

## **ADMINISTRATIVE SERVICES AGREEMENT**

This Administrative Services Agreement (the "Agreement") is between Blue Cross and Blue Shield of Arizona, Inc., an Arizona non-profit corporation and an independent licensee of the Blue Cross and Blue Shield Association (hereinafter referred to as "**BCBSAZ**"), and City of Glendale ("Plan Sponsor") on behalf of itself and its health and welfare benefit plan (the "Plan").

### **ARTICLE 1. DEFINITIONS**

For purposes of this Agreement, the following terms have the following meanings unless otherwise expressly provided herein:

- 1.1 Administrative Summary** means the BCBSAZ Administrative Summary which identifies the information regarding the Plan and which is confirmed and agreed to by Plan Sponsor or its designated broker/consultant and which is attached to this Agreement and incorporated into this Agreement by reference as Exhibit "B".
- 1.2 Allowed Amount** means the amount payable by or through BCBSAZ for a Covered Service, including any contracted discounts and amounts payable by a Participant under the terms of the Plan and the Benefit Plan Booklet.
- 1.3 Association** means the Blue Cross and Blue Shield Association, an association of independent Blue Cross and Blue Shield plans permitting BCBSAZ to use the Blue Cross and Blue Shield service marks in the State of Arizona.
- 1.4 Benefit Plan Booklet** means the document describing the benefits and terms of coverage that the Plan Sponsor provides to its Participants.
- 1.5 BlueCard Fees** (fees paid to other Blue Plans) which include an "Access Fee" (generally 4% of claims savings not to exceed \$2,000 per Claim) and an administrative expense "Allowed Amount" ("AEA") (generally \$5.00 per physician claim and \$11.00 per hospital claim). The Access Fee and AEA are passed through as a Claims expense. The BlueCard Fees also include other fees, paid by BCBSAZ to the Association for the BlueCard Program, including a "Central Financial Agency Fee" (charged by Claim), an "ITS Transaction Fee" (charged by Claim), 800 toll-free number fees, and Provider directory fees that are not directly passed through as a Claims expense but affect BCBSAZ's administrative expenses. BlueCard Fees may be changed from time to time in accordance with the Association's processes for changing such fees.
- 1.6 Blue Plan Confidential Information** means information belonging to the Blue Cross Blue Shield Association (the "Association") or another licensee of the Association.
- 1.7 Confidential Information** Confidential Information" means all nonpublic information disclosed by a Party (the "Disclosing Party") to the other Party (the "Receiving Party") that is designated as confidential or proprietary or which by its nature appears to be confidential, including but not limited to, information relating to: the terms and conditions of this Agreement; financial information; business policies or practices; the identity of BCBSAZ's prospective members or vendors; the terms and conditions of any agreements or relationships BCBSAZ has with its members, providers, or vendors; personally identifying information of BCBSAZ personnel or providers; or information received from others that a Party is obligated to treat as confidential.

- 1.8 Covered Services** means health care services and supplies rendered or delivered to a Participant for which benefits are available under the Plan.
- 1.9 Eligible Dependent** means a dependent eligible for benefits under the Plan as described in the Administrative Summary and Benefit Plan Booklet.
- 1.10 Network Provider** means a hospital, health care facility, person or other provider of medical services which has a written agreement with BCBSAZ, a vendor of BCBSAZ, or another Blue Cross Blue Shield plan.
- 1.11 Out-of-Network Services** means Covered Services received by a Participant from any Provider other than a Network Provider.
- 1.12 Participant** means any employee of Plan Sponsor and any Eligible Dependent that is covered by the Plan.
- 1.13 Provider** means any hospital, health care facility, laboratory, person or entity duly licensed to render Covered Services to a Participant or any other provider of medical services, products, or supplies which are Covered Services subject to any definitions or provisions of the Plan regarding providers or medical professionals whose services are covered under the Plan.

