City Clerk Document No. _____

City Council Meeting Date: September 23, 2021

CALENDAR YEAR 2022 AMENDMENT TO CITY OF CHANDLER AGREEMENT GROUP MEDICAL AND PHARMACY PROGRAM AND COBRA ADMINISTRATION ADMINISTRATIVE SERVICE AGREEMENT AND MAXIMUM AGGREGATE AND SPECIFIC LIABILITY AGREEMENT CITY OF CHANDLER AGREEMENT NO. HR5-948-3502

THIS CALENDAR YEAR 2022 AMENDMENT (CY 2022 Amendment) to the Administrative Service Agreement and the Maximum Aggregate and Specific Liability Agreement is entered by and between the City of Chandler, an Arizona municipal corporation (City), and Blue Cross Blue Shield of Arizona, Inc. (Contractor), (City and Contractor may individually be referred to as Party and collectively referred to as Parties) and made this _____, 20 _____ (Effective Date).

RECITALS

WHEREAS, the Parties entered into agreements, dated September 24, 2015, for Group Medical and Pharmacy Program and COBRA Administration and the Maximum Aggregate and Specific Liability Agreement (collectively, "the Agreement") with an initial term of January 1, 2016, through December 31, 2016, with the option to renew for six additional one-year terms; and

WHEREAS, the Parties have extended the Agreement annually subject to the terms and conditions of the original Agreement as modified by the terms of each annual Amendment; and

WHEREAS, the Parties wish to extend the Agreement, as amended, for a one-year period, from January 1, 2022, through December 31, 2022, and to amend certain rates, terms, and information set forth in the Agreement.

AGREEMENT

NOW THEREFORE, the Parties agree as follows:

1. The recitals are accurate and are incorporated and made a part of the Agreement by this reference.

2. The terms of the Administrative Service Agreement and the Maximum Aggregate and Specific Liability Agreement are amended to extend the Agreement for a one-year period from January 1, 2022, through December 31, 2022.

3. The Agreement is amended by the Administrative Service Agreement and Maximum Aggregate and Specific Liability Agreement Amendment, and associated documents, effective January 1, 2022, through December 31, 2022 (CY 2022), attached hereto as Exhibit 1.

4. The Administrative Service Agreement and Maximum Aggregate and Specific Liability Agreement are further amended to replace the City of Chandler PPO Red Medical Option Benefit Plan for CY 2021, City of Chandler PPO Blue Medical Option Benefit Plan for CY 2021, and City of Chandler HSA White Medical Option Benefit Plan for CY 2021 with the respective Red, Blue, and White Medical Option Benefit Plan Documents for CY 2022 in their final form, and said documents shall be incorporated by reference as Exhibits to the Agreement.

5. All other terms and conditions of the Agreement, as amended through CY 2021, remain unchanged and in full force and effect. If a conflict or ambiguity arises between this CY 2022 Amendment and the Agreement, the terms and conditions of this CY 2022 Amendment shall prevail and control.

IN WITNESS WHEREOF, the Parties have entered into this Amendment on the Effective Date.

FOR THE CITY

By: _____

Its: Mayor

APPROVED AS TO FORM:

By: _____
City Attorney

ATTEST:

By: _____
City Clerk

FOR THE CONTRACTOR

DocuSigned by:
By: Michael Groeger
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Michael Groeger

Its: VP – Sale & Specialty Products

APPROVED AS TO FORM BCBSAZ Legal Division
DocuSigned by:
By: Laura Meyer
Date: 8/18/2021 | 11:21 AM PDT
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EXHIBIT 1

Administrative Service Agreement (ASA)

(This ASA document is Exhibit C and Exhibit C-1 to the Maximum Aggregate and Specific Liability Agreement only if the Employer has BCBSAZ stop loss coverage.)

BlueCross BlueShield Arizona
An Independent Licensee of the Blue Cross Blue Shield Association

Name of the Group Health Plan: CITY OF CHANDLER GROUP HEALTH PLAN

Legal Name of Group: City Of Chandler

Effective Date: 01/01/2022 - 12/31/2022 | Group Number(s): 028399 | Current Date: 7/29/2021

Strategic Rel. Executive: Christie Thomas | Funding: 12/24 Incurred ASC with Medical and Pharmacy | Days Notice: 210

Underwriter: Brian Cohen | Total Enrollment: 1,682 | Specific Stop Loss Limit: $350,000

Broker: SEGAL COMPANY ARIZONA INC: RACHEL MARIE CALISI | Aggregate Stop Loss Limit: 125%

Commission: 0.000% | Commission (% of Billed Rate): 0.000%

SOLD BENEFITS	Benefit Descriptions	Grandfathered Status
Red Medical Option	INET: Ded $500/$1,000; 85%; OOP $2,500/$5,000; OV $25/$40; ER $100 Ded+85%; UC $50; Rx $10/$30/$50/$100 2x MOD; ONET: Ded $1,000/$2,000; 60%; OOP $5,000/$10,000	N: Non-Grandfathered
Blue Medical Option	INET: Ded $750/$1,500; 80%; OOP $2,750/$5,500; OV/UC Ded+80%; ER $100 Ded+80%; Rx $10/$30/$50/$100 2x MOD; ONET: Ded $1,750/$3,500; 50%; OOP $6,500/$13,000	N: Non-Grandfathered
White Plan	INET: Ded $1,750/$3,500; 85%; OOP $3,500/$7,000; OV/ER/UC Ded+85%; Rx $10/$30/$50/$100 2x MOD; ONET: Ded $5,000/$10,000; 60%; OOP $10,000/$20,000	N: Non-Grandfathered

Sold Rates Effective 01/01/2022

Red Medical Option	Enrollment	Admin	SSL $350K	ASL 125%	Commission	Other	Fixed Cost	ICAP	Exp Liab	Max Liab
Employee	170	$34.88	$67.57	$2.36	$0.00	$0.00	$104.81	$1,014.40	$916.33	$1,119.21
Employee + Spouse	164	$34.88	$67.57	$2.36	$0.00	$0.00	$104.81	$1,749.43	$1,504.35	$1,854.24
Employee + Child(ren)	91	$34.88	$67.57	$2.36	$0.00	$0.00	$104.81	$1,541.00	$1,337.61	$1,645.81
Employee + Family	225	$34.88	$67.57	$2.36	$0.00	$0.00	$104.81	$2,561.92	$2,154.35	$2,666.73
Total Plan 1	**650**	**$22,672**	**$43,921**	**$1,534**	**$0**	**$0**	**$68,127**	**$1,176,018**	**$1,008,941**	**$1,244,144**

Blue Medical Option	Enrollment	Admin	SSL $350K	ASL 125%	Commission	Other	Fixed Cost	ICAP	Exp Liab	Max Liab
Employee	35	$34.88	$67.57	$2.36	$0.00	$0.00	$104.81	$993.48	$899.59	$1,098.29
Employee + Spouse	16	$34.88	$67.57	$2.36	$0.00	$0.00	$104.81	$1,713.38	$1,475.51	$1,818.19
Employee + Child(ren)	7	$34.88	$67.57	$2.36	$0.00	$0.00	$104.81	$1,509.26	$1,312.22	$1,614.07
Employee + Family	19	$34.88	$67.57	$2.36	$0.00	$0.00	$104.81	$2,509.16	$2,112.14	$2,613.97
Total Plan 2	**77**	**$2,686**	**$5,203**	**$182**	**$0**	**$0**	**$8,070**	**$120,425**	**$104,410**	**$128,495**

White Plan	Enrollment	Admin	SSL $350K	ASL 125%	Commission	Other	Fixed Cost	ICAP	Exp Liab	Max Liab
Employee	295	$34.88	$67.57	$2.36	$0.00	$0.00	$104.81	$783.30	$731.45	$888.11
Employee + Spouse	158	$34.88	$67.57	$2.36	$0.00	$0.00	$104.81	$1,350.89	$1,185.52	$1,455.70
Employee + Child(ren)	102	$34.88	$67.57	$2.36	$0.00	$0.00	$104.81	$1,189.94	$1,056.76	$1,294.75
Employee + Family	400	$34.88	$67.57	$2.36	$0.00	$0.00	$104.81	$1,978.28	$1,687.43	$2,083.09
Total Plan 3	**955**	**$33,310**	**$64,529**	**$2,254**	**$0**	**$0**	**$100,094**	**$1,357,200**	**$1,185,851**	**$1,457,294**

Sold CDH Account Pricing PEPM (Not Included Above)		PEPM Account Fee
White Plan	Health Savings Account	$2.70

CDH Annual Account Setup Fee (Not Included Above)	# of Accounts	Annual Fee
Annual account setup fee is billed by CDH and is based on the total number of HRA and FSA plans.	0 - 499	$250
	500 - 2,999	$500
	3,000 +	$1,500

Employers selecting Consumer-Directed Healthcare (CDH) Account Administration (including integration), for account types; HSA, HRA, FSA, DCFSA & LPFSA, hereby direct BCBSAZ to collect the administration fees and forward the proportional fees to HealthEquity for services, along with the required personal health information. BCBSAZ collects CDH Account administration fees and is not responsible for any reconciliation, recoupment or adjustments to payments received and forwarded to on behalf of Employer.

Employer agrees to pay for charges for CDH administration services. For HSA and HRAs, these charges apply to all employees enrolled in a health plan the group has paired with a CDH account. For FSAs, those charges apply to any employee for whom an FSA election has been sent to BCBSAZ by the employer.

			Monthly PEPM Fees				One-Time Fee /
Sharecare Account Summary	Effective Date	Non-Enrollees	Employee	EE + Spouse	EE + Child(ren)	EE + Family	Non-Enrollees
Basic	1/1/2022	No	$0.00	$0.00	$0.00	$0.00	$0

Proposed administration assumes BCBSAZ will retain Rx Rebates. In exchange for retaining Rx Rebates, BCBSAZ has adjusted the Admin PEPM by the Rx Rebate Credit. Rx Rebate Credit (PEPM) = $24.50

Minimum Monthly Attachment Level: $2,388,278 (Based on 90% Minimum Attachment Point.)

