

ADMINISTRATIVE SERVICES AGREEMENT

This Administrative Services Agreement ("Agreement") is entered into by and between County of Mendocino ("Employer") and Anthem Blue Cross Life and Health Insurance Company ("Anthem") and is effective as of January 1, 2021 upon the following terms and conditions:

1. Employer is the sponsor of a self-funded Group Health Plan (as defined below) providing, among other things, health care benefits to certain eligible employees and their qualified dependents.
2. Employer desires to retain Anthem as an independent contractor to administer certain elements of Employer's Group Health Plan.
3. Anthem desires to administer certain elements of Employer's Group Health Plan pursuant to the terms of this Agreement.

In consideration of the promises and the mutual covenants contained in this Agreement, Anthem and Employer (the "Party" or "Parties" as appropriate) agree as follows:

ARTICLE 1 – DEFINITIONS

For purposes of this Agreement and any amendments, attachments or schedules to this Agreement, the following words and terms have the following meanings unless the context or use clearly indicates another meaning or intent:

ADMINISTRATIVE SERVICES FEES. The amount payable to Anthem in consideration of its administrative services and operating expenses as indicated in Section 3 of Schedule A, excluding any cost for stop loss insurance coverage or any other policy of insurance, if applicable. All additional charges not included in the Administrative Services Fees are specified elsewhere in this Agreement.

AGREEMENT PERIOD. The period of time indicated in Section 1 of Schedule A.

AFFILIATES. Companies affiliated with Employer that are participating in the Plan and which, along with the Employer constitute a single "control group" as that term is used in the Internal Revenue Code.

ANTHEM AFFILIATE. An entity controlling, under common control with or controlled by Anthem.

BENEFITS BOOKLET. A description of the portion of the health care benefits provided under the Plan that is administered by Anthem.

BILLED CHARGES. The amount that appears on a Member's Claim form (or other written notification acceptable to Anthem that Covered Services have been provided) as the Provider's charge for the services rendered to a Member, without any adjustment or reduction and irrespective of any applicable reimbursement arrangement with the Provider.

BLUE CROSS BLUE SHIELD ASSOCIATION ("BCBSA"). An association of independent Blue Cross and Blue Shield companies.

CLAIM. Written or electronic notice of a request for reimbursement of any health care service or supply on a form acceptable to Anthem.

CLAIMS RUNOUT SERVICES. Processing and payment of Claims that are incurred but unreported and/or unpaid as of the date this Agreement terminates.

COVERED SERVICE. Any health care service or supply rendered to Members for which benefits are eligible for reimbursement pursuant to the terms of the applicable Benefits Booklet.

GROUP HEALTH PLAN OR PLAN. An employee welfare benefit plan established by the Employer, in effect as of the Effective Date, as described in the Plan Documents, as they may be amended from time to time.

INTER-PLAN ARRANGEMENTS. Blue Cross and Blue Shield Association programs, including the BlueCard Program, where Anthem can process certain Claims for Covered Services received by Members, which may include accessing the reimbursement arrangement of a Provider that has contracted with another Blue Cross and/or Blue Shield plan.

INVOICE DUE DATE. The date on the invoice provided to Employer indicating when payment is due.

MEMBER. The individuals, including the Subscriber and his/her dependents, as defined in the Benefits Booklet, who have satisfied the Plan eligibility requirements of Employer, applied for coverage, and been enrolled for Plan benefits.

NETWORK PROVIDER. A physician, health professional, hospital, pharmacy, or other individual, organization and/or facility that has entered into a contract, either directly or indirectly, with Anthem to provide Covered Services to Members through negotiated reimbursement arrangements.

PAID CLAIM. The amount charged to Employer for Covered Services or services provided during the term of this Agreement and any Claims Runout Period. Paid Claims may also include any applicable surcharges assessed by a state or government agency and any applicable interest paid. In addition, Paid Claims shall be determined as follows:

1. Provider And Vendor Claims. Except as otherwise provided in this Agreement, Paid Claims shall mean the amount Anthem actually pays the Provider or Vendor without regard to: (i) whether Anthem reimburses such Provider or Vendor on a percentage of charges basis, a fixed payment basis, a global fee basis, single case rate, or other reimbursement methodology; (ii) whether such amount is more or less than the Provider's or Vendor's actual Billed Charges for a particular service or supply; or (iii) whether such payments are increased or decreased by the Provider's or Vendor's achievement of, or failure to achieve, certain specified goals, outcomes or standards adopted by Anthem.
2. This provision is intentionally removed.
3. Payment Innovation Programs. If a Provider or Vendor participates in any Anthem payment innovation program, excluding any programs described in paragraph 1 of this provision, in which performance incentives, rewards or bonuses are paid based on the achievement of cost, quality, efficiency, or service standards or metrics adopted by Anthem ("Payment Innovation Programs"), Paid Claims shall also include the amount of such payments to Providers or Vendors for these Payment Innovation Programs. Such payments may be charged to Employer on a per Claim, lump sum, per Subscriber, or per Member basis and shall be based on Anthem's predetermined methodology for such Payment Innovation Program, as may be amended from time to time. The total monies charged in advance to fund a Payment Innovation Program shall be actuarially determined as the amount necessary to fund the expected payments attributable to the Payment Innovation Program. Prior to its implementation, Anthem shall provide Employer with a description of the Payment Innovation Program, the methodology that will be utilized to charge the Employer, and any reconciliation process performed in connection with such program. Payments to Providers or Vendors under these Payment Innovation Programs shall not impact Member cost shares.
4. Fees Paid To Manage And/Or Coordinate Care Or Costs. Paid Claims may also include fees paid to Providers or Vendors for managing and/or coordinating the care or cost of care for designated Members.
5. Claims Payment Pursuant To Any Judgment, Settlement, Legal Or Administrative Proceeding. Paid Claims shall include any Claim amount paid as the result of a settlement, judgment, or legal, regulatory or administrative proceeding brought against the Plan and/or Anthem, or otherwise agreed to by Anthem, with respect to the decisions made by Anthem regarding the coverage of or amounts paid for services under the terms of the Plan. Paid Claims also includes any amount paid as a result of Anthem's billing dispute resolution procedures with a Provider or Vendor. Any Claims paid pursuant to this provision will count towards any stop loss accumulators under a stop loss agreement with Anthem.
6. Claims Payment Pursuant To Inter-Plan Arrangements And Other Bcbsa Programs. Paid Claims shall include any amount paid for Covered Services that are processed through Inter-Plan Arrangements or for any amounts paid for Covered Services provided through another BCBSA program (e.g., BCBSA Blue Distinction Centers for Transplant). More information about Inter-Plan Arrangements is found in the Inter-Plan Arrangements Schedule of this Agreement.
7. Claims Payment Pursuant To A Consumer Directed Health Plan Account. If applicable to Plan benefits and as indicated on Schedule B of this Agreement, Paid Claims shall include any amount actually paid by Anthem from a consumer directed health plan account, such as a health reimbursement account or a health incentive account.

PLAN DOCUMENTS. The documents that set forth the terms of the Plan, and which include the Benefits Booklet.

PROPRIETARY INFORMATION AND CONFIDENTIAL INFORMATION. Employer's Proprietary Information is information about the systems, procedures, methodologies and practices used by Employer to run its operations and the Plan and other non-public information about Employer. Anthem's Proprietary Information is non-public, trade secret, commercially valuable, or competitively sensitive information, or other material and information relating to the products, business, or activities of Anthem or an Anthem Affiliate, including but not limited to: (1) Information about Anthem's Provider networks, Provider negotiated fees, Provider discounts, and Provider contract terms; (2) information about the systems, procedures, methodologies, and practices used by Anthem and Anthem Affiliates in performing their services such as underwriting, Claims processing, Claims payment, and health care management activities; and (3) combinations of data elements that could enable information of this kind to be derived or calculated. Anthem's Confidential Information is information that Anthem or an Anthem Affiliate is obligated by law or contract to protect, including but not limited to: (1) Social Security numbers; (2) Provider tax identification numbers (TINs); (3) National Provider Identification Numbers (NPIs); (4) Provider names, Provider addresses, and other identifying information about Providers; and (5) drug enforcement administration (DEA) numbers, pharmacy numbers, and other identifying information about pharmacies.

PROVIDER. A duly licensed physician, health professional, hospital, pharmacy or other individual, organization and/or facility that provides health services or supplies within the scope of an applicable license and/or certification and meets any other requirements set forth in the Benefits Booklet.

SUBSCRIBER. An employee or retiree of Employer or other eligible person (other than a dependent) who is enrolled in the Plan.

VENDOR. A person or entity other than a Provider, including an Anthem Affiliate, that provides services or supplies pursuant to a contract with Anthem.

ARTICLE 2 - ADMINISTRATIVE SERVICES PROVIDED BY ANTHEM

- a. Anthem shall process the enrollment of eligible individuals and termination of Members as directed by the Employer subject to the provisions of this Agreement. Anthem shall, with the assistance of Employer, respond to direct routine inquiries made to it by employees and other persons concerning eligibility in the Plan.
- b. Anthem shall perform the following Claims administrative services:
 1. Process Claims with a Claims Incurred Date indicated in Section 1 of Schedule A and provide customer service, including investigating and reviewing such Claims to determine what amount, if any, is due and payable according to the terms and conditions of the Benefits Booklet and this Agreement. Anthem shall perform coordination of benefits ("COB") with other payors, including Medicare. In processing Claims, Anthem shall utilize Anthem's medical policies and medical policy exception process, its definition of medical necessity, its precertification and/or preauthorization policies, Provider contract requirements and applicable Claim timely filing limits.
 2. Disburse to the applicable individuals or entities (including Providers and Vendors) payments that it determines to be due according to the provisions of the Benefits Booklet.
 3. Provide notice in writing when a Claim for benefits has been denied which notice shall set forth the reasons for the denial and the right to a full and fair review of the denial under the terms of the Benefits Booklet and shall otherwise satisfy applicable regulatory requirements governing the notice of a denied Claim.
- c. Employer delegates to Anthem fiduciary authority to determine claims for benefits under the Plan as well as the authority to act as the appropriate fiduciary to determine appeals of any adverse benefit determinations under the Plan. Anthem shall administer complaints, appeals and requests for independent review according to Anthem's complaint and appeals policy, and any applicable law or regulation unless otherwise provided in the Benefits Booklet. In carrying out this authority, Anthem is delegated full discretion to determine eligibility for benefits under the Plan and to interpret the terms of the Plan. Anthem shall be deemed to have properly exercised such authority unless a Member proves that Anthem has abused its discretion or that its decision is arbitrary and capricious. Anthem is a fiduciary of the Plan only to the extent necessary to perform its obligations and duties as expressed in this Agreement and only to the extent that its performance of such actions constitutes fiduciary action. Anthem shall have no fiduciary responsibility in connection with any other element of the administration of the Plan. Anthem shall not act as the administrator of the Plan nor shall it have any fiduciary responsibility in connection with any other element of the administration of the Plan. Anthem shall charge Employer the fee described in Section 3.C of Schedule A for any independent review conducted pursuant to this provision.

- d. Anthem shall have the authority, in its discretion, to institute from time to time, utilization management, case management, disease management or wellness pilot initiatives in certain designated geographic areas. These pilot initiatives are part of Anthem's ongoing effort to find innovative ways to make available high quality and more affordable healthcare services. A pilot initiative may affect some, but not all Members under the Plan. These programs will not result in the payment of benefits which are not provided in the applicable Benefits Booklet, unless otherwise agreed to by the Employer. Anthem reserves the right to discontinue a pilot initiative at any time without advance notice to Employer.
- e. Anthem shall perform Claims prepayment analysis and recovery services as provided in Articles 4 and 13.
- f. Anthem shall issue identification cards to Subscribers and/or Members, as applicable, and the content and design of the identification cards shall comply with BCBSA regulations.
- g. On behalf of Employer, Anthem may utilize relevant Employer Claims and eligibility data to offer products as a replacement of, or enhancement to, the Employer's Group Health Plan for Members. Employer shall be responsible to communicate to Members all information required by applicable law.
- h. Anthem shall provide Members and potential Members access to an online directory of Providers contracted with Anthem ("Provider Directories"). Members may also contact customer service for a listing of applicable Network Providers. Additionally, if applicable to Plan benefits, Anthem shall ensure that Members and potential Members have access to the BlueCard directory of Providers via a website sponsored by BCBSA.
- i. Anthem reserves the right to make benefit payments to either Providers or Members at its discretion. Employer agrees that the terms of the Plan will include provisions for supporting such discretion in determining the direction of payment including, but not limited to, a provision prohibiting Members from assigning their rights to receive benefit payments, unless otherwise prohibited by applicable law.
- j. If applicable to the Plan benefits and as indicated in Schedule A or B of this Agreement, Anthem may provide or arrange for the provision of the following managed care services:
 - 1. Conduct medical necessity review, utilization review, and a referral process, which may include, but is not limited to: (a) preadmission review to evaluate and determine the medical necessity of an admission or procedure and the appropriate level of care, and for an inpatient admission, to authorize an initial length of stay; (b) concurrent review throughout the course of the inpatient admission for authorization of additional days of care as warranted by the patient's medical condition; (c) retrospective review; and (d) authorizing a referral to a non-Network Provider. Anthem shall have the authority to waive a requirement if, in Anthem's discretion, such exception is in the best interest of the Member or the Plan, or is in furtherance of the provision of cost effective services under this Agreement.
 - 2. Perform case management to identify short and long term treatment programs in cases of severe or chronic illness or injury. Anthem may, but is not required to, customize benefits in limited circumstances by approving otherwise non-Covered Services if, in the discretion of Anthem, such exception is in the best interest of the Member and the Plan.
 - 3. Provide access to a specialty network of Providers if the Plan includes a specialty network. Anthem reserves the right to establish specialty networks for certain specialty or referral care.
 - 4. Provide any other managed care services incident to or necessary for the performance of the services set forth in this Article 2.
- k. If applicable to the Plan benefits and as indicated in Schedule A or B of this Agreement, Anthem shall offer wellness programs and other programs to help Employer effectively manage the cost of care, and Employer shall pay fees for the programs selected by Employer only if such fees are indicated in Section 3(B) of Schedule A. Employer shall abide by all applicable policies and procedures of the programs selected, which may require Employer to provide requested information prior to Anthem initiating the service.
- l. On behalf of Employer, Anthem shall produce and maintain a master copy of the Benefits Booklet and make changes and amendments to the master copy of the Benefits Booklet and incorporate any approved changes or amendments pursuant to Article 18(a) of this Agreement. Employer shall determine, in its sole discretion, whether Anthem has accurately produced the Benefits Booklet and has fully implemented the approved changes or amendments. Until Employer has approved the Benefits Booklet, Anthem will administer the quoted benefits according to Anthem's most similar standard Benefits Booklet language.

- m. Anthem will provide Employer with Plan data and assistance necessary for preparation of the Plan's information returns and forms required by federal or state laws. Anthem shall prepare and mail all IRS Form 1099's and any other similar form that is given to Providers or brokers.
- n. Anthem shall administer unclaimed funds associated with Paid Claims that are not processed through Inter-Plan Arrangements pursuant to unclaimed property or escheat laws and shall make any required payment and file any required reports under such laws. Inter-Plan Arrangement Paid Claims are processed according to the Host Blue's procedures and may be escheated to the state.
- o. Unless otherwise agreed to by the Parties and specified in the Benefits Booklet, Anthem's standard policies and procedures, as well as Provider contracts, as they may be amended from time to time, will be used in the provision of services specified in this Agreement. In the event of any conflict between this Agreement and any of Anthem's policies and procedures, this Agreement will govern. In the event of any conflict between this Agreement and the Provider contracts, the Provider contracts will govern the rights and obligations as between the Parties and Providers.
- p. This provision is intentionally omitted.
- q. Select state laws require Employers to finance health related initiatives through residency-based assessments and/or surcharges added to certain Paid Claims. After Employer completes any applicable forms, Anthem shall make all assessment and/or surcharge payments on behalf of Employer to the appropriate pools administered by the respective states, based primarily upon Anthem's Paid Claims information and Member information provided to Anthem by Employer. Examples of such assessments and surcharges include, but are not limited to, the Massachusetts Health Safety Net Trust Fund, the New York Health Care Reform Act and the Michigan Health Insurance Claims Assessment Act.
- r. Anthem shall provide required notices describing Member's rights under the Women's Health and Cancer Rights Act (WHCRA) upon a Member's enrollment and at least annually thereafter.
- s. Anthem shall have the authority, in its sole discretion, to build and maintain its Provider network on its own behalf. In building and maintaining its Provider network, Anthem is not acting on behalf of or as an agent for any employer or member. Nothing in this Agreement shall be interpreted to require Anthem to maintain negotiated fees or reimbursement arrangements or other relationships with certain Providers or Vendors or to negotiate on behalf of or for the benefit of Employer or Employer's Members. Anthem will be solely responsible for acting as a liaison with Providers including, but not limited to, responding to Provider inquiries, negotiating contract language and negotiating rates with Providers or auditing Providers, and Employer agrees that it will be governed by the terms and conditions of these agreements.
- t. If a catastrophic event (whether weather-related, caused by a natural disaster, or caused by war, terrorism, or similar event) occurs that affects Members in one or more locations, and such catastrophic event prevents or interferes with Anthem's ability to conduct its normal business with respect to such Members or prevents or interferes with Members' ability to access their benefits, Anthem shall have the right, without first seeking consent from Employer, to take reasonable and necessary steps to process Claims and provide managed care services in a manner that may be inconsistent with the Benefits Booklet in order to minimize the effect such catastrophic event has on Members. As soon as practicable after a catastrophic event, Anthem shall report its actions to Employer. Employer shall reimburse Anthem for amounts paid in good faith under the circumstances and such amounts shall constitute Paid Claims, even if the charges incurred were not for services otherwise covered under the Benefits Booklet.
- u. Anthem shall submit any claim that is required to be filed under any stop loss policy issued by Anthem or an Anthem Affiliate. Anthem shall have no obligation to prepare or file any claim for excess risk or stop loss coverage under a policy not issued by Anthem or an Anthem Affiliate. Anthem shall provide Employer with Claims data pursuant to Article 11 of this Agreement if Employer chooses to file a claim under a stop loss policy issued by an entity other than Anthem or an Anthem Affiliate. Anthem shall assume no liability or responsibility to Employer for inconsistencies between the determination of Covered Services under the Benefits Booklet and this Agreement and the determination of coverage by an unaffiliated stop loss carrier.
- v. This provision is intentionally omitted.

- w. If a Member is a Massachusetts resident, Anthem shall mail the Member any notices required by the Massachusetts Health Care Reform Act ("HCRA") reflecting coverage during the current and prior Agreement Period. If a Member works in Massachusetts for Employer, but resides in another State, Anthem will only provide such notices if Employer notifies Anthem at least 60 days prior to any notice deadline imposed by HCRA that such Member requires the HCRA notices.
- x. Anthem is the responsible reporting entity ("RRE") for the Plan as that term is defined pursuant to Section 111 of the Medicare, Medicaid and SCHIP Extension Act of 2007. In order to fulfill its RRE obligation, Anthem requires information from the Employer, including, but not limited to, Member Social Security Numbers. Employer shall cooperate with Anthem and timely respond to any request for information made by Anthem.
- y. Anthem will provide Employer with Plan information and assistance necessary for the preparation of the Plan's Summary of Benefits and Coverage ("SBC") related to the elements of the Plan that Anthem administers. Employer is solely responsible for ensuring that the SBC accurately reflects the benefits Employer will offer and for finalizing and distributing the SBC to Subscribers. Notwithstanding the provisions in Article 18(a), if Employer's open enrollment period is at a time other than 30 days prior to the end of an Agreement Period, Employer agrees to provide Anthem with any changes to the benefits Anthem administers at least 60 days prior to the start of the open enrollment period.
- z. Anthem generally receives Member telephone numbers from Employer through enrollment files or the online employer access portal. Telephone numbers are provided directly to Employer by Members with the understanding that Anthem may contact them, and Employer does not obtain telephone numbers through a service or a third party. Anthem may contact Members by telephone for clinical purposes, benefit related issues or to perform services under the Agreement. Telephone numbers may be updated periodically by Members, and Anthem will honor do not call requests. With regard to Anthem's use of Member telephone numbers, Employer agrees to retain Member enrollment records for a period of at least 4 years or as otherwise set forth in the Telephone Consumer Protection Act and, upon request, will provide such records to Anthem in a timely manner.

ARTICLE 3 - OBLIGATIONS OF EMPLOYER

- a. Employer shall furnish to Anthem initial eligibility information regarding Members. Employer is responsible for determining eligibility of individuals and advising Anthem in a timely manner, through a method agreed upon by the Parties, as to which employees, dependents, and other individuals are to be enrolled Members. Anthem reserves the right to limit the effective date of retroactive enrollment to a date not earlier than 60 days prior to the date notice is received. Such retroactive enrollments shall be subject to Anthem's receipt of any applicable fees as indicated in Section 3 of Schedule A. Employer shall keep such records and furnish to Anthem such notification and other information as may be required by Anthem for the purpose of enrolling Members, processing terminations, effecting COBRA coverage elections, effecting changes in single or family coverage status, effecting changes due to a Member becoming eligible or ineligible for Medicare, effecting changes due to a leave of absence, or for any other purpose reasonably related to the administration of eligibility under this Agreement. Employer acknowledges that prompt and complete furnishing of the required eligibility information is essential to the timely, accurate, and efficient processing of Claims.

