EXHIBIT 1

Administrative Service Agreement Amendment (ASA Amendment)

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

(If the Employer has purchased BCBSAZ stop loss coverage, this ASA Amendment amends Exhibit C and Exhibit C-1 of the Maximum Aggregate and Specific Liability Agreement. If the Employer has NOT purchased BCBSAZ stop loss coverage, this ASA Amendment amends the ASA.)

Legal Name of Group: CITY OF CHANDLER

Effective Date: 01/01/2025 - 12/31/2025
Group Number(s): 028399
Current Date: 10/15/2024
Strategic Rel. Executive: Christie Thomas
Funding: 12/24 Incurred ASC with Medical and Pharmacy
Days Notice: 210
Underwriter: Brian Cohen
Total Enrollment: 1,872
Specific Stop Loss Limit: $350,000
Broker: SEGAL COMPANY ARIZONA INC: RACHEL MARIE CALISI
Commission (% of Billed Rate): 0.000%
Aggregate Stop Loss Limit: 125%
Commission: 0.000%
Dental Coverage: No

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 01/01/2025

Red Medical Option	Enrollment	Admin	SSL $350K	ASL 125%	Commission	Other	Fixed Cost	ICAP	Exp Liab	Max Liab
Employee	233	$32.81	$100.72	$2.52	$0.00	$0.00	$136.05	$1,139.39	$1,047.56	$1,275.44
Employee + Spouse	174	$32.81	$100.72	$2.52	$0.00	$0.00	$136.05	$1,964.98	$1,708.03	$2,101.03
Employee + Child(ren)	103	$32.81	$100.72	$2.52	$0.00	$0.00	$136.05	$1,730.87	$1,520.75	$1,866.92
Employee + Family	226	$32.81	$100.72	$2.52	$0.00	$0.00	$136.05	$2,877.58	$2,438.11	$3,013.63
Total Plan 1	**736**	**$24,148**	**$74,130**	**$1,855**	**$0**	**$0**	**$100,133**	**$1,435,997**	**$1,248,929**	**$1,536,130**

Blue Medical Option	Enrollment	Admin	SSL $350K	ASL 125%	Commission	Other	Fixed Cost	ICAP	Exp Liab	Max Liab
Employee	49	$32.81	$100.72	$2.52	$0.00	$0.00	$136.05	$1,115.89	$1,028.76	$1,251.94
Employee + Spouse	12	$32.81	$100.72	$2.52	$0.00	$0.00	$136.05	$1,924.49	$1,675.64	$2,060.54
Employee + Child(ren)	17	$32.81	$100.72	$2.52	$0.00	$0.00	$136.05	$1,695.22	$1,492.23	$1,831.27
Employee + Family	19	$32.81	$100.72	$2.52	$0.00	$0.00	$136.05	$2,818.32	$2,390.71	$2,954.37
Total Plan 2	**97**	**$3,183**	**$9,770**	**$244**	**$0**	**$0**	**$13,197**	**$160,139**	**$141,308**	**$173,336**

White Plan	Enrollment	Admin	SSL $350K	ASL 125%	Commission	Other	Fixed Cost	ICAP	Exp Liab	Max Liab
Employee	383	$32.81	$100.72	$2.52	$0.00	$0.00	$136.05	$879.81	$839.90	$1,015.86
Employee + Spouse	143	$32.81	$100.72	$2.52	$0.00	$0.00	$136.05	$1,517.34	$1,349.92	$1,653.39
Employee + Child(ren)	101	$32.81	$100.72	$2.52	$0.00	$0.00	$136.05	$1,336.55	$1,205.29	$1,472.60
Employee + Family	412	$32.81	$100.72	$2.52	$0.00	$0.00	$136.05	$2,222.03	$1,913.67	$2,358.08
Total Plan 3	**1,039**	**$34,090**	**$104,648**	**$2,618**	**$0**	**$0**	**$141,356**	**$1,604,415**	**$1,424,887**	**$1,745,771**

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	1/1/2025	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) = $31.00. In addition to the Rx Rebate Credit (PEPM), BCBSAZ is also providing a rebate share agreement based on utilization of brand name drugs eligible for rebates. Please see the assumptions for details.

Premium tax is NOT included in the specific and aggregate charges.

Minimum Monthly Attachment Level: $2,880,496.

Fixed Expenses = Admin Charges + Stop Loss Premium + Commission (if applicable). Exp Liab = Fixed Expenses + ICAP/Aggregate Corridor. Max Liab = Fixed Expenses + ICAP.

$80,000 Misc. Trust & Wellness allowance, $100,000 On Site Wellness Consultant allowance, $25,000 General Fund allowance, and $5,000 Audit Allowance allowance are included. See Assumptions for details.

Administrative rate guarantee is included. Performance Guarantee is included. See Assumptions for details.

Mayo is not included as an in-network provider.