Mayo Provider Included In-Network: No

Consumer-Directed Healthcare Integration: Yes

Rider(s) with Annual Amount: Misc Trust & Wellness $80,000; On-Site Wellness Consultant $100,000

Administrative Service Agreement (ASA)

(This ASA document is Exhibit C and Exhibit C-1 to the Maximum Aggregate and Specific Liability Agreement only if the Employer has BCBSAZ stop loss coverage.)

Name of the Group Health Plan: CITY OF CHANDLER GROUP HEALTH PLAN

Legal Name of Group: City Of Chandler

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Strategic Rel. Executive: Christie Thomas	Funding: 12/24 Incurred ASC with Medical and Pharmacy	Days Notice: 210
Underwriter: Brian Cohen	Total Enrollment: 1,682	Specific Stop Loss Limit: $350,000
Broker: SEGAL COMPANY ARIZONA INC: RACHEL MARIE CALISI		Aggregate Stop Loss Limit: 125%
Commission: 0.000%	Commission (% of Billed Rate): 0.000%	

Performance Guarantees:	Yes
Network Discount Guarantees:	Yes

All information from the exhibit Assumptions IASC-2022-028399-5, Administrative Summary, Guarantees, 100+ Employer Application (Exhibit 1) and Disclosure of 'Eligible Indirect Compensation' (Exhibit 2) are incorporated herein by reference.Employer acknowledges electronic receipt of the Uniform Summaries of Benefits and Coverage (SBCs) for plans selected and the SBCs are incorporated herein by reference. As of the effective date on page 1, this amends and is made part of the Employer's Group Master Contract (GMK) with BCBSAZ. All provisions in the GMK not modified by this Amendment remain in full force and effect.

BCBSAZ reserves the right to adjust these premium rates retroactive to the first day of any billing month in which enrollment varies by more than fifteen percent (15%) from that listed above.

The ACA prohibits waiting periods in excess of 90 days. By signing below you represent that you do not impose a waiting period which is longer than 90 days and that you have made all necessary changes to bring all waiting periods for your plan into compliance with the ACA requirements. You agree to promptly advise BCBSAZ of any change which may impact the accuracy of this representation. You agree to provide BCBSAZ with timely and accurate information regarding enrollee effective dates and shall ensure such effective dates comply with applicable laws.

This Rate Acceptance Form must be signed and returned prior to BCBSAZ issuing ID Cards. If any information on this Form is inaccurate, please provide the correct information on this Form.

BCBSAZ Representative	Date	Group Representative Signature	Group Representative Title	Date
	7/29/2021			

Blue Cross Blue Shield of Arizona (BCBSAZ) Assumptions

GENERAL

* Notwithstanding any provision of A.R.S. section 12-341.01, in any action to enforce the terms of this Agreement, the successful party, defined as the net winner considering all claims and counterclaims actually adjudicated, shall be entitled to an award of its reasonable attorney's fees and costs. The award of reasonable attorney fees shall be made to mitigate the burden of the expense of litigation to establish a just claim or a just defense. It need not equal or relate to the attorney fees actually paid or contracted, but the award may not exceed the amount paid or agreed to be paid. In a judicial action, any award of fees shall be made by the court and not by a jury.

* BCBSAZ may adjust rates if the following requirements are not met:

  Where the employer contributes 100% of the employee cost, BCBSAZ requires 100% participation of all eligible employees, excluding those with other qualifying medical coverage.

  Where the employer does not contribute 100%, BCBSAZ requires 70% of all eligible employees to participate.

  BCBSAZ requires a minimum of 50% of all full-time eligible employees in the group to be enrolled in the employer's group plan.

  Employer must contribute a minimum of 50% of the employee's health premium.

  Payroll deduction for employee contribution is required.

* Rates assume BCBSAZ is the sole medical and Rx carrier.

* Group acknowledges that it is solely responsible for determining eligibility for coverage in accordance with applicable laws and regulations under any BCBSAZ policy issued to Group. Group represents and warrants that: (1) neither it nor the Plan is a multiple employer welfare arrangement (MEWA), and (2) it will not include individuals in the Plan coverage if doing so will transform the Plan into other than a single employer sponsored group health plan.

* BCBSAZ reserves the right to re-evaluate the rates if there is a significant change in the rating assumptions (e.g. enrollment).

* BCBSAZ reserves the right to re-evaluate and change the rates if City Of Chandler adds or deletes a benefit eligible class that will have BCBSAZ medical coverage.

* BCBSAZ reserves the right to decline to provide coverage for residents of any state other than Arizona, if in BCBSAZ's sole opinion, such coverage would be inconsistent with state or federal law.

* We have not included premium tax on this account, based on the assumption that all premiums are paid with the employer's funds, and the employer is a municipality.

* Rates and coverage are contingent upon BCBSAZ's right to assess an amount against the group for late payment of any premium, fee and/or other amounts due to BCBSAZ in an amount equal to twelve percent (12%) per annum of the outstanding balance for which the payment or any portion of the payments is past due. In addition, if two (2) or more payments are received untimely by BCBSZ in any twelve month period, BCBSAZ may assess a late fee of 0.75% on the outstanding balance or any portion of the balance that is past due.

* BCBSAZ will create the Uniform Summaries of Coverage (SBC) for coverage provided by BCBSAZ. BCBSAZ will not create SBCs for any coverage the Group provides through a third-party or for health reimbursement arrangements, flexible spending accounts or health savings accounts provided by the Group. Unless directed by the Group, BCBSAZ will provide SBCs to Subscribers, as required by PPACA, except that the Group is solely responsible for delivering SBCs in accordance with PPACA: (i) to Subscribers during open enrollment; (ii) to newly eligible individuals; and (iii) to special enrollees.

* Beginning in 2015 the Affordable Care Act provides that certain large employers will be subject to a penalty if they fail to offer full-time employees and certain dependents health coverage which satisfies both a 60% minimum value standard and an affordability requirement and a full-time employee obtains a subsidy on the health insurance marketplace. Groups subject to these requirements and seeking to avoid a penalty are responsible for the ultimate determination of whether the minimum value and affordability requirements are satisfied. Using the minimum value calculator made available by HHS and the IRS, BCBSAZ estimates that the minimum value of Red Medical Option, Blue Medical Option, White Plan plans do meet the minimum value standard. It is important that you independently review and confirm these results as they may be impacted by information not available to us (for example, benefits not provided by BCBSAZ, non-standard benefits not suited for the calculator and certain HSA contributions or HRA funds). BCBSAZ has included its conclusion(s) about minimum value in the plan(s) SBC(s) that BCBSAZ provides to Group. Any changes that Group makes to that conclusion based on Group's independent analysis will also affect the minimum value statement(s) in the SBC.

PHARMACY

* The Plan Sponsor is responsible for design of the Plan, including any modification or termination of the Plan, and retains sole and complete control to select and change the formularies for its Plan.

  BCBSAZ is able to receive rebate payments from pharmaceutical manufacturers. BCBSAZ maintains some direct contracts for medically billed drug claims and is able to obtain other rebates indirectly through our PBM contract. BCBSAZ or our PBM (depending on the claim type) enters into contracts with pharmaceutical manufacturers to receive rebate payments based on factors such as preferred drug list placement and the volume and/or market share of pharmaceutical products used by Participants in this Plan, participants in other group plans, and BCBSAZ subscribers (“rebate contracts”). The rebate contracts are negotiated based on BCBSAZ’s entire book of insured and administered business, and not on behalf of any specific individual or group benefit plan. BCBSAZ reserves the right to negotiate, enter into and terminate existing or future rebate contracts with pharmaceutical manufacturers at any time, and in its sole and absolute discretion.

  If BCBSAZ receives any rebates attributable to pharmaceutical products covered under the terms and conditions of this Agreement, and used by Participants of Employer’s Plan, BCBSAZ shall retain any such rebates and shall not remit any rebate payments to Employer.

  At Employer’s request, the parties have agreed that BCBSAZ will provide Employer with an administrative fee credit, in the amount specified [on the rate sheet]. Employer acknowledges that it has negotiated this administrative fee credit as part of this Agreement and that it and its group health plan have no right to, or legal interest in, any rebates provided by pharmaceutical manufacturers to BCBSAZ. The Employer consents to BCBSAZ’s retention of any and all such rebates.

  PBM PRICING MODEL: Pharmacy Network discounts are negotiated between BCBSAZ and our pharmacy benefit manager (PBM) over BCBSAZ’s entire book of business and not on behalf of any group customer. You have selected the pass through PBM pricing model effective 1/1/2022. The pass through PBM pricing model allows you to pay the same discounted prices for prescription drugs that the PBM actually pays the pharmacies. Prices for the same drug may differ at different pharmacies. The Pass Through PBM pricing model passes on to you 100% of the specific pharmacies' network discount. However, it does not allow the PBM to lower the prices for expensive drugs by applying savings realized elsewhere. Any projected savings discussed with you that may result from this pricing are only estimates. Your actual savings may vary from these estimates.

FUNDING

* Rates assume BCBSAZ is the sole Specific and Aggregate Stop Loss carrier.

* BlueCard fees are included in the Attachment Point rate (if applicable) and are charged on the monthly invoice as a claim expense.

* The Specific Stop Loss level is $350,000 per person per policy year.

* Stop Loss quotes are firm for 180 days from the date of 05/01/2021. If applicable, this includes the rate for Specific Stop Loss (SSL), the Attachment Point amounts and the fee for Aggregate Stop Loss (ASL). BCBSAZ reserves the right to revise and rerate Stop Loss quotes if the proposed Stop Loss rates are not accepted within 180 days from 05/01/2021.

* If the Group Participant with the redacted ID number xxxxxx971-01 terminates coverage under Group's plan (including ceasing any elected COBRA coverage), BCBSAZ agrees to re-rate Group's specific stop-loss premium for the remaining months of the 2022 policy period to factor in that change.

* BCBSAZ will continue to process claims incurred during the renewal term of the Agreement (January 1, 2022 - December 31, 2022) for a period of 24 months after the end of the renewal term. Stop loss coverage will apply to claims incurred during the renewal term and paid during the renewal term or within 24 months aftter the end of the Renewal Term. If the Agreement is terminated before December 31, 2022, the foregoing 24 month periods shall start on the effective date of the termination of the Agreement. BCBSAZ's obligations are contingent upon Employer satisfying its payment obligations.