Employer shall notify Anthem monthly of the Subscribers, dependents, or other individuals that will be or have become ineligible for benefits under the Plan. Upon receipt of such notice, Anthem shall terminate coverage effective as of the date specified in the Benefits Booklet. Employer shall give Anthem advance notice, if possible, of any Member's expected termination and/or retirement. Anthem reserves the right to limit retroactive terminations to a maximum of 60 days prior to the date notice is received. Anthem shall credit Employer any applicable fees for such retroactive terminations as indicated in Section 3 of Schedule A.

If Anthem has paid Claims for persons no longer eligible, then Employer shall reimburse Anthem for all unrecovered Paid Claim amounts to the extent that the amounts have not already been paid by Employer and to the extent recoupment of such amounts has not been obtained by Anthem.

- b. Employer has all discretionary authority and control over the management of the Plan, and all discretionary authority and responsibility for the administration of the Plan except as delegated to Anthem in Article 2(c) of this Agreement. Employer retains all final authority and responsibility for the Plan and its operation and Anthem is empowered to act on behalf of Employer in connection with the Plan only as expressly stated in this Agreement or as otherwise agreed to by the Parties in writing. Employer shall provide Anthem with timely, accurate and complete information necessary for any services administered by Anthem. Employer or its designee shall provide Anthem with timely, accurate and complete information necessary for any Anthem obligation under the Agreement.

- c. It is understood and agreed that the provision of any notice, election form, or communication and the collection of any applicable premium or fees required by or associated with Title X of the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("COBRA"), or any other applicable law governing continuation of health care coverage, shall be the sole responsibility of Employer and not Anthem, except as otherwise agreed to in a written agreement between the Parties.
- d. Employer is solely responsible for compliance with the Family and Medical Leave Act ("FMLA") and, to the extent applicable to Employers' wellness program(s), for compliance with the Americans with Disabilities Act, the Internal Revenue Code, federal and state nondiscrimination laws, and other federal and state laws and regulations governing wellness programs.
- e. Employer agrees to and shall collect those contributions from Subscribers that are required by Employer for participation in the Plan. If Employer elects Anthem's stop loss coverage, Employer shall abide by Anthem's participation and contribution guidelines.
- f. Unless otherwise agreed to by the Parties in writing, Employer shall prepare and distribute all notices or summaries of changes or material modifications to the Plan. Employer shall ensure that if it creates any documents that refer to benefits offered under the Plan, the documents will accurately reflect the terms of the Benefits Booklet.
- g. To the extent that Medicare, Medicaid, the Veterans Administration or any other federal or state agency or entity asserts a reimbursement right against Employer, the Plan, or Anthem pursuant to that agency's or entity's rights under applicable law with respect to Claims processed by Anthem under this Agreement, the Employer shall be responsible for reimbursing Anthem any such amounts determined to be owed.
- h. Employer shall give notice to Anthem of the expected occurrence of any of the following events (including a description of the event), with such notice to be given at least 30 days prior to the effective date of the event, unless such advance notice is prohibited by law or contract in which case, notice will be provided as soon as practicable:
 - 1. Change of Employer's name; or
 - 2. The sale or other transfer of all or substantially all of the assets of either Employer or any Employer Affiliates or the sale or other transfer of the equity of Employer or any Employer Affiliates, or;
 - 3. Any bankruptcy, receivership, insolvency or inability of Employer to pay its debts as they become due.
- i. The Employer shall have the sole responsibility, in accordance with state or federal law, to develop procedures for determining whether a medical child support order is a "qualified" medical child support order. The Employer shall provide notice to Anthem once it has made such determination.
- j. The Employer may request Anthem, on an exception basis, to process and pay Claims that were denied by Anthem or take other actions with respect to the Plan that are not specifically set forth in this Agreement or the Benefits Booklet. In such cases, any payments shall not count toward the stop loss accumulators under a stop loss agreement issued by Anthem, unless otherwise agreed to by Anthem. Anthem may charge Employer a processing fee that has been mutually agreed to by the Parties prior to the processing of the Claim. Anthem shall not be responsible for any liability associated with any act or omission undertaken at the direction of, or in accordance with, instructions received from the Employer under this provision.

ARTICLE 4 – CLAIMS PAYMENT METHOD

- a. Employer shall pay or fund Paid Claims according to the Claims payment method described in Section 4 of Schedule A. Employer shall pay or fund such amounts by the Invoice Due Date. In addition, from time to time, the Parties acknowledge that Employer may request a review of the appropriateness of a Claim payment and, during the review period, Employer shall pay or fund such Claim.

- b. The Parties acknowledge that, from time to time, a Claims adjustment may be necessary as a result of coordination of benefits, subrogation, workers' compensation, other third party recoveries, payment errors and the like, and that the adjustment will take the form of a debit (for an additional amount paid by Anthem) or a credit (for an amount refunded to Employer). The Parties agree that such Claims adjustment shall be treated as an adjustment to the Claims payment made in the billing period in which the adjustment occurs, rather than as a retroactive adjustment to the Claim in the billing period in which it was initially reported as paid. Any Claims credit may be reduced by a fee as indicated in Schedule A of this Agreement. In addition, a credit shall not be provided to Employer for a recovery related to a Claim that was covered under stop loss coverage provided by Anthem.
- c. Employer acknowledges and directs Anthem to utilize offsetting and cross-plan offsetting to recover overpaid Claims from Network Providers. Offsetting and cross-plan offsetting will be conducted only in cooperation with non-Network Providers who have expressly agreed to such procedures and have agreed that members will be held harmless. Offsetting is the practice of Anthem recovering overpayments made to a Network Provider by withholding overpaid amounts from subsequent payments to be made to the same Network Provider. Cross-plan offsetting is the practice of Anthem recovering overpayments made to a Network Provider for one member by withholding the overpaid amount from subsequent payments to be made to the same Network Provider for another member, who receives benefits under a different group health plan for which Anthem pays the Claims on behalf of a different employer.

ARTICLE 5 – ADMINISTRATIVE SERVICES FEES

During the term of this Agreement, Employer shall pay Anthem the Administrative Services Fees, described in Section 3 of Schedule A. Employer shall pay the Administrative Services Fees and other fees authorized under this Agreement by the applicable Invoice Due Date according to the payment method described in Section 5 of Schedule A.

ARTICLE 6 – RENEWAL SCHEDULES

If Anthem offers to renew this Agreement at the end of an Agreement Period, then Anthem shall provide Employer with the terms and conditions of the proposed renewal in writing within the time period provided in Section 1 of Schedule A. Employer shall notify Anthem in writing of its selection from the renewal options by indicating its selection and signing Anthem's designated renewal form. If Anthem does not receive a signed acceptance of the renewal from Employer prior to the start of the next Agreement Period, Employer's payment of the amounts set forth in the renewal shall constitute Employer's acceptance of the terms. Anthem shall provide a revised Schedule A that will become part of this Agreement without the necessity of securing Employer's signature.

ARTICLE 7 – CLAIMS RUNOUT SERVICES

- a. Claims Runout Services shall be provided for the period of time provided in Section 6 of Schedule A (the "Claims Runout Period"), except such Claims Runout services shall not be provided in the event that termination is due to non-payment pursuant to Article 19(a) of this Agreement. During the Claims Runout Period, the terms of this Agreement shall continue to apply. Anthem shall have no obligation to process or pay any Claims or forward Claims to Employer beyond the Claims Runout Period. Any amounts recovered beyond the Claims Runout Period shall be retained by Anthem as reasonable compensation for services under this Agreement. Anthem shall, however, return any recoveries for which Anthem had received monies, but had not processed the recovery prior to the end of the Claims Runout Period. In addition, Employer shall have no obligation to reimburse Anthem for any amounts paid by Anthem due to adjustments to Claims after the end of the Claims Runout Period.
- b. The fee for providing Claims Runout Services during the Claims Runout Period, if applicable, is provided in Section 6 of Schedule A. Paid Claims and the fee for providing Claims Runout Services shall be invoiced and paid in the same manner as provided in Sections 4 and 5 of Schedule A, unless otherwise provided or agreed to in writing by the Parties.

ARTICLE 8 – LATE PAYMENT PENALTY

If Employer fails to timely pay or fund any amount due to Anthem under this Agreement, Employer agrees to pay a late payment penalty for each day the payment is late. The late payment penalty shall be calculated at the rate of 12% simple interest per annum (365 days), and shall be included on a subsequent invoice and payable by the Invoice Due Date. If applicable, Employer agrees to reimburse Anthem for any expenses charged to Anthem by a financial institution, Provider or Vendor due to Employer's failure to maintain sufficient funds in a designated bank account. Any acceptance by Anthem of late payments shall not be deemed a waiver of its rights to terminate this Agreement for any future failure of Employer to make timely payments.

ARTICLE 9 – HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT

- a. Anthem's duties and responsibilities in connection with the requirements imposed by the Health Insurance Portability and Accountability Act ("HIPAA") and the Privacy, Security, Breach Notification and Standard Transactions regulations will be set forth in the Business Associate Agreement attached hereto as the Group Health Business Associate Agreement Schedule. Business Associate is defined as a person or entity that performs certain functions or activities that involve the use or disclosure of protected health information on behalf of, or provides services to, a Covered Entity, as defined under 45 CFR 160.103. Business Associate Agreement (BAA) is defined as a legal contract that describes how Anthem, as a Business Associate, and Plan, as a Covered Entity may use or disclose protected health information so that the Plan may comply with the applicable requirements of HIPAA and its regulations. Any reference in this Agreement to Business Associate or to Business Associate Agreement shall be considered to be capitalized.
- b. In the event the Plan submits Claims or eligibility inquiries or any other HIPAA covered transaction as defined in 45 CFR Part 160 and 162 to Anthem through electronic means, the Plan and Anthem shall comply with all applicable requirements of HIPAA and the Plan and Anthem shall require any of their respective agents or subcontractors to comply with all applicable requirements of HIPAA.

ARTICLE 10 – PROPRIETARY AND CONFIDENTIAL INFORMATION

- a. Each Party retains ownership of its Proprietary Information and Confidential Information (collectively "Information") and neither conveys ownership rights in its Information nor acquires ownership rights in the other Party's Information by entering into this Agreement or performing its obligations hereunder. Nothing in this Agreement shall impair or limit a Party's right to use and disclose its Information for its own lawful business purposes.
- b. Each Party shall maintain the other Party's Information in strict confidence, and shall institute commercially reasonable safeguards to protect it.
- c. Employer shall use and disclose Anthem's Information solely for the purpose of administering the Plan. Employer shall not, without Anthem's advance written consent, (1) use or disclose Anthem's Information, or reports or summaries thereof, for any purpose other than administering the Plan; (2) combine Anthem's Information with other data to create or add to an aggregated database that will or could be made available to any third party; (3) combine Anthem's Information provided for a particular purpose with Anthem's Information provided for another purpose; or (4) sell or disclose Anthem's Information to any other person or entity except as expressly permitted by this Article 10.
- d. Employer may disclose the minimum amount of Anthem's Information necessary to Employer's stop loss carriers, consultants, auditors, and other third parties engaged by Employer (each a "Plan Contractor"), provided that: (i) each such third party needs to know such Information in order to provide services to Employer; (ii) the restrictions set forth in subsection c. of this Article 10 shall apply to each such third party as well as to Employer; and (iii) prior to such disclosure, each such third party shall enter into the confidentiality agreement attached hereto which shall be provided to third party by Employer for signature and returned to Anthem for countersignature by Anthem prior to the planned disclosure.
- e. Upon termination of this Agreement, each Party shall return or destroy the other Party's Information or retain the Information in accordance with its reasonable record retention policies and procedures; provided; however that each Party shall continue to comply with the provisions of this Article 10 for as long as it retains the other Party's Information.

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

ARTICLE 11 – DATA REPORTS

- a. Upon Employer's request and only as permitted by the business associate agreement entered into between the Parties, Anthem will provide Anthem's standard account reporting package. Prior to Anthem providing data or reports to Employer, the Parties must mutually agree to the types, format, content and purpose of the reports requested. If Employer requests from Anthem information that is not part of Anthem's standard account reporting package, and such request is approved by Anthem, Employer agrees to pay a mutually agreed upon charge to Anthem for such additional reports.
- b. If Employer requests Anthem to provide a data extract or report to any Plan Contractor for use on Employer's behalf and Anthem agrees to do so: (i) to the extent such extract or report includes protected health information ("PHI") as defined in HIPAA, Anthem's disclosure of the PHI and Plan Contractor's subsequent obligations with respect to the protection, use, and disclosure of the PHI will be governed by Employer's applicable business associate agreements with Anthem and the Plan Contractor; and (ii) to the extent such data or report includes Anthem's Proprietary Information and/or Anthem's Confidential Information, Employer acknowledges and agrees that Plan Contractor shall be subject to the requirements set forth in Article 10 of this Agreement.
- c. Employer agrees not to contact, or to engage or permit a Plan Contractor to contact on Employer's behalf, any health care Provider concerning the information in any reports or data extracts provided by Anthem unless the contact is coordinated by Anthem.
- d. In addition to their unlimited rights to use Anthem's Proprietary Information and Confidential Information, Anthem and Anthem Affiliates shall also have the right to use and disclose other Claim-related data collected in the performance of services under this Agreement or any other agreement between the Parties, so long as: (1) the data is de-identified in a manner consistent with the requirements of HIPAA; or (2) the data is used or disclosed for research, health oversight activities, or other purposes permitted by law; or (3) a Member has consented to the release of his or her individually identifiable data. The data used or disclosed shall be used for a variety of lawful purposes including, but not limited to, research, monitoring, benchmarking and analysis of industry and health care trends. Anthem may receive remuneration for the data only if permitted by HIPAA.

ARTICLE 12 – CLAIMS AUDIT

- a. At Employer's expense, Employer shall have the right to audit Claims on Anthem's premises, during regular business hours and in accordance with Anthem's audit policy, which may be revised from time to time. A copy of the audit policy shall be made available to Employer upon request.
- b. If Employer elects to utilize a third-party auditor to conduct an audit pursuant to this Agreement and Anthem's audit policy, such auditor must be mutually acceptable to Employer and Anthem. Anthem will only approve auditors that are independent and objective and will not approve auditors paid on a contingency fee or other similar basis. Anthem reserves the right to charge a fee to Employer for expenditure of time by Anthem's employees in completing any audit. An auditor or consultant must execute a confidentiality and indemnification agreement with Anthem pertaining to Anthem's Proprietary and Confidential Information prior to conducting an audit.
- c. Employer may conduct an audit once each calendar year and the audit may only relate to Claims processed during the current year or immediately preceding calendar year (the "Audit Period") and neither Employer nor anyone acting on Employer's or the Plan's behalf, shall have a right to audit Claims processed prior to the Audit Period. The scope of the audit shall be agreed to in writing by the Parties prior to the commencement of the audit.

- d. Employer shall provide to Anthem copies of all drafts, interim and/or final audit reports at such time as they are made available by the auditor or consultants to Employer. Any errors identified as the result of the audit shall be subject to Anthem's review and acceptance prior to initiating any recoveries of Paid Claims pursuant to Article 13 of this Agreement. Anthem reserves the right to terminate any audit being performed by or for Employer if Anthem determines that the confidentiality of its information is not properly being maintained or if Anthem determines that Employer or auditor is not following Anthem audit policy.
- e. An audit performed pursuant to this Agreement shall be the final audit for the Audit Period and for any prior Audit Period unless otherwise agreed to in writing by the Parties; however, Claims may be re-audited if Employer is required to conduct the audit by a government agency with which it has a contractual arrangement.

ARTICLE 13 – RECOVERY AND PREPAYMENT ANALYSIS SERVICES

- a. Pursuant to the provisions of this Article 13(a), Anthem shall conduct recovery activities including review of Paid Claims processed under this Agreement (including during any Claims Runout Period) and audits of Provider and Vendor contracts. The purpose of these services is to determine whether Paid Claims processed under this Agreement have been paid accurately and identify recoveries that can be pursued. Anthem shall not be obligated to retain outside counsel or other third parties if Anthem's recovery efforts are not successful. If Anthem makes a recovery as a result of the services described in this Article 13(a), then Anthem shall receive a fee provided in Schedule A as compensation for its services and Employer will receive the remaining recovery amount.

Anthem shall also engage in various Claims prepayment analysis activities. These activities analyze Claims after services are rendered by a Provider or Vendor but prior to Claims payment to determine whether the billing and Claims submission are accurate and are intended to prevent inaccurate payments from being made. If the amount charged to Employer as a Paid Claim is less than the amount that would have been charged to Employer absent the services described in this Article 13(a), then Anthem shall be entitled to receive the fee provided in Schedule A as compensation for its services. This fee shall only be charged where the prepayment analysis activities relate to a specific Claim(s).

- b. Anthem may become aware of additional recovery opportunities by means other than those described in Article 13(a). Employer grants Anthem the authority and discretion in those instances to do the following: (1) determine and take steps reasonably necessary and cost-effective to pursue the recovery such as filing a proof of claim in a class action settlement, adjusting Claims by offsetting or cross-plan offsetting as described in Article 4, commencing litigation, opting out of or objecting to a proposed settlement, and/or engaging in settlement negotiations; (2) select and retain outside counsel when needed; (3) reduce any recovery obtained on behalf of the Plan by its proportionate share of the outside counsel fees and costs incurred during litigation or settlement activities to obtain such recovery; and (4) implement or effect any settlement of the Employer's and Plan's rights by, among other things, executing a release waiving the Employer's and Plan's rights to take any action inconsistent with the settlement.
- c. During the term of this Agreement and any applicable Claims Runout Period, Anthem may pursue payments to Members by any other person, insurance company or other entity on account of any action, claim, request, demand, settlement, judgment, liability or expense that is related to a Claim for Covered Services ("Subrogation Services"). Anthem shall charge Employer a fee provided in Schedule A to this Agreement ("Subrogation Fee"). Any subrogation recoveries shall be net of the Subrogation Fee. Subrogation Fees will not be assessed on subrogation recoveries until they are received by Anthem and credited to Employer.
- d. This provision is intentionally omitted in its entirety.
- e. In exercising its authority pursuant to this Article 13, Anthem shall determine which recoveries it will pursue or Claims that it will review prior to payment, and in no event will Anthem pursue a recovery if it reasonably believes that the cost of the collection is likely to exceed the recovery amount or if the recovery is prohibited by law or an agreement with a Provider or Vendor. Anthem will not be liable for any amounts it does not successfully recover or prevent from being paid based on Claims prepayment analysis activities. Anthem shall retain any recoveries it obtains as a result of its recovery services or audits if the cost to administer the refund is likely to exceed the amount of the refund. Employer further understands and agrees that Anthem shall have authority to enter into a settlement or compromise on behalf of the Employer and Plan regarding these recovery, subrogation and audit services, including, but not limited to, the right to reduce future reimbursement to Provider or Vendor in lieu of a lump sum settlement. Anthem may have contracts with Network Providers or Vendors or there may be judgments, orders, settlements, applicable laws or regulations that limit, under certain circumstances, Anthem's right to make recoveries or engage in Claims prepayment analysis activities.

Anthem may, but is not required to, readjudicate Claims or adjust Members' cost share payments related to the recoveries made from a Provider or a Vendor. Anthem shall credit Employer net recovery amounts after deduction of fees and costs as set forth in this Article 13 not later than 150 days following the receipt of the total recovery amount. If Anthem does not credit Employer within 150 days of its receipt of the total recovery amount, Anthem shall pay Employer interest calculated at the Federal Reserve Funds Rate in effect at the time of the payment. In no event, however, will Anthem be liable to credit Employer for any recovery after the termination date of this Agreement and any Claims Runout Period, and Employer acknowledges and agrees that such sums shall be retained by Anthem as reasonable compensation for recovery services provided by Anthem.

ARTICLE 14 – PHARMACY BENEFITS AND SERVICES

This Article is intentionally omitted.

ARTICLE 15 – INTER-PLAN ARRANGEMENTS

This Article is intentionally omitted and replaced by the Inter-Plan Arrangements Schedule.