Consumer-Directed Healthcare (CDH) services were purchased and will be billed as an additional charge to the above premium rates. See the CDH rate exhibit for details.

Chiropractic Capitation: $2.93 PMPM. UM Services: excluded. Value Based Services: included.

Out-of-Network Shared Savings: 15% with $10,000 cap per claim.

Sharecare (Basic): included. See Assumptions for details.

Rx coverage through BCBSAZ: Yes. Rx applies to stop loss products: Yes.

Subrogation: Included.

Rx Formulary: Open.

All information from the exhibit Assumptions IASC-2025-028399-4, Administrative Summary, Guarantees and Disclosure of 'Eligible Indirect Compensation' (Exhibit 1) 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 Employer's Administrative Service Agreement (ASA) with BCBSAZ. All provisions in the ASA 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. The Agreement will terminate if this Amendment is not signed and returned prior to the end of your current term. If any information on this Form is inaccurate, please provide the correct information on this Form.

	10/15/2024		Mayor	
BCBSAZ Representative	Date	Group Representative Signature	Group Representative Title	Date

APPROVED AS TO FORM:

By: _____
City Attorney

ATTEST:

By: _____
City Clerk

CITY OF CHANDLER

BlueCross BlueShield Arizona

An Independent Licensee of the Blue Cross Blue Shield Association

Group Number(s): 028399

Renewal Period: 01/01/2025 - 12/31/2025 Assumption: IASC-2025-028399-2

Blue Cross Blue Shield of Arizona (BCBSAZ) Assumptions

GENERAL

* 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.

* 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.

* 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.

* Notwithstanding anything to the contrary in the Agreement, nothing in this Agreement shall restrict Group’s ability to access or share the information specified in ERISA Section 724 (commonly referred to as the No Gag Clause provision) for the purposes permitted in ERISA Section 724.

* 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.

* To view compensation BCBSAZ may receive if you purchase certain third-party products, visit azblue.com/compensation

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.

  If BCBSAZ receives pharmacy rebates attributable to pharmaceutical products covered under the terms of this Agreement and used by Participants of Employer’s Plan, BCBSAZ will pay Employer the following amounts for brand prescriptions filled and for which BCBSAZ received a rebate:

  30 days retail - $50.00 per eligible brand script,

  90 day retail - $203.00 per eligible brand script,

  Mail Order Delivery - $219.00 per eligible brand script,

  Specialty Home Delivery - $881.00 per eligible brand script.

  Employer acknowledges that it accepts these amounts and that it and its group health plan have no right to, or legal interest in, any rebates provided by pharmaceutical manufacturers to BCBSAZ.

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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 1/1/2025. 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.

* 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 2025 policy period to factor in that change.

* BCBSAZ will continue to process claims incurred during the renewal term of the Agreement (January 1, 2025 - December 31, 2025 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 after the end of the Renewal Term. If the Agreement is terminated before December 31, 2025, 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.

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.

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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 will 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:

- 1.84% in 2025 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 $15.44 per claim or $8.50 to $21.10 per contract per month depending on the negotiated arrangement and/or the health plan product.

* **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 15% of claims savings with $10,000 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(n) Misc. Trust & Wellness allowance of $80,000 for the 01/01/2025 - 12/31/2025 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. If group terms its contract prior to 12/31/2025, the group will be required to return a prorated amount of the disbursed funds.

* BCBSAZ's proposal includes a(n) On Site Wellness Consultant allowance of $100,000 for the 01/01/2025 - 12/31/2025 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. If group terms its contract prior to 12/31/2025, the group will be required to return a prorated amount of the disbursed funds.

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* BCBSAZ's proposal includes a(n) General Fund allowance of $25,000 for the 01/01/2025 - 12/31/2025 policy period. Any portion of the general fund not used during the referenced policy period will be retained by BCBSAZ and applied to general fund programs for subsequent policy period(s). Upon termination of the group contract, BCBSAZ will pay any unused portion of the general fund allowance to Group. If group terms its contract prior to 12/31/2025, the group will be required to return a prorated amount of the disbursed funds.

* BCBSAZ's proposal includes a(n) Audit allowance of $5,000 for the 01/01/2025 - 12/31/2025 policy period. Any portion of the audit allowance not used during the referenced policy period will be retained by BCBSAZ and applied to audit allowance programs for subsequent policy period(s). Upon termination of the group contract, BCBSAZ will pay any unused portion of the audit allowance to Group. If group terms its contract prior to 12/31/2025, the group will be required to return a prorated amount of the disbursed funds.

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GUARANTEES

* BCBSAZ agrees to an administrative rate guarantee for 1/1/2026 - 12/31/2030.