## **ARTICLE 2. ADMINISTRATIVE SERVICES PROVIDED BY BCBSAZ**

BCBSAZ will provide the administrative services set forth in this Section and in Exhibit B, which is attached hereto and incorporated into this Agreement by reference.

- 2.1 Benefit Plan Booklets and Identification Cards.** BCBSAZ shall provide Benefit Plan Booklets and identification cards to Participants unless Plan Sponsor directs otherwise. BCBSAZ shall issue certificates of creditable coverage, as may be required by law, for the coverage administered by BCBSAZ.
- 2.2 Claims Services.** BCBSAZ shall receive claims and process payment of benefits in accordance with the Plan for all claims incurred during the Term and determine benefits payable under the Plan pursuant to the terms and conditions of the Benefit Plan Booklet. BCBSAZ provides administrative claims payment services only and does not assume any financial risk or obligation with respect to claims or the Plan. BCBSAZ will provide notice to Participants regarding the reason(s) for denials of benefits and provide to Participants an explanation of benefits resulting from claim transactions. BCBSAZ shall use reasonable efforts to pay ninety percent (90%) of non-investigated claims (no precertification or additional information needed) that are locally processed (received and paid by BCBSAZ) within fourteen (14) calendar days of receipt by BCBSAZ, and pay ninety-nine percent (99%) of non-investigated claims that are locally processed within thirty (30) calendar days of the date of receipt by BCBSAZ.
- 2.3 Access to Provider Network.** BCBSAZ shall provide Participants access to a network or networks of Providers. BCBSAZ reserves the right to change Network Providers at any time without notice to Plan Sponsor, Plan or Participants. Network Providers will accept the BCBSAZ Allowed Amount as the only payment for Covered Services required from and on behalf of Participants except that they may collect the difference between their billed charges and the BCBSAZ Allowed Amount when there

is compensation for Covered Services from other sources (e.g., other insurers, government payors, or personal injury recovery), so long as permitted by law.

- 2.4 Appeals and Grievances.** BCBSAZ shall provide the appeals and grievance services described in the Health Coverage Appeals Information Packet, which shall be provided to Plan Sponsor by BCBSAZ.
- 2.5 Coordination of Benefits.** BCBSAZ will cooperate with Plan Sponsor to coordinate benefits in accordance with the Benefit Plan Booklet, and applicable state and federal law if services to which Participants are entitled under the Plan and this Agreement are also covered under any other group health coverage, Medicare, or other governmental health care benefit programs (except those provided under Medicaid and/or AHCCCS).
- 2.6 HIPAA Privacy Notice.** Unless directed otherwise by Plan Sponsor, BCBSAZ will distribute a HIPAA Notice of Privacy Practices which addresses BCBSAZ's handling of Participant Protected Health Information.
- 2.7 SBCs.** BCBSAZ will create the Summaries of Benefits and Coverage (SBCs) for coverage administered by BCBSAZ. BCBSAZ will not create SBCs for any coverage the Plan Sponsor provides through a third-party or for health reimbursement arrangements, flexible spending accounts or health savings accounts provided by the Plan Sponsor. Unless directed by the Plan Sponsor, BCBSAZ will provide SBCs as required by the Affordable Care Act (ACA), except that the Plan Sponsor is solely responsible for delivering SBCs in accordance with ACA: (i) to Participants during open enrollment; (ii) to newly eligible individuals; and (iii) to special enrollees.