ARTICLE 16 – CLAIMS LITIGATION

- a. For purposes of Articles 16 and 17 of this Agreement, "Claims Litigation" means a demand asserted or litigation, proceedings or arbitration commenced, by a Member, Plan beneficiary or Network or non-Network Provider, or any individual or entity working on any of their behalf ("Claimant(s)"), regardless of how pled or how asserted, where the Claimant seeks to recover monetary damages (including but not limited to actual, compensatory, punitive or other damages), equitable relief, declaratory relief, attorneys' fees, costs, expenses, or other relief, in connection with Anthem's alleged failure to properly handle a request for Covered Services or to pay for all or any portion of Covered Services, including any allegations related to the sufficiency of the amount paid for all or any portion of a Covered Service. References to "Employer" in this Article 16 shall mean Employer or Plan or both as appropriate given the context.
- b. Anthem shall direct the defense of any Claims Litigation brought against Anthem. If Employer (in addition to Anthem) is also a named party in the Claims Litigation, Anthem shall direct the defense of the Claims Litigation and the Employer will cooperate in defending against the Claims Litigation. Employer will direct the defense of the Claims Litigation where Anthem is not a named party. Unless there is a conflict that is not waived, in any of the above scenarios, if Anthem's requests, Anthem and the Employer will enter a common interest and/or joint defense agreement to address the sharing of information and any other matters the Parties deem appropriate. Whether there is such a conflict or not, all other provisions of this Article 16 will continue to apply. Anthem shall provide notice of Claims Litigation to the Employer as soon as practicable; provided, however, that this notice obligation shall not apply to Claims Litigation brought by any Provider or to any Claims Litigation to which Employer is a named party.
- c. For any Claims Litigation to which Anthem is a named party, Anthem will select and retain counsel for itself and, if Employer is also named, for the representation of Anthem and Employer contemplated by Article 16(b). If, at the outset or during such Claims Litigation, Employer and Anthem have a conflict of interest, the selected counsel shall represent Anthem only. Employer shall waive any conflict for such representation and retain separate counsel for Employer. Subject to Article 16(d), Employer will assume liability for payment of all reasonable attorneys' fees and costs incurred by Anthem and/or Employer in the defense of Claims Litigation.
- d. If it is determined by the third-party decision maker in the Claims Litigation that Anthem failed to perform its responsibility to review and determine Claims for benefits under the Plan in a manner that is consistent with the standard of care in Article 17 of this Agreement, Anthem will assume liability for payment of its legal fees and costs.
- e. Anthem is authorized to settle or compromise any Claims Litigation with the approval of Employer, which approval shall not be unreasonably withheld. Notwithstanding the above, settlements of reimbursement disputes brought by Providers do not require the approval of Employer.
- f. Anthem is not an insurer of benefits under the Plan nor does it underwrite the risk or otherwise assume any risk for the payment of benefits under the Plan. Under all circumstances, Employer shall be liable to pay Plan benefits awarded or paid by settlement, judgment, or otherwise.

ARTICLE 17 – INDEMNIFICATION

Except for Claims Litigation, which is governed exclusively by Article 16 of this Agreement, Anthem and Employer shall each indemnify, defend and hold harmless the other Party, and its directors, officers, employees, agents and affiliates, from and against any and all losses, claims, damages, liabilities, costs and expenses (including without limitation, reasonable attorneys' fees and costs) that are recovered in direct actions between the Parties or actions brought by a third party asserting liability for: (1) the indemnifying Party's or its subcontractor's gross negligence or willful misconduct in the performance of the obligations under this Agreement, and/or (2) the indemnifying Party's failure to provide information required under this Agreement or otherwise required by law that results in a sanction or penalty being assessed against the other Party, and/or (3) the indemnifying Party's or its subcontractor's breach of fiduciary duties. The obligation to provide indemnification under this Agreement shall be contingent upon the Party seeking indemnification: (i) providing the indemnifying Party with prompt written notice of any claim for which indemnification is sought, (ii) allowing the indemnifying Party to control the defense and settlement of such claim; provided, however, that the indemnifying Party agrees not to enter into any settlement or compromise of any claim or action in a manner that admits fault or imposes any restrictions or obligations on an indemnified Party without that indemnified Party's prior written consent, which will not be unreasonably withheld; and, (iii) cooperating fully with the indemnifying Party in connection with such defense and settlement.

ARTICLE 18 – CHANGES IN BENEFITS BOOKLET AND AGREEMENT

- a. Either Party reserves the right to propose changes to the provisions described in the Benefits Booklet by giving written notice to the other Party not less than 90 days prior to the start of an Agreement Period and such changes will be made to the Benefits Booklet as mutually agreed to in writing by the Parties. Either Party may also propose changes to the Benefits Booklet at a time other than the start of an Agreement Period and such changes will be made to the Benefits Booklet if mutually agreed to in writing by the Parties. Anthem's incorporation of the requested changes into the Benefits Booklet shall constitute Anthem's acceptance of the Employer's requested changes. If Anthem initiates the proposed changes and does not receive written notice from Employer prior to the effective date of the proposed changes that such changes are unacceptable, the changes shall be deemed approved by Employer and Anthem shall incorporate such changes into the Benefits Booklet.
- b. If changes to the provisions of the Benefits Booklet are mandated as a result of a change to any applicable state or federal law, Anthem shall have the right to make such changes to the Benefits Booklet to comply with the law and shall provide written notice to Employer at least 30 days prior to the effective date of the change, unless the effective date specified in the law is earlier.
- c. Anthem also reserves the right to change the Base Administrative Services Fee provided in Section 3(A) of Schedule A at a time other than the start of an Agreement Period upon the occurrence of one or more of the following events: (1) a change to the Plan benefits initiated by Employer that results in a substantial change in the services to be provided by Anthem; (2) a change in ownership as described in Article 3(h) of this Agreement; (3) a change in the total number of Members resulting in either an increase or decrease of 10% or more of the number of Members enrolled for coverage on the date the Base Administrative Services Fee was last modified; (4) a change in Employer contribution as described in Article 3(e) of this Agreement; (5) a change in nature of Employer's business resulting in a change in its designated Standard Industrial Classification ("SIC") code; or (6) a change in applicable law that results in an increase in the cost or amount of administrative services from those currently being provided by Anthem under this Agreement. Anthem shall provide notice to Employer of the change in the Base Administrative Services Fee at least 30 days prior to the effective date of such change. If such change is unacceptable to Employer, either Party shall have the right to terminate this Agreement by giving written notice of termination to the other Party before the effective date of the change. If Employer accepts the proposed Base Administrative Services Fee, Anthem shall provide a revised Schedule A that will then become part of this Agreement without the necessity of securing Employer's signature on the Schedule.

- d. In the event any action of any department, branch or bureau of the federal, state or local government is initiated or taken ("Action") against a Party to this Agreement and such Action materially and adversely affects that Party's performance of the obligations under this Agreement, the affected Party shall notify the other Party of the nature of the Action and provide copies of pertinent documents supporting the reason(s) for the Action. If a modification to the Agreement is needed as a result of the Action, the Parties shall meet within 30 days of the notice by the affected Party to the other Party and shall, in good faith, attempt to negotiate a modification to this Agreement that minimizes or eliminates the impact of the Action. If the Parties are unable to minimize or eliminate the impact of the Action, then either Party may terminate this Agreement by giving at least 90 days notice of termination. This Agreement may be terminated sooner if agreed to by the Parties or required by the government entity initiating or taking the Action.
- e. No modification or change in any provision of this Agreement shall be effective unless and until approved in writing by an authorized representative of Anthem and evidenced by an amendment or new Schedule attached to this Agreement. If Anthem proposes such a modification or change, Anthem shall provide written notice to Employer at least thirty (30) days prior to the effective date of such change. The modification or change will be deemed accepted by Employer unless Anthem receives written notice from Employer prior to the effective date that such change is unacceptable. If Employer does not accept the proposed change, the Parties will meet and confer to reach agreement prior to implementation of such change.

ARTICLE 19 – TERMINATION AND/OR SUSPENSION OF PERFORMANCE

- a. Notwithstanding any other provision of this Article, this Agreement automatically terminates, without further notice or action, if Employer fails to pay or fund any amount due under this Agreement within 7 days of the date of Anthem's notice to the Employer of a delinquent amount owed. Such termination shall be effective as of the last period for which full payment was made. In addition, this Agreement automatically terminates, without further notice or action, at the end of each Agreement Period unless Anthem offers to renew this Agreement and Employer accepts such offer of renewal pursuant to Article 6 of this Agreement. Upon termination of this Agreement, Employer shall remain liable for all payments due to Anthem under the terms of this Agreement. Notwithstanding the above, Anthem has the right to suspend performance of its obligations under this Agreement if full payment is not made by the Invoice Due Date. Anthem shall have no obligation to pay any Claims under the Agreement until all required payments have been paid in full.
- b. If either Party fails to comply with any material duties and obligations under this Agreement other than payment of amounts due under this Agreement, the other Party shall have the right to: (1) terminate this Agreement by giving the non-compliant Party at least 60 days prior written notice of termination; or (2) upon written notice to the other Party, suspend performance of its obligations under this Agreement. Employer acknowledges and agrees that in the event it is the non-compliant Party, Anthem shall have no liability to any Member. Either Party, at its option, may allow the non-compliant Party to cure a breach of this Agreement and, upon acceptance in writing by that Party that a breach is cured, this Agreement may be reinstated retroactive to the date of the breach or suspension of performance. Notwithstanding any other provision of this Agreement, a Party may seek injunctive or other equitable relief from a court of competent jurisdiction should there be any unauthorized use or disclosure of Proprietary Information or Confidential Information by the other Party.
- c. If there shall occur any change in the condition (financial or otherwise) of Employer or an Employer Affiliate that, in the reasonable opinion of Anthem, has a material adverse effect upon the validity, performance, or enforceability of this Agreement, on the financial condition or business operation of Employer (or Employer Affiliate), or on the ability of Employer to fulfill its obligations under this Agreement, then Anthem shall have the right to require Employer to provide adequate assurance of future performance, which may include a payment of a cash deposit, letter of credit, or other method of assurance acceptable to Anthem. Examples of such a change could include, but would not be limited to the actual, or Anthem's reasonable anticipation of: (1) any voluntary or involuntary case or proceedings under bankruptcy law with respect to Employer or an Employer Affiliate; (2) any receivership, liquidation, dissolution, reorganization or other similar case or proceeding with respect to Employer or an Employer Affiliate; (3) any appointment of a receiver, trustee, custodian, assignee, conservator or similar entity or official for Employer or an Employer Affiliate; or (4) any assignment for the benefit of creditors or sale of all or substantially all of Employer's assets or a key Employer Affiliate's assets.

Any deposit amount shall be paid to Anthem within 30 days of the request or in such shorter time as agreed to by the Parties. The deposit amount shall not be paid with Plan assets, shall not be funded in any part by Member contributions, and shall not be paid from any segregated fund or from funds in which the Plan or any Member has a beneficial interest. The deposit amount shall be the property of Anthem, may be held in Anthem's general account, may be subject to satisfy the claims of Anthem's general creditors, and does not govern or limit the benefits available under the terms of the Plan. At the termination of this Agreement and designated Claims Runout Period, if any, the deposit amount, net of any outstanding fees or Claims amounts payable to Anthem, shall be returned to Employer. Any deposit amount returned to Employer under this Article 19(c) shall not include interest. Neither Employer, the Plan, nor any Member shall have any beneficial or legal ownership interest in any deposit amount paid pursuant to this Section.

If such further assurance is required by Anthem, Anthem may, at any time after the date of notice to Employer of such requirement, suspend performance of its obligations under this Agreement until the date of receipt by Anthem of such adequate assurance without being liable to the Employer, the Plan or any Member for such suspension. If such adequate assurance is not received within 30 days of the request, Anthem may terminate this Agreement.

- d. Subject to the provisions of Article 7 of this Agreement, if this Agreement terminates and Anthem makes payment of any Claim that would otherwise have been payable under the terms of this Agreement after the termination date, Employer shall be liable to reimburse Anthem for such Claim to the extent that the amounts have not already been paid by Employer. Employer also agrees to cooperate fully with Anthem in the coordination of pharmacy Claims with any successor pharmacy benefit manager.
- e. Employer may terminate this Agreement at any time other than at the end of an Agreement Period by giving Anthem 90 days written notice of its intent to terminate.
- f. In connection with the termination of this Agreement and upon Employer's request, Anthem shall provide reports that are part of Anthem's standard account reporting package at no extra charge. In no event shall Anthem be obligated to produce more than two sets of reports following the termination date of this Agreement. However Anthem shall have no obligation to provide the reports after the termination date of this Agreement if such termination is due to non-payment pursuant to Article 19(a) of this Agreement. In addition, Anthem shall also provide data extract files upon Employer's request for an additional fee mutually agreed to by the Parties.

ARTICLE 20 – LIMITATION ON ACTIONS AND GOVERNING LAW

- a. No action by either Party alleging a breach of this Agreement may be commenced after the expiration of 3 years from the date on which the claim arose. Any disputes between the Parties in connection with this Agreement shall be resolved pursuant to Article 26 of this Agreement.
- b. This Agreement shall be governed by, and shall be construed in accordance with the laws of California but without giving effect to that state's rules governing conflict of laws.

ARTICLE 21 – NO WAIVER

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

ARTICLE 22 – ASSIGNMENT AND SUBCONTRACTING

- a. Unless it has first obtained the written consent of an officer of the other Party, neither Party may assign this Agreement to any other person. Notwithstanding the foregoing, Anthem may, with advance written notice to Employer, assign or otherwise transfer its rights and obligations hereunder, in whole or in part, to: (i) any affiliate of Anthem; or (ii) any entity surviving a transaction involving the merger, acquisition, consolidation, or reorganization of Anthem, or in which all or substantially all of Anthem's assets are sold. Additionally, Employer may, with advance written notice to Anthem, assign, delegate, or otherwise transfer its rights and obligations hereunder, in whole, to (i) any affiliate of Employer; or (ii) any entity surviving a transaction involving the merger, acquisition, consolidation or reorganization of Employer, or in which all or substantially all of Employer's assets are sold, provided that such affiliate or other assignee presents, in Anthem's opinion, an

equivalent or better financial status and credit risk. Either Party is required to provide advance written notice under this provision only to the extent permissible under applicable law and the reasonable terms of the agreement(s) governing such merger, acquisition, consolidation, reorganization, or asset sale. If advance written notice is not allowed, notice shall be provided as soon as practicable. Upon receipt of notice of an assignment of this Agreement, the other Party may terminate this Agreement by providing the assigning Party with 30 days advance written notice of termination. Any assignee of rights or benefits under this Agreement shall be subject to all of the terms and provisions of this Agreement.

- b. Either Party may subcontract any of its duties under this Agreement without the prior written consent of other Party; however, the Party subcontracting the services shall remain responsible for fulfilling its obligations under this Agreement.

ARTICLE 23 – NOTICES

- a. Any notice or demand pursuant to Articles 19 and 22 of this Agreement shall be deemed sufficient when made in writing as follows: to Employer, by first class mail, personal delivery, or electronic mail or overnight delivery with confirmation capability, to its principal office shown upon the records of Anthem; to Anthem, by first class mail, personal delivery, electronic mail or overnight delivery with confirmation capability, to the designated Anthem sales representative.
- b. A notice or demand shall be deemed to have been given as of the date of deposit in the United States mail with postage prepaid or, in the case of delivery other than by mail, on the date of actual delivery at the appropriate address.
- c. Employer shall be obligated to provide all notices to Members as may be necessary to effectuate any change in or termination of the Agreement.

ARTICLE 24 – ADMINISTRATION

- a. Employer, on behalf of itself and its Members, hereby expressly acknowledges its understanding that this Agreement constitutes a contract solely between Employer and Anthem, that Anthem is an independent corporation operating under a license with BCBSA permitting Anthem to use the Blue Cross Service Mark in California and that Anthem is not contracting as the agent of BCBSA. Employer further acknowledges and agrees that it has not entered into this Agreement based upon representations by any person other than Anthem and that no person, entity, or organization other than Anthem shall be held accountable or liable to it for any of Anthem's obligations to Employer created under this Agreement. This paragraph shall not create any additional obligations whatsoever on the part of Anthem other than those obligations created under other provisions of this Agreement.
- b. Anthem is providing administrative services only with respect to the portion of the Plan described in the Benefits Booklet. Anthem has only the authority granted it pursuant to this Agreement. Anthem is not the insurer or underwriter of any portion of the Plan. Anthem has no responsibility or liability for funding benefits provided by the Plan, notwithstanding any advances that might be made by Anthem. Employer retains the ultimate responsibility and liability for all benefits and expenses incident to the Plan, including but not limited to, any applicable taxes that might be imposed relating to the Plan.
- c. This provision has been intentionally deleted in its entirety.
- d. Employer shall ensure that sufficient amounts are available to cover Claims payments, the monthly Administrative Services Fees, and other fees or charges.

ARTICLE 25 – ENTIRE AGREEMENT

- a. The following documents will constitute the entire Agreement between the Parties: this Agreement, including any amendments and Schedules thereto, and the Benefits Booklet.
- b. This Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.
- c. This Agreement supersedes any and all prior agreements between the Parties, whether written or oral, and other documents, if any, addressing the subject matter contained in this Agreement.

- d. If any provision of this Agreement is held to be invalid, illegal or unenforceable in any respect under applicable law, order, judgment or settlement, such provision shall be excluded from the Agreement and the balance of this Agreement shall be interpreted as if such provision were so excluded and shall be enforceable in accordance with its terms.

ARTICLE 26 – DISPUTE RESOLUTION

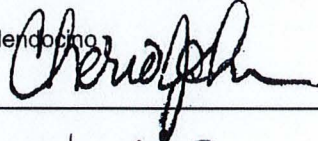
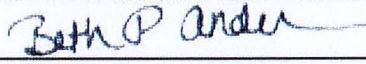
- a. All disputes between Anthem and Employer arising out of or related in any manner to this Agreement shall be resolved using the dispute resolution and arbitration procedures set forth below. To invoke the dispute resolution procedures in this Agreement, a Party first shall send to the other Party a written demand letter that contains a detailed description of the dispute and underlying facts. The Parties shall then meet and confer in person in a good faith effort to resolve the dispute.
- b. Subject to the limitations set forth in Article 26(c), any dispute that remains unresolved after the Parties met and conferred shall be resolved by final and binding arbitration conducted pursuant to the JAMS Comprehensive Arbitration Rules and Procedures. The arbitration shall take place in Los Angeles County, California.
- c. Notwithstanding the provisions of Article 26(b), the following disputes shall not be resolved through binding arbitration but, instead, shall be resolved through litigation filed in a court of competent jurisdiction or, where applicable, through an administrative proceeding before a state or federal regulatory authority:
 - 1. All disputes where the amount in controversy, exclusive of claimed interest, costs and attorneys' fees, is one million dollars (\$1,000,000.00) or greater;
 - 2. All disputes in which a Party seeks injunctive relief;
 - 3. All disputes in which Employer seeks to participate as a member of a class of claimants. For any dispute that is the subject of arbitration, the Parties waive any right to join or consolidate claims in arbitration on a class basis; and
 - 4. All disputes that are required by law to be resolved by a state or federal regulatory authority.
- d. For disputes subject to arbitration, the dispute shall be decided by a single arbitrator selected, and replaced when required, in the manner described in the JAMS Comprehensive Arbitration Rules and Procedures. Each Party shall bear its own costs, including attorneys' fees, incurred in connection with the arbitration. Costs of the arbitration proceeding, including JAMS administrative fees and the arbitrator's fees, shall be shared equally between the Parties. Judgment upon the award rendered by the arbitrator may be entered and enforced in any court of competent jurisdiction.

ARTICLE 27 – MISCELLANEOUS

- a. Employer and Anthem are separate legal entities. Anthem is strictly an independent contractor. Nothing contained in this Agreement shall cause either Party to be deemed a partner, member, agent or representative of the other Party, nor shall either Party have the expressed or implied right or authority to assume or create any obligation on behalf of or in the name of the other Party through its actions, omissions or representations.
- b. Except as may be explicitly set forth in this Agreement, nothing herein shall be construed as an implied license by a Party to use the other Party's name, trademarks, domain names, or other intellectual property. Neither Party shall use the name, trademarks, domain names, or any other name or mark of the other Party in any press release, printed form, advertising or promotional materials or otherwise, without the prior written consent of the other Party. In addition, Employer has no license to use the Blue Cross and/or Blue Shield trademarks or derivative marks (the "Brands") and nothing in the Agreement shall be deemed to grant a license to Employer to use the Brands. Any references to the Brands made by Employer in its own materials are subject to prior review and approval by Anthem.
- c. Nothing contained herein shall cause either Party to be deemed an agent for service of legal process for the other Party.

- d. Anthem or an Anthem Affiliate may enter into business arrangements with certain Network Providers and Anthem may have financial interest in such Network Providers through direct ownership, partnership, joint venture or other arrangements. The business arrangements may provide practice management or other services to Network Providers that are designed to promote a more effective and cost-efficient health care delivery system that emphasizes continuous improvement and increased patient access to high quality, cost-effective health care. Because of its ownership or financial interests in Network Providers, Anthem may share in the Network Provider's profits or other revenue. Any revenue received by Anthem in connection with these business arrangements shall be retained by Anthem.
- e. The Parties acknowledge that Anthem, in making decisions regarding the scope of coverage of services under the Benefits Booklet, is not engaged in the practice of medicine. Providers are not restricted in exercising their independent medical judgment by contract or otherwise and do not act on behalf of, or as agents for, Anthem or the Plan.
- f. Each Party shall comply with all laws and regulations applicable to their respective duties and obligations assumed under this Agreement.
- g. Anthem and Employer agree to the performance standards set forth in any Performance Guarantees Schedules.