* The group will be billed each month prospectively for the Fixed Expenses.

DISCLOSURE

* Costs for covered services provided by a chiropractor to PPO, EPO, HMO and indemnity members, including an allowance for BCBSAZ to maintain this arrangement, will be paid by the Employer to BCBSAZ on a per member per month (PMPM) basis. The PMPM rate each Employer pays BCBSAZ will differ from the capitated fee BCBSAZ negotiated with the chiropractic administrator. BCBSAZ negotiated the fee that BCBSAZ pays the chiropractic administrator on the basis of BCBSAZ’s entire book of business, without regard to any individual Plan. The PMPM rate BCBSAZ charges the employer is subject to change by BCBSAZ upon 60 days prior written notice. The PMPM rate for chiropractic services applicable to this Employer is $2.93 PMPM. Any difference between this amount and the amount paid to the chiropractic administrator will be reflected on the employers Form 5500 Information (if BCBSAZ provides one). The fee BCBSAZ pays may be adjusted at any time as a result of modifications to the contract between BCBSAZ and chiropractic provider. Additionally, the fee may be decreased in a given year if a set claims to capitation ratio is not achieved. Neither of these adjustments to the fee BCBSAZ pays would result in adjustment to the fee applicable to Employer.

* **Third Parties**: BCBSAZ charges a per member per month (PMPM) or other specified amount for certain services provided by third-parties which includes an allowance for BCBSAZ to maintain these arrangements. This PMPM or other amount may be different than the amount BCBSAZ pays the third-party and BCBSAZ will retain any difference as reasonable compensation for services provided. In some cases, the amount retained by BCBSAZ and received by the third-party is a percentage of the savings or recoveries generated by the third-party services. Certain of these third-party contractual arrangements may involve reconciliation processes or other adjustments which may further change the amount paid to the third-party or retained by BCBSAZ. The rate BCBSAZ charges the employer is subject to change by BCBSAZ upon 60 days prior written notice. The fee BCBSAZ pays may be adjusted at any time due to modifications of the contract between BCBSAZ and the third-party. BCBSAZ negotiates the fees it pays these third-parties on the basis of BCBSAZ's entire book of business, without regard to any individual plan.

* **BCBSAZ Value Based Programs**

Value-Based Program (VBP) is outcome-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.

LOCAL - BCBSAZ pays some of its contracted medical providers an amount to manage the medical care of members diagnosed with certain medical conditions if the provider demonstrates to BCBSAZ it has satisfied BCBSAZ's criteria for effectively managing the care ("Value Based Services").

With respect to BCBSAZ group members residing and receiving Value Based Services in Arizona under a BCBSAZ value based program, BCBSAZ will estimate at the beginning of the contract year the amount BCBSAZ projects it will pay BCBSAZ's contracted providers for members who receive Value Based Services throughout the upcoming year in the form of a PMPM or PEPM charge ("PMPM Charge"). BCBSAZ will charge BCBSAZ's self-insured ("ASC") Groups via the Employer's Claims Invoice this PMPM Charge beginning January 1, 2016.

On an aggregate basis for the entire Value Based Program, the amounts used to calculate PMPM charge are fixed amounts 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 BCBSAZ 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.

On an aggregate basis for the entire Value Based Program, at the end of the Value-Based Program payment and/or reconciliation measurement period for these arrangements, BCBSAZ do one of the following:

a. Use any surplus in funds in the variance account to fund Value-Based Program payments or reconciliation amounts in the next measurement period.
b. 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.

NOTE: If an ASC Group terminates its BCBSAZ contract, that Employer will neither receive a refund nor a charge to reflect any variance between what BCBSAZ charged the Employer in Value Based Charges and what BCBSAZ paid the providers for Value Based Services.

NATIONAL - Value Based Services will also apply to your members who reside in other states/geographical locations served by other Blue Cross Blue Shield Plans. A full description of these arrangements will be described in your contract.

Inter-Plan Arrangements Fees:

BlueCard Program Fees

Access Fees:

- 2.21% in 2022 for 1,000–9,999 Blue PPO, EPO (Self-Funded Group Health Plans Only) or traditional enrolled contracts

Reduced Administrative Expense Allowances (AEAs) – To be considered for reduced fees, the Employer must exceed 1,000 PPO, EPO (Self-Funded Group Health Plans Only) or traditional enrolled Blue contracts:

- Professional - $4.00 per claim
- Institutional - $9.75 per claim
- Non-Participating Provider $3.00 per claim
- Medicare related claims $1.00 per claim
- Non-standard negotiated fees can range from either $5.48 to $18.70 per claim or $9.13 to $31.16 per contract per month depending on the negotiated arrangement and/or the health plan product.

* If Employer receives confidential information belonging to the Blue Cross Blue Shield Association or another Blue Plan (Blue Confidential Information), Employer agrees that it shall: (1) use the Blue Confidential Information strictly for the purposes for which it was disclosed, (2) not resell it or commingle it, (3) not de-aggregate it to identify BCBSAZ, another Blue Plan or another Blue Plan's members, and (4) return or destroy the Blue Confidential Information when no longer required for the purpose for which it was disclosed.

* The Employer recognizes that an impending natural disaster, natural disaster or state of emergency may disrupt access to services under this Agreement. If a disaster or emergency occurs or is imminent, the Employer authorizes BCBSAZ to make appropriate business decisions to implement and act (e.g. authorize early pharmacy refills, waive preauthorization, etc.) in accordance with the threat or risk. The Employer agrees to reimburse BCBSAZ for services provided to the Plan's Participants during this period, even if not consistent with the Benefit Plan or this Agreement.

* **Out-of-Network Shared Savings**

BCBSAZ developed and maintains a proprietary fee schedule and utilizes claim editing software to calculate the Allowed Amount. Costs for calculating the Allowed Amount for Out-of-Network Services will be paid by the Employer to BCBSAZ on a percentage of claims savings basis. The cost for this service is 0% of claims savings with $0 cap per claim. This cost will not be applied to Group's ASL and/or SSL. BCBSAZ has hired a third party to attempt negotiation of reimbursement and member protection from balance billing for Out-of-Network Services. When the third party negotiation is successful, BCBSAZ will pay the vendor's fees with no additional charge to the Employer.

* **Sharecare**: For certain Sharecare programs that Employer has specifically elected to purchase, BCBSAZ charges an amount per person which may be based upon employee count, member count or program participation depending on the specific program purchased. These charges will be included in the monthly claims invoice and may be different than the amount BCBSAZ pays Sharecare. BCBSAZ will retain any difference as reasonable compensation for services provided. For the Sharecare Incentive Reward Program, BCBSAZ will charge Employer the amount of the award plus any applicable administrative fees and include this charge in the monthly claims invoice. The rates BCBSAZ charges Employer for the Sharecare programs are subject to change by BCBSAZ upon 60 days' prior written notice. BCBSAZ negotiates fees with Sharecare on the basis of BCBSAZ's entire book of business, without regard to any individual plan. The one-time setup fees are built into the admin rate as a PMPM (per member per month) charge.

ALLOTMENTS

* BCBSAZ's proposal includes a Misc Trust & Wellness allowance of $80,000 for the 01/01/2022 - 12/31/2022 policy period. Any portion of the misc trust & wellness not used during the referenced policy period will be retained by BCBSAZ and applied to misc trust & wellness programs for subsequent policy period(s). Upon termination of the group contract, BCBSAZ will pay any unused portion of the misc trust & wellness allowance to Group.

* BCBSAZ's proposal includes a On-Site Wellness Consultant allowance of $100,000 for the 01/01/2022 - 12/31/2022 policy period. Any portion of the on-site wellness consultant not used during the referenced policy period will be retained by BCBSAZ and applied to on-site wellness consultant programs for subsequent policy period(s). Upon termination of the group contract, BCBSAZ will pay any unused portion of the on-site wellness consultant allowance to Group.

GUARANTEES

* BCBSAZ proposal includes a Network Discount Guarantee. The Network Discount Guarantee is in place for 1/1/2022 - 12/31/2022 ONLY. Please see the Network Discount Guarantee document for details.

BlueCross BlueShield of Arizona

An Independent Licensee of the Blue Cross and Blue Shield Association

Group Name: **City of Chandler**
Group Number: **28399**

NETWORK DISCOUNT GUARANTEE

*Guaranteed Period: 1/1/2022 - 12/31/2022

I. In-Network Medical only

Total Discount Savings %*	Administrative Charge at Risk PEPM	Administrative Charge at Risk Annual
57.0% or more	**$0.00**	$ -
55.0% - 56.9%	**$0.50**	$ 10,092
53.0% - 54.9%	**$1.00**	$ 20,184
51.0% - 52.9%	**$1.50**	$ 30,276
less than 52.0%	**$2.00**	$ 40,368

Network Savings Guarantee:

***Discount savings % will be based on incurred claims 1/01/22-12/31/22 (paid through 3/31/2023)**

1. BCBSAZ has agreed to put a portion of the administrative fees at risk based on actual network discount savings (**Eligible Billed Charges minus Eligible Allowed Charges**) realized by group.

2. Enroll Assumption (Employees): **1,682**

3. This discount applies only to the following policy period: **01/01/2022-12/31/2022**
   At the end of said contract period the discount savings percentage will be calculated to determine if any money will be returned to group. If money is due, the final amount will be calculated using actual enrollment during the applicable policy period.

4. The incurred claims used for the contract period will include In-Network Medical only claims. The discount does not apply to out-of-network Medical claims nor to pharmacy claims.

5. The proposed Network Discount Guarantee does NOT include Mayo as an in-network provider.

6. The proposed Network Discount Guarantee is subject to re-rate retroactive to the first day of any billing month in which the enrollment varies by more than +/- 15% from the enrollment as of: **April-21** .

7. Notwithstanding any other provisions in this rate proposal, if the government imposes a new tax or fee on insurers the rates set forth in this rate proposal may be adjusted to include, even retroactively, such taxes and fees. BCBSAZ reserves the right to change its rate if a change in administration is required due to legislative or regulatory change.