	PEPM	Increase	Wellness Allowance	On-site Wellness Consultant	General Fund	Audit Allowance
1/1/2026 - 12/31/2026 Net Administration Rate	$33.79	3.0%	$80,000	$100,000	$25,000	$5,000
1/1/2027 - 12/31/2027 Net Administration Rate	$34.80	3.0%	$80,000	$100,000	$25,000	$5,000
1/1/2028 - 12/31/2028 Net Administration Rate	$35.85	3.0%	$80,000	$100,000	$25,000	$5,000
1/1/2029 - 12/31/2029 Net Administration Rate	$36.92	3.0%	$80,000	$100,000	$25,000	$5,000
1/1/2030 - 12/31/2030 Net Administration Rate	$38.03	3.0%	$80,000	$100,000	$25,000	$5,000

This guarantee is contingent upon BCBSAZ being selected as the sole stop loss carrier (Specific and Aggregate) for the entire policy period 1/1/2026 - 12/31/2030 (5 years).The rate guarantee excludes any Allotments, Claim Deposit Credits, which will be subject to pricing information at the time of each renewal. This guarantee assumes BCBSAZ retains all Rx rebates during the time of the guarantee. Guaranteed administration rates assume all quoted benefit plans remain Rx rebate eligible throughout the guarantee period. BCBSAZ reserves the right to change the rate guarantee due to legislative changes.

Total enrollment changes do not exceed +/-15%. Total enrollment as of Apr 2024 is 1,872 subscribers and 4,701 members.

CITY OF CHANDLER
PERFORMANCE GUARANTEES

Vendor Name	Blue Cross® Blue Shield® of Arizona (BCBSAZ)
Contact Name	Christie Thomas
Contact Title	Strategic Relationship Executive
Contact Number	(602) 864-5234
Authorized Signature	See original for signature.

PERFORMANCE GUARANTEES (ALL PROPOSERS)	**VENDOR RESPONSE**		
For the following categories, provide the performance standard you are willing to offer, the financial penalty (maximum dollar amount or % of administrative fees) you will agree to pay if the standard is not met, and the method of measuring the penalty.	Measurement Frequency	Agree to comply with Performance Guarantee? (Y | N)	Dollars at Risk (% or $)
1. **Vendor attendance at District meetings**	Quarterly		

Attendance by vendor representatives when requested at meetings scheduled by the City of Chandler during the contract period and implementation phase. **BCBSAZ Alternative Recommendation**: BCBSAZ proposes the Account Management Performance Guarantee. **Standard**: Overall score of 3 (satisfied) or better on the BCBSAZ Account Management Score Card (annual Group Benefit Administrator survey) – see attached. **Desired Qualifiers**: 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. **Group specific**	**Measured annually**	Yes	2% of annual admin fee
2. **Vendor call (or e-mail) return timeliness**	Quarterly		
City of Chandler or designated consultant's calls (or e-mails) to vendor are returned within 48 business hours. **BCBSAZ Alternative Recommendation**: BCBSAZ proposes combining PGs 1 and 2 under the Account Management guarantee, which guarantees ongoing communication and support activities, including accessibility.	**See #1 above.**	Yes	**See #1 above.**
3. **Processing monthly eligibility updates**	Monthly		
All updates to eligibility or enrollment records will be made within three business days after the information is received by the vendor. **BCBSAZ Alternative Recommendation**: Standard: 99% of valid electronic eligibility files are processed within five business days of receipt of complete and accurate information during initial implementation. **Group Specific**	**Measured quarterly**	Yes	2% of annual admin fee
4. **Telephone call availability & answering speed**	Monthly		

90% of all calls are answered within 30 seconds, and telephone service is available between 8:00 am and 6:00 pm Arizona Time Zone on business days. **BCBSAZ Alternative Response**: Standard: BCBSAZ Customer Service calls answered in an average of 45 seconds or less. **Desired Qualifier**: Average speed of answer begins once the caller exits the IVR.1 **Non-Group specific** Customer Service hours are 6 a.m. to 6 p.m. (Arizona time), Monday through Friday.	**Measured quarterly**	Yes	2% of annual admin fee
5. **Telephone call on-hold (in-queue) time**	Monthly		
An average of less than 2 minute(s) on hold before a **human being** answers. **BCBSAZ Alternative Recommendation**: This guarantee is combined with PG #4 (telephone call availability and answering speed).	**See #4 above.**	Yes	**See #4 above.**
6. **Telephone Abandonment Rate**	Monthly		
An abandonment rate of less than 3% is maintained during standard business hours. **BCBSAZ Alternative Recommendation**: Less than 5% of BCBSAZ Customer Service calls abandoned. **Desired Qualifier**: Call abandonment rate applies to calls abandoned once the caller enters the call queue.[1] **Non-Group specific**	**Measured quarterly**	Yes	2% of annual admin fee
7. **Claims Processing Accuracy**	Quarterly		