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

County of Mendocino By: <u></u> Title: <u>Deputy CEO</u> Date: <u>6-24-21</u>	Anthem Blue Cross Life and Health Insurance Company By: <u></u> Title: <u>President CA Commercial</u> Date: <u>June 24, 2021</u>
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**INTER-PLAN ARRANGEMENTS SCHEDULE
TO ADMINISTRATIVE SERVICES AGREEMENT
WITH
COUNTY OF MENDOCINO**

This Inter-Plan Arrangement Schedule supplements and amends the Administrative Services Agreement and is effective as of January 1, 2021. In the event of an inconsistency between the applicable provisions of this Schedule, any other Schedule and/or the Agreement, the terms of this Schedule shall govern, but only as they relate to the Inter-Plan Arrangements. Except as set forth herein, all other terms and conditions of the Agreement remain in full force and effect.

Out-of-Area Services

Overview

Anthem has a variety of relationships with other Blue Cross and/or Blue Shield Licensees referred to generally as "Inter-Plan Arrangements". These Inter-Plan Arrangements operate under rules and procedures issued by BCBSA. Whenever Members access healthcare services outside the geographic area Anthem serves (the "Anthem Service Area"), the Claim for those services may be processed through one of these Inter-Plan Arrangements. The Inter-Plan Arrangements are described generally below.

Typically, when accessing care outside the Anthem Service Area, Members obtain care from healthcare Providers that have a contractual agreement ("Participating Providers") with the local Blue Cross and/or Blue Shield Licensee in that other geographic area ("Host Blue"). In some instances, Members may obtain care from healthcare Providers in the Host Blue geographic area that do not have a contractual agreement ("Non-Participating Providers") with the Host Blue. Anthem remains responsible for fulfilling its contractual obligations to Employer. Anthem's payment practices in both instances are described below.

This disclosure describes how Claims are administered for Inter-Plan Arrangements and the fees that are charged in connection with Inter-Plan Arrangements. Note that dental care, Prescription Drug or vision benefits may not be processed through Inter-Plan Arrangements.

If the Plan covers only limited healthcare services received outside of Anthem's Service Area, services other than those listed as Covered Services (e.g., emergency services) in the Plan will not be covered when processed through any Inter-Plan Arrangements, unless authorized by Anthem. Providers providing such non-Covered Services will be considered Non-Participating Providers.

A. BlueCard[®] Program

The BlueCard[®] Program is an Inter-Plan Arrangement. Under this Arrangement, when Members access Covered Services outside the Anthem Service Area, the Host Blue will be responsible for contracting and handling all interactions with its Participating Providers. The financial terms of the BlueCard Program are described generally below.

1. Liability Calculation Method Per Claim

a. Member Liability Calculation

Unless subject to a fixed dollar copayment, the calculation of the Member liability on Claims for Covered Services will be based on the lower of the Participating Provider's Billed Charges or the negotiated price made available to Anthem by the Host Blue.

b. Employer Liability Calculation

The calculation of Employer liability on Claims for Covered Services will be based on the negotiated price made available to Anthem by the Host Blue. Sometimes, this negotiated price may be greater for a given service or services than the Billed Charges in accordance with how the Host Blue has negotiated with its Participating Provider(s) for specific healthcare services. In cases where the negotiated price exceeds the Billed Charges, Employer may be liable for the excess amount even when the Member's deductible

has not been satisfied. This excess amount reflects an amount that may be necessary to secure (a) the Provider's participation in the network and/or (b) the overall discount negotiated by the Host Blue. In such a case, the entire contracted price is paid to the Participating Provider, even when the contracted price is greater than the Billed Charges.

2. Claims Pricing

Host Blues determine a negotiated price, which is reflected in the terms of each Host Blue's Participating Provider contracts. The negotiated price made available to Anthem by the Host Blue may be represented by one of the following:

- (i) An actual price. An actual price is a negotiated rate of payment in effect at the time a Claim is processed without any other increases or decreases; or
- (ii) An estimated price. An estimated price is a negotiated rate of payment in effect at the time a Claim is processed, reduced or increased by a percentage to take into account certain payments negotiated with the Provider and other Claim- and non-Claim-related transactions. Such transactions may include, but are not limited to, anti-fraud and abuse recoveries, Provider refunds not applied on a Claim-specific basis, retrospective settlements and performance-related bonuses or incentives; or
- (iii) An average price. An average price is a percentage of Billed Charges in effect at the time a Claim is processed representing the aggregate payments negotiated by the Host Blue with all of its Participating Providers or a similar classification of its Participating Providers and other Claim- and non-Claim-related transactions. Such transactions may include the same ones as noted above for an estimated price.

The Host Blue determines whether it will use an actual, estimated or average price. The use of estimated or average pricing may result in a difference (positive or negative) between the price Employer pays on a specific Claim and the actual amount the Host Blue pays to the Participating Provider. However, the BlueCard Program requires that the amount paid be a final price; no future price adjustment will result in increases or decreases to the pricing of past Claims.

Any positive or negative differences in estimated or average pricing are accounted for through variance accounts maintained by the Host Blue and are incorporated into future Claim prices. As a result, the amounts charged to Employer will be adjusted in a following year, as necessary, to account for over- or under-estimation of the past years' prices. The Host Blue will not receive compensation from how the estimated price or average price methods, described above, are calculated. Because all amounts paid are final, neither positive variance account amounts (funds available to be paid in the following year), nor negative variance amounts (the funds needed to be received in the following year), are due to or from Employer. Upon termination, Employer will not receive a refund or charge from the variance account.

Variance account balances are small amounts relative to the overall paid Claims amounts and will be liquidated over time. The timeframe for their liquidation depends on variables, including, but not limited to, overall volume/number of Claims processed and variance account balance. Variance account balances may earn interest at the federal funds or similar rate. Host Blues may retain interest earned on funds held in variance accounts.

B. Negotiated Arrangements

With respect to one or more Host Plans, instead of using the BlueCard Program, Anthem may process Claims for Covered Services through negotiated arrangements. A negotiated arrangement is an agreement negotiated between Anthem and one or more Host Blues for any Employer that is not delivered through the BlueCard Program ("Negotiated Arrangement").

In addition, if Anthem and Employer agree that (a) Host Blue(s) shall make available (a) custom healthcare Provider network(s) in connection with this Agreement, then the terms and conditions set forth in Anthem's Negotiated Arrangement(s) with such Host Blue(s) shall apply. These include the provisions governing the processing and payment of Claims when Members access such network(s). In negotiating such arrangement(s), Anthem is not acting on behalf of or as an agent for Employer, the Plan or Members.

Member Liability Calculation

If Anthem has entered into a Negotiated Arrangement with a Host Blue, the calculation of Member cost-sharing will be based on the lower of either Billed Charges or negotiated price (refer to the description of negotiated price under Section A, BlueCard Program) that the Host Blue makes available to Anthem and that allows Members access to negotiated participation agreement networks of specified Participating Providers outside of Anthem's service area.

C. Special Cases: Value-Based Programs

Definitions

1. **Accountable Care Organization (ACO):** A group of Providers who agree to deliver coordinated care and meet performance benchmarks for quality and affordability in order to manage the total cost of care for their member populations.
2. **Care Coordination:** Organized, information-driven patient care activities intended to facilitate the appropriate responses to a Member's healthcare needs across the continuum of care.
3. **Care Coordinator:** An individual within a Provider organization who facilitates Care Coordination for patients.
4. **Care Coordinator Fee:** A fixed amount paid by a Host Plan to Providers periodically for Care Coordination under a Value-Based Program.
5. **Global Payment/Total Cost of Care:** A payment methodology that is defined at the patient level and accounts for either all patient care or for a specific group of services delivered to the patient, such as outpatient, physician, ancillary, hospital services, and prescription drugs.
6. **Patient-Centered Medical Home (PCMH):** A model of care in which each patient has an ongoing relationship with a primary care physician who coordinates a team to take collective responsibility for patient care and, when appropriate, arranges for care with other qualified physicians.
7. **Provider Incentive:** An additional amount of compensation paid to a Provider by a Host Blue, based on the Provider's compliance with agreed-upon procedural and/or outcome measures for a particular population of covered persons.
8. **Shared Savings:** A payment mechanism in which the Provider and the payer share cost savings achieved against a target cost budget based on agreed upon terms and may include downside risk.
9. **Value-Based Program (VBP):** An outcomes-based payment arrangement and/or a coordinated care model facilitated with one or more local Providers that is evaluated against cost and quality metrics/factors and is reflected in Provider payment.

Value-Based Programs Overview

Members may access Covered Services from Providers that participate in a Host Blue's Value-Based Program. Value-Based Programs may be delivered either through the BlueCard Program or a Negotiated Arrangement. These Value-Based Programs may include, but are not limited to, Accountable Care Organizations, Global Payment/Total Cost of Care arrangements, Patient Centered Medical Homes and Shared Savings arrangements.

Value-Based Programs under the BlueCard Program

Value-Based Programs Administration

Under Value-Based Programs, a Host Blue may pay Providers for reaching agreed-upon cost/quality goals in the following ways: retrospective settlements, Provider Incentives, a share of target savings, Care Coordinator Fees and/or other allowed amounts.

The Host Blue may pass these Provider payments to Anthem, which Anthem will pass directly on to Employer as either an amount included in the price of the Claim or an amount charged separately in addition to the Claim.

When such amounts are included in the price of the Claim, the Claim may be billed using one of the following pricing methods, as determined by the Host Blue:

- (i) **Actual Pricing:** The charge to accounts for Value-Based Programs incentives/Shared Savings settlements is part of the Claim. These charges are passed to Employer via an enhanced Provider fee schedule.

(ii) Supplemental Factor: The charge to accounts for Value-Based Programs incentives/Shared Savings settlements is a supplemental amount that is included in the Claim as an amount based on a specified supplemental factor (e.g., a small percentage increase in the Claim amount). The supplemental factor may be adjusted from time to time. This pricing method may be used only for non-attributed Value-Based Programs.

When such amounts are billed separately from the price of the Claim, they may be billed using a Per Member Per Month billing for Value-Based Programs incentives/Shared Savings settlements to accounts outside of the Claim system. Anthem will pass these Host Blue charges directly through to Employer as a separately identified amount on the Employer billings.

The amounts used to calculate either the supplemental factors for estimated pricing or PMPM billings are fixed amounts that are estimated to be necessary to finance the cost of a particular Value-Based Program. Because amounts are estimates, there may be positive or negative differences based on actual experience, and such differences will be accounted for in a variance account maintained by the Host Blue (in the same manner as described in the BlueCard Claim pricing section above) until the end of the applicable Value-Based Program payment and/or reconciliation measurement period. The amounts needed to fund a Value-Based Program may be changed before the end of the measurement period if it is determined that amounts being collected are projected to exceed the amount necessary to fund the program or if they are projected to be insufficient to fund the program.

At the end of the Value-Based Program payment and/or reconciliation measurement period for these arrangements, Host Blues will take one of the following actions:

- Use any surplus in funds in the variance account to fund Value-Based Program payments or reconciliation amounts in the next measurement period.
- Address any deficit in funds in the variance account through an adjustment to the PMPM billing amount or the reconciliation billing amount for the next measurement period.

The Host Blue will not receive compensation resulting from how estimated, average or PMPM price methods, described above, are calculated. If the Agreement terminates, Employer will not receive a refund or charge from the variance account. This is because any resulting surpluses or deficits would be eventually exhausted through prospective adjustment to the settlement billings in the case of Value-Based Programs. The measurement period for determining these surpluses or deficits may differ from the term of this Agreement.

Variance account balances are small amounts relative to the overall paid Claims amounts and will be liquidated over time. The timeframe for their liquidation depends on variables, including, but not limited to, overall volume/number of Claims processed and variance account balance. Variance account balances may earn interest, and interest is earned at the federal funds or similar rate. Host Blues may retain interest earned on funds held in variance accounts.

Note: Members will not bear any portion of the cost of Value-Based Programs except when a Host Blue uses either average pricing or actual pricing to pay Providers under Value-Based Programs.

Care Coordinator Fees

Host Blues may also bill Anthem for Care Coordinator Fees for Provider services which Anthem will pass on to Employer as follows:

1. PMPM billings; or
2. Individual Claim billings through applicable care coordination codes from the most current editions of either Current Procedural Terminology (CPT) published by the American Medical Association (AMA) or Healthcare Common Procedure Coding System (HCPCS) published by the U.S. Centers for Medicare and Medicaid Services (CMS).

Anthem and Employer will not impose Member cost-sharing for Care Coordinator Fees.

Value-Based Programs under Negotiated Arrangements

If Anthem has entered into a Negotiated Arrangement with a Host Blue to provide Value-Based Programs to Members, Anthem will follow the same procedures for Value-Based Programs administration and Care Coordination Fees as noted above.

D. Non-Participating Providers Outside Anthem's Service Area

1. Allowed Amounts and Member Liability Calculation

Unless otherwise described in the Plan, when Covered Services are provided outside of Anthem's Service Area by Non-Participating Providers, Anthem may determine benefits and make payment based on pricing from either the Host Blue or the pricing arrangements required by applicable state or federal law. In these situations, the amount the Member pays for such services as deductible, copayment or coinsurance will be based on that allowed amount. Also, the Member may be responsible for the difference between the amount that the Non-Participating Provider bills and the payment Anthem will make for the covered services as set forth in this paragraph.

2. Exceptions

In certain situations, which may occur at Employer's direction, Anthem may use other pricing methods, such as Billed Charges, the pricing Anthem would use if the healthcare services had been obtained within Anthem's Service Area, or a special negotiated price to determine the amount Anthem will pay for services provided by Non-Participating Providers. In these situations, the Member may be liable for the difference between the amount that the Non-Participating Provider bills and the payment Anthem makes for the Covered Services as set forth in this paragraph.

E. Blue Cross Blue Shield Global Core[®]

General Information

If Members are outside the United States (hereinafter, "BlueCard Service Area"), they may be able to take advantage of Blue Cross Blue Shield Global Core[®] when accessing Covered Services. The Blue Cross Blue Shield Global Core is not served by a Host Blue. As such, when Members receive care from Providers outside the BlueCard Service Area, Members will typically have to pay the Providers and submit the Claims themselves to obtain reimbursement for these services.

Inpatient Services

In most cases, if Members contact the Blue Cross Blue Shield Global Core Service Center for assistance, hospitals will not require Members to pay for covered inpatient services, except for their cost-share amounts. In such cases, the hospital will submit Member Claims to the Blue Cross Blue Shield Global Core Service Center to initiate Claims processing. However, if the Member paid in full at the time of service, the Member must submit a Claim to obtain reimbursement for Covered Services. Members must contact Anthem to obtain precertification for non-emergency inpatient services.

Outpatient Services

Physicians, urgent care centers and other outpatient Providers located outside the BlueCard Service Area will typically require Members to pay in full at the time of service. Members must submit a Claim to obtain reimbursement for Covered Services.

F. Return of Overpayments

Recoveries of overpayments can arise in several ways, including, but not limited to, anti-fraud and abuse recoveries, audits, utilization review refunds and unsolicited refunds. Recoveries will be applied, in general, on either a Claim-by-Claim or prospective basis. If recovery amounts are passed on a Claim-by-Claim basis from a Host Blue to Anthem, they will be credited to Employer. In some cases, the Host Blue will engage a third party to assist in identification or collection of overpayments. The fees of such a third party may be charged to Employer as a percentage of the recovery.

Unless otherwise agreed to by the Host Blue, for retroactive cancellations of membership, Anthem will request the Host Blue to provide full refunds from Participating Providers for a period of only one year after the date of the Inter-Plan financial settlement process for the original Claim. For Care Coordinator Fees associated with Value-Based Programs, Anthem will request such refunds for a period of only up to ninety (90) days from the termination notice transaction on the payment innovations delivery platform. In some cases, recovery of Claim payments associated with a retroactive cancellation may not be possible if, as an example, the recovery (a) conflicts with the Host Blue's state law or healthcare Provider contracts, (b) would result from Shared Savings and/or Provider Incentive arrangements or (c) would jeopardize the Host Blue's relationship with its Participating Providers, notwithstanding to the contrary any other provision of this Agreement.

G. Modifications or Changes to Inter-Plan Arrangement Fees or Compensation

Modifications or changes to Inter-Plan Arrangement fees or compensation are generally made effective January 1 of the calendar year, but they may occur at any time during the year. In the case of any such modifications or changes resulting in an increase in fees paid by Employer, Anthem shall provide Employer with at least thirty (30) days' advance written notice of any modification or change to such Inter-Plan Arrangement fees or compensation describing the change and the effective date thereof and Employer right to terminate this Agreement without penalty by giving written notice of termination before the effective date of the change. If Employer fails to respond to the notice and does not terminate this Agreement during the notice period, Employer will be deemed to have approved the proposed changes, and Anthem will then allow such modifications to become part of this Agreement.

H. Fees and Compensation

Employer understands and agrees to reimburse Anthem for certain fees and compensation which Anthem is obligated under the applicable Inter-Plan Arrangements described in this Schedule to pay to the Host Blues, to BCBSA and/or to vendors of Inter-Plan Arrangement related services. The specific Inter-Plan Arrangement fees and compensation, including any administrative and/or network access fee that a Host Blue may charge under the BlueCard Program, a Negotiated Arrangement, and Blue Cross Blue Shield Global Core are charged to Employer are set forth in Section 7 of Schedule A to the Agreement. The various Inter-Plan Program Fees and compensation may be revised from time to time as described in section G.

A description of the various Claim processing fees that may be listed on Schedule A is as follows:

Access Fee: The Access Fee is charged by the Host Blue to Anthem for making its applicable Provider network available to Members. The Access Fee will not apply to Non-Participating Provider Claims. The Access Fee is charged on a per Claim basis and is charged as a percentage of the discount/differential Anthem receives from the applicable Host Blue subject to a maximum of \$2,000 per Claim. When charged, Anthem passes the Access Fee directly on to Employer.

Instances may occur in which the Claim payment is zero or Anthem pays only a small amount because the amounts eligible for payment were applied to patient cost sharing (such as a deductible or coinsurance). In these instances, Anthem will pay the Host Blue's Access Fee and pass it along directly to Employer as stated above even though Employer paid little or had no Claim liability.

Administrative Expense Allowance (AEA) Fee: The AEA Fee is a fixed per Claim dollar amount charged by the Host Blue to Anthem for administrative services the Host Blue provides in processing Claims for Employer's Members. The dollar amount is normally based on the type of Claim (e.g. institutional, professional, international, etc.) and can also be based on the size of group enrollment. When charged, Anthem passes the AEA Fee directly on to Employer.

Per Subscriber Per Month (PSPM) Fee: The PSPM Fee is a financial arrangement negotiated between the Host Blue and Anthem and replaces all other fees, including the Access Fee and AEA Fee. The PSPM dollar amount is charged on a per Subscriber per month basis by the Host Blue to Anthem for administrative services the Host Blue provides in processing Claims for Employer's Members. The dollar amount can also be based on the size of group enrollment. When charged, Anthem passes the PSPM Fee directly on to Employer.

Non-Standard AEA Fee: The Non-Standard AEA Fee is a financial arrangement negotiated between the Host Blue and Anthem and replaces all other fees, including the Access Fee and AEA Fee. The Non-Standard AEA is a fixed per Claim dollar amount charged by the Host Blue to Anthem for administrative services the Host Blue provides in processing Claims for Employer's Members. When charged, Anthem passes the Non-Standard AEA Fee directly on to Employer.

Central Financial Agency (CFA) Fee: The CFA Fee is a fixed dollar amount per payment notice and is paid by Anthem to the BCBSA. This fee applies each time Anthem receives an electronic payment notice from the CFA indicating that a Host Blue incurred Claim-related liability on Anthem's behalf and requesting that Anthem either approve or deny payment. When charged, Anthem passes the CFA Fee directly on to Employer. The CFA Fee supports ongoing operations of BCBSA programs and services, including but not limited to Blue Cross Blue Shield AXIS® Data Services, network solutions, and BlueCard Program-related applications.

Inter-Plan Teleprocessing System (ITS) Transaction Fee: The ITS delivery platform allows all Blue Cross and/or Blue Shield Licensees to connect with each other through a standardized system to facilitate the operation of Inter-Plan Arrangements. The ITS Transaction Fee applies each time a Claims transaction interchange occurs between Anthem and a Host Blue. When a Host Blue receives a Claim, it applies Provider pricing information, sets forth its discount and related savings and sends this information to Anthem electronically. Anthem then adjudicates the Claim, computes the approved Provider payment amount, calculates the AEA Fee and Access Fee, computes net liability and sends a response electronically to the Host Blue. The Host Blue then pays the Provider and issues an electronic payment notice to Anthem via the CFA. The ITS Transaction Fee is five cents per interchange and is paid to the BCBSA. For each Claim, there are a minimum of three interchanges, but there could be more depending on the complexity of the Claim. When charged, Anthem passes the ITS Transaction Fee directly on to Employer.