8. This agreement is null and void if group terminates prior to the end of the guaranteed policy period.

Administrative Summary

Implementation Meeting Schedule Frequency Day of the Week Time	 TBD

General Information	
Client Name / Number Legal Account Name Doing Business As Legal Entity Type Type of Business BCBSAZ Group Number(s) Group Health Plan Name (if applicable)	City of Chandler City of Chandler, Arizona Municipality City 028399 City of Chandler DBA City of Chandler, Arizona Group Health Plan
Client Address	175 S. Arizona Avenue Chandler, AZ 85225
Group Benefit Administrator (GBA) Name/Title/Contact Information	Fernanda Osgood Benefits and Compensation Manager 175 S. Arizona Avenue Chandler, AZ 85225 480-782-2359 fernanda.osgood@chandleraz.gov Rae Lynn Nielsen Director of Human Resources 175 S. Arizona Avenue Chandler, AZ 85225 480-782-2353 raelynn.nielsen@chandleraz.gov
Billing Contact Name/Title/Contact Information	Carol Osterhaus Benefits Analyst P.O. Box 4008, Mail Stop 703 Chandler, AZ 85244 480-782-2371 carol.osterhaus@chandleraz.gov
Billing Address	□ Same as physical address ☑ Other P.O. Box 4008, Mail Stop 703 Chandler, AZ 85244

Group Executive Name/Title/Contact Information	Rae Lynn Nielsen Director of Human Resources 175 S. Arizona Avenue Chandler, AZ 85225 480-782-2353 raelynn.nielsen@chandleraz.gov
Additional Authorized Group Contact(s) Name/Title/Contact Information	Joshua Wright City Manager- CEO 175 S. Arizona Avenue Chandler, AZ 85225 480-782-2211 Joshua.wright@chandleraz.gov Carol Osterhaus Benefits Analyst 175 S. Arizona Avenue Chandler, AZ 85225 480-782-2371 carol.osterhaus@chandleraz.gov Dawn Lang Management Services Director- CFO 175 S. Arizona Avenue Chandler, AZ 85225 480-782-2255 dawn.lang@chandleraz.gov Denise Hooker Human Resources Specialist P.O. Box 4008, Mail Stop 703 Chandler, AZ 85244 480-782-2376 dee.hooker@chandleraz.gov
Broker/Consultant Name/Title/Contact Information NPN	Segal Company Arizona, Inc. Rachel Calisi rcalisi@segalco.com 602-381-4027
Funding Arrangement	12/24 Incurred Medical ASC with Medical and Pharmacy
Headquartered State **Incorporated State**	Arizona Arizona
Effective Date	January 1, 2022
Renewal Days Notice	210
Grandfather Status	Non-grandfathered
Tax ID Numbers Federal State	 86-6000238 07004582

Product Information	
Accumulation Periods	☑ Calendar □ Plan
Mayo In-Network	□ Yes ☑ No
HealthEquity Integration Health Reimbursement Account Plan(s) or standalone Health Savings Account Plan (s) or standalone Flexible Spending Account Plan(s) or standalone Dependent Care Reimbursement Account or standalone	☑ Yes □ No _____ X-White Plan_____ _____ _____
HealthEquity Sections Non-integrated HDHP sections	☑ Yes, set up non-integrated HDHP products □ No, all HDHP members will be integrated with HealthEquity □ Not applicable; no HealthEquity integrated HDHP products

<table>
<tr><th colspan="2">Eligibility</th></tr>
<tr><td>Employee Effective Date</td><td>☑ First of month
□ Odd effective</td></tr>
<tr><td>Employee Termination Date</td><td>☑ End of month
□ Date of loss of eligibility</td></tr>
<tr><td>Dependent (26) Termination Date</td><td>☑ End of birth month
□ Birthday</td></tr>
<tr><td>Eligibility Submission Options</td><td>☑ 834
□ Excel (BCBSAZ will email format)
□ Paper applications
□ BCBSAZ portal online</td></tr>
<tr><td>Eligibility Vendor details</td><td>
<table>
<tr><td>Vendor:</td><td>No change from current</td></tr>
<tr><td>Contact Phone:</td><td>Primary: Carol Osterhaus
Secondary: Dee Hooker</td></tr>
<tr><td>Contact email:</td><td>carol.osterhaus@chandleraz.gov
dee.hooker@chandleraz.gov</td></tr>
<tr><td>Transmission frequency:</td><td>weekly</td></tr>
</table>
</td></tr>
<tr><td>Newborn/Adoptions/ Processing Options</td><td>□ Newborn automatically added; member must request disenrollment

☑ Newborn automatically added for the first 31 days, but member application required to retain newborn after 31 days.

□ Newborn is not automatically added; member must positively enroll newborn within 31 days of birth</td></tr>
<tr><td>Newborn Deductible
(not applicable to HDHP plan)</td><td>□ Newborn deductible applies
☑ Newborn deductible waived</td></tr>
</table>

Retroactive Termination	Retroactivity is limited to thirty-one (31) days from the date notice was provided to BCBSAZ by the group for terminations, changes and reinstatements.
Leave of Absence	□ 90 days ☑ Other: **Please refer to City of Chandler Statement of Eligibility as approved by Resolution No. 4995.**
Retiree Coverage	☑ Yes □ No If Yes: ☑ Under 65 ☑ 65 and older Minimum years of service: _____ Retiree dependents coverage ☑ Yes □ No
Domestic Partnership	□ Same Sex Only □ Opposite Sex Only □ Both □ BCBSAZ Standard Criteria □ Client Specific Criteria ☑ Not Covered
Maternity Provisions	Maternity coverage will be extended to dependent daughters. Note: Grandchildren are not eligible dependents.

Open Enrollment	
Open Enrollment Period	From: November 1, 2021 To: November 19, 2021
Open Enrollment Meetings Support Needed Packets/Materials Needed	 ☑Yes □ No – Benefit Fair on 10/26 □ Yes ☑ No
Translated SBCs ***Vendor requires 7-10 business day turnaround after the English version is approved***	□ Yes ☑ No
Open Enrollment Eligibility Transmission Method Date	 834 12/3/2021 ***Files must be received no later than December 3, 2021 to ensure ID cards are mailed before January/1/2022***

Financial Information	
Wellness Fund	☑ Yes □ No If yes: Amount: **1. $80,000 Miscellaneous Trust & Wellness allowance** **2. $100,000 On-site Wellness consultant allowance** □ Plan Year ☑ Roll Over of Unused Funds
Implementation/General Fund(s)	□ Yes ☑ No If yes: Amount: _____ □ Plan Year □ Roll Over of Unused Funds
Prescription Rebates	☑ BCBSAZ retains rebates; group receives admin credit □ Group receives rebates

Financial Information - Invoicing	
Premium Statements Premium statements or "admin" statements are billed on a **prospective** basis. Each statement will account for fixed expenses for the upcoming calendar month.	➢ Statements are generated and mailed monthly **15 business days** prior to the due date. ➢ Statements are also available to view and adjust online at azblue.com ➢ Statements include a full listing of each enrollee, a summary and total by section. ➢ Any discrepancies can be addressed with the assigned Membership and Billing Representative. ➢ Due date is the **first of the month**. ➢ The contract has a grace period of forty-five (45) days for premium payments. If a premium is not paid on or before the date it is due, it may be paid during the grace period.
BCBSAZ Premium Statement Delivery	□ BCBSAZ will mail hard copies ☑ Hard copies will be suppressed
Detailed Claims Report Format	☑ De-identified (group section, plan, date of service, paid date, paid amount and claim type) □ Minimum-necessary* (group section, plan, member name, member date of birth, relationship date of service, paid date, paid amount and claim type) *signed supplemental terms and conditions required
Detailed Claims Report Recipient(s) Name/Email	**TO:** Carol Osterhaus- carol.osterhaus@chandleraz.gov **CC:** Jeanna Carlton- jcarlton@segalco.com **CC:** Andrew McDonald- amcdonald@segalco.com

Benefit Information	
Pharmacy – 90-day supply at in-network retail	☑ Excluded □ Covered □ All Contracted Retail Pharmacies □ Copay the same as Mail Order; or □ Different multiplier:_____ □ All Covered Medications; or □ Maintenance Medications only
HSA Preventive Drugs	□ Deductible waived □ Covered at 100% ☑ Covered as any other drug □ Not Applicable; no HDHP plan offered
Medication Synchronization	☑ Included □ Excluded
Cancer Parity Medications	□ Included ☑ Excluded
Emergency Claims (Out-of-Network) Pricing	☑ The Qualifying Payment Amount, as defined by federal law, is the allowed amount.
Gender Transition Medications and Surgery	☑ Covered* □ Excluded; please consult legal counsel *Groups who elect to cover these services, but carve out prescription medications, BCBSAZ will administer the medical benefit only.
Arizona State Mandated Telemedicine Services	☑ Covered □ Excluded
Telehealth Coverage	☑ Covered through BlueCareAnywhere; see SBCs for details □ Excluded □ Other
Arizona Senate Bill 1305	☑ Group must comply with SB1305; prescribed abortion benefit will be administered □ Group is not subject to SB1305
Abortion* *See Arizona Senate Bill 1305 Section	☑ Non-elective abortions covered □ Elective abortions covered □ All abortions excluded
Autism	☑ Covered □ Excluded
Specialized Utilization Management Program	□ Included ☑ Not included
Complications of Non-Covered Breast/Pectoral Implant	☑ Covered □ Excluded

Administration

Allowed Amount
The allowed amount is the total amount of reimbursement allocated to a covered service and includes both the BCBSAZ payment and the member cost-share payment.

Generally, BCBSAZ calculates deductible and coinsurance based on the allowed amount, less any access fees or precertification charges. BCBSAZ applies deductible, coinsurance, copays and access fees toward any out-of-pocket maximum that applies to the member's benefit plan. The allowed amount does not include any balance bills from noncontracted providers. The allowed amount is neither tied to, nor necessarily reflective of, the amounts providers in any given area usually charge for their services.