### **ARTICLE 3. PLAN SPONSOR ACKNOWLEDGMENTS, REPRESENTATIONS AND WARRANTIES**

- 3.1** Plan Sponsor represents and warrants that:
- (a) neither it nor the Plan is a multiple employer welfare arrangement (MEWA),
  - (b) 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,
  - (c) all entities covered under this Agreement qualify as a single Plan Sponsor under 26 U.S.C. §414 (b), (c), (m) or (o), (d).
  - (d) if the Plan is not subject to ERISA and does not comply with the Mental Health Parity and Addiction Equity Act of 2008, it has satisfied all the requirements to opt out from such Act including but not limited to notifying all employees of the opt out prior to the beginning of the plan year and is identified on the CMS website as having successfully opted out.
- 3.2** Plan Sponsor acknowledges and agrees that:
- (a) The Benefit Plan Booklet is not a Summary Plan Description and this Agreement is not a plan document for purposes of ERISA. In the event of any conflict between the Summary Plan Description and the Benefit Plan Booklet, the terms of the Benefit Plan Booklet shall control BCBSAZ's performance under this Agreement. In the event of any conflict between the Summary Plan Description and this Agreement, the terms of this Agreement,

including but not limited to the Administrative Summary, shall control BCBSAZ's performance.

- (b) BCBSAZ is neither the plan administrator nor a named fiduciary of the Plan.
- (c) it is solely responsible for determining eligibility for coverage under the Plan in accordance with applicable laws and regulations.
- (d) State Medicaid agencies, including AHCCCS (collectively referred to as "Medicaid Agencies") are considered payers of last resort for the claims of Participants who are also Medicaid beneficiaries ("Medicaid Beneficiaries"). Plan Sponsor further acknowledges that AHCCCS does, and other state Medicaid Agencies may, have a legal right to reimbursement of expenditures that the Medicaid Agencies have made on behalf of Medicaid Beneficiaries, not to exceed the lesser of the Participant's benefits under this plan or the Medicaid Agencies' payment on behalf of the Participant. The Plan agrees that BCBSAZ shall, on the Plan's behalf and as legally required, share data and reimburse Medicaid Agencies or their designees for the health claims of Participants who were also Medicaid Beneficiaries on the date of service. The Plan agrees to promptly reimburse BCBSAZ for such claims.
- (e) BCBSAZ is not liable for any act or omission of any Provider, nor is BCBSAZ responsible for a Provider's failure or refusal to render Covered Services to a Participant. The use (or lack of use) of a descriptive term such as "Network" or "non-Network" in describing any Provider is not a statement as to the professional ability of the Provider, and the choice of Provider is exclusively that of the Participant. It is understood and agreed that neither BCBSAZ nor the Plan is engaged in the practice of medicine. Providers are solely responsible for all decisions regarding medical care and treatment of Participants, and the traditional relationship between physician and patient shall in no way be affected by or interfered with by any of the terms of the Plan of this Agreement or any agreement between BCBSAZ and such Providers.

#### **ARTICLE 4. PLAN SPONSOR RESPONSIBILITIES**

**4.1 Furnish Plan Information.** Plan Sponsor shall provide timely and accurate information as may be required by BCBSAZ to perform its duties under this Agreement including, but not limited to:

- (a) Eligibility information. Plan Sponsor is solely responsible for: (i) determining Participant 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. Plan Sponsor shall notify BCBSAZ of any eligibility changes within thirty-one (31) days of the date of such change, including but not limited to changes affecting the eligibility of Participants, addition of employees and Eligible Dependents, termination date of any enrolled Participant and COBRA eligibility, if applicable. If timely notice regarding an eligibility change is not received, a Participant's coverage termination will be the 1<sup>st</sup> day of the month following BCBSAZ's receipt of written notice. Plan Sponsor is responsible for ensuring that any member termination forwarded to BCBSAZ complies with applicable law;

- (b) Benefit counter or other data for any benefit or coverage Plan Sponsor has an entity other than BCBSAZ administer;
- (c) Prior written notice of any change to its contribution rates;
- (d) Any Participant consent or authorization required for BCBSAZ to perform its duties under this Agreement; and
- (e) Thirty (30) days prior written notice of any change in the Plan Sponsor's physical location, mailing address, state of incorporation, or state in which Plan Sponsor is headquartered.