Anthem Blue Cross Life and Health Insurance Company

By: Beth P. Anderson

Title: President CA Commercial

Date: June 24, 2021

**SCHEDULE A
TO
ADMINISTRATIVE SERVICES AGREEMENT
WITH
COUNTY OF MENDOCINO**

This Schedule A shall govern the Agreement Period from January 1, 2021 through December 31, 2021. For purposes of this Agreement Period, this Schedule shall supplement and amend the Agreement between the Parties. If there are any inconsistencies between the terms of the Agreement including any prior Schedules, and this Schedule A, the terms of this Schedule A shall control.

Section 1. Effective Date and Renewal Notice

This Agreement Period shall be from 12:01 a.m. January 1, 2021 to the end of the day of December 31, 2021.

Paid Claims shall be processed pursuant to the terms of this Agreement when incurred and paid as follows:

- Incurred from January 1, 2021 through December 31, 2021 and
- Paid from January 1, 2021 through December 31, 2021.

Anthem shall provide any offer to renew this Agreement at least 120 days prior to the end of an Agreement Period.

Section 2. Broker or Consultant Base Compensation

Not applicable

Section 3. Administrative Services Fees

Change to Administrative Services Fees. In addition to the provisions in Article 18(c), Anthem reserves the right to change the Administrative Services Fees provided in this Section 3 of Schedule A during the Agreement Period based upon the occurrence of any of the following events:

- Employer's Member to Subscriber ratio is not within +/-5% of 1.86;
- Anthem is not the sole third party administrator for medical benefits under Employer's Plan;
- Employer's enrollment is not within +/-10% of 1,018 Subscribers;
- Employer moves any of the Plan Benefits administered under this Agreement to another third party administrator or public or private exchanges;
- A change in law or regulation that materially impacts underwriting assumptions made at the time of the offer or renewal.

A. Base Administrative Services Fee

PPO (In State and Out of State Plans)

Base Administrative Services Fee: \$34.95 per Subscriber per month

Upon offer and acceptance of renewal, the Administrative Services Fee will be no more than 3% (or \$36.00) for Year 2, no more than 3% (or \$37.08) for Year 3, no more than 3% (or \$38.56) for Year 4, and no more than 3% (or \$40.10) for Year 5.

Article 3(a) Retroactive Adjustments to Enrollment.

Anthem shall credit Administrative Services Fees for each retroactive deletion up to a maximum of 60 days and shall charge Administrative Services Fees for each retroactive addition up to a maximum of 60 days.

B. Health and Wellness Program Fees

Not applicable

C. Other Fees or Credits

Fee for Subrogation Services. The charge to Employer is 25% of gross subrogation recovery.

Fee for Overpayment Identification and Claims Prepayment Analysis Activities. The charge to Employer is 25% of (i) the amount recovered from review of Claims and membership data and audits of Provider and Vendor activity to identify overpayments and (ii) the difference between the amount Employer would have been charged absent prepayment analysis activities and the amount that was charged to Employer following performance of the prepayment analysis activities. This includes, but is not limited to COB, contract compliance, and eligibility. The fee for Overpayment Identification and Claims Prepayment Analysis Activities will not exceed \$25,000.00 per Claim.

Fee for Independent Claims Review: \$500.00 per independent review

Enhanced Personal Health Care Fee. A fee shall be charged for Anthem's oversight of Enhanced Personal Health Care with Providers or Vendors. Such fee shall be 25% of the per attributed Member per month amount charged to Employer for the Provider performance bonus portion of the Enhanced Personal Health Care program. These charges are included in Paid Claims on the invoice and may accumulate towards any stop loss policy amounts.

Non-Network Savings Fee. When Anthem forwards a non-Network Provider Claim to Vendor to negotiate with the non-Network Provider, Employer will pay a fee equal to 50% of the difference between the non-Network Provider's Billed Charges and Vendor's negotiated amount. In the absence of successfully negotiated Claims, there will be no fee charged as the amount will be determined by the local Blue plan. These Claims will not be included in any Performance Guarantee calculations.

Medical Drug Rebates. Anthem shall retain rebates it receives directly from pharmaceutical manufacturers for Claims for Prescription Drugs administered by Anthem and covered under the medical benefit portion of the Plan(s) ("Medical Drug Rebates").

Third Party Stop Loss Reporting Fee: Fee for generation of reports delivered to an external stop loss carrier is included in the Base Administrative Services Fee. Confidentiality Agreements must be completed with the Employer and third party stop loss carrier prior to files being released.

Fee for Integration Services with Pharmacy Carve-out Vendor. Employer has carved-out Prescription Drug management services and Anthem shall provide integration services. The charge to Employer is included in the base Administrative Services Fee.

Fee for Accumulation of Essential Health Benefits Cost Shares with Pharmacy Carve-out Vendor. Anthem shall coordinate with the Employer's pharmacy carve-out vendor to accumulate cost shares for Essential Health Benefits, as defined under the Affordable Care Act, to the deductibles and out-of-pocket maximums. The charge to Employer is included in the base Administrative Services Fee.

Fee for Pharmacy Carve-out. Employer has carved-out Prescription Drug management services. The charge to the Employer is included in the base Administrative Services Fee.

Fee for Membership Eligibility Data File Transfer to Pharmacy Carve-out Vendor. Anthem shall provide membership eligibility data by file transfer to Employer's pharmacy carve-out vendor. The charge to the Employer is included in the base Administrative Services Fee.

Fee for Ad Hoc Reports. Anthem shall provide, on an annual basis, up to twenty (20) hours of time needed to generate custom or ad hoc reports at no additional charge. The charge to Employer beyond twenty (20) hours per year is \$150.00 per hour for time needed to generate custom or ad hoc reports.

Fee for Electronic Data Feeds to an Outside Vendor. Anthem shall provide, on an annual basis, up to twelve (12) electronic data feeds to an outside vendor in Anthem's standard format. The charge to Employer is \$1,000.00 for each additional feed.

FSA Fees:

- Health Care FSA Fee: \$3.40 per Participant per month
- Dependent Care FSA Fee: \$3.40 per Participant per month

COBRA Administration and Optional Services.

Monthly Fee (1000+ eligible employees) \$10.75 per Subscriber enrollee in COBRA per month

Per Qualifying Event (1000+ eligible employees) \$10.75 per Qualifying Event

New Participant COBRA rights notification \$2.90 per notice

HIPAA special enrollment notification \$2.90 per notice

Health Plan eligibility communication \$25.00 per third party administrator per month

Eligibility communication and premium remittance \$50.00 per third party administrator per month

Open Enrollment Support Services \$15.00 per packet plus related pricing (Comprehensive Package) and postage expenses

Retroactive New Plan Participant notification \$2.00 per notice

Retroactive HIPAA special enrollment notification \$2.00 per notice

Past due notices \$1.00 per notice

Custom programming \$125.00 per hour

Section 4. Paid Claims, Billing Cycle and Payment Method

A. Paid Claims

Paid Claims are described in Article 1-Paid Claims Definition of the Agreement.

B. Billing Cycle

Weekly

Anthem shall notify Employer of the amount due to Anthem as a result of Claims processed and paid by Anthem according to the billing cycle described above. The actual date of notification of Paid Claims and the Invoice Due Date will be determined according to Anthem's regular business practices and systems capabilities.

C. Payment Method

ACH or Wire Transfer Reimbursement for Paid Claims. Employer shall deposit the amount due in a designated Anthem bank account by the Invoice Due Date. The deposit shall be made in accordance with any policies and regulations of the bank necessary to assure that the deposit is credited to Anthem's account no later than the next business day.

Section 5. Administrative Services Fees Billing Cycle and Payment Method

A. Billing Cycle

Monthly List Bill (pay as billed)

Anthem shall notify Employer of the amount due to Anthem pursuant to Section 3 of Schedule A according to the billing cycle described above. The actual date of notification of amounts due and the Invoice Due Date will be determined according to Anthem's regular business practices and systems capabilities.

B. Payment Method

ACH Demand Debit Reimbursement. Anthem will initiate an ACH demand debit transaction that will withdraw the amount due from a designated Employer bank account no later than the next business day following the Invoice Due Date, however, if the Invoice Due Date falls on either a banking holiday, a Saturday or a Sunday, the withdrawal shall be made on the following banking day.

Section 6. Claims Runout Services

A. Claims Runout Period

Claims Runout Period shall be for the twelve (12) months following the date of termination of this Agreement.

B. Claims Runout Administrative Services Fee

Medical:

The fee for Claims Runout Services is included in the Base Administrative Services Fees in Section 3(A) of this Schedule A. Fees in Sections 3(B) and 3(C) of this Schedule A that (i) are associated with Claims processed or reviewed during the Claims Runout Period including without limitation subrogation fees, Claims prepayment analysis fees, recovery fees, network access fees; or (ii) apply to the Agreement Period but were not billed during the Agreement Period, will be billed and payable during the Claims Runout Period. Payment is due to Anthem by the Invoice Due Date.

Section 7. Inter-Plan Arrangements

Certain fees and compensation are charged each time a Claim is processed through the BlueCard Program and include, but are not limited to, Access Fees, Administrative Expense Allowance Fees, Central Financial Agency Fees and ITS Transaction Fees. Other Inter-Plan Program related fees that Anthem may charge include, but are not limited to, fees for BlueCross Blue Shield Global Core® Program services. These fees may be separately billed or included in Paid Claims. The extent to which these fees and compensation are (i) included in the Base Administrative Services Fee; or (ii) included in Paid Claims or separately billed to Employer is as follows:

BlueCard Fees

AEA will be included in the Base Administrative Services Fees for Claims incurred in the following states: California, Colorado, Connecticut, Georgia, Indiana, Kentucky, Maine, Missouri, Nevada, New Hampshire, New York, Ohio, Virginia, and Wisconsin.

Access Fees (Network Provider Claims only):

- 2.11% for 1,000–9,999 Blue PPO enrolled Subscribers of network savings, capped at \$2,000.00 per Claim.

Central Financial Agency Fee ("CFA") (Network Provider, Non-Network Provider and Blue Cross Blue Shield Global Core Claims):

- \$0.35 per payment notice.

ITS Transaction Fee ("ITS") (Network Provider, Non-Network Provider and Blue Cross Blue Shield Global Core Program Claims):

- \$0.05 per transaction.

Negotiated Arrangement Fees - Not Applicable

Blue Cross Blue Shield Global Core Fees

Administrative Expense Allowance Fee:

- \$3.75 per Member-submitted Claim;
- \$4.75 per professional Claim; and
- \$17.00 per institutional Claim.

All other fees associated with the Blue Cross Blue Shield Global Core program, except the CFA and ITS Fees described above, are included in the Base Administrative Services Fee.

Section 8. Other Amendments. The Administrative Services Agreement is otherwise amended as follows:

Notice of Loss of Grandfathering Status

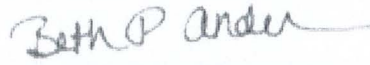
In the event Employer maintains a grandfathered health plan(s), as that term is used in the Patient Protection and Affordable Care Act ("PPACA"), Employer shall not make any changes to such plan(s), including, but not limited to, changes with respect to Employer contribution levels, without providing Anthem with advance written notice of the intent to change such plan(s). Making changes to grandfathered plans without notice to Anthem may result in the plan(s) losing grandfathered status and significant penalties and/or fines to Employer and Anthem. In the event Employer implements changes to its plan(s) and does not provide advance notice to Anthem, Employer agrees to indemnify Anthem according to the indemnification provisions set forth elsewhere in this Agreement for any penalties, fines or other costs assessed against Anthem.

Additionally, at each renewal after September 23, 2010, Employer shall affirm in writing, upon reasonable request of Anthem, that it has not made changes to its plan(s) that would cause the plan(s) to lose its/their grandfathered status.

If Employer loses grandfathered Plan status under PPACA and notifies Anthem of such loss no fewer than 90 days before the effective date of the change, Anthem will implement the additional group market (insurance) reforms that apply to non-grandfathered health Plans subject to the provisions of Article 18 of this Agreement.

Anthem Blue Cross Life and Health Insurance Company

By:



Title:

President CA Commercial

Date:

June 24, 2021

**SCHEDULE B
TO
ADMINISTRATIVE SERVICES AGREEMENT
WITH
COUNTY OF MENDOCINO**

This Schedule B shall govern the Agreement Period from January 1, 2021 through December 31, 2025. For purposes of this Agreement Period, this Schedule B shall supplement and amend the Agreement between the Parties. If there are any inconsistencies between the terms of the Agreement including any prior Schedules and this Schedule B, the terms of this Schedule B shall control.

The following is a list of services that Anthem will provide under this Agreement for the Base Administrative Services Fee listed in Section 3(A) of Schedule A. These services will be furnished to Employer in a manner consistent with Anthem's standard policies and procedures for self-funded plans.

Anthem may also offer additional, optional services to Employer, and such services, whether or not purchased by Employer, are not included in the services set forth below in this Schedule B. By way of example and not limitation, Anthem may offer certain optional programs that include utilization management activities. In such event, the services associated with those programs are not included in the services described below. Services under Article 13 will only be pursued or performed for Claims associated with these programs or that would have been impacted by these programs if the programs are purchased by Employer. If Employer has purchased such services, those services and any additional fees are also listed in Schedule A.

SERVICES INCLUDED IN THE BASE ADMINISTRATIVE SERVICES FEE IN SECTION 3A OF SCHEDULE A

Management Services:

Anthem's benefits and administration as described in this paragraph:

- Anthem definitions, and exclusions
- Anthem complaint and appeals process (One mandatory level of appeal, one voluntary level of appeal)
- Claims incurred and paid as provided in Schedule A, excluding activities related to Claim recovery
- Accumulation toward plan maximums beginning at zero on effective date
- Anthem Claim forms
- ID card
- Explanation of Benefits (Non-customized)
- Acceptance of electronic submission of eligibility information in HIPAA-compliant format
- Preparation of Benefits Booklet (accessible via internet)
- Account reporting - standard data reports
- Standard billing and banking services
- Plan Design consultation
- Employer eServices
 - Add and delete Members
 - Download administrative forms
 - View Member Benefits and request ID cards
 - View eligibility
 - View Claim status and detail
- Responsible Reporting Entity for the Plan
- Information for preparation of SBC

Claims and Customer Services

- Claims processing services
- Medicare crossover processing
- Employer customer service, standard business hours
- Member customer service, standard business hours
- 1099s prepared and delivered to Providers
- Residency-based assessments and/or surcharges and other legislative reporting requirements
- Member eServices
- Member identity theft and credit monitoring and identity repair

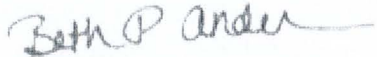
Care Management

- Health Care Management
 - Referrals
 - Utilization management
 - Case management
 - Anthem Medical Policy
- SpecialOffers
- Transplant services - Blues Distinction
- Member Digital Tools

Networks

- Network Access and Management
- Online Provider directory

Anthem Blue Cross Life and Health Insurance Company

By: 

Title: President CA Commercial

Date: June 24, 2021

**SCHEDULE C
TO THE
ADMINISTRATIVE SERVICES AGREEMENT
WITH
COUNTY OF MENDOCINO**

This Schedule C provides certain guarantees pertaining to Anthem's performance under the Agreement between the Parties ("Performance Guarantees") and shall be effective for the period from January 1, 2021 through December 31, 2021 (the "Performance Period"). Descriptions of the terms of each Performance Guarantee applicable to the Parties are set forth in the Attachments (the "Attachments") to this Schedule C and made a part of this Schedule C. This Schedule shall supplement and amend the Agreement between the Parties. If there are any inconsistencies between the terms of the Agreement including any prior Schedules and this Schedule C, the terms of this Schedule C shall control. If there are any inconsistencies between the terms contained in this Schedule, and the terms contained in any of the Attachments to this Schedule C, the terms of the Attachments to this Schedule C shall control unless otherwise specified.

Section 1. General Conditions

- A. The Performance Guarantees described in the Attachments to this Schedule C shall be in effect only for the Performance Period indicated above, unless specifically indicated otherwise in the Attachments. Each Performance Guarantee shall specify a/an:
 - 1. Performance Category. The term Performance Category describes the general type of Performance Guarantee.
 - 2. Reporting Period. The term Reporting Period refers to how often Anthem will report on its performance under a Performance Guarantee.
 - 3. Measurement Period. The term Measurement Period is the period of time under which Anthem's performance is measured, which may be the same as or differ from the period of time equal to the Performance Period.
 - 4. Penalty Calculation. The term Penalty Calculation generally refers to how Anthem's payment will be calculated, in the event Anthem does not meet the target(s) specified under the Performance Guarantee.
 - 5. Amount at Risk. The term Amount at Risk means the amount Anthem may pay if it fails to meet the target(s) specified under the Performance Guarantee.
- B. Anthem shall conduct an analysis of the data necessary to calculate any one of the Performance Guarantees within the timeframes provided in the Attachments to this Schedule C. In addition, any calculation of Performance Guarantees, reports provided, or analysis performed by Anthem shall be based on Anthem's then current measurement and calculation methodology, which shall be available to Employer upon request.
- C. Any audits performed by Anthem to test compliance with any of the Performance Guarantees shall be based on a statistically valid sample size with a 95% confidence level.
- D. If the Parties do not have an executed Agreement, Anthem shall have no obligation to make payment under these Performance Guarantees.
- E. Unless otherwise specified in the Attachments to this Schedule C, the measurement of the Performance Guarantee shall be based on data that is maintained and stored by Anthem or its Vendors.
- F. If Employer terminates the Agreement between the Parties prior to the end of the Performance Period, or if the Agreement is terminated for non-payment, then Employer shall forfeit any right to collect any further payments under any outstanding Performance Guarantees, whether such Performance Guarantees are for a prior or current Measurement Period or Performance Period.

- G. Anthem reserves the right to make changes to any of the Performance Guarantees provided in the Attachments to this Schedule C upon the occurrence, in Anthem's determination, of:
1. a change to the Plan benefits or the administration of the Plan initiated by Employer that results in a substantial change in the services to be performed by Anthem or the measurement of a Performance Guarantee;
 2. an increase or decrease of 10% or more of the number of Members that were enrolled for coverage on the latter of the effective date or renewal date of this Agreement;
 3. a change in law or regulation that materially impacts underwriting assumptions made at the time of offering such Performance Guarantees.
- H. For the purposes of calculating compliance with the Performance Guarantees contained in the Attachments to this Schedule C, if a delay in performance of, or inability to perform, a service underlying any of the Performance Guarantees is due to circumstances which are beyond the control of Anthem, or its Vendors, including but not limited to any act of God, civil riot, floods, fire, acts of terrorists, acts of war or power outage, such delayed or non-performed service will not count towards the measurement of the applicable Performance Guarantee.
- I. Some Performance Guarantees measure and compare year to year performance. Other than as set forth below, the term Baseline Period refers to the equivalent time period preceding the Measurement Period. Notwithstanding anything to the contrary in the Agreement, this Schedule C, or any Attachment to this Schedule C, the Baseline Period for the Performance Period year that begins in 2021 for any Care Management / Health and Wellness Performance Guarantee shall be the time period occurring from January 1, 2019 through December 31, 2019. Anthem will require specified historical Claims and utilization data to establish the Baseline Period for the first year of a Performance Guarantee utilizing a Baseline Period.
- J. As determined by Anthem, Performance Guarantees may be measured using either aggregated data or Employer-specific Data. The term Employer-specific Data means the data associated with Employer's Plan that has not been aggregated with other employer data. Performance Guarantees will specify if Employer-specific Data shall be used for purposes of measuring performance under the Performance Guarantee.
- K. If any Performance Guarantees are tied to a particular program and its components, such Performance Guarantees are only valid if Employer participates in the program and its components for the entirety of the Measurement Period associated with the Performance Guarantee.
- L. All Performance Guarantees in which Anthem will make outbound calls or will reach out through email or other means to members will exclude members who Anthem cannot reach due to incorrect or invalid telephone numbers, including numbers where permission is required by law but not provided, or those members who have requested that Anthem not contact them.
- M. All Performance Guarantees may be revisited and may potentially be impacted due to a cause beyond the reasonable control of a Party such as a pandemic (an outbreak of disease that affects an exceptionally high proportion of members) being declared by the Centers for Disease Control or if a Force Majeure event (meaning an act of God, civil or military disruption, terrorism, fire, strike, flood, riot or war) occurs during the Measurement or Baseline Period that impacts a meaningful portion of the Employer population.