The table below shows how BCBSAZ determines the allowed amount.

Type of Provider	Type of Claim	Basis for Allowed Amount
Providers contracted with BCBSAZ	Emergency and Non-emergency	Generally, the lesser of the provider's billed charges or the applicable BCBSAZ fee schedule, with adjustments for any negotiated contractual arrangements and certain claim editing procedures and pricing guidelines
Providers contracted with a vendor	Emergency and non-emergency	Generally, the lesser of the provider's billed charges or the vendor's fee schedule, with adjustments for any negotiated contractual arrangements
Providers contracted with another Blue Cross or Blue Shield Plan ("Host Blue")	Emergency and non-emergency	Lesser of the provider's billed charges or the price the Host Blue plan has negotiated with the provider
Noncontracted providers in Arizona	Non-emergency claims and emergency ground ambulance claims	Lesser of the provider's billed charges or the applicable BCBSAZ fee schedule, with adjustments for certain claim editing procedures and pricing guidelines. For emergency ground ambulance claims, the allowed amount is generally based upon the ambulance provider's billed charges.
Noncontracted providers outside Arizona	Non-emergency claims and emergency ground ambulance claims	Lesser of the provider's billed charges or the Host Blue nonpar pricing. For emergency ground ambulance claims, the allowed amount is generally based upon the ambulance provider's billed charges. Refer to Ancillary Services Received Out-of-State section below for additional information.
Noncontracted providers (in Arizona and out-of-state)	Emergency	Refer to Emergency Claims (Out-of-Network) Pricing Option

Coordination of Benefits (COB)	Commercial: The combined payments by the primary payer and BCBSAZ will not exceed the greater of the primary payer or BCBSAZ's allowed amount. Medicare: BCBSAZ pays up to the Medicare allowed amount except if the provider does not accept Medicare assignment, in which case BCBSAZ pays up to the billed charges. When your group health plan is the secondary payer, BCBSAZ utilizes the COB methodology that applies to your group health plan (and not the ACA methodology) to adjudicate claims for emergency services provided by non-contracted providers.
Pre-Certification **Unless otherwise noted at right, BCBSAZ will determine the list of services requiring precertification.** ➢ In-network, penalty applies to provider for failure to pre-certify ➢ Out-of-network, penalty applies to member for failure to pre-certify	☑ BCBSAZ Standard List of Services ➢ BCBSAZ determines services requiring pre-certification. ➢ Penalty amount **$500** □ Other (please specify):
Out-of-Network Reimbursement	Generally, BCBSAZ pays the member directly for covered services provided by non-contracted providers in Arizona. For covered services provided by noncontracted providers outside Arizona, the Blue Cross and Blue Shield plan outside Arizona generally determines whether to pay the member or the provider directly. If the member receives payment directly, the member is responsible for paying the noncontracted provider for the covered services.

Ancillary Services Received Out-of-State If the provider submitting a non-emergent laboratory, DME/medical supply, and/or specialty pharmacy claim has a PPO contract with BCBSAZ or one or more out-of-state Blue Cross and/or Blue Shield plans, but does not have a PPO contract with the Blue Cross and/or Blue Shield plan to which the claim must be submitted under Blue Cross and Blue Shield Association requirements, those claims will be processed based on the selection made in the column at right.	□ As an out-of-network claim based on the allowed amount. Members are responsible for out-of-network cost-share and any applicable balance bill. Note that this does not apply to fully insured EPO or HMO plans. ☑ As an in-network claim based upon billed charges. Members are responsible for in-network cost-share. Balance bill does not apply because the claim is paid upon billed charges. Cost share for ancillary services provided by an out-of-network provider at an in-network facility will be based on the Qualifying Payment Amount, as defined by federal law. All out-of-network cost share for these ancillary services will be counted toward any in-network deductible and cost-share limits.
Mental Health Parity Exemption Filing	☑ Yes □ No □ Not applicable; not eligible to opt-out
Massachusetts Employees	☑ BCBSAZ will not issue 1099HC or complete electronic filing with MA □ BCBCAZ **will** prepare and distribute annually 1099-HC forms to Massachusetts Participants and make the electronic filing with the Massachusetts regulators. The Employer will timely provide any and all authorizations required by Massachusetts law or by Massachusetts regulators to enable BCBSAZ to perform the mailing and/or electronic filing(s). If the Employer fails to timely provide such authorization(s), BCBSAZ will have no duty to make the filing and/or mailing. If in BCBSAZ's opinion the Employer's coverage meets the Massachusetts Minimum Creditable Coverage (MMCC) requirements, BCBSAZ agrees to reflect the coverage as creditable in its electronic filing and 1099-HC mailings. If in BCBSAZ's opinion the Employer's coverage does not meet the MMCC requirements, Employer may choose to either: (a) state the coverage is not creditable in its electronic filing and 1099-HC mailings; or (b) direct BCBSAZ to not make the electronic filing and provide the uncompleted 1099-HC forms to Employer.
Appeals BCBSAZ generally administers Level 1, Level 2 and External Review appeals.	☑ BCBSAZ administers all levels of appeal review. □ BCBSAZ administered Level 1. Level 2/IRO is sent to the client for decision. Notes: _____

Subrogation (using BCBSAZ Vendor)	☑ Yes □ No
COBRA Vendor Contact Additional Information	Self-administered
Section 125	☑ Yes □ No If yes, loss of coverage effective date: □ date of loss ☑ first of month following date of loss
NYHCRA BCBSAZ will complete required filing upon submission of required forms. Current or prior elector status with the NY Pools may impact which documentation is required to elect and provide BCBSAZ with consent to perform this action on behalf of an elector.	☑ Elect □ Non-elect
Notes	
• Dedicated Customer Service line: 1-865-595-5993 • Enrollment will have separate sections for Temporary employees • Plan Sponsor: Rae Lynn Nielsen, Director of Human Resources	

Exhibit 2 to Administrative Service Agreement -
PERFORMANCE GUARANTEES

Please fill in your proposed penalty amount to each of the following performance guarantees. Performance guarantees should total an equivalent of a minimum aggregate total of $100,000 per year. Should you not be able to commit to any of the following, please identify each exception in the Deviation section of your proposal response, referencing the comment by letter and proposing an alternative commitment with your penalty amount. Please note performance guarantees are to be in place not only during the initial term of the contract, but for each subsequent renewal term(s).

	Description of Service Performance Standards	Required Performance Guarantee	Describe the Method of Reporting Performance to the CITY	List the Frequency for which you will Report Status on each Measurement	Annual Dollar Value of Administrative Fees at Risk Paid to the CITY
Customer/ Member Service					
1	Customer/Member overall satisfaction - the satisfaction level conveyed by CITY members.	95% or greater in year one; 98% or greater in subsequent years	See Deviations		
Implementation					
2	Group Structure and Benefit Plan Design	The initial group structure and benefit plan design will be entered into the system 60 business days prior to the implementation date. This guarantee is dependent on receiving final sign-off from the City on the benefit plan design and summary documents 75 business days prior to the start date.	Measured group specific	N/A	$20,000

	Description of Service Performance Standards	Required Performance Guarantee	Describe the Method of Reporting Performance to the CITY	List the Frequency for which you will Report Status on each Measurement	Annual Dollar Value of Administrative Fees at Risk Paid to the CITY
3	Client's Overall Satisfaction With Implementation Process	All deadlines are met, cards are distributed to the correct addresses on time, communication materials are created and distributed as indicated and agreed to, the benefit is set up to adjudicate claims according to the documentation provided to and agreed upon by the City.	Measured group specific We will work with the City to develop a mutually agreed upon implementation plan.	N/A	$20,000
Client Services and Account Management					
4	Monthly Eligibility Reconciliation	60 business days or less	Measured group specific	Quarterly	$20,000
5	Claims Processing Accuracy: Accurate processing includes payment amount; communication to claimant or provider; data entry errors affecting current or future benefit determinations and management reports.	97% of all claims will be processed accurately.	Measured non-group specific Percentage of claims processed incorrectly vs. correctly, based on BCBSAZ standard auditing procedures.[1]	Quarterly	$20,000

BCBSAZ Notes:

• Total of all risk measures cannot exceed $100,000.

• The above stated performance guarantees will be effective for the contract period 1/1/2022-12/31/2022.

• The Performance Guarantee payout does not include stop loss premiums, claims reimbursement amounts, vendor interface fees, capitated claim payments, etc.

• BCBSAZ will determine the sample size of audited claims.

• BCBSAZ will evaluate performance 90 days after the end of the 4th quarter of the performance period. Any penalties due to the group would be payable annually on the 15th of the month following the 90-day period. BCBSAZ will not be required to pay a penalty for Performance Guarantees if the group is in default of its contract with BCBSAZ and/or has not paid all claims and premiums by the date due.

[1] If BCBSAZ fails to perform in accordance with these Guarantee(s) for two (2) consecutive reporting periods after the Guarantee(s) are effective, BCBSAZ will refund or credit the group up to the amount at risk per measure during the time period which BCBSAZ did not meet the performance guarantee(s).

Performance Guarantees

The City will require specific performance guarantees. All guarantees shall be set and measured annually, and must have the ability to measure performance separately based on its experiences with the chosen PBM. Measurement of performance guarantees may be based on internal self-reporting, subject to independent audit.

Performance guarantees offered below are for the first contract year. For each subsequent year, BCBSAZ will verify the performance guarantees and amounts at-risk as part of the renewal process. Generally, we can offer initial guarantees for the entire multi-year duration of a client's contract. Should any modifications be required, BCBSAZ will work with the City to offer mutually-agreeable standards.

BCBSAZ is submitting a bundled quote including medical and pharmacy administration. As such, many of our performance guarantees are based on overall performance (including medical and pharmacy).

Measurement of performance guarantees is based on internal self-reporting. BCBSAZ does not offer independent audit of reporting results at this time. BCBSAZ wishes to note that, while we are unable to offer independent auditing for performance guarantees, we offer clients robust audit rights in other areas, as detailed within the Audit Rights section of the sample contract in Section 10A.

1. The City is looking for flat dollar ($) performance guarantee amounts. Indicate the amount you are willing to place at risk for each item listed in the table below. In addition, you may provide other guarantees designed to differentiate your program.