99% of claims dollars submitted for payment will be accurately processed and paid. Regardless of whether or not these standards of performance are satisfied, the vendor must reimburse the City of Chandler for all overpayments that are not recovered from the recipient within 60 days after the overpayment is discovered. City of Chandler will assign its right to recover such overpayments to the vendor. **BCBSAZ Alternative Recommendation**: Standard: 98% of audited[1] claims dollars are paid in accordance with benefit plan designs and in-force provider contracts. **Desired Qualifier:** This penalty applies if BCBSAZ fails to perform in accordance with this standard two (2) consecutive reporting periods. A penalty pay out of half of the fees at-risk would occur for results at or below 97.5%.[1] **Non-Group specific**	**Measured quarterly**	Yes	2% of annual admin fee
8. **Turnaround Time on Claims Payments**	Quarterly		

95% of all claims received will be completely processed (paid, denied or pended for additional information) within 14 calendar days after they are received. 100% of claims will be processed within 30 calendar days of receipt. **BCBSAZ Alternative Recommendation**: Standard: 90% of non-investigated clean claims processed (paid or rejected) within 14 calendar days after receipt of clean claim.[1] **Desired Qualifier**: A claim is defined as a request for a payment of a plan benefit by a plan participant or health care provider; a claim is deemed received when it has been time-stamped by BCBSAZ. Claims pended for missing information or benefit eligibility will be included as a documented claim. **Non-Group specific.** **Claims processing penalties are not applicable on claims incurred outside of Arizona.**	**Measured quarterly**	Yes	2% of annual admin fee
9. **Timeliness of Claim Reports**	Annually		
Each report the vendor will supply City of Chandler will be provided within a mutually agreed upon timeframe but no later than the 10th of the month following. **BCBSAZ Alternative Recommendation:** Standard: Monthly standard reports will be delivered on time. **Desired Qualifier**: Delivery of standard reports: whYzen-BlueInsight℠, our self-serve online reporting tool is available online, and updated the 20th of the month. **Group specific**	**Measured annually**	Yes	2% of annual admin fee
10. **Claims Coding**	Annually		

98% of all claims will be coded with no errors. **BCBSAZ Alternative Recommendation**: Standard: 95% of audited claims are processed in accordance with benefit plan designs.[1] **Desired Qualifier**: Percentage of claims processed incorrectly vs. correctly, based on BCBSAZ standard auditing procedures. **Non-Group specific**	**Measured quarterly**	Yes	2% of annual admin fee
11. **Implementation (if appropriate)**	Annually		
Successful implementation as defined by key milestones. Include measurable milestones in your proposal. **BCBSAZ Alternative Recommendation**: Standard: BCBSAZ will complete a successful implementation as defined by key milestones. **Desired Qualifier**: BCBSAZ agrees to meet milestones as outlined on the proposed implementation timeline (See **Section 5**). Note: the current proposed implementation timeline will be agreed upon and finalized during initial implementation meetings. **Group specific**	**Measured 90 days after effective date and paid out 120 days after effective date.**	Yes	2% of annual admin fee
12. **Data Exchange**	Annually		
Receive and transmit data with vendors based on a frequency defined by the business needs of the City of Chandler. **BCBSAZ Alternative Recommendation**: Standard: BCBSAZ will receive and transmit data with vendors based on a frequency defined by the business needs of Client. **Desired Qualifier**: Should BCBSAZ interface with any independent vendors to service client, we agree to establish appropriate mutually agreeable performance standards for data transmission. **TBD**	**TBD**	Yes	2% of annual admin fee

Comments

Total of all risk measures cannot exceed 20% (based on administrative fee only).

[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).

Additional BCBSAZ Notes:

1. The above stated performance guarantees will be effective for the contract period **1/1/2025 to 12/31/2025**.
2. The performance guarantee payout does not include stop loss premiums, claims reimbursement amounts, vendor interface fees, capitated claim payments, etc.
3. Performance guarantees are reported to the client approximately 90 days after the close of the measurement period or plan year. Payout is made (if applicable) after the reporting of results.
4. 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.
5. BCBSAZ will determine the sample size of audited claims.

Administrative Summary

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

Client Information	
Effective Date	**1/1/2025**
Client Name and Group Number AZBlue Group Number(s) Legal Account Name Doing Business As Legal Entity Type Type of Business	 028399 City of Chandler City of Chandler, Arizona Municipality City
Tax ID Numbers	Federal: **86-6000238** State: **07004582**
Headquartered State **Incorporated State**	Headquarters State: **Arizona** Incorporated State: **Arizona**
Client Address	175 S. Arizona Avenue Chandler, AZ 85225
Billing Correspondence Address	☐ Same as the client address ☒ Other: P.O. Box 4008, Mail Stop 703 Chandler, AZ 85244
Group Benefit Administrator (GBA)	**Primary GBA** Fernanda Acurio Benefits and Compensation Manager 480-782-2359 Fernanda.Acurio@chandleraz.gov **Secondary GBA** Rae Lynn Nielsen Director of Human Resources 480-782-2353 Raelynn.Nielsen@chandleraz.gov
Billing Contact	Denise Hooker Benefits Analyst P.O. Box 4008, Mail Stop 703 Chandler, AZ 85244 480-782-2371 Denise.Hooker@chandleraz.gov
Group Executive	Rae Lynn Nielsen Director of Human Resources 480-782-2353 Raelynn.Nielsen@chandleraz.gov
Chief Financial Officer	Dawn Lang Deputy City Manager – Chief Financial Officer 480-782-2255 Dawn.Lang@chandleraz.gov
Chief Executive Officer	Joshua Wright City Manager – CEO 480-782-2211 Joshua.wright@chandleraz.gov
Additional Authorized Group Contact(s)	Rebecca Davis Human Resources Specialist 480-782-2376 Rebecca.davis@chandleraz.gov