Section 2. Payment

- A. If Anthem fails to meet any of the obligations specifically described in a Performance Guarantee, Anthem shall pay Employer the amount set forth in the Attachment described under the Performance Guarantee. Payment shall be in the form of a credit on Employer's invoice for Administrative Services Fees, which will occur annually unless otherwise stated in the Performance Guarantee.
- B. Notwithstanding the above, Anthem has the right to offset any amounts owed to Employer under any of the Performance Guarantees contained in the Attachments to this Schedule C against any amounts owed by Employer to Anthem under: (1) any Performance Guarantees contained in the Attachments to this Schedule C; (2) the Agreement; or, (3) any applicable Stop Loss Policy.

- C. Notwithstanding the foregoing, Anthem's obligation to make payment under the Performance Guarantees is conditioned upon Employer's timely performance of its obligations provided in the Agreement in this Schedule C, and the Attachments, including providing Anthem with the information or data required by Anthem in the Attachments. Anthem shall not be obligated to make payment under a Performance Guarantee if Employer or Employer's vendor's action or inaction adversely impacts Anthem's ability to meet any of its obligations provided in the Attachments related to such Performance Guarantee, which expressly includes but is not limited to Employer or its vendor's failure to timely provide Anthem with accurate and complete data or information in the form and format expressly required by Anthem.
- D. Where the Amount at Risk for a Performance Guarantee is on a percentage of a Per Subscriber Per Month (PSPM) fee basis, the Guarantee will be calculated by multiplying the PSPM amount by the actual annual enrollment during the Measurement Period.

Section 3. Performance Guarantee Amounts at Risk

Amount at Risk

The total amount at risk for the below performance guarantees between Anthem and County of Mendocino shall not exceed the following:

- Operations Guarantees: 14% of Base Medical Administration fees

Confirmation of all applicable fees for the performance guarantees will be reflected in Employer's Schedule C.

Anthem Blue Cross Life and Health Insurance Company

By: Beth P. Anderson

Title: President CA Commercial

Date: June 24, 2021

ATTACHMENT 1 TO SCHEDULE C
Performance Guarantees
TO ADMINISTRATIVE SERVICES AGREEMENT
WITH
ADVANTAGE SALES & MARKETING
Operation Performance Guarantees

This Attachment is made part of Schedule C and will be effective for each year in the Performance Period from January 1, 2021 through December 31, 2021. This Attachment is intended to supplement and amend the Agreement between the Parties.

Operations Performance Guarantees

Performance Category	Year 1
Implementation	1.0% of Base Admin. Services Fees
Claims Timeliness - (14 Calendar Days)	1.0% of Base Admin. Services Fees
Claim Timeliness - (30 Calendar Days)	1.0% of Base Admin. Services Fees
Claims Financial Accuracy	1.0% of Base Admin. Services Fees
Claims Accuracy	1.0% of Base Admin. Services Fees
Open Enrollment ID Card Issuance	1.0% of Base Admin. Services Fees
Processing of Ongoing Eligibility Information	1.0% of Base Admin. Services Fees
Ongoing ID Cards Issuance	1.0% of Base Admin. Services Fees
Average Speed to Answer	1.0% of Base Admin. Services Fees
Call Abandonment Rate	1.0% of Base Admin. Services Fees
First Call Resolution	1.0% of Base Admin. Services Fees
Member Satisfaction NPS	1.0% of Base Admin. Services Fees
Management Reports	1.0% of Base Admin. Services Fees
Account Management Satisfaction	1.0% of Base Admin. Services Fees
Total Amount At Risk – Operations	14% of Base Admin. Services Fees

Additional Terms and Conditions:

- For purposes of imposing penalties, measurement shall not begin until the start of the fourth month of the initial Agreement period for the following measures: Claims Timeliness, Claims Financial Accuracy, Claims Accuracy, Average Speed of Answer, Call Abandonment Rate, and First Call Resolution.
- Performance will be based on the results of a designated service team/business unit assigned to County of Mendocino, unless the guarantee is noted as measured with Employer-specific Data.

Performance Category	Amount at Risk	Guarantee	Penalty Calculation		Measurement and Reporting Period
Implementation	Year 1:	A minimum of 95% of all tasks will be completed by the dates specified in the implementation plan agreed to by the Parties.			Measurement Period Defined in Implementation Plan
	1.0% of Base				
	Admin.	The implementation plan will be developed by Anthem and will contain tasks to be completed by Employer and/or Anthem and a timeframe for completion of each task. The implementation plan will also contain Measurement Periods specific to each task. Anthem's payment under this Guarantee is conditioned upon Employer's completion of all designated tasks by the dates specified in the implementation plan.	Result	Penalty	Reporting Period 60 calendar days following the end of the implementation period
	Services Fees		95.0% or Greater	None	
			91.0% to 94.9%	25%	
		89.0% to 90.9%	50%		
			85.0% to 88.9%	75%	
			Less than 85.0%	100%	
		This will be measured with Employer-specific Data.			
Claims Timeliness (14 Calendar Days)	Year 1:	A minimum of 90% of Non-investigated medical Claims will be processed timely.			Measurement Period Annual
	1.0% of Base				
	Admin.	Non-investigated Claims are defined as medical Claims that process through the system without the need to obtain additional information from the Provider, Subscriber or other external sources. Processed Timely is defined as Non-investigated medical Claims that have been adjudicated within 14 calendar days of receipt.	Result	Penalty	Reporting Period Annual
	Services Fees		90.0% or Greater	None	
			88.0% to 89.9%	25%	
		86.0% to 87.9%	50%		
			85.0% to 85.9%	75%	
			Less than 85.0%	100%	
		This Guarantee will be calculated based on the number of Non-investigated Claims that Processed Timely divided by the total number of Non-investigated Claims.			
		The calculation of this Guarantee does not include Claim adjustments. The calculation of this Guarantee also excludes in any quarter, Claims for an Employer that requests changes to Plan benefits, until all such changes have been implemented.			
		This will be measured with Employer-specific Data.			
Claim Timeliness (30 Calendar Days)	Year 1:	A minimum of 98% of Non-investigated medical Claims will be processed timely.			Measurement Period Annual
	1.0% of Base				
	Admin.	Non-investigated medical Claims are defined as Claims that process through the system without the need to obtain additional information from the Provider, Subscriber, or other external sources. Processed Timely is defined as Non-investigated medical Claims that have been adjudicated within 30 calendar days of receipt.	Result	Penalty	Reporting Period Annual
	Services Fees		98.0% or Greater	None	
			96.0% to 97.9%	25%	
		94.0% to 95.9%	50%		
			92.0% to 93.9%	75%	
			Less than 92.0%	100%	
		This Guarantee will be calculated based on the number of Non-investigated Claims that Processed Timely divided by the total number of Non-investigated Claims.			
		The calculation of this Guarantee does not include Claim adjustments. The calculation of this Guarantee also excludes in any quarter, Claims for an Employer that requests changes to Plan benefits, until all such changes have been implemented.			
		This will be measured with Employer-specific Data.			

Performance Category	Amount at Risk	Guarantee	Penalty Calculation		Measurement and Reporting Period
Claims Financial Accuracy	Year 1:	A minimum of 99% of medical Claim dollars will be processed accurately.			Measurement Period
	1.0% of Base Admin. Services Fees	This Guarantee will be calculated based on the total dollar amount of audited medical Claims paid correctly divided by the total dollar amount of audited medical Paid Claims. The calculation of this Guarantee includes both underpayments and overpayments. The calculation of this Guarantee does not include Claim adjustments or Claims in any quarter in which an Employer requests changes to Plan benefits, until all such changes have been implemented.	Result	Penalty	Annual
			99.0% or Greater	None	Reporting Period Annual
			98.0% to 98.9%	25%	
			97.0% to 97.9%	50%	
		96.0% to 96.9%	75%		
			Less than 96.0%	100%	
Claims Accuracy	Year 1:	A minimum of 97% of medical Claims will be paid or denied correctly.			Measurement Period
	1.0% of Base Admin. Services Fees	This Guarantee will be calculated based on the number of audited medical Claims paid and denied correctly divided by the total number of audited medical Claims paid and denied. The calculation of this Guarantee excludes in any quarter Claims for an Employer that requests changes to Plan benefits, until all such changes have been implemented.	Result	Penalty	Annual
			97.0% or Greater	None	Reporting Period Annual
			96.0% to 96.9%	25%	
			95.0% to 95.9%	50%	
		94.0% to 94.9%	75%		
			Less than 94.0%	100%	
Open Enrollment ID Card Issuance	Year 1:	100% of Subscriber digital ID cards will be available or Member physical ID cards will be mailed to Open Enrollment participants no later than the Employer's effective date provided that Anthem receives an Accurate Eligibility File. An Accurate Eligibility File is defined as: (1) an electronic eligibility file formatted in a mutually agreed upon manner; (2) received by Anthem no later than 30 calendar days prior to the Employer's effective date; and, (3) contains an error rate of less than 1%. This Guarantee will be calculated based on the total number of Open Enrollment ID cards available to Subscribers or mailed to Members within the timeframe set forth above divided by the total number of Members eligible to receive Open Enrollment ID cards.			Measurement Period
	1.0% of Base Admin. Services Fees		Result	Penalty	Employer's effective date
			100%	None	Reporting Period 60 days following the Employer's effective date.
			99.0% to 99.9%	\$100 per ID Card not to exceed 25% of amount at risk for this measure	
			98.0% to 98.9%	50%	
			97.0% to 97.9%	75%	
			Less than 97.0%	100%	
		This will be measured with Employer-specific Data.			

Performance Category	Amount at Risk	Guarantee	Penalty Calculation		Measurement and Reporting Period
Processing of Ongoing Eligibility Information	Year 1:	100% of Employer's ongoing electronic eligibility files will be processed timely.			Measurement Period
	1.0% of Base Admin.	Timely Processing is defined as electronic eligibility files processed and updated on the eligibility database within 7 business days of receipt of an eligibility file. This Guarantee only applies to the processing of eligibility files submitted by Employer outside of an open enrollment period. This Guarantee does not apply to a defective eligibility file. A defective Eligibility File is defined as an eligibility file that has issues that prevent Anthem's processing of the file. Anthem's payment of this Guarantee is conditioned upon receipt of eligibility files in a format mutually agreed upon by the Parties. This Guarantee will be calculated by (1) dividing the total number of eligibility files processed within the timeframe set forth above by (2) the number of Employer's eligibility files processed. This will be measured with Employer-specific Data.	Result	Penalty	Annual
	Services Fees		100%	None	Reporting Period
			98.0% to 99.9%	25%	Annual
			96.0% to 97.9%	50%	
	94.0% to 95.9%		75%		
		Less than 94.0%	100%		
Ongoing ID Cards Issuance	Year 1:	A minimum of 99% of Subscriber digital ID cards will be available or Member physical ID cards will be mailed to Members within 10 business days of [Anthem's] processing of an Accurate Eligibility File. An Accurate Eligibility File is defined as: (1) an eligibility file formatted in a mutually agreed upon manner; (2) received by Anthem outside of an open enrollment period; and, (3) contains an error rate of less than 1%. This Guarantee will be calculated based on the total number of ongoing ID cards available to Subscribers or mailed to Members within the timeframe set forth above divided by the total number of Members eligible to receive ongoing ID cards.			Measurement Period
	1.0% of Base Admin.	This will be measured with Employer-specific Data.	Result	Penalty	Annual
	Services Fees		99.0% or Greater	None	Reporting Period
			98.0% to 98.9%	25%	Annual
			97.0% to 97.9%	50%	
	96.0% to 96.9%		75%		
		Less than 96.0%	100%		
Average Speed to Answer	Year 1:	The average speed to answer (ASA) will be 45 seconds or less.			Measurement Period
	1.0% of Base Admin.	ASA is defined as the average number of whole seconds members wait and/or are in the telephone system before receiving a response from a customer service representative (CSR) or an interactive voice response (IVR) unit. This Guarantee will be calculated based on the total number of calls received in the customer service telephone system.	Result	Penalty	Annual
	Services Fees		45 seconds or less	None	Reporting Period
			46 to 48 seconds	25%	Annual
			49 to 51 seconds	50%	
	52 to 54 seconds		75%		
		55 or more seconds	100%		
Call Abandonment Rate	Year 1:	A maximum of 5.0% of member calls will be abandoned.			Measurement Period
	1.0% of Base Admin.	Abandoned Calls are defined as member calls that are waiting for a customer service representative (CSR), but are abandoned before connecting with a CSR. This Guarantee will be calculated based on the number of calls abandoned divided by the total number of calls received in the customer service telephone system. Calls that are abandoned in less than 5 seconds will not be included in this calculation.	Result	Penalty	Annual
	Services Fees		5.0% or Less	None	Reporting Period
			5.01% to 5.40%	25%	Annual
			5.41% to 5.70%	50%	
	5.71% to 5.99%		75%		
		6.0% or Greater	100%		

Performance Category	Amount at Risk	Guarantee	Penalty Calculation		Measurement and Reporting Period
First Call Resolution	Year 1:	A minimum of 85% of member calls will be resolved during the initial contact with no further follow up required.			Measurement Period
	1.0% of Base				Annual
	Admin.	First Call Resolution is defined as member callers receiving a response to their inquiry during an initial contact with no further follow-up required.	Result	Penalty	
	Services Fees	This Guarantee will be calculated based on the total number of members who receive a First Call Resolution divided by the total number of calls received into the customer service telephone system.	85.0% or Greater	None	Reporting Period
			83.0% to 84.9%	25%	Annual
		81.5% to 82.9%	50%		
		80.0% to 81.4%	75%		
		Less than 80.0%	100%		
Member Satisfaction – NPS	Year 1:	This Guarantee establishes a Quality Benchmark transactional Net Promoter Score (NPS) of 40. Anthem will either: (i) meet or exceed the Quality Benchmark; or, (ii) there will be an improvement in the Net Promoter Score from the Baseline Period.			Measurement Period
	1.0% of Base				Annual
	Admin.	The survey is conducted after a member contacts a customer service representative (CSR). Each member who completes a transaction with Anthem will be asked to provide a rating on a scale from 0 (Not at All Likely) to 10 (Extremely Likely) to a question that asks how likely the member would recommend Anthem to a friend or colleague based on the member's most recent transaction. The transactional Net Promoter Score will be calculated by subtracting the percentage of Detractors (members who provide a rating from 0 to 6) from the percentage of Promoters (members who provide a rating of 9 or 10).	Result	Penalty	
	Services Fees	To determine the results for (i), Anthem shall compare the Net Promoter Score in the Measurement Period to the Quality Benchmark.	Net Promoter Score increased	None	Reporting Period
		The improvement for (ii) will be determined by comparing the Net Promoter Score in the Measurement Period to the Net Promoter Score in the Baseline Period.			Annual
	The Baseline Period is the equivalent time period preceding the Measurement Period.				
		If Net Promoter Score stayed to same or decreased AND is			
		Result	Penalty		
		40 or Greater	None		
		39.0 to 39.9	25%		
		38.0 to 38.9	50%		
		37.0 to 37.9	75%		
		Less than 37.0	100%		
Management Reports	Year 1:	Standard automated reports will be made available to Employer by no later than 25 calendar days following the end of the month.			Measurement Period
	1.0% of Base				Annual
	Admin.	The reports will include financial, utilization and clinical information.	Result	Penalty	
	Services Fees	This will be measured with Employer-specific Data.	Reports are late 1 month	None	Reporting Period
			Reports are late 2 months	25%	Annual
		Reports are late 3 or more months	100%		

Performance Category	Amount at Risk	Guarantee	Penalty Calculation		Measurement and Reporting Period
Account Management Team Satisfaction	Year 1:	A minimum average score of 3.0 will be attained on the Account Management Team Satisfaction Survey (AMSS).			Measurement Period
	1.0% of Base Admin. Services Fees	A minimum of 3 responses per Employer to the AMSS is required to base the score on Employer-specific responses only. If 3 responses are received from the Employer, an average score is calculated by adding the scores from each respondent divided by the total number of Employer respondents. If fewer than 3 responses are received, the score will be calculated as follows: 2 Employer responses: 2/3 of the score will be based on Employer-specific AMSS results and 1/3 of the score will be based on the aggregate score of all AMSS results received by the Account Management Team. 1 Employer- response: 1/3 of the score will be based on Employer-specific AMSS results and 2/3 of the score will be based on the aggregate score of all AMSS results received by the Account Management Team. 0 Employer responses: The score will be based on the aggregate score of all AMSS results received by the Account Management Team.	Result	Penalty	Annual
			3.0 or higher	None	Reporting Period
			2.5 to 2.9	25%	Annual
			2.0 to 2.4	50%	
			Less than 2.0	100%	

**FLEXIBLE SPENDING ACCOUNT SCHEDULE
TO
ADMINISTRATIVE SERVICES AGREEMENT
WITH
ADVANTAGE SALES & MARKETING**

This Flexible Spending Account ("FSA") Schedule supplements and amends the Administrative Services Agreement (Agreement) and is effective as of January 1, 2021 ("Effective Date"). In the event of an inconsistency between the applicable provisions of this FSA Schedule, any other FSA Schedule and/or the Agreement, the terms of this FSA Schedule shall govern, but only as they relate to the FSA. Except as set forth herein, all other terms and conditions of the Agreement remain in full force and effect.

A. **Definitions.** The following definitions apply to Flexible Spending Account Administrative Services.

1. **"Dependent Care Flexible Spending Account" ("DCFSA")** means a dependent care assistance flexible spending account arrangement, as described in Internal Revenue Service ("IRS") regulations under Internal Revenue Code ("Code") sections 125 and 129.
2. **"Flexible Spending Account" ("FSA")** means a DCFSA or an HCFSA.
3. **"FSA Claim," "DCFSA Claim," and "HCFSA Claim"** mean a request for reimbursement made by an FSA Participant, including such a request made via use of an electronic payment card, if applicable.
4. **"FSA Plan"** means the Program, the FSA provisions of the Program, or the provisions of a separate plan or program established by Employer to provide FSA benefits for its eligible Members.
5. **"Health Care Flexible Spending Account" ("HCFSA")** means a health care flexible spending account arrangement, as described in IRS regulations under Code section 125.
6. **"FSA Participant"** means an individual who is eligible for participation and covered under the FSA Plan.
7. **"Limited Purpose FSA"** means a HCFSA that is only used to reimburse for dental and/or vision expenses.
8. **"Plan Year"** shall mean the plan year designated in the FSA Plan.

B. **Duties of Anthem.** Anthem shall:

1. Provide the FSA Services enumerated in Section E (the "Services").
2. In its discretion, provide the Services either directly or through one or more designated Subcontractors or any subsequent assignee thereof, which Subcontractors Anthem reserves the right to change from time to time without the consent of Employer (collectively the "Subcontractor"). All references to Anthem for purposes of this Schedule shall be deemed to include, if applicable, the Subcontractor.
3. Provide the Services in accordance with the FSA Plan document(s) adopted by Employer. The Services shall be procedural only and shall be performed by Anthem within the framework of policies, interpretations, rules, practices, and procedures made, established, and provided in writing to Anthem by Employer. Anthem shall not have discretionary authority or discretionary controls respecting management of any trust fund and shall not have authority to exercise, nor exercise, any control respecting management and shall not render investment advice with respect to any money or other property of any trust fund.

C. **Duties of Employer.** Employer shall:

1. Provide to Anthem a current copy of Employer's FSA Plan Document(s) and other appropriate materials, if any, governing the administration of the FSA Plan.
2. Provide timely written notice to Anthem of rules, interpretations, and procedures concerning the FSA Plan, which may affect Anthem's responsibilities under this Schedule.
3. Make all initial and ongoing FSA Participant eligibility and coverage status determinations for the FSA Plan, based on the provisions of the FSA Plan and the elections of eligible employees of Employer.
4. Provide accurate, timely, complete, and ongoing eligibility information to Anthem using Anthem's prescribed format and methods. Such information shall include, but is not limited to, the number and names of persons eligible for and covered under the FSA Plan and any other information determined by Anthem to be necessary to provide the Services.
5. Provide timely notification to Anthem of FSA Participant terminations. Anthem shall not be responsible for FSA Claim payments made to a terminated employee prior to receipt by Anthem of notice of the employee's termination.
6. Make ultimate decisions regarding any FSA Claim presented to Anthem which is in dispute, including resolution of all final-level appeals of FSA Claims, in accordance with the applicable claims review provisions of the FSA Plan.
7. Provide timely and adequate funds for Anthem or the Subcontractor to pay FSA Claims under the FSA Plan, in accordance with the FSA Funding provisions in Section F of this Schedule.