	Standard	Measurement Criteria (BOB or City specific)	Penalty Dollars at Risk	Timing of Payments
Implementation				
Clean Implementation	No systems errors, ID card delays, and the City online access to all tools prior to effective date	Not proposed separately. BCBSAZ agrees as part of overall implementation, provided clean pharmacy benefits and eligibility are received by the BCBSAZ Pharmacy department at least 45 days prior to the effective date. BCBSAZ will discuss and mutually agree upon tools for	Please see Medical performance guarantees. BCBSAZ is not placing a separate amount at-risk for PBM.	n/a

	Standard	Measurement Criteria (BOB or City specific)	Penalty Dollars at Risk	Timing of Payments
		online access.		
Implementation Timeline	Implementation team will be assigned and introduced to the City at least 3 months in advance of effective date	Not proposed separately. BCBSAZ agrees as part of overall implementation. After award, Client Implementation Manager Mary Echtinaw will meet with the City to develop a mutually agreed upon implementation plan.	Please see Medical performance guarantees. BCBSAZ is not placing a separate amount at-risk for PBM.	n/a
Implementation Team	Implementation team members will not change and will be responsible for the accurate installation of all administrative, clinical and financial parameters for the City's program	Not proposed separately. Client Implementation Manager Mary Echtinaw will oversee implementation.	Please see Medical performance guarantees. BCBSAZ is not placing a separate amount at-risk for PBM.	n/a
Implementation Satisfaction Scorecard	Assigned Account Executive will work with the City prior to the start of implementation to agree on terms of a satisfaction scorecard to be issued to the City after effective date for completion	Not proposed separately.	Please see Medical performance guarantees. BCBSAZ is not placing a separate amount at-risk for PBM.	n/a
Payment Accuracy & System Performance				
Protected Health Information	PBM guarantees no incidents in violation of HIPAA Security Rules which results in a transmission of electronic PHI for the City's covered	Not proposed. We have standards and monitoring in place to comply	n/a	n/a

	Standard	Measurement Criteria (BOB or City specific)	Penalty Dollars at Risk	Timing of Payments
	members	with government rules and regulations.		
Plan Administration Accuracy	Implementation of all plan design changes will be 100% accurate	Not proposed.	n/a	n/a
Pricing Change Accuracy	Implementation of all pricing changes will be 100% accurate	Not proposed.	n/a	n/a
Financial accuracy (electronic and paper claims)	Percentage of claim payments made without error relative to the total dollars paid will be at least 99%	Not proposed. Pricing guaranteed are offered instead, as documented in PBM RFP response.	n/a	n/a
Dispensing Accuracy – Mail Order	The mail service pharmacy shall guarantee dispensing accuracy of at least 99.995% (correct participant name, correct participant address, correct drug, correct dosage form, and correct strength)	**Book of Business** **Modification offered:** At least 99.95% prescription dispensing accuracy.	**$500 per quarter**	**Measured quarterly** **Paid annually**
System Downtime	At least 99.5% access to its systems by all the retail pharmacies in PBM's network 24 hours a day, 7 days a week, 365 days a year	**Book of Business** **Modification offered:** Average of at least 98% availability (excluding scheduled downtimes).	**$500 per quarter**	**Measured quarterly** **Paid annually**
Invoicing Errors	All invoicing errors will be credits back to the City by next billing cycle or PBM will pay interest	Not proposed.	n/a	n/a
Claims Eligibility Data	Eligibility loads not to exceed 24-hours after receipt	**Book of**	**$500 per**	**Measured**

	Standard	Measurement Criteria (BOB or City specific)	Penalty Dollars at Risk	Timing of Payments
		Business	**quarter**	**quarterly** **Paid annually**
Eligibility Data Error Reporting	Eligibility file error reporting on all eligibility file updates will be provided to the City within 2 business days	**City-specific**	**$2,000 per year**	**Measured annually** **Paid annually**
Eligibility Error Rate Audits	Error rate identified through quarterly audits shall not exceed, on an average basis, 2%	Not proposed.	n/a	n/a
Retail Pharmacy Audit	PBM will perform an on-site audit of 3% or more of their retail pharmacies which dispense greater than 500 claims a year	**City-specific** Results will be provided within 90 days of the close of the calendar year.	**$500 per year**	**Measured annually** **Paid annually**
Retail Pharmacy Turnover	Less than 5% of retail pharmacies will leave the retail network	Not proposed.	n/a	n/a
Claims Detail File	All claims detail files sent to external vendors will be provided within 8 days of request or scheduled delivery date	Not applicable. Our pharmacy benefit management program is only offered when medical administration is selected.	n/a	n/a
Account Management				
City Approval of Member Communications	100% of all member communications will be approved by the City – exceptions for drug recalls and urgent patient safety communications	Not proposed.	n/a	n/a
Delivery of Standard Reports	Within 30 days of end of reporting quarter	**City-specific** Our clients can obtain	**$2,000 per year**	**Measured annually** **Paid**

	Standard	Measurement Criteria (BOB or City specific)	Penalty Dollars at Risk	Timing of Payments
		pharmacy reporting through BlueInsight℠. BlueInsight, our online reporting tool, is available 24 hours a day, seven days a week. It is updated on the 20th of each month.		**annually**
Accuracy of Standard Reports	All standard reports provided will be 100% accurate	**City-specific** Our clients can obtain pharmacy reporting through BlueInsight℠. BlueInsight is an integrated reporting tool, with information aggregated directly from our claims and eligibility system.	**$2,000 per year**	**Measured annually** **Paid annually**
Pharmacy Audit Resolution	48 hours after receipt of findings	Not proposed.	n/a	n/a
PBM Account Team's Performance	The City may assess a penalty after the first Contract Year and each successive Contract Year, the City's benefits staff do not rate PBM account team's performance for such Contract Year an average of 3 or better on a scale of 1 to 5 (5 being the best based on a range of performance criteria agreed to between the City and PBM at the beginning of such	**City-specific** Overall score of 3 (satisfied) or better on the annual BCBSAZ Medical Account Management Score Card (annual Group Benefit	**$5,000 per year**	**Measured annually** **Paid annually**

	Standard	Measurement Criteria (BOB or City specific)	Penalty Dollars at Risk	Timing of Payments
	Contract Year)	Administrator survey). Categories include: effective support for open enrollment events, timely client notification of issues impacting members, response to client issues and questions in timely, comprehensive manner, effective coordination to resolve open issues, accessibility, and delivery of agreed-upon reports on time. BCBSAZ Account Management Score Card (annual) – see attached.		
Account Management Turnover	Account team members will remain constant for at least the first 18 months of the contract period, unless a change in account management staff is requested by the City	Not proposed. BCBSAZ will make every effort to comply and will advise the City of any unforeseen circumstances relating to Account Management	n/a	n/a

	Standard	Measurement Criteria (BOB or City specific)	Penalty Dollars at Risk	Timing of Payments
		team.		
Member Services				
Mail Turnaround – Prescriptions not requiring intervention	95% of prescriptions dispensed within average of 2 business days and 100% within average of 3 business days	**Book of Business** **Modification offered:** Average of 90% of prescriptions not subject to intervention will be dispensed within two (2) business days and prescription subject to intervention within two business days after resolution of intervention.	**$500 per quarter**	**Measured quarterly** **Paid annually**
Mail Turnaround – Prescriptions requiring intervention	95% of prescriptions dispensed within average of 4 business days and 100% within average of 5 business days	Not proposed separately; see guarantee above.	n/a	n/a
Paper Claims Turnaround	95% of prescriptions reimbursed within average of 10 business days and 100% within average of 14 business days	**Book of Business** **Modification offered:** Average of 95% within an average of ten (10) business days after receipt by Catamaran.	**$500 per quarter**	**Measured quarterly** **Paid annually**
ID Cards Mailing	98% of all ID cards are sent within 5 business days of receipt of eligibility. 100% mailed within 10 business days.	**City-specific** 99% of ID Cards issued within 10 business days after receipt of finalized	**$5,000 per year**	**Measured annually** **Paid annually**

	Standard	Measurement Criteria (BOB or City specific)	Penalty Dollars at Risk	Timing of Payments
		benefits and account structure, authorized signature documents and complete and accurate information in a format agreed upon between the City and BCBSAZ.		
Mailing Member Materials	All applicable member materials (for example, mail order forms) will be mailed at least 10 days prior to the effective date and will be 100% accurate (provided that eligibility file was received at least 30 days prior to the effective date).	Not proposed.	n/a	n/a
Phone Average Speed of Answer	100% of calls to the City-specific toll free line shall be answered within 20 seconds (excluding IVR)	**Book of Business** **Modification offered:** Average of 30 seconds or less.	**$500 per quarter**	**Measured quarterly** **Paid annually**
Phone Abandonment Rate	100% of calls to the City-specific toll free line shall be answered with an abandonment rate of 3% of less	**Book of Business** **Modification offered:** Equal to or less than 3% after 30 seconds.	**$500 per quarter**	**Measured quarterly** **Paid annually**
Written Inquiry Answer Time	95% of inquiries responded to in 5 business days – 100% in 20 business days	Not proposed.	n/a	n/a
Member Satisfaction Survey	The PBM agrees to conduct a Member Satisfaction Survey for each contract year and that the Satisfaction Rate will be 90% or greater. A penalty	Not proposed separately. BCBSAZ's pharmacy	Please see Medical performance guarantees.	n/a

	Standard	Measurement Criteria (BOB or City specific)	Penalty Dollars at Risk	Timing of Payments
	may be assessed against the PBM for failure to meet this standard. "Member Satisfaction Rate" means (i) the number of Eligible Persons responding to PBM annual standard Patient Satisfaction Survey as being satisfied with the overall performance under the Integrated Program divided by (ii) the number of Eligible Persons responding to such annual Patient Satisfaction Survey; the City must provide timely approvals and responses, and a minimum of 20% of surveys must be returned for the Performance standard to be applicable.	benefits administration (PBM) quote is contingent upon selection of BCBSAZ medical coverage. This performance guarantee is addressed within the medical performance guarantees.	BCBSAZ is not placing a separate amount at-risk for PBM.	
Issue Resolution: Verbal Inquiries	PBM will resolve 99% of all telephone issues at the first point of contact (the number of telephone inquiries completely resolved at the time of initial contact divided by the total number of calls)	**Book of Business** **Modification offered:** First call resolution: 93% or greater of calls related to pharmacy matters will be resolved on first call.	**$500 per quarter**	**Measured quarterly** **Paid annually**
Issue Resolution: Written Inquiries	PBM will resolve 98% of all written inquiries within 10 business days of receipt of inquiry	Not proposed.	n/a	n/a
Issue Resolution: the City Staff Involvement / Escalation	When the City contacts you with an elevated claim issue via phone, email or through their Consultant, you will respond within 24 hours and provide progress reports every 48 hours until the issue is resolved.	Not proposed separately. Responsiveness measure will be included in annual medical Account Management Scorecard, as proposed in the	n/a	n/a

	Standard	Measurement Criteria (BOB or City specific)	Penalty Dollars at Risk	Timing of Payments
		"PBM Account Team's Performance" guarantee, above.		