Administrative Summary

<table>
<tr><th colspan="2">Product Information</th></tr>
<tr><td>Member ID Number Issuance
(Generated by AZBlue; includes alternate ID numbers)</td><td>Included</td></tr>
<tr><td>HealthEquity Integration and Sections</td><td>
<table>
<tr><th colspan="2">Integration with HealthEquity</th></tr>
<tr><td>☒Yes</td><td>☐No</td></tr>
</table>
<table>
<tr><th colspan="2">Enrollment Section Set up</th></tr>
<tr><td>☒Yes, set up non-integrated HDHP products</td><td>☐No, all HDHP members will be integrated with HealthEquity</td></tr>
</table>
</td></tr>
<tr><td>Summary of Benefits and Coverage
Draft Summary of Benefits and Coverage
Review initial drafts with the Client and revise as agreed
Member SBCs will be available to members in their MyBlue portal account.</td><td>Included
☒No printing, AZBlue will provide electronic copies to the Client/Broker and member portal</td></tr>
<tr><td>Benefit Plan Booklets
Prepare draft Benefit Plan Booklet(s)
Review initial draft(s) with Client
Revise the initial draft(s) in response to the Client’s comments and obtain the Client’s approval of the second draft
Prepare final Benefit Plan Booklet(s).
Benefit Plan Booklet(s) will be in English.</td><td>Included
☒No printing, AZBlue will provide electronic copies to the Client/Broker and member portal</td></tr>
<tr><td>Assignability of benefits
If a member receives covered services from an out-of-network provider and the member wishes to assign the right to payment to the provider, the member or the provider may submit the documents requesting assignment to AZBlue.
AZBlue, at our sole discretion, will determine whether to honor the assignment and, if approved, remit any payment due directly to the provider.</td><td>☒The group has selected this option</td></tr>
</table>

Administrative Summary

Account Management Services	
Implementation Meeting Schedule	**Included**
Ongoing Account Management: • Designated account resources • Ongoing management and review of administration, benefits, and data	**Included**
Open Enrollment Meetings: • At locations that meet AZBlue criteria (available upon request) • AZBlue will attend Open Enrollment meetings as agreed upon	**Included**
Annual Consultation: • Cost impact of benefit design changes • Projection of conventional premium equivalent rates • Year-end accounting reconciliation	**Included**
Annual 1099 filings to the IRS (regarding payments to providers)	**Included**
Standard Accounting Structure: • Individual group numbers for each member of a Pool, if applicable • Suffixes to accommodate separate claims reporting for different benefit plans (i.e., PPO Plan, HSA Plan, Alliance Plan) • Claim accounts to accommodate separate claims data for distinct locations and employee types (i.e., COBRA, Retiree, School)	**Included**
Administrative Fee Statements: • Statements generated monthly **15 business days** before the due date • Due date is the **first of the month.** • The contract has a grace period of thirty-one (31) 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. • Billed on a prospective basis • Option for online or hard copy delivery of statements • Ability to view invoices online & and download billing information • Ability to sort and search member information • Ability to remit payment for Charges for Covered Services, Administrative Fees, Other Fees, and any other fees due via ACH, EFT, or check. • Includes a full listing of each enrollee, summary, and total by section • Discrepancies can be addressed with an AZBlue representative	**Included**
Premium Statements Delivery:	**Included** ☐AZBlue will mail hard copies ☒Hard copies will be suppressed, and the group will utilize the Portal to obtain Premium Statements