Plan Sponsor acknowledges and agrees that BCBSAZ may rely on the information provided by Plan Sponsor or its designee. Plan Sponsor is responsible for claims errors arising from erroneous eligibility data or inaccurate or untimely data submitted by the Plan Sponsor or by a third party retained by the Plan Sponsor.

- 4.2 **Minimum Contribution.** If Plan Sponsor enrolls outside the Open Enrollment period, Plan Sponsor will contribute a minimum of 50% of the employee's health premium.
- 4.3 **Waiting Period.** Plan Sponsor represents and warrants that it does not impose a waiting period which exceeds 90 days and will promptly advise BCBSAZ of any change in this representation.
- 4.4 **Dependent Children; Pre-Existing Conditions.** Plan Sponsor understands and agrees that federal law requires it to provide dependent coverage for children under age 26 and prohibits Plan Sponsor from imposing pre-existing condition waiting periods.
- 4.5 **Sole Employer.** Plan Sponsor is the sole employer of the employees to be enrolled under this proposed contract for services to administer the group health plan identified in this Agreement.
- 4.6 **Notices to Participants.** The Plan Sponsor shall (a) notify all Participants when this Agreement terminates that their coverage has terminated, provided however, that coverage will terminate even if such notice is not given by the Plan Sponsor; and (b) distribute all notices from BCBSAZ to Participants and comply with federal and state disclosure and notice laws.
- 4.7 **Medicare.** Plan Sponsor will forward to BCBSAZ the information identified and described below to permit BCBSAZ to fulfill its Medicare secondary payer reporting obligations to the Centers for Medicare & Medicaid Services or its delegate:
  - (a) No later than thirty (30) days after: (i) the date the Participant's coverage first becomes effective, (ii) the date a new Participant is hired and (iii) the date the Plan Sponsor is notified of a new Eligible Dependent, provide BCBSAZ with the following information for each Participant and Eligible Dependent: (a) Social Security Number, (b) Date of Birth, (c) Medicare identification number (HICN) if applicable, and (d) Medicare effective date, if applicable;
  - (b) No later than thirty (30) days after a Participant's effective date of coverage, provide BCBSAZ with a list of all Participants who are enrolled in Medicare or who are Medicare eligible;
  - (c) No later than three (3) business days after learning that a Participant who was not enrolled in

Medicare or who was not Medicare eligible has now enrolled in Medicare or become eligible for Medicare, Plan Sponsor shall notify BCBSAZ in writing of the Participant's enrollment or eligibility;

- (d) No later than three (3) business days after learning that a Participant who was enrolled in Medicare has now terminated Medicare, Plan Sponsor shall provide BCBSAZ written notice of the Participant's Medicare termination;
- (e) The Plan Sponsor shall forward any notification received with regard to Medicare secondary payer reporting or collections thereunder no later than five (5) days after receipt; and

**4.8 Enrollment.** Plan Sponsor will provide for and administer any special enrollment periods as required by applicable law, including the provision of any notification to employees of any restrictions. The Plan Sponsor will provide an annual open enrollment period of at least thirty-one (31) days. The Plan Sponsor shall provide all eligible employees with information regarding the open enrollment period, including but not limited to the date the open enrollment begins and ends.

**4.9 HDHP and HSA Option.** If Plan Sponsor offers Participants the option of enrolling in a plan which may be paired with a health savings account (HSA), Plan Sponsor will: (a) make the establishment of HSAs completely voluntary; (b) not limit the ability of HSA eligible individuals to move their funds to another HSA beyond restrictions imposed by the Internal Revenue Code; (c) not impose conditions on the utilization of HSA funds beyond those permitted in the Internal Revenue Code; (d) not make or influence the investment decisions with respect to funds contributed to HSAs; (e) not represent that the HSAs are a welfare benefit plan established or maintained by the Plan Sponsor; and (f) not receive compensation in connection with an HSA. BCBSAZ is not responsible for any HSA which may be established by a Participant or with determining whether a Participant is eligible to establish an HSA.