BCBSAZ Notes:

• Total of all risk measures cannot exceed $100,000.

• The above stated performance guarantees will be effective for the contract period 1/1/2022-12/31/2022.

• The Performance Guarantee payout does not include stop loss premiums, claims reimbursement amounts, vendor interface fees, capitated claim payments, etc.

• BCBSAZ will determine the sample size of audited claims.

• BCBSAZ will evaluate performance 90 days after the end of the 4th quarter of the performance period. Any penalties due to the group would be payable annually on the 15th of the month following the 90-day period. BCBSAZ will not be required to pay a penalty for Performance Guarantees if the group is in default of its contract with BCBSAZ and/or has not paid all claims and premiums by the date due.

[1] If BCBSAZ fails to perform in accordance with these Guarantee(s) for two (2) consecutive reporting periods after the Guarantee(s) are effective, BCBSAZ will refund or credit the group up to the amount at risk per measure during the time period which BCBSAZ did not meet the performance guarantee(s).

EMPLOYER APPLICATION

BlueCross BlueShield Arizona

An Independent Licensee of the Blue Cross Blue Shield Association

REQUESTED EFFECTIVE DATE (MM/DD/YYYY)
01/01/2022

GROUP # 028399

☐ NEW PRIOR CARRIER ____ PRIOR FUNDING TYPE: ☑ SELF-FUNDED ☐ FULLY-INSURED ☐ LEVEL-FUNDED

☑ CHANGE TO EXISTING GROUP

SECTIONS OF FORM TO BE CHANGED: ☑ I ☐ II ☐ III PLEASE FULLY COMPLETE ALL SECTIONS OF THIS APPLICATION EVEN IF SPECIFIC PROVISIONS REMAIN UNCHANGED.

SECTION I – EMPLOYER GROUP INFORMATION

LEGAL COMPANY NAME	LEGAL ENTITY
City of Chandler	☐ CORP ☐ LLC ☑ MUNICIPALITY ☐ NON PROFIT ☐ PARTNERSHIP ☐ POLITICAL SUBDIVISION ☐ TRUSTS ☐ UNIONS ☐ OTHER
DBA: City of Chandler, Arizona	
GROUP HEALTH PLAN NAME (IF DIFFERENT THAN LEGAL COMPANY NAME): City of Chandler DBA City of Chandler, Arizona Group Health Plan	EXCHANGE (IF APPLICABLE) ☐ BENEFIT STARTER ☐ OTHER

ARIZONA LOCATION STREET ADDRESS	CITY	ZIP CODE PLUS FOUR
175 S. Arizona Avenue	Chandler AZ	85225
BILLING ADDRESS ☐ SAME AS STREET ADDRESS: P.O.Box 4008 Mail Stop 703	CITY, STATE: Chandler, AZ	ZIP CODE PLUS FOUR: 85244-4008

COUNTY	FEDERAL TAX ID NUMBER	ARIZONA STATE TAX ID NUMBER	PLAN YEAR ANNIVERSARY MONTH
Maricopa	86-6000238	07004582	January (IF BLANK, BCBSAZ WILL ASSUME MONTH OF EFFECTIVE DATE.)

HEADQUARTERS STATE (LEGAL ENTITY)	INCORPORATED STATE	TYPE OF BUSINESS
Arizona	Arizona	Municipality

GROUP EXECUTIVE	TITLE
Rae Lynn Nielsen	Director of Human Resources

E-MAIL	PHONE NUMBER	FAX
raelynn.nielsen@chandleraz.gov	(480) 782-2353	

CHIEF FINANCIAL OFFICER	TITLE
Dawn Lang	Management Services Director

E-MAIL	PHONE NUMBER	FAX
dawn.lang@chandleraz.gov	(480) 782-2255	

CHIEF EXECUTIVE OFFICER	TITLE
Joshua Wright	City Manager

E-MAIL	PHONE NUMBER	FAX
joshua.wright@chandleraz.gov	(480) 782-2211	

GROUP BENEFIT ADMINISTRATOR ☐ BILLING CONTACT	TITLE
Fernanda Osgood	Benefits and Compensation Manager

E-MAIL	PHONE NUMBER	FAX
fernanda.osgood@chandleraz.gov	480-782-2359	

OTHER CONTACT PERSON ☑ BILLING CONTACT ATTACHED SHEET FOR ADDITIONAL CONTACTS	TITLE
Carol Osterhaus	Benefits Analyst

E-MAIL	PHONE NUMBER	FAX
carol.osterhaus@chandleraz.gov	480-782-2371	

SECTION II – ADDITIONAL INFORMATION

1) DOMESTIC PARTNERS TO BE COVERED?	2) EMPLOYEE TERMINATION DATE
☐ YES ☑ NO	☑ END OF BILLING MONTH ☐ DATE OF LOSS OF ELIGIBILITY

3) NEW GROUP ENROLLMENT REGULATIONS

EMPLOYER'S ENROLLMENT WAITING PERIODS WILL BE WAIVED AT THE NEW GROUP'S INITIAL ENROLLMENT ☑ YES ☐ NO

4) RETIREE COVERAGE: DOES NOT APPLY TO GROUPS CONSIDERED SMALL FOR PURPOSES OF THE AFFORDABLE CARE ACT OR APPLICABLE STATE LAW (ACCOUNTABLE HEALTH PLAN).

RETIREMENT ELIGIBILITY	RETIREES TO BE COVERED?	IF YES:	RETIREES DEPENDENTS TO BE COVERED?	
	☑ YES ☐ NO	☑ UNDER 65 ☑ 65 AND OLDER	☑ YES ☐ NO	OTHER THAN NEWBORNS, ETC. FOR WHICH COVERAGE MAY BE MANDATED UNDER APPLICABLE ARIZONA LAW

5) RETIREMENT PARTICIPATION REQUIREMENTS

A) RETIREE MUST COMPLETE _____ YEARS OF SERVICE PRIOR TO RETIREMENT

B) RETIREE IS ELIGIBLE FOR COVERAGE ONLY THROUGH END OF BILLING PERIOD IN WHICH RETIREE REACHES AGE _____

C) OTHER: SEE ATTACHED

SECTION III – BROKER/CONSULTANT ☐ BROKER ☑ CONSULTANT

LAST NAME	FIRST NAME	MI
Calisi	Rachel	

AGENCY NAME	SUITE NO.
Segal Company Arizona Inc.	370

STREET ADDRESS	CITY, STATE	ZIP CODE PLUS FOUR
1501 W Fountainhead Parkway	Tempe	85282-0000

PHONE NUMBER	FAX NUMBER
(602) 381-4027	

E-MAIL	NPN
rcalisi@segalco.com	

GENERAL AGENT NAME (IF APPLICABLE)

SECTION IV – IMPORTANT - READ CAREFULLY

As the authorized representative of Company, I certify that the Company is the sole employer of the employees to be enrolled under this proposed contract for health insurance or services to administer the group health plan identified on this application. I also certify that the information provided on this Employer Application and all other applicable documents submitted in connection with this Application, is complete and accurate. I agree that Company shall promptly notify Blue Cross Blue Shield of Arizona (BCBSAZ) of any changes in this information that may affect the eligibility of employees or their dependents, including the addition of dependents, and the termination date of any enrolled employee or dependent.

I understand and agree that BCBSAZ may, in its sole discretion, verify information with or through outside sources, including third party investigative firms, as BCBSAZ deems necessary or appropriate for finalizing its decision on this Application. I agree that if the information contained in this Application or other supporting documentation is incomplete, inaccurate, materially misleading, false, or fraudulent, that BCBSAZ has the right to (a) retroactively adjust the Company's rates and/or administrative fees if such information would have affected the rate/fee calculation; and (b) invalidate, or withdraw any rate/fee proposal, or terminate coverage for any group to the extent permitted by law. I understand and agree that this Application is not accepted until approved by BCBSAZ and that BCBSAZ's acceptance shall be based on information supplied by the Group, the requested benefits, and any other information obtained from outside sources. BCBSAZ's acceptance shall be evidenced by the execution of this Application by an authorized representative of BCBSAZ, at which time this Application shall become binding upon BCBSAZ and the group. Upon acceptance, this Application shall be attached to and shall become a part of the Group Master Contract or Administrative Services Agreement With/Without Stoploss (the "Contract"), as applicable. If the Company is enrolling outside the Open Enrollment period, I understand that the Company must contribute a minimum of 50% of the employee's health premium. To the extent permitted by applicable law, BCBSAZ may terminate the Contract in accordance with the Contract terms, including the Group's failure to meet certain obligations under the Contract such as failure to pay premium/fees or comply with coverage requirements.

The Group agrees that it is solely responsible for: (i) determining employee and dependent eligibility for coverage and coverage effective and terminations dates (including application of required open and special enrollment periods), (ii) complying with applicable laws in establishing eligibility and coverage effective and termination dates, and (iii) providing BCBSAZ with timely and accurate eligibility and coverage effective and termination date information. Additionally, Company represents and warrants that it does not impose a waiting period which exceeds 90 days. Company will promptly advise BCBSAZ of any change in this representation. Company understands and agrees that federal law requires Company to provide dependent coverage for children under age 26, and prohibits Company from imposing pre-existing condition waiting periods.