D. **Fees and Expenses**

1. Employer agrees to pay Anthem fees for the Services as set forth in Schedule A of the Agreement.
2. Anthem's fees for the Services may be renegotiated in the event of substantial changes that would increase or decrease the obligations or costs of providing the Services, including but not limited to changes in the Program, the FSA Plan, or FSA Plan design; legislative changes; and postal rate changes.
3. If changes in the FSA Plan are incompatible with existing systems and procedures and require Anthem or its Subcontractor to perform additional programming, reports, or services, such additional activities will be performed at the expense of Employer.
4. Employer will be responsible for out-of-pocket production costs, travel expenses, and banking expenses, if any, incurred by Anthem or the Subcontractor in carrying out implementation activities at the request of Employer.
5. Anthem will not provide or be responsible for the expenses or costs of services furnished by attorneys, actuaries, certified public accountants, investment counselors, or investment analysts, or for similar services performed for Employer. Anthem shall not be authorized to engage such services or incur any expense or cost there for without the written consent of Employer. In the event that such services are engaged by Anthem at the written request of Employer, Employer shall be responsible for all costs and expense thereof, which shall be separately billed by the provider of the services or by Anthem as incurred.

E. **FSA Services**

1. **Implementation support.** Anthem shall:
 - a. Provide sample plan documentation for review by Employer and Employer's legal counsel and for possible adoption by Employer, limited to:
 - i. FSA plan document
 - ii. FSA summary plan description

Anthem makes no warranties or representations as to the legal adequacy of such sample documentation, which must be determined by Employer in consultation with Employer's legal counsel.

- b. Provide employee packets including the following enrollment and educational materials:
 - i. Educational brochure
 - ii. Enrollment form
 - iii. FSA Claim forms
- c. Conduct enrollment communication meetings for employees via telephone and computer ("Web Seminars") on a schedule mutually agreed to by Employer and Anthem.
- d. Conduct onsite employee communication meetings designed to educate and promote FSA Plan participation. A fee may be charged for onsite employee communication meetings as mutually agreed to between the Parties.
- e. Assist Employer in preparing to provide eligibility data to Anthem by providing Employer with:
 - i. file format and content specifications to be used in providing eligibility data to Anthem;
 - ii. technical support for set-up and programming of the eligibility file; and
 - iii. technical support for testing of transmission of eligibility data.
- f. Advise Employer as to the requirements for banking arrangements necessary to effectuate the FSA funding arrangements described in Section F of this Schedule.

2. **Enrollment administration.** Anthem shall:

- a. Maintain employee participation census and Employer contribution and salary reduction information for the FSA accounts as reported to Anthem by Employer, including:
 - i. Initial enrollments;
 - ii. Mid-year election changes; and
 - iii. Accepting enrollment data from one or more third parties on behalf of Employer.
- b. Annually perform re-enrollment of FSA Participants in accordance with elections made for each Plan Year.
- c. Mail hard-copy confirmation statements to FSA Participants' residences.
- d. Provide welcome kits to FSA Participants following enrollment, including a confirmation statement and up to four additional enclosures, which may include those of the following which are applicable to Employer and/or FSA Participant:
 - i. Frequently-asked questions about FSA basics
 - ii. Frequently-asked questions about DCFSA's
 - iii. Frequently-asked questions about electronic payment cards and about Limited Purpose FSA's;
 - iv. FSA Claim forms

3. **FSA Claim Processing.** Anthem shall:

- a. Maintain a separate bookkeeping account with respect to each FSA Participant's FSA balance, based on election data provided to Anthem by Employer.
- b. Review and process FSA Claims (including claims submitted by one or more third parties on behalf of Employer) in accordance with applicable law and the terms of the FSA Plan as provided to Anthem by Employer.
- c. Approve each FSA Claim that satisfies all of the following conditions and deny each FSA Claim that fails to satisfy all of the following conditions:
 - i. the employee submitting the FSA Claim is covered under the terms of the FSA Plan;
 - ii. the FSA Claim is associated with eligible expenses incurred during the FSA Plan Year or other applicable period of coverage under the FSA Plan;

- iii. the FSA Claim was submitted within the time prescribed by the Plan or by applicable law or regulation;
 - iv. for DCFSA Claims, the available funds in the FSA Participant's DCFSA account during the relevant period of Plan coverage is sufficient to permit reimbursement of all or part of amount claimed;
 - v. for HCFSA's, the balance of the total FSA benefit for the relevant Plan Year is sufficient to permit reimbursement of all or a part of the amount claimed; and
 - vi. the expense is not clearly ineligible for reimbursement from an FSA under applicable laws and/or regulations in effect at the relevant time.
- d. Disburse benefit payment by check or, at the option of the FSA Participant, by direct deposit, for each approved FSA Claim as soon as reasonably possible after such approval, provided that sufficient funds have been made available to Anthem to pay such benefits by Employer in accordance with the FSA Funding provisions in Section F of this Schedule. There will be a fee charged to the FSA Participant for a paper check.
 - e. Take all reasonable steps to process each FSA Claim and make disbursements within five (5) business days after its receipt thereof; provided.
 - f. Notify FSA Participants of approved and denied FSA Claims in the manner and within the time periods required by applicable law and the terms of the FSA Plan.
 - g. Review FSA Claim appeals other than final appeals, and make appeal determinations as to all levels of appeal provided for in the FSA Plan except the final appeal, for which Employer shall make all determinations.
 - h. For HCFSA's, coordinate between Employer's self-funded medical benefits plan administered by Anthem and the FSA Plan, by receiving explanations of benefits or other claims records for processing against FSA Participants' HCFSA accounts or for substantiation of FSA Participants' HCFSA debit card transactions, as applicable.
4. **Provision of electronic payment cards.** If applicable, Anthem shall make an electronic payment card ("Card") available to FSA Participants through which eligible medical and/or dependent care expenses (if applicable) may be paid, in accordance with the following provisions:
- a. Anthem or a service provider chosen by Anthem shall provide a Card to each FSA Participant who so elects, or, at Employer's option, to all FSA Plan FSA Participants. FSA Participants may receive up to three Cards at no charge; FSA Participants may be charged for additional new or replacement cards.
 - b. The Card will be deactivated upon notice from Employer that the FSA Participant is no longer employed by Employer or has ceased to satisfy the eligibility requirements for the FSA Plan. Anthem further reserves the right to deactivate the Card any other time that it deems appropriate.
 - c. Neither Anthem nor its Card service provider is responsible for any damages or costs arising from use of such Card by an ineligible individual prior to receipt by Anthem of notice of the individual's ineligibility.
 - d. FSA Participants must agree to use the Card in accordance with the terms of its accompanying Cardholder Agreement as a condition of use. Anthem or its Card services provider will deactivate a FSA Participant's Card if the FSA Participant fails to use it in accordance with the Cardholder Agreement.
 - e. The Card may be used by FSA Participants to pay expenses which are:
 - i. eligible for reimbursement under the terms of the FSA Plan; and
 - ii. for services or supplies provided by persons or entities having a category code associated with medical expenses.
 - f. Anthem will require substantiation of expenses paid with the Card in accordance with applicable legal and regulatory requirements. The Card will be deactivated if the FSA Participant fails to provide the requested substantiation.
 - g. Anthem will make reasonable attempts to collect repayment of amounts paid as FSA Claims for ineligible expenses incurred via use of a Card; provided, however, that if, after two requests, the FSA Participant

has not repaid such amounts, Anthem will inform Employer, and Employer will then be responsible for complying with all legal and regulatory requirements, including but not limited to any applicable requirement to report such amounts as income to the recipient.

- h. Neither Anthem nor its Card service provider, if any, will incur any liability for ineligible Card payments except those arising from Anthem's or the Card service provider's negligence or material breach of its obligations under this Schedule.
- i. All Cards will be deactivated on the date this Schedule or the Agreement is terminated. If a Card has been deactivated (other than for failure to properly fund), neither Anthem nor its Card service provider will reactivate the Card except if instructed to do so in writing by Employer.
- j. Employer understands and agrees that until and unless the IRS, Treasury Department, or other entity with legal authority to do so issues formal guidance approving the use of electronic payment cards under a DCFSA Plan and outlining the required terms and condition of such use, Employer assumes all risks of offering the electronic payment card through Anthem for use in paying dependent care expenses. Employer agrees to indemnify and hold Anthem harmless from any and all damages that may arise as a result of using the electronic payment card for such expenses.
- k. Employer agrees to provide all co-payment information requested by Anthem not less than 10 days prior to commencement of services hereunder. If Employer fails to provide requested co-payment information, Employer:
 - i. authorizes Anthem to use a multiple of \$5.00 up to and including \$150.00; and
 - ii. assumes full responsibility for compliance with all applicable laws and regulations.

5. **Customer Service and Employer Administrator support.** Anthem shall:

- a. Provide member services including phone, IVR, email, and web capabilities, as well as phone and email inquiry resolution.
- b. Provide monthly e-mail messages to FSA Participants, reminding them to check their FSA status and balance.
- c. Provide access and information to Employer Administrator via an employer website portal, including web-based:
 - i. FSA funding requests based upon claims processed
 - ii. Reports of Account activity
 - iii. Employer detail
- d. Provide account balance statements to FSA Participants at intervals mutually agreed upon by Employer and Anthem, but no more often than monthly. There shall be no charge for providing these statements in electronic form. The FSA Participant will be charged for hard-copy account balance statements mailed to the FSA Participant.

6. **Form 5500 Reporting.** Anthem shall provide, upon the request of Employer, any information maintained in Anthem's database that is required to be included on Form 5500 for the FSA Plan. Such information will be provided within a reasonable period of time following receipt of Employer's request. Employer is responsible for determining whether a Form 5500 is required to be filed for its FSA Plan.

7. **Nondiscrimination Testing** If applicable and as indicated on Schedule A of the Agreement:

- a. Upon the request of Employer, Anthem shall conduct only the following nondiscrimination testing required under the Code (collectively referred to as the "Nondiscrimination Tests"):
 - i. For DCFSA Plans only, the 55% Average Benefits Test required under Code Section 129;
 - ii. For DCFSA Plans Only, the 5% Owner Concentration Test required under Code Section 129; and/or
 - iii. For HCFSA Plans only, the 25% Key Employee Concentration Test required under Code Section 125(g).

- b. To the extent necessary, Anthem shall provide Employer with a form requesting data necessary to complete the Nondiscrimination Tests. Upon Anthem's receipt of the completed form, Anthem shall complete the Nondiscrimination Tests and provide a report summarizing its interpretations of the results (based solely on information provided by Employer and/or maintained by Anthem in accordance with this Schedule) within a reasonable amount of time thereafter. If the form and/or the necessary data are not returned as requested, Anthem shall not perform the Nondiscrimination Tests and shall incur no liability of any kind associated with nondiscrimination testing or legal requirements for such nondiscrimination testing. If the Nondiscrimination Tests result in a finding that the FSA Plan is discriminatory, Employer shall be solely responsible for making appropriate adjustments, amendments, or other changes necessary to bring its FSA Plan into compliance. Employer shall also be solely responsible for any reporting requirements, penalties, costs, and expenses associated with a finding that the FSA Plan is discriminatory.
8. **Activity reporting.** Anthem shall make monthly reports available to Employer on its Web site, summarizing FSA Plan activities for the previous month. Employer is responsible for reviewing such activity reports and notifying Anthem of any errors of which it is aware, within a reasonable period of time after receipt of the report.
9. **Extended Grace Period FSA Claims Processing** If applicable and as indicated on Schedule A of the Agreement:
- a. Unless otherwise agreed by Anthem, Employer's extended grace period shall be the period beginning on the next day after Employer's FSA Plan Year ends, and ending two months and fifteen days thereafter (the "Extended Grace Period").
- b. FSA Participants may incur eligible expenses and submit FSA Claims for such eligible expenses incurred during the Extended Grace Period ("Extended Grace Period FSA Claims") to Anthem.
- c. Anthem shall process FSA Extended Grace Period Claims in accordance with Section E (3) of this Schedule.
- d. Unless otherwise agreed by Anthem, the deadline by which FSA Claims for the Plan Year and FSA Extended Grace Period Claims must be received by Anthem is the last day of the Extended Grace Period.
- e. Card transactions, if any, will be applied to the Plan Year election amount only. Manual FSA Claims must be submitted via mail, fax, or Web site to access carry-over amounts during the Extended Grace Period. Manual Extended Grace Period FSA Claims and Extended Grace Period FSA Claims submitted electronically are paid from carry-over funds first and then from amounts elected for the Plan, if the carry-over funds are insufficient. Extended Grace Period FSA Claims will be paid in the order in which they are received and previous claims will not be reprocessed or re-characterized so as to change the order in which they were received.
10. **Carryover of Healthcare FSA Dollars.** In lieu of the Extended Grace Period FSA Claims Processing outlined in Section E(9), Employer may elect to carry over dollars from the previous Plan Year. Anthem will process current year FSA Claims by first using dollars carried over from the previous Plan Year.
11. **FSA Claims Runout Processing** If applicable and as indicated on Schedule A of the Agreement:
- a. For purposes of this Amendment, FSA Claims Runout Period is indicated on Schedule A and allows an FSA Participant to submit eligible expenses (old claims) incurred in the previous Plan year to be reimbursed from any remaining balance from the previous plan year.
- b. Anthem shall process all FSA Claims during the FSA Runout Period, and provide reconciliation of funding at the end of such FSA Runout Period.

- c. Anthem will process requests, including a review of substantiating evidence, for reimbursement during the FSA Runout Period subject to applicable law. Requests for reimbursement received after the end of the FSA Claims Runout Period of this Amendment or termination of the Agreement will not be processed. Notwithstanding the above, any FSA Claims incurred during any applicable FSA Extended Grace Period shall be submitted by no later than the end of the FSA Claims Runout Period.

12. **Transition to Replacement Administrator.** Upon termination of this Schedule or the Agreement and on request of Employer, Anthem shall, for an additional cost:

- a. provide replacement administrator necessary data files within 2 weeks of termination; and
- b. Assist replacement administrator in completion of implementation activities as needed.

F. **FSA Funding**

1. Except as set forth herein regarding electronic payment card procedures, Employer shall make sufficient funds available to Anthem or the Subcontractor to pay benefits for approved FSA Claims under the FSA Plan in accordance with the following subsection(s):

- a. Employer selects Option 1, 2, or 3 set forth in this subsection, it shall establish a new account or designate an existing account ("Transfer Account") in Employer's name at a bank chosen by Employer into which Employer will transfer funds for purposes of paying claims. Employer will give Anthem or its Subcontractor ACH withdrawal authority over the Transfer Account. Employer understands that Anthem or its Subcontractor will initiate transfers of funds from the Transfer Account to an account owned by Anthem or its Subcontractor ("Funding Account") from which claims processed and determined to be eligible for reimbursement will be paid. Employer will notify Anthem or its Subcontractor within ten (10) days of any change to the Transfer Account. Employer understands Anthem or its Subcontractor will initiate a \$1.00 pre-note to validate the funds in the account. The pre-note transaction checks the validity of the bank transit and routing number.
- b. All funds in the Funding Account attributable to Employer will be returned following termination of this Agreement within 180 days after FSA Claims Runout, not to exceed 240 days, or as mutually agreed to by Anthem of Employer after all outstanding claims required to be processed as set forth herein have been processed and paid. Anthem or its Subcontractor will exercise commercially reasonable efforts to locate Employer in order to return funds as set forth herein; however, Employer agrees that Anthem or its Subcontractor may retain such funds to the extent Anthem or its Subcontractor is unable to locate Employer as set forth herein.
- c. Employer agrees to provide all information to Anthem or the Subcontractor that Anthem or the Subcontractor deems necessary to verify or confirm the Minimum Deposit amount. Employer and Anthem may agree that Anthem's fees may be withdrawn from the Account or paid from the disbursement account into which funds have been transferred as described above.
- d. If an electronic payment card is used, Employer agrees to deposit an amount specified by Anthem or the Subcontractor from time to time ("Minimum Balance") from its general assets for amounts allocable approved Claims. Employer and Anthem may, if agreed to in writing, substitute Employer's bank-issued letter of credit in lieu of a Minimum Balance deposit. Employer shall also deposit additional funds in order to reestablish the Minimum Balance at the request of Anthem or the Subcontractor. If Employer does not deposit additional funds upon the third request, all FSA Claim payments shall be suspended and all electronic payment cards shall be deactivated.

2. Employer may select from three banking options:

a. Option 1 – Prefund Method

- i. Depending on the frequency of replenishment, a portion of annual liability is held to pay claims daily.
- ii. Funds can be replenished weekly at 10% or monthly at 20%. If Employer chooses to include a debit card, funds must be replenished weekly at 15%.
- iii. Employer can choose auto-debit or can initiate payment through Employer portal as invoices are generated.

- iv. This option must be used if there are more than 100 FSA Participants.
- b. Option 2 – Pay as You Go Method
 - i. Anthem or its Subcontractor shall automatically debit Employer's account as claims are payable, which could be as frequently as daily.
 - ii. Employer must authorize Anthem or its Subcontractor to auto debit Employer's bank account.
 - iii. If Employer chooses to include a debit card, a 3% pre-fund is required and funds must be replenished daily.
 - iv. Claims will show as approved and pended until the auto debit funds are transferred.
- c. Option 3 – Payroll Method
 - i. Funds are remitted to Anthem or its Subcontractor as they are withheld from employees' pay.
 - ii. A pre-fund of 10% is required and funds must be replenished if they are exhausted.

F. General Provisions

1. Takeover from a prior administrator and acceptance of records from other health plans and administrators
 - a. Anthem shall not be responsible for any adverse consequences arising from its takeover, at Employer's request, of FSA administration from another administrator.
 - b. Anthem may, at Employer's request and in the manner prescribed by Employer, accept electronic explanations of benefits ("EOBs") from health plans or administrators specified by Employer, for purposes of processing reimbursements from FSA Participants' FSA accounts. EOBs accepted by Anthem under this provision shall constitute FSA Claims. Employer understands, acknowledges, and assumes all risk associated with this process, including but not limited to any failure to satisfy legal certification requirements resulting from FSA Participants' inability to certify that expenses have not been reimbursed at the time Anthem processes such FSA Claims.
2. **Data Requirements and Accuracy Of Records**
 - a. Anthem shall not be responsible for determining eligibility to participate in the FSA Plan and shall rely on the information supplied by Employer as to FSA Participant eligibility.
 - b. Employer shall provide employee eligibility and financial information to Anthem as described in Section C (4) of this Schedule. Anthem shall not audit the data provided by Employer or be liable for errors resulting from incorrect or incomplete data supplied by Employer.
 - c. Employer shall promptly respond to requests for data and other correspondence. Anthem shall not be responsible for missed deadlines due to non-response or late response by Employer to requests for data, information, or approval to proceed.
 - d. Anthem shall not audit FSA Plan reports prepared by any prior service provider. If Employer is or becomes aware of any record keeping error, Employer shall promptly inform Anthem.
3. **FSA Claim Assets as General Assets of Employer**
 - a. Notwithstanding any provision in the Agreement to the contrary, Employer and Anthem intend and agree that all claims assets transferred to the general account of Employer from which FSA Claims shall be paid (the "FSA Claim Assets") under this Schedule: (i) are and shall remain the general assets of Employer; (ii) are not "plan assets" within the meaning of ERISA; (iii) were never held in an account, fund, or trust bearing the name of the Plan or otherwise held in an account of the Plan or any FSA Participants or beneficiaries thereof; and (iv) shall remain subject to the claims of Employer's creditors at all times. It is agreed that the Claims Assets shall be held in a general account of Employer.
 - b. Employer represents and agrees that: (i) neither it nor any of its employees, directors, representatives, fiduciaries, or employee benefit plans (or any entity performing services for Employer or such plans) or any of their predecessors, successors or assigns have represented or will represent to any FSA Participant or beneficiary of the Plan that a separate account, fund, or trust is being held on behalf of the Plan that may be used to provide or secure benefits under the Plan; and (ii) it shall advise the FSA

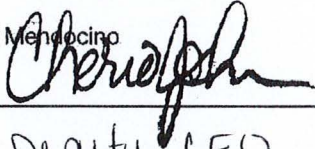
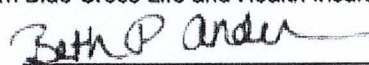
Participants and beneficiaries of the Plan that the benefits under the Plan shall at all times be paid out of the general assets of Employer.