**4.10 HSA Integration Option.** When a Participant wishes to have the high deductible plan integrated with the HSA offered by BCBSAZ's contracted HSA administrator, Plan Sponsor shall obtain from each such adult Participant an authorization pursuant to the HIPAA Privacy Rule which authorizes BCBSAZ and its contracted vendors to provide to BCBSAZ's contracted HSA Administrator the Participant's protected health information to facilitate integration of the HSA and the HDHP. Plan Sponsor agrees to retain the HIPAA authorizations for the period of time required by HIPAA and provide copies to BCBSAZ upon request. Plan Sponsor will provide BCBSAZ with a list of all Enrollees who enroll in the HSA/HDHP that clearly identifies which of these enrollees has provided the Plan Sponsor with the HIPAA authorization.

**4.11 Qualified Medical Child Support Orders.** Plan Sponsor is responsible for determining whether an order received by the Plan Sponsor (or BCBSAZ) is a qualified medical child support order under ERISA and/or Arizona law (and related regulations and amendments or successor provisions) and whether the children named in such order are eligible for coverage under the Plan and this Agreement. Plan Sponsor shall not request that BCBSAZ terminate the coverage of a minor child whose coverage is mandated by a court or administrative order unless the Plan Sponsor has written proof that the court or administrative order is no longer in effect or that the child is enrolled in comparable health insurance coverage and that coverage will take effect not later than the effective date of the termination of coverage as required by A.R.S. Section 25-534. The Plan Sponsor acknowledges and agrees that BCBSAZ will assume that any request from the Plan Sponsor to

terminate the coverage of a minor child whose coverage is mandated by a court or administrative order will mean that the Plan Sponsor has obtained such written proof.

- 4.12 Provider Agreements.** Plan Sponsor will comply with the participation agreements between BCBSAZ and Network Providers. If the terms and conditions of such participation agreements require the amendment or modification of this Agreement, BCBSAZ shall provide written notice of such amendment or modification to the Plan Sponsor. If the Plan conflicts with the terms of the participation agreements between BCBSAZ and Network Providers, the terms and conditions of the participation agreements shall control.
- 4.13 Participant Cost Sharing.** Participants are responsible for payment of all applicable cost sharing as well as expenses incurred for services that are not Covered Services, including services in excess of specified benefit maximums. Network Providers will seek payment for these amounts directly from Participants.
- 4.14 Program Participation.** BCBSAZ shall have the authority, in its discretion, to institute utilization management, case management, disease management, payment, wellness or other pilot initiatives in certain designated geographic areas. These pilot initiatives are part of BCBSAZ's ongoing effort to find innovative ways to make available high quality and more affordable health care services. A pilot initiative may affect some, but not all, Plan Participants. These will not result in the payment of benefits which are not provided in the applicable Benefit Plan Booklet or Summary Plan Description, unless otherwise agreed to by Plan Sponsor. BCBSAZ reserves the right to discontinue a pilot initiative at any time without advance notice to Plan Sponsor.
- 4.15 Authorization to Act in Emergency.** Plan Sponsor recognizes that certain natural disasters and other similar major emergencies may disrupt or seriously threaten to disrupt access to services under this Agreement. If a disaster or emergency occurs or is imminent, Plan Sponsor 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. Plan Sponsor agrees to reimburse BCBSAZ for claims amounts and services provided to the Plan's Participants during this period, even if the claims amounts and service would not be in compliance with the Benefit Plan Booklet or this Agreement in the absence of such disaster, emergency, threat, or risk.
- 4.16 Plan Design; Plan Changes.** Plan Sponsor is responsible for design of the Plan, including any modification or termination of the Plan. Plan Sponsor agrees to provide BCBSAZ with a written description of changes to the Plan at least thirty (30) days prior to the proposed effective date of the changes. Any changes to BCBSAZ's processing system or payment policies and procedures required by a change to the Plan and agreed to by BCBSAZ shall be made at an additional charge to the Plan to be negotiated in good faith and mutually agreed upon by the Parties. In addition to other available remedies, BCBSAZ may terminate this Agreement as a result of any material modification of the Plan to which BCBSAZ has not agreed, by providing ten (10) days' prior written notice of termination to the Plan Sponsor.

