vendors may not utilize PBM Proprietary Information for any purpose other than performing Plan administration functions, including, without limitation, developing products and services, de-identifying, blinding or analyzing the PBM Proprietary Information against market benchmarks or CHLIC competitors or adding to a normative database for the Employer's, or vendor's or designee's, commercial use. For the purposes of clarity, information shall not cease to qualify as PBM Proprietary Information if Employer or its vendor or designee de-identifies and/or blinds the PBM Proprietary Information such that the information cannot be traced or identified to a Member or CHLIC, its affiliates or their respective subcontractors. Employer shall be solely responsible for any disclosure of PBM Proprietary Information by CHLIC to Employer or its vendor or designee, or any subsequent use or disclosure by Employer or its vendor or designee, or services provided by the same. Notwithstanding the foregoing, in no event will CHLIC be required to disclose to Employer, or its vendor or designee, information related to, or including, its pharmacy network agreements, vendor agreements or pharmaceutical manufacturer agreements.
- 2. Compelled Disclosures.** If at any time Employer, or its vendor or designee, is required by law, court order or other valid legal process to disclose any Confidential Information, it will promptly notify CHLIC prior to any such compelled disclosure and, upon request, cooperate with CHLIC in seeking a protective order or other available relief to contest or limit the scope of such compelled disclosure.
- 3. Return or Destruction of Information.** At any time upon CHLIC's request or upon expiration or termination of this Appendix A or the Agreement, whichever occurs first, Employer will, at CHLIC's option, promptly deliver, or, as the case may be, compel its vendor or designee to deliver, to CHLIC all PBM Proprietary Information or other Confidential Information (or such portion thereof as requested) and not retain any copies in whole or in part of such PBM Proprietary Information or other Confidential Information, or securely destroy or dispose, or, as the case may be, compel its vendor or designee to destroy or dispose, of those portions of documents and other materials in any form, including electronic form, prepared by or received by the Employer or its vendor or designee, that contain or reflect such PBM Proprietary Information or other Confidential Information. Employer, or its vendor or designee, shall certify such return and destruction, as the case may be, to CHLIC.

## Appendix B - Cigna Home Delivery Pharmacy Specialty Drug List

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

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

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

- Any or all of the discounts in this Specialty Drug List may be adjusted by CHLIC to the extent reasonably necessary to preserve the economic value of this Agreement as it existed immediately prior to the occurrence of any of the following events: a major change in market conditions affecting the pharmaceutical or pharmacy benefit management market, a drug shortage in the market, an issue involving the safety of the drug supply, or similar market situation.
- The discounts in this Specialty Drug List are based on the terms and design of the Pharmacy Benefit that Employer has adopted and disclosed to CHLIC. Accordingly, if Employer fails to disclose to CHLIC, for example, that it uses or intends to use a consumer-driven health plan, a major cost-sharing program, or a utilization management program promoting generic or OTC drugs over brand drugs, CHLIC may adjust the discounts as it reasonably deems necessary to preserve the economic value or benefit of this Agreement as CHLIC anticipated based on the terms and design of the Pharmacy Benefit previously disclosed to CHLIC and prior to CHLIC's discovery of the Pharmacy Benefit design feature that materially impacts CHLIC's discounts in this Specialty Drug List.
- The discounts in this Specialty Drug List shall not apply to Compound Drug claims, Claims that process at U&C, and direct member reimbursement (DMR) Claims.
- Any or all of the discounts in this Specialty Drug List may be adjusted by CHLIC to the extent reasonably necessary to preserve the economic value of this Agreement as it existed immediately prior to the occurrence of any of the following events: (a) there are any significant changes in the composition of CHLIC's pharmacy network or in CHLIC's pharmacy network contract compensation rates, or the structure of the pharmacy stores/chains/vendors that are contracted with CHLIC, including but not limited to disruption in the retail pharmacy delivery model, or bankruptcy of a chain pharmacy; or (b) there is a change in government laws or regulations which has a significant impact on pharmacy claim costs; or (c) any material manufacturer-rebate contracts with or for the benefit of CHLIC are terminated or modified in whole or in part; or (d) there is any legal action or Law that materially affects or could materially affect the manner in which CHLIC's rebate program is administered or an existing Law is interpreted so as to materially affect or potentially have a material effect on CHLIC's administration of the Pharmacy Benefit; or (e) there is a material change in the Plan or the Plan's Pharmacy Benefit that is initiated by Employer which impacts CHLIC's costs.

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