- c. Employer agrees to fund the FSAs in accordance with the FSA Funding provisions in Section F of this Schedule. Anthem shall not at any time be obligated to pay any FSA Claim unless there are sufficient Claims Assets held by Employer to pay such claims. Employer agrees to indemnify and hold Anthem harmless from any loss or expense of any kind whatsoever (including, without limitation, reasonable attorney's fees and costs) incurred by Anthem or its Subcontractor as a result of Employer failing to transfer sufficient Claims Assets to pay benefits under the Plan.
4. **Forfeitures.** FSA Participant FSA Claim payments that remain unclaimed or not cashed by the end of the Plan Year following the year in which such FSA Claim payments were issued are considered forfeited by the FSA Participant. Such forfeitures will be refunded to Employer by Anthem before the end of the thirteenth month following the end of the applicable Plan Year.
 5. **Legal Obligations**
 - a. Employer is responsible for selecting and retaining legal or tax counsel to provide advice to Employer with respect to the law and the FSA Plan, as needed by Employer. Employer acknowledges that Anthem will not provide professional tax or legal services to Employer.
 - b. Employer is responsible for complying with all applicable provisions of law respecting its FSA Plan, establishing and maintaining of all required documents and fulfilling all reporting and disclosure requirements including, if applicable, preparation and filing of IRS Form 5500 Series.
 - c. Employer acknowledges that it is the named fiduciary responsible for the operation and administration of the Plan and that Anthem's role is limited to providing the Services described in this Agreement as a third-party administrator.
 6. **Records and Files.** Anthem shall maintain either paper or electronic copies of all records in conjunction with the Services. The confidentiality of such records shall be maintained by Anthem and the information therein shall not be divulged or disclosed or made available to persons other than Employer without the written approval of Employer or a court of competent jurisdiction. Anthem agrees to maintain such files for a period of seven years or longer if required by applicable state law. If requested by Employer, at Employer's expense, Anthem shall deliver all records and files to Employer, or representative of Employer. Anthem shall be entitled to retain copies of any such records at its own expense.
 7. **Independent Contractor.** It is understood and agreed that Anthem is engaged to perform services under this Schedule as an independent contractor and will remain an independent contractor and will not be deemed an employee of Employer, a partner, engaged in a joint venture with Employer, or engaged in any legal relationship other than that of independent contractor. Anthem shall use its best efforts to implement such written instructions, if any, as to policy and procedures which may be given by Employer to it, provided, however, that such instructions are consistent and compatible with the description of services to be performed by Anthem and do not violate or contradict any laws or regulations, including but not limited to ERISA.
 8. **Controlled Employer Or Affiliated Service Employer.** Employer is responsible for determining whether Employer is part of a "controlled group" or "affiliated service group," as such terms are defined under the Code, and shall promptly notify Anthem if Employer is or becomes part of such a group. Anthem shall have no responsibility to verify whether or not Employer is part of such a group and shall not be liable for damages, fines, penalties or taxes, which may be imposed as a result of such status.
 9. **Third Party Beneficiaries.** Nothing express or implied in this Schedule is intended to confer, nor shall anything herein confer, upon any person other than Anthem, the Subcontractors, and Employer and their respective successors or assigns, any rights, remedies, or obligations whatsoever.

10. Termination.

- a. This Schedule may be terminated either by Employer or by Anthem at any time provided the terminating Party gives the other Party prior written notice. The written notice shall state the effective date of the termination and shall be given no less than one (1) month prior to the date of the termination.
- b. Anthem shall have no obligation to provide services for any period of time for which any fees have not been paid to Anthem by Employer. Anthem may terminate this Schedule by giving written notice thereof to Employer if Employer fails to pay the required administration fees when the invoice is due and payable as provided in the Agreement. Such termination shall be effective as of the date through which all fees have been timely paid. If this Schedule has been terminated for non-payment of fees, Anthem may, in its sole discretion, offer to reinstate this Schedule under terms and conditions prescribed by Anthem.
- c. This Schedule shall terminate on the date all Plans subject to the Agreement are terminated or the Agreement is terminated.
- d. This Schedule shall terminate on the effective date of any state's or other jurisdiction's action which prohibits activities of the Parties under this Schedule.
- e. Termination of this Schedule will not terminate the rights or obligations of either Party arising out of the period during which this Schedule was in effect.

IN WITNESS WHEREOF, Anthem has caused this Amendment to be executed by affixing the signature of a duly authorized officer.

County of Mendocino	Anthem Blue Cross Life and Health Insurance Company
By: <u></u>	By: <u></u>
Title: <u>Deputy CEO</u>	Title: <u>President CA Commercial</u>
Date: <u>6-24-21</u>	Date: <u>June 24, 2021</u>

IN WITNESS WHEREOF

DEPARTMENT FISCAL REVIEW:

Christopher
DEPARTMENT HEAD

06/24/2021

CONTRACTOR/COMPANY NAME

Budgeted: Yes No

By: Beth P Anderson

Date: June 24, 2021

Budget Unit: 0715

NAME AND ADDRESS OF CONTRACTOR:

Line Item: 862189

Anthem Blue Cross

Grant: Yes No

220 Virginia Ave

Grant No.: _____

Indianapolis, In 46204

COUNTY OF MENDOCINO

By: Dan Gjerde
DAN GJERDE, Chair
BOARD OF SUPERVISORS

By signing above, signatory warrants and represents that he/she executed this Agreement in his/her authorized capacity and that by his/her signature on this Agreement, he/she or the entity upon behalf of which he/she acted, executed this Agreement

Date: **JUL 14 2021**

ATTEST:

CARMEL J. ANGELO, Clerk of said Board

COUNTY COUNSEL REVIEW:

By: Amap
Deputy

APPROVED AS TO FORM:

JUL 14 2021

CHRISTIAN M. CURTIS,
County Counsel

I hereby certify that according to the provisions of Government Code section 25103, delivery of this document has been made.

By: Brina Blanton
Deputy

CARMEL J. ANGELO, Clerk of said Board

Date: **06/24/2021**

By: Amap
Deputy

JUL 14 2021

INSURANCE REVIEW:

EXECUTIVE OFFICE/FISCAL REVIEW:

By: Carmel J. Angelo
Risk Management

By: Christopher
Deputy CEO

Date: **06/24/2021**

Date: **06/24/2021**

Signatory Authority: \$0-25,000 Department; \$25,001- 50,000 Purchasing Agent; \$50,001+ Board of Supervisors
Exception to Bid Process Required/Completed _____
Mendocino County Business License: Valid

Exempt Pursuant to MCC Section: _____

**CONFIDENTIALITY AGREEMENT
SAMPLE ONLY**

This Confidentiality Agreement ("Agreement"), effective as of the last date signed below, is entered into by Anthem, Inc. on behalf of itself and its affiliates and subsidiaries (each an "Anthem Company" and collectively "Anthem") and ("Recipient"). Anthem and Recipient may be referred to each as a "Party" and collectively as the "Parties".

1. **Scope.** The Parties acknowledge and agree that: (a) Anthem is a third party administrator and/or insurer for certain self-funded and fully insured group health plans operated on behalf of employers (each a "Plan" and collectively the "Plans"); (b) pursuant to separate agreements between the Plans and Recipient, Recipient performs services necessary for the administration of the Plans; (c) the Parties reasonably anticipate that certain Plans have requested or will request that Anthem provide to Recipient certain information; and (d) the terms and conditions of this Agreement shall govern Recipient's use and disclosure of Anthem's P/C Information (as defined herein) contained in the information provided by Anthem to Recipient, regardless of the Plan involved.
2. **Specifications and Permitted Purpose.** "Information" shall mean the data that Anthem agrees to release to Recipient pursuant to each Plan request. The Information shall conform to the specifications set forth in an Anthem Data Release Specifications Form, and shall be for Recipient's use only in accomplishing the particular plan administration purpose ("Permitted Purpose") identified therein. "Data Release Specifications Form" means a form substantially similar to the sample attached hereto as Exhibit A. Each Data Release Specifications Form agreed to by the Parties shall be deemed incorporated into this Agreement by reference.
3. **P/C Information.** Recipient acknowledges that the Information includes Anthem's Proprietary Information and Anthem's Confidential Information. "Anthem's Proprietary Information" means the non-public, trade secret, commercially valuable, or competitively sensitive information of an Anthem Company, or other material and information relating to the products, business, or activities of an Anthem Company, including but not limited to: (i) Information about the Anthem Company's provider networks, provider negotiated fees, provider discounts, and provider contract terms; (ii) information about the systems, procedures, methodologies, and practices used by an Anthem Company in performing its services such as underwriting, claims processing, claims payment, and health care management activities; and (iii) combinations of data elements that could enable information of this kind to be derived or calculated. "Anthem's Confidential Information" means information that an Anthem Company is obligated by law or contract to protect, including but not limited to: (i) Social Security Numbers; (ii) provider tax identification numbers (TINs); (iii) National Provider Identification Numbers (NPIs); (iv) provider names, provider addresses, and other identifying information about providers; and (v) drug enforcement administration (DEA) numbers, pharmacy numbers, and other identifying information about pharmacies. Anthem's Proprietary Information and Anthem's Confidential Information may be referred to together as the "P/C Information." "Anthem Company," as used in the definitions set forth in this Section 3 and for purposes of this Agreement also includes a licensee of the Blue Cross and Blue Shield Association (each a "Blue Plan"), to the extent Anthem provides such Blue Plan's Information to Recipient.
4. **Business Associate Status and Obligations.** The Parties acknowledge and agree that: (a) the Information may include protected health information ("PHI"), as that term is defined and used in the Health Insurance Portability and Accountability Act of 1996 and the regulations promulgated thereunder at 45 C.F.R. §§ 160-164 (collectively, "HIPAA"); (b) each Party may be the Plans' Business Associate as defined and governed by HIPAA; (c) to the extent required by HIPAA, each Plan has required or will require such Party separately to enter into a Business Associate Agreement with the Plan, setting forth its obligations pursuant to 45 C.F.R. 164.502(e); and (d) Recipient's use and disclosure of the P/C Information shall be governed by this Agreement; however, Anthem's disclosure of PHI to Recipient and Recipient's subsequent use and disclosure of the PHI separate and apart from the P/C Information shall be governed by HIPAA and the Plans' applicable Business Associate Agreements.
5. **Permitted and Non-permitted Uses.** Recipient shall use the P/C Information solely for the Permitted Purpose set forth in the applicable Data Release Specifications Form and to develop related reports and information for the applicable Plan(s). Recipient shall not, without Anthem's advance written consent: (a) use the P/C Information, or reports or summaries arising therefrom, for any other purpose; (b) alter the P/C Information in any manner; (c) combine the P/C Information with other data to create or add to an aggregated database for Recipient's own internal use or analysis or for use in producing analyses, reports, extracts, or summaries that will or could be made available to any person or entity other than the applicable Plan; (d) combine the P/C Information provided for a particular Permitted Purpose with P/C Information provided for another purpose; (e)

sell or disclose the P/C Information to any other person or entity, including without limitation affiliates of Recipient, except as expressly permitted herein; or (f) except to accomplish the Permitted Purpose, use the P/C Information for its own internal use and analysis. The provisions of this section shall survive the termination of this Agreement.

6. **Permitted and Non-permitted Disclosures.** Recipient shall maintain the P/C Information in strict confidence, and, except as expressly permitted in this Section 6, shall only permit access to and use of the P/C Information by those of its employees and agents whose access and use are necessary to accomplish the Permitted Purpose and who are bound to maintain the P/C Information in strict confidence. Recipient may disclose the P/C Information associated with a particular request to the applicable Plan, but shall not disclose it to any other person or entity, including but not limited to another carrier or vendor, except as expressly permitted herein. At the direction of the applicable Plan, Recipient may disclose the minimum amount of P/C Information necessary to a consultant or vendor of the Plan who has entered into a confidentiality agreement with Anthem (or amended its existing confidentiality agreement with Anthem via the addition of a Data Release Specifications Form) with respect to the disclosure. Additionally, Recipient may disclose the minimum amount of P/C Information necessary to Recipient's own consultants or vendors who need to know the P/C Information to fulfill the Permitted Purpose, but only if Recipient: (a) enters into a Confidentiality Agreement with the consultant or vendor containing provisions regarding the use and disclosure of such P/C Information at least as stringent as those contained in this Agreement; and (b) provides Anthem with advance written notice of the identity of the consultant or vendor to whom the disclosure is to be made. Anthem reserves the right to require such consultant or vendor to enter into a Confidentiality Agreement with Anthem prior to such disclosure by Recipient.
7. **Data Protections and Security.** Recipient shall afford the P/C Information the same protections it would employ if the P/C Information were its own proprietary and confidential information, but no less than a reasonable degree of protection. Recipient shall implement reasonable and appropriate safeguards and technical controls designed to use, store, transmit, and dispose of the P/C Information in a manner intended to ensure that the P/C Information will only be used for the Permitted Purpose and that the P/C Information will be protected against reasonably anticipated threats to its security. If Recipient receives the Information from Anthem via electronic means such as FTP transmission, Recipient shall use reasonable physical and software-based security measures commonly used in the electronic data interchange field to protect the P/C Information. Recipient shall implement and comply with, and shall not attempt to circumvent or bypass, Anthem's security procedures for the use of the electronic method of Information transmission.
8. **Systems Access.** If Anthem grants Recipient the right to access Anthem's benefits administration or other electronic systems ("Systems") in order to view, use, or facilitate the transfer of the Information, the following conditions shall apply: (a) the Systems, and any passwords, user identification codes, and documentation with respect to the Systems shall be treated as Anthem's Proprietary Information for purposes of this Agreement; (b) Recipient's right to access the Systems is nonexclusive and nontransferable, and Recipient shall not share, lease or otherwise transfer its right to access and use the Systems to any other person or entity; (c) all rights, title and interest in the Systems remain Anthem's; (d) Recipient shall only access the Information described on the applicable Data Release Specifications Form which is necessary to accomplish the Permitted Purpose; (e) all Systems access shall be achieved through the interfaces and protocols provided or authorized by Anthem, and Recipient shall comply with any and all reasonable restrictions and limitations pertaining to such access as shall be communicated to Recipient by Anthem in writing; and (f) Recipient shall immediately notify Anthem of any unauthorized use of Recipient's access credentials or other unauthorized access to the Systems.
9. **Providers.** Except in reports provided to the applicable Plan as permitted by this Agreement, Recipient shall not in any report, or in any other medium, refer to any provider of health care or pharmacy by name or by any other identifying reference. Recipient shall not contact any provider of health care or pharmacy concerning any information obtained pursuant to this Agreement unless the contact is coordinated by Anthem.
10. **Disclaimer and Exculpation.** Anthem provides the Information on an "as-is" basis, and makes no representation or warranty as to the accuracy or reliability of any conclusions or interpretations made by Plans and/or Recipient on the basis of the Information. Recipient releases Anthem and its agents and employees from any and all liability whatsoever for any erroneous, inaccurate, or incomplete Information.
11. **Disposition of the P/C Information.** Upon termination of this Agreement or the conclusion of Recipient's use of the P/C Information to accomplish the Permitted Purpose, Recipient shall destroy the P/C Information or return it to Anthem. Notwithstanding the foregoing, Recipient may retain the P/C Information pursuant to

Recipient's reasonable record retention policies and procedures in compliance with applicable law; provided, however, that Recipient shall continue to be bound by the confidentiality terms of this Agreement with respect to the P/C Information for as long as such P/C Information is retained.

12. **Excepted Information.** This Agreement shall not be construed to restrict the disclosure by Recipient of information that (a) other than as a result of breach of this Agreement, has been previously published, is now public knowledge, or becomes public knowledge; (b) other than in violation of this Agreement, is independently developed by Recipient; (c) is made available to Recipient by any person or entity other than Anthem, provided the source of such information is not subject to any confidentiality obligations with respect to it; or (d) is required to be disclosed pursuant to law, order, regulation, or judicial or administrative process, but only to the extent of such required disclosures.
13. **Investigation of Suspected Breach.** If Anthem reasonably believes that Recipient has breached this Agreement, Anthem shall have the right to investigate. Recipient shall permit Anthem or its designee to observe and review onsite Recipient's processes and records relating to how the P/C Information has been stored, used, and disclosed, and shall reasonably cooperate with Anthem. Anthem shall give Recipient at least seventy-two (72) hours' advance notice and shall perform any onsite review at its own cost and expense, during normal business hours, and in a manner reasonably designed to protect the confidentiality of Recipient's confidential information and to avoid interfering with Recipient's business operations. If Anthem's review confirms that a breach has occurred, then notwithstanding any other provision of this Agreement and in addition to any other available remedies: (a) Anthem shall have the right, at its sole option, to discontinue any ongoing releases of Information to Recipient and terminate this Agreement immediately upon notice to Recipient; and (b) notwithstanding the terms of Section 11, Recipient shall immediately return all P/C Information then in its possession to Anthem.
14. **Equitable Relief.** Recipient acknowledges that irreparable injury could result to Anthem and its business if Recipient breaches its obligations under this Agreement. Without prejudice to any other rights and remedies available to it, Anthem shall be entitled to seek a restraining order, injunction or other equitable relief to prevent any actual, intended, or likely injuries which may result from a breach by Recipient.
15. **Legal Prohibition.** In the event that any local, state or federal law now in existence or hereafter enacted or decided (including rulings of regulatory agencies) prohibits Anthem from providing any or all of the Information, Anthem shall be relieved of any obligation to do so and shall notify Recipient in writing.
16. **Successors and Assigns.** This Agreement shall inure to the benefit of all successors and assigns of the Parties.
17. **Severability.** The unenforceability or nullity of any of the provisions of this Agreement, either in whole or in part, shall not render any other provision unenforceable or null and void.
18. **Headings.** All headings used in this Agreement are used for reference purposes only, and shall not affect the meaning or interpretation of any provision of this Agreement.
19. **Governing Law.** The validity, interpretation, and enforcement of this Agreement shall be governed by the laws of the State of Indiana.
20. **Notice.** Any notice required to be given pursuant to the terms of this Agreement shall be in writing and shall be sent via certified or registered mail with return receipt requested or via a recognized courier service to the Notice Address set forth below.
21. **Multiple Counterparts.** This Agreement and any subsequent amendment to it may be executed in several counterparts and by each of the Parties on a separate counterpart, each of which, when so executed and delivered shall be an original, but all of which together shall constitute but one and the same instrument. A facsimile signature shall be deemed equivalent to an original ink signature. This Agreement (and any subsequent amendment) shall not become binding on either of the Parties until each Party has transmitted to the other Party a counterpart executed by the transmitting Party.
22. **Entire Agreement.** This Agreement constitutes the entire agreement between the Parties, superseding any and all earlier agreements, either oral or written, between the parties with respect to the subject matter hereof,

and no earlier agreement, statement or promise relating to the subject matter of this Agreement will be valid or binding.

23. **Termination.** Unless earlier terminated pursuant to Section 13, this Agreement shall remain in effect until such time as either Party provides at least ninety (90) days' written notice to the other Party of its decision to terminate this Agreement; provided, however, that the obligations related to the use, disclosure, and protection of the P/C Information shall have no expiration.

24. **Amendment.** From time to time local, state or federal legislative bodies, boards, departments or agencies may enact or issue laws, rules, or regulations pertinent this Agreement. In such event, the parties agree that Anthem shall have the right to unilaterally amend this Agreement to reflect such change.

In consideration of the mutual obligations contained in this Agreement, the sufficiency of which is hereby acknowledged, the Parties agree to the terms and conditions herein. Each of the undersigned represents, warrants, and covenants that he or she has the authority and the right to enter into this Agreement binding the Party on whose behalf the Agreement is hereby executed:

ANTHEM:

RECIPIENT:

**Anthem, Inc. on behalf of itself and its
affiliates and subsidiaries**

Signature

Signature

Printed Name

Printed Name

Title

Title

Date

Date

Notice Address:

Notice Address:

220 Virginia Avenue

Indianapolis, IN 46204

Attn: General Counsel

**EXHIBIT A
SAMPLE ONLY**

DATA RELEASE SPECIFICATIONS FORM

This Data Release Specifications Form amends, supplements, and is incorporated into the Confidentiality Agreement(s), identified herein, and previously entered into between the Parties. For any prior Data Release Specifications Form or data request approved by Anthem under a Confidentiality Agreement which included an "Exhibit A - Anthem Standard Record Layout – Medical," such Exhibit A shall be deleted in its entirety. For avoidance of doubt and regardless of any "sample" File Record Layout provided to the Recipient or referenced in the Confidentiality Agreement or attachments thereto, all data request made under this or subsequent Data Release Specifications Form shall be fulfilled in accordance with Anthem's Data Release Policy.

Name of Employer for whom data release is requested: _____

Incurred Date Range of requested historical data (if applicable): _

Paid Date Range of requested historical data (if applicable): _____

Requested frequency of ongoing data releases (if applicable): _____

Purpose(s) for which Anthem Data and Non-Anthem Data is requested. Describe in full detail how the Anthem Data and Non-Anthem Data will be used and/or disclosed: _____

List all other parties, if any, to whom Recipient wishes to disclose the Anthem Data and Non-Anthem Data (name and address). (Each may be required to enter into an Agreement with Anthem.)

(As applicable INSERT - ,

(If applicable INSERT - / /

File Layout Specifications: Attach requested deliverable's layout(s) or format(s), which are subject to Anthem's approval.

RECIPIENT:

ANTHEM:

<INSERT VENDOR NAME (as listed in Agreement)>

ANTHEM INC. ON BEHALF OF ITSELF AND ITS
AFFILIATES AND SUBSIDIARIES

Signature: _____

Signature: _____

Printed Name: _____

Printed Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

Confidentiality Agreement (Title/Parties/Date):

<Agreement Type> / <Agreement Signatories> / <Execution Date>

By signing this Data Release Specifications form, the Parties acknowledge and agree that, to the extent applicable, it will satisfy the requirement for a "File Record Layout Form" and/or "Data Release Specifications Form" and will serve the same purpose with respect to any confidentiality agreements requiring the use of a File Record Layout Form or Data Release specifications Form.