Administrative Summary

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

Group Administration, Eligibility and Open Enrollment Services	
Employee Effective Date	☒First of the month
Employee Termination Date	☒End of the month
Dependent Birthday Termination (Age 26)	☒End of the month
Newborn/Adoptions/ Processing Options	☐ Newborn automatically added; member must request disenrollment. ☒ Newborns are automatically added for the first 31 days after birth; the member positively enrolls the newborn on the plan for coverage after 31 days
Newborn Letters	☐Standard Newborn letter will be sent ☒Custom Newborn letter
Newborn Deductible	☐Newborn deductible applies ☒Newborn deductible waived
Domestic Partnership	☐Same-Sex Only ☐Opposite Sex Only ☐Both ☒Not covered **Domestic Partnership Criteria** ☐AZBlue Standard Criteria Criteria will be published in the Benefit Plan Booklet ☐Client Specific Criteria (or Other) Client specific criteria will not be printed in the benefit booklet; Employees will be referred to the Group Benefit Administrator
Retiree Coverage	☒Yes ☐No If Yes: ☒Under 65 ☒65 and older **Retiree dependents coverage** ☒Yes ☐No As of January 1, 2024, the City mandates Medicare enrollment for retirees and their dependents who become Medicare-eligible in order to remain eligible for continued coverage under the City of Chandler medical plan. Retirees and their dependents who became Medicare-eligible before January 1, 2024, but did not enroll in Medicare are grandfathered and remain eligible for medical plan coverage.
Retroactive Termination	Retroactivity is limited to thirty-one (31) days from the date notice provided to AZBlue 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
Enrollment Eligibility Submission	☒ (834) Electronic file submission via secure file transport ☐ Excel (AZBlue will provide the required format) ☐Portal

Administrative Summary

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

Eligibility Vendor details	Vendor: City of Chandler Contact Phone: Primary: Denise Hooker 480-782-2371 Secondary: Rebecca Davis 480-782-2376 Contact email: Denise.hooker@chandleraz.gov Rebecca.davis@chandleraz.gov
Ongoing Eligibility updates/ files- Type	☐AZBlue Employer Portal Submissions ☐Excel (AZBlue will provide the required format) ☐Paper Applications ☒ (834) Electronic file submission via secure file transport
Frequency of files or Portal Updates	☐Portal Updates ☒Full File ☐Change Only file ☐Maintenance File ☐Daily ☒Weekly ☐Bi-Weekly ☐Monthly
Who should receive the Discrepancy reports?	Name: Title Phone: Email: benefits@chandleraz.gov
Open Enrollment Eligibility Transmission	Method: 834 Date: 11/22/2024 ***Enrollment must be received no later than November 26, 2024, to ensure ID cards are delivered by January 1, 2025***
COBRA Vendor Contact	Name of Vendor: Alight Contact Name: Shaun Smith Phone: 410-568-2351 Email: Shaun.smith.3@alight.com
COBRA Processing In the event the Client has future COBRA enrollees, the Client will provide one of the following: 1. A Blanket Guarantee letter that includes a guarantee of payment for the Client's first month's premium for all employees? 2. A Guarantee letter for specific members at the time of COBRA? Will the COBRA submission be a paper application or on the file?	Letter selection: ☐Blanket Guarantee ☐Specific member letter ☑ Not Applicable- members come on 834 file transmission COBRA submission: ☐Cobra Election Form or Paper Application ☒Transmitted via file

Administrative Summary

Coordination of Benefits (COB)	**Commercial:** The combined payments by the primary payer and AZBlue will not exceed the greater of the primary payer or AZBlue allowed amount. **Medicare:** AZBlue pays up to the Medicare-allowed amount except if the provider does not accept Medicare assignment, in which case AZBlue 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. As of January 1, 2024, the City mandates Medicare enrollment for retirees and their dependents who become Medicare-eligible in order to remain eligible for continued coverage under the City of Chandler medical plan. Retirees and their dependents who became Medicare-eligible before January 1, 2024, but did not enroll in Medicare are grandfathered and remain eligible for medical plan coverage.
Appeals AZBlue administers Level 1, Level 2, and External Review appeals.	**Included** ☒AZBlue administers Levels 1, 2, and external.
Arizona Senate Bill 1305 ARS 35-196.02	☒The group must comply with SB1305 ARS 35-196.02; prescribed abortion benefits will be administered ☐The group is not subject to SB1305 ARS 35-196.02
Abortion* *Benefits are available for elective and non-elective abortions, if legal where performed*	☒Non-elective abortions covered ☐Elective abortions covered ☐Elective and Non-elective abortions are covered ☐All abortions excluded

Administrative Summary

Massachusetts Employees Plan Sponsor will timely provide any authorizations required by Massachusetts law or by Massachusetts regulators to enable AZBlue to perform the mailing and/or electronic filing(s). If the Plan Sponsor fails to timely provide such authorization(s), AZBlue will have no duty to make the filing and/or mailing. If in AZBlue's opinion, the Employer's coverage meets the Massachusetts Minimum Creditable Coverage (MMCC) requirements, AZBlue agrees to reflect the coverage as creditable in its electronic filing and 1099-HC mailings. If in AZBlue's opinion, the Employer's coverage does not meet the MMCC requirements, the Employer may choose to either: (a) state the coverage is not creditable in its electronic filing and 1099-HC mailings; or (b) direct AZBlue to not make the electronic filing and provide the uncompleted 1099-HC forms to Employer.	☒AZBlue will **not** issue 1099HC or complete electronic filing with MA ☐AZBlue **will** prepare and distribute annual 1099-HC forms to Participants who are Massachusetts residents and make the electronic filing with Massachusetts regulators.
NYHCRA AZBlue will complete the required filing upon submission of the required forms. Current or prior elector status with the NY Pools may impact which documentation is required to elect and provide AZBlue with consent to perform this action on behalf of an elector.	☒Elect ☐Non-elect