## **ARTICLE 5. BILLING AND PAYMENT TERMS**

- 5.1. Claims Invoice.** After the close of each month, BCBSAZ will send Plan Sponsor an administrative services contract monthly claims invoice ("ASC Monthly Claims Invoice") which includes payments made in connection with services and supplies provided under the Plan and BCBSAZ's management

of such services. Plan Sponsor shall pay the entire ASC Monthly Claims Invoice amount within four (4) business days of the invoice date in United States funds from a United States bank and branch. The ASC Monthly Claims Invoice may include, without limitation, fees for the following:

- (a) Charges for Covered Services under the Plan;
- (b) BlueCard Fees;
- (c) Fees for network access, care coordination and capitation payments;
- (d) Value Based Program (VBP) Fees;
- (e) Other fees specified in Exhibit A, the Rate Sheet, as amended, which is attached hereto and incorporated into this Agreement by reference.

## **5.2 Administrative and Other Fees**

BCBSAZ will invoice the Plan Sponsor for Administrative Fees and Other Fees on a monthly basis. Plan Sponsor shall pay the Administrative Fees and Other Fees in full on the first (1st) day of each calendar month or as otherwise stated in the BCBSAZ invoice. The Other Fees include the following:

- (a) Collection Fees. In some cases, BCBSAZ will engage a third-party to assist in the identification and collection of overpayments to providers. BCBSAZ may charge the fees of such a third party to the Plan Sponsor.
- (b) Taxes and Surcharges. Plan Sponsor will pay, and reimburse BCBSAZ for, any taxes, surcharges, licenses and fees levied, if any, by all local, state or federal authorities in connection with BCBSAZ's performance of its duties under this Agreement, excluding BCBSAZ's income taxes and BCBSAZ's own employee benefits taxes. Additionally, if any state or federal law results in increased costs or fees to BCBSAZ, BCBSAZ may, at any time, including on a retroactive basis if the fee or charge has been retroactively imposed on BCBSAZ by federal or state authorities, increase the fees due from Plan Sponsor under this Agreement.

BCBSAZ will apply a grace period of thirty-one (31) days to the payment of Administrative Fees and Other Fees during which time those may be paid without BCBSAZ taking further action. The grace period will not apply to any amounts due in the ASC Monthly Claims Invoice. During the grace period, the Agreement shall remain in force, and the Plan shall remain liable for any fees and charges that are or become due. If the Plan fails to pay any Administrative Fees and Other Fees before the end of the applicable grace period, BCBSAZ may terminate this Agreement effective on the date on which such fees first became due or at the end of the grace period. The Plan will remain liable for all Covered Services rendered to Participants during the grace period and Administrative Fees and Other Fees due, and the Plan agrees to hold BCBSAZ harmless from all fees, charges, and costs therefore and for Covered Services rendered to Participants after the expiration of the grace period.

- ## **5.3 Value Based Program (VBP).** VBP is an 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. 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 Participants residing and receiving Value Based Services in Arizona under a BCBSAZ VBP, BCBSAZ will generally estimate on an aggregate basis 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 and include this in the ASC Monthly Claims Invoice.

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 VBP payment and/or reconciliation measurement period. The amounts needed to fund a VBP 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 VBP, at the end of the VBP payment and/or reconciliation measurement period for these arrangements, BCBSAZ may do one of the following: (a) use any surplus in funds in the variance account to fund VBP payments or reconciliation amounts in the next measurement period; or (b) address any deficit in funds in the variance account through an adjustment to the PMPM or PEPM billing amount or the reconciliation billing amount for the next measurement period.