By including my e-mail address on the reverse side, I authorize BCBSAZ to send me information via e-mail. I also understand I may change my e-mail address or rescind this permission at any time by contacting BCBSAZ through **azblue.com**.

COMPANY AUTHORIZED OFFICER / OWNER / PARTNER

SIGNATURE	PRINT NAME
X	

TITLE	DATE

STREET ADDRESS	CITY, STATE	ZIP CODE PLUS FOUR

BCBSAZ AUTHORIZED SIGNATURE	PRINT NAME
X	Michael Groeger

TITLE	DATE
Vice President, Group Commercial & Specialty Sales	

Re: 2021 Form 5500 Schedule C Service Provider Information – Disclosure of "Eligible Indirect Compensation" -

Dear Sir or Madam:

Blue Cross Blue Shield of Arizona ("BCBSAZ") is required to provide Employers with information regarding certain indirect compensation ("Eligible Indirect Compensation" or "EIC") paid by BCBSAZ to other Service Providers during 2020.

Under your contract with BCBSAZ, one of the benefits your employees and their dependents ("Participants") receive is access to healthcare services outside the geographic area BCBSAZ serves under a program known as BlueCard. Typically, in that situation, Participants obtain care from healthcare providers that have a contractual agreement with the local Blue Cross and/or Blue Shield Licensee in that other geographic area (the "Host Blue"). Within that arrangement, BCBSAZ is referred to as the "Home Blue." The BlueCard Program is established and operated pursuant to policies established and enforced by the Blue Cross and Blue Shield Association.

A plan sponsor's reporting requirements for a self-funded plan on Schedule C are significantly streamlined for EIC about which a service provider has shared certain information. As such, below is a list of EIC that has been and/or is likely to be received in connection with the BlueCard Program. Note that the fees and compensation subject to disclosure under the Department of Labor rules include amounts that are not necessarily passed on to your ERISA Plan or your Participants. The financial terms of the BlueCard Program passed on to your ERISA plan, and additional details about the BlueCard Program, are described in your Agreement with BCBSAZ.

The following is a list of EIC:

1. **BlueCard Access Fees:** The Access Fee is charged by the Host Blue to us for making its applicable provider network available to your members. The Access Fee will not apply to nonparticipating provider claims. The Access Fee is charged on a per-claim basis and is charged as a percentage of the discount/differential we receive from the applicable Host Blue subject to a maximum of $2,000 per claim. When charged, we pass the Access Fee directly on to you.

2. **Administrative Expense Allowances (AEA):** The AEA is a fixed per-claim dollar amount charged by the Host Blue to us for administrative services the Host Blue provides in processing claims for your 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 your group enrollment. When charged, we pass the AEA fee directly on to you.

   Note: To be considered for reduced BlueCard PPO fees, the claim must be for an account whose total Blue PPO enrollment exceeds 1,000 contracts

3. **Use of Estimated or Average Pricing by Host Blues.** As described in your administrative service agreement, some Host Blues use estimated or average prices to determine the negotiated price that is made available to BCBSAZ when plan participants access the Host Blue's participating provider network. This may result in a difference (positive or negative) between the price you pay on a specific claim and the actual amount paid to the provider by the Host Blue.

   The following describes the formulas used for determining an estimated or average price:

   Estimated: A percentage is used to modify the claim price for covered services. This percentage (either positive or negative) allows Host Blues to incorporate adjustments and actuarial projections prospectively into the final price. The percentage is determined by calculating the aggregate cost to the Host Blue over

a look-back period less any initial payments made to providers divided by the total payments initially made to providers. The aggregate cost in the numerator includes all provider retrospective settlements, anti-fraud and abuse recoveries, provider refunds not applied on a claim-specific basis, performance-related bonuses or incentives, interest, other non-claim transactions and any positive or negative balance in the variance account. The percentage is then actuarially adjusted for anticipated changes in claims expenses for the prospective period. As of December 31, 2020 the modifying percentage applied to claims from those Host Blues that use estimated pricing ranged from (1.225%) to +17.60% the rate of payment to the provider at the point of the claims. The modifying percentages applied to claims from those Host Blues that will be used for estimated pricing have not been calculated as of the date of this letter.

Average: An average price is determined for a defined category of provider (e.g., institutional, professional, etc.) of a Host Blue in a given geographic area. The average is determined as follows:

Total amount paid to such providers over a look-back period, including initial payments as well as applicable claim and non-claim related transactions, which may include but are not limited to provider retrospective settlements, anti-fraud and abuse recoveries, provider refunds not applied on a claim-specific basis, performance-related bonuses or incentives, interest, etc., and any positive or negative balance in the variance account

divided by

Total amount of such providers' corresponding charges for covered services over the same look-back period (claims for non-covered services are not included in the calculation)

This result is an average price that is applied to each claim for the defined category of provider of the Host Blue in the geographic area and presented as the negotiated 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 you pay on a specific claim and the amount the Host Blue pays to the provider. However, the BlueCard Program requires that the amount paid by the member and you is the 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 you will be adjusted in a following year, as necessary, to account for over- or underestimation 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 you. If you terminate, you 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 or drawn down 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.

4. BlueCard Global Core Program. The BlueCard Global Core Program provides members with access to an international network of inpatient, outpatient and professional providers. The Blue Cross and Blue Shield Association (BCBSA) utilizes GeoBlue for Medical Assistance and Claims support Services. The fees paid by the Home Blue are as follows:

Medical Assistance	Fee (in dollars)
General Inbound Calls	$28.00 / Call
Provider Inquiry/Referral (non-medical situation)	$22.00 / Call
Cashless access/Guarantee of Payment (GOP)	$110.00 / GOP
Telephone Translation	$62.50 / Call
Fulfillment	$9.50 / Call
Provider/medical assistance information provided by a nurse	$95.00 / Call
Misrouted Calls	$22.00 / Call
Medical Monitoring	$290.00 / Case

Claims Support Services	Fee (in dollars)
Claim preparation, processing and/or payment (includes translation, coding, currency conversion)	$39.00 / Claim
Misrouted claim (for example, domestic)	$9.50 / Claim
Claim Status inquiry	$22.00 / per call/member ID
Medical records translation	At Cost
Currency conversion gains/losses	At Cost
Wire/ACH fees	At Cost

Additional Services	Fee (in dollars)
Medical Evacuation coordination	$1,250.00 / Case
Medical Repatriation coordination	$1,250.00 / Case
Repatriation of Remains coordination	$600.00 / Case
Medical travel coordination	$290.00 / Case

5. Negotiated Arrangements: With respect to one or more Host Plans, instead of using the BlueCard Program, BCBSAZ may process your Participant claims for Covered Services through Negotiated Arrangements.

   Non-Standard negotiated AEA fees for 2019/2020:

   Non-standard negotiated fees can range from either $5.48 to $15.75 per claim, or $9.13 to $26.25 per contract per month depending on the negotiated arrangement and/or the health plan product

Under regulations related to the 2009 Form 5500 Schedule C - Service Provider Information, BCBSAZ is required to provide information regarding certain indirect compensation (referred to in this letter as “Eligible Indirect Compensation” or “EIC”) paid by BCBSAZ to other Service Providers during 2020 related to your contract with BCBSAZ.

For informational Purposes Only - NO Action Required

The following Service Providers received EIC from BCBSAZ during 2020:

Name of Service Provider Receiving EIC from BCBSAZ: Exela Technologies
Address: 369 Inverness Parkway, Suite 300, Englewood, CO 80112
Service Provided: Claims Edit Resolution
Basis of Compensation: $0.38 to $1.75 per Claim Edit for low complexity, $0.43 to $2.25 for medium complexity, and $0.59 to $3.06 for high complexity.

Name of Service Provider Receiving EIC from BCBSAZ: Sutherland Global Services, Inc.
Address: 2 Brighton Rd., Suite 300 Clifton, NJ 07012
Service Provided: Data entry for provider data, assistance with credentialing
Basis of Compensation: $9.00 per provider recredentialing completed and $30.68 per initial credentialing unit completed

Name of Service Provider Receiving EIC from BCBSAZ: Change Healthcare
Address: P.O. Box 572490, Murray Utah 84157-2490
Service Provided: Fee for the Recovery of Overpayments
Basis of Compensation: 21.5% of the Recovered Amount

Name of Service Provider Receiving EIC from BCBSAZ: OptumRx.[1]
Address: 1600 McConnor Parkway, Schaumburg, IL 60173-6801
Service Provided: Pharmacy Claims Processing and select PBM services
Basis of Compensation: for electronic claims only
Pass-Thru Pricing Model = $0.75 per net paid claim
[1] *BCBSAZ paid compensation to OptumRx.only for groups who used BCBSAZ to manage their pharmacy benefits.*

Pharmacy Rebates – BCBSAZ receives rebates from certain Pharmaceutical Manufacturers for certain drugs. Subject to the terms of your BCBSAZ Administrative Services Agreement your Group may be eligible for a Pharmacy Rebate. BCBSAZ may earn interest income on Pharmacy Rebates during the period after the Rebate is paid to BCBSAZ and prior to payment to your Group.

Name of Service Provider Receiving EIC from BCBSAZ: Inpharmative
Address: 8717 W. 110th St., Overland Park, KS 66210
Service Provided: Pharmacy Rebate Processing
Basis of Compensation: $0.04 per Claim Processed

Name of Service Provider: Ciox Health, LLC
Address: 925 North Point Parkway, Alpharetta, GA, 30005
Services Provided: Medical record retrieval, Coding Review
Basis of Compensation: $22.50 - $25.00 per retrieved chart, plus $3.50 per chase; $11.80 - $21.50 per reviewed chart

BCBSAZ's list of affiliated Service Providers receiving EIC will be updated as necessary.
If you have any questions, please contact your BCBSAZ Account Manager.

Sincerely,

Alan Lunde

Alan Lunde
Senior Manager, Financial Operations

For informational Purposes Only - NO Action Required