Administrative Summary

Plan Compliance with Mandates – AZBlue Support Services AZBlue will support the Plan's compliance with the following federal mandates for coverage it administers on behalf of the Plan Sponsor: • Affordable Care Act Transparency in Coverage rule issued in November 2020 ("Transparency Rule") • Certain health plan provisions of the Consolidated Appropriations Act of 2021 ("CAA"). • Additional services will be mutually agreed upon in writing by AZBlue and Plan Sponsor.	
CAA Provider Directory Requirements • Publish a contracted provider directory on AZBlue's website • Update and verify the Provider directory every 90 days • Remove providers whose information cannot be verified • Indicate an "accurate as of" date on printed directories and direct Plan participants to the online directory. • Respond within 1 business day to Participant telephone inquiries regarding provider contractual relationship with AZBlue • Retain responses in the Plan Participant's file for two years. • Apply in-network cost share to covered services provided in reliance on incorrect provider network information (if required by CAA).	**Included**
Transparency Rule Machine Readable Files • Publish legally required machine-readable files that disclose the Plan's: ➢ in-network rates paid to providers ➢ historical out-of-network allowed amounts paid to providers ➢ negotiated rates and historical net prices for covered prescription drugs • Make files accessible to both Plan Participants and Plan Sponsor.	**Included**
Transparency Rule Cost Tool • Make available a cost-sharing liability tool consistent with the Transparency-in-Coverage final rule for the 500 shoppable services identified by the Centers for Medicare and Medicaid Services ("CMS") • Effective 1/1/23 or the end of any deferred enforcement period issued by federal regulators	**Included**
CAA ID Card Requirements • AZBlue will issue physical or electronic insurance ID cards w/ deductibles, out-of-pocket maximums, & telephone number and website address for individuals to seek consumer assistance • Issue to all Plan Participants	**Included**

Administrative Summary

Billing Model Notice • Inform Plan Participants about the Plan's balance billing protections by providing the Billing Model Notice to the Plan Sponsor and posting it to its public website.	**Included**
Continuity of Care • Apply continuity of care protections when provider contractual relationships are terminated.	**Included**
Prescription Data Reporting • Submit to CMS specified files for the Prescription Drug Data Collection (RxDC) required by the CAA and implementing regulations • If AZBlue administers the Plan Sponsor's prescription drug benefit, submit the following files: o P1 Individual and Student Market Plan List OR P2 Group Health Plan List o D1 Premium and Life Years o D2 Spending by Category o D3 Top 50 Most Frequent Brand Drugs o D4 Top 50 Most Costly Drugs o D5 Top 50 Drugs by Spending Increase o D6 Rx Totals o D7 Rx Rebates by Therapeutic Class o D8 Rx Rebates for the Top 25 Drugs o Narrative Response • If AZBlue does not administer the Plan Sponsor's prescription drug benefit, submit the following files: o P1 Individual and Student Market Plan List OR P2 Group Health Plan List o D1 Premium and Life Years o D2 Spending by Category o Narrative Response (if applicable)	**Included** AZBlue's obligations to submit any files for the Plan Sponsor are contingent upon the Plan Sponsor providing AZBlue all information AZBlue requests by the dates and in the formats AZBlue's specifies in its information collection materials. AZBlue will not provide any RxDC information for the Plan for any period of time during the applicable calendar year that the Plan Sponsor was not a Client of AZBlue. AZBlue reserves the right to modify supported reporting upon sixty (60) days' prior written notice to Plan Sponsor.
<u>Other</u> • For coverage it administers for the Plan Sponsor, AZBlue will submit to HHS air ambulance claim data consistent with the CAA and implementing regulations. • For coverage it administers for the Plan Sponsor, AZBlue will submit an annual Gag Clause Prohibition Compliance Attestation consistent with CAA requirements	

Administrative Summary

IMPORTANT - READ CAREFULLY

As the authorized representative of Plan Sponsor, I certify and agree to the following:

- Information provided in this Administrative Summary and all other applicable documents submitted in connection with this Administrative Summary are complete and accurate.
- If the information contained in the Administrative Summary or other supporting documentation is incomplete, inaccurate, materially misleading, false, or fraudulent, AZBlue has the right to:
  - retroactively adjust the Plan Sponsor's Administrative Fees or Other Fees if such information would have affected the Fee calculation;
  - invalidate, or withdraw any Fee proposal, or terminate coverage to the extent permitted by the Agreement or applicable federal or state law.
- This Administrative Summary is not accepted until approved by AZBlue and AZBlue's acceptance shall be based on information supplied by the Plan Sponsor, the requested benefits, and any other information obtained from outside sources.
- This Administrative Summary shall become binding upon AZBlue and the Plan Sponsor. Upon acceptance, this Administrative Summary shall be attached to and shall become a part of the Agreement.
- By including my e-mail address in the Administrative Summary, I authorize AZBlue to send information to the Plan Sponsor via e-mail. I also understand I may change the e-mail address or rescind this permission at any time by contacting AZBlue through **azblue.com.**

City of Chandler

By: _____

Title: MAYOR

Date: _____

APPROVED AS TO FORM:

By: _____

City Attorney RSL

ATTEST:

By: _____

City Clerk

Accepted and Agreed

BLUE CROSS AND BLUE SHIELD OF ARIZONA, INC.

By: Michael Groeger

Print Name: Michael Groeger

Title: Vice President, Commercial Sales

Date: October 25, 2024

Date Prepared	**10/04/2024**
Final	

Re: 2024 Form 5500 Schedule C Service Provider Information

Dear Sir or Madam:

Blue Cross Blue Shield of Arizona (“BCBSAZ”) is providing this information to you to support any Form 5500 reporting obligations your group health plan has to the U.S. Department of Labor.

A. Blue Card Program

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."

Below is a list of indirect compensation 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 Administrative Services Agreement with BCBSAZ.

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, 2023, the modifying percentage applied to claims from those Host Blues that use estimated pricing ranged from (0.42%) to +9.50% 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.

For informational Purposes Only - NO Action Required

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	$28.45 / Call
Provider Inquiry/Referral (non-medical situation)	$22.35 / Call
Cashless access/Guarantee of Payment (GOP)	$111.76 / GOP
Telephone Translation	$63.50 / Call
Fulfillment	$9.65 / Call
Provider/medical assistance information provided by a nurse	$96.52 / Call
Misrouted Calls	$22.35 / Call
Medical Monitoring	$294.64 / Case

Claims Support Services	Fee (in dollars)
Claim preparation, processing and/or payment (includes translation, coding, currency conversion)	$39.62 / Claim
Misrouted claim (for example, domestic)	$9.65 / Claim
Claim Status inquiry	$22.35 / 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	$1,270.00 / Case
Medical Repatriation coordination	$1,270.00 / Case
Repatriation of Remains coordination	$609.60 / Case
Medical travel coordination	$294.64 / Case
Assistance Partner Engagement (limited to ONLY countries where vendor is restricted from conducting business)	Ranging from $100-500 per Direct Pay Letter (DPL)
Ad hoc UCR claim research, claim line-item audit and case negotiation	As agreed upon by Home Plan and GeoBlue

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 2023/2024:

   Non-standard negotiated fees can range from either $5.48 to $17.00 per claim, or $8.50 to $28.33 per contract per month depending on the negotiated arrangement and/or the health plan product

For informational Purposes Only - NO Action Required

B. Other Services

Under regulations related to the 2009 Form 5500 Schedule C - Service Provider Information, BCBSAZ is required to provide information regarding certain indirect compensation paid by BCBSAZ to other Service Providers during 2023 related to your contract with BCBSAZ.

Company Name: Exela Technologies
Address: 369 Inverness Parkway, Suite 300, Englewood, CO 80112
Service Provided: Claims Edit Resolution
Basis of Compensation: $0.396 per Claim Edit for low complexity, $0.448 for medium complexity, and $0.614 for high complexity.

Company Name: Smart Data Solutions
Address: 960 Blue Gentian Rd., Eagan, MN 55121
Service Provided: Claims Edit Resolution
Basis of Compensation: $0.71 - $1.67 per Claim Edit for low complexity, $0.85 - $2.29 for medium complexity, and $1.00 - $3.20 for high complexity.

Company Name: Cobalt MedPlans
Address: 10740 Nall Ave., Overland Park, KS 66211
Service Provided: Claims Edit Resolution
Basis of Compensation: $1.87 per Claim Edit for low complexity, $2.88 for medium complexity, and $4.13 for high complexity.

Company Name: 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: $8.10 per provider recredentialing completed and $27.61 per initial credentialing unit completed

Company Name: Change Healthcare
Address: P.O. Box 572490, Murray Utah 84157-2490
Service Provided: Fee for the Recovery of Overpayments
Basis of Compensation: 16% of the Realized Savings for Diagnostic Related Group (DRG) and Hospital Billing Validation audits and 20.5% of the Realized Savings for Hospital Charge Audits.

Company Name: 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.

If you have any questions, please contact your BCBSAZ Account Manager.

Sincerely,

Alan Lunde

Alan Lunde
Financial Reporting

For informational Purposes Only - NO Action Required