If Plan Sponsor terminates this Agreement, Plan Sponsor will neither receive a refund nor incur a charge to reflect any variance between what BCBSAZ charged the Plan Sponsor in VBP charges and what BCBSAZ paid the providers for Value Based Services. Value Based Services will also apply to the Plan's members who reside in other states/geographical locations served by other Blue Cross Blue Shield Plans.

**5.4 Employee Contributions.** Plan Sponsor agrees to segregate all funds collected from employees for payments to BCBSAZ and hold those funds in trust for the benefit of BCBSAZ until paid.

**5.5 Failure to Pay.** In addition to other remedies available to it, if Plan Sponsor fails to pay any amount owed BCBSAZ when due, BCBSAZ may.

- (a) Assess a late payment charge equal to twelve percent (12%) per annum of the outstanding balance for which the payment or any portion of the payments is past due;
- (b) If Plan Sponsor is late with two (2) or more payments in any twelve (12) month period, assess a late fee of 0.75% on the outstanding balance or any portion of the balance that is past due;
- (c) Suspend processing and payment of Participant claims;
- (d) Terminate this Agreement for non-payment and pursue available remedies; and/or
- (e) Require Plan Sponsor to fund a reserve ("Reserve"), to be held by BCBSAZ, to protect BCBSAZ against losses and secure the performance of Plan Sponsor's obligations under this Agreement. BCBSAZ may require a Reserve for any reason related to this Agreement. The Reserve will be in an amount as reasonably determined by BCBSAZ and may be raised, reduced, or applied at any time by BCBSAZ, in its sole discretion. Plan Sponsor's failure to fund any Reserve contribution included in an invoice from BCBSAZ constitutes a material

breach of this Agreement.

Plan Sponsor hereby grants BCBSAZ a security interest in and a lien on, as well as a right of setoff against, any funds held in the Reserve. Plan Sponsor further assigns, conveys, delivers, pledges and transfers to BCBSAZ, as security for repayment of any obligations due under this Agreement, all of its right, title, and interest in and to any and all funds held in the Reserve. Plan Sponsor also authorizes BCBSAZ to make any withdraws or debits from the Reserve, without prior notice to Plan Sponsor, and to collect amounts that Plan Sponsor owes to BCBSAZ from the Reserve. Plan Sponsor agrees to execute any additional documentation required for BCBSAZ to create, perfect, or maintain its security interest in funds in the Reserve. This security interest survives for as long as BCBSAZ holds funds in Plan Sponsor's Reserve.

Plan Sponsor is liable for any costs and expenses incurred by BCBSAZ in collecting amounts owed under this Agreement or enforcing its rights under this Agreement, including reasonable attorneys' fees and other expenses, and any fees. BCBSAZ is authorized to commingle any funds held in the Reserve with other funds in one or more accounts held by BCBSAZ at one or more banks. BCBSAZ has sole discretion over the establishment and maintenance of any of its bank accounts. Plan Sponsor is not entitled to any interest or any other earnings on any funds in the Reserve. Plan Sponsor assigns to BCBSAZ all rights and legal interests to any interest and/or earnings that may accrue on any funds in the Reserve. BCBSAZ will return to Plan Sponsor any Plan Sponsor provided funds remaining in the Reserve after Plan Sponsor's satisfaction of all of its financial obligations under the Agreement, including those incurred during the Run-Out Period as defined herein.

BCBSAZ may offset any amounts BCBSAZ would otherwise owe the Plan Sponsor under this Agreement or under any other agreement against any amounts the Plan Sponsor fails to timely pay BCBSAZ under this Agreement. The Plan Sponsor agrees that BCBSAZ may offset any amounts BCBSAZ would otherwise owe to the Plan Sponsor or to any affiliate of the Plan Sponsor, including a subsidiary of the Plan Sponsor, under this Agreement or under any other agreement, against any amounts the Plan Sponsor fails to timely pay BCBSAZ under this Agreement.

**5.6 Adequate Protection.** Types of Adequate Protection. Plan Sponsor agrees to provide adequate protection to BCBSAZ as and when requested by BCBSAZ, including but not limited to the following: (a) a letter of credit issued in favor of BCBSAZ in such amount as determined by BCBSAZ to ensure payment of the obligations under this Agreement; (b) an escrow account with a third party for the Plan Sponsor to deposit such funds for the exclusive benefit of BCBSAZ as are determined by BCBSAZ to ensure payment of the obligations under this Agreement and grant BCBSAZ a first position security interest in the escrow account to secure BCBSAZ's rights to such funds; (c) a cash security deposit in such amount as determined by BCBSAZ to ensure payment of the obligations under this Agreement to be held in a non-interest bearing account during the term of the Agreement.

In the event of a bankruptcy filing by Plan Sponsor, Plan Sponsor agrees that BCBSAZ is entitled to adequate protection pursuant to 11 U.S.C. § 363 as follows: (a) all pre-petition payments owing to BCBSAZ under this Agreement for the period of 180 days prior to the filing shall be entitled to priority as provided in 11 U.S.C. § 507(a)(5); (b) Plan Sponsor's timely payment of all post-petition amounts owing under the Agreement and its failure to maintain such post-petition obligations current shall constitute sufficient cause to allow BCBSAZ to terminate the Agreement; (c) a security deposit, letter of credit or escrow account for the exclusive benefit of BCBSAZ in an amount equal to three (3) months of estimated Administrative Fees and Covered Services costs under this Agreement to be

held during the bankruptcy proceedings. Plan Sponsor further agrees that BCBSAZ may apply such funds to any post-petition obligations owing by Plan Sponsor that are not timely made.

Plan Sponsor agrees that in order to adequately protect the interest of BCBSAZ in the event Plan Sponsor seeks to assume this Agreement pursuant to 11 U.S.C. § 365, Plan Sponsor must pay BCBSAZ all outstanding pre-petition amounts within thirty (30) days of the entry of an order authorizing the assumption of the Agreement. In addition, Plan Sponsor agrees to provide, as adequate protection of future performance, the sum equal to three (3) months of estimated Administrative Fees and Covered Services costs in the form of a letter of credit or escrow deposit within ten (10) days after entry of an order authorizing assumption of this Agreement.

- 5.7 Failure to Timely Provide Adequate Protection.** Plan Sponsor agrees that BCBSAZ may suspend all services under this Agreement until such time as Plan Sponsor provides the adequate protection required herein. If Plan Sponsor has not provided the required adequate protection within thirty (30) days of written notice from BCBSAZ, Plan Sponsor agrees that cause exists for BCBSAZ to terminate this Agreement or where applicable, that the failure to provide the adequate protection constitutes “cause” as defined in 11 U.S.C. § 362(d)(1) to grant BCBSAZ relief from the automatic stay to terminate this Agreement.

Plan Sponsor acknowledges and agrees that all amounts owing to BCBSAZ under this Agreement constitute contributions to an employee benefit plan for purposes of 11 U.S.C. § 507(a)(5).

## **ARTICLE 6. TERM AND TERMINATION**

- 6.1 Term and Renewal.** The maximum term of this agreement is five (5) years from the effective date, July 1, 2025 through June 30, 2030. The initial term is set forth in Exhibit A (Rate Sheets). The term of this Agreement shall not commence until executed by BCBSAZ and Plan Sponsor and commencement is expressly subject to Plan Sponsor not having filed a bankruptcy petition prior to the execution of the Agreement by BCBSAZ. Prior to the end of the term or any renewal term, if BCBSAZ wishes to renew, BCBSAZ will forward to Plan Sponsor an offer to renew this Agreement (“Administrative Services Agreement Amendment” or “Amendment”). If BCBSAZ has not received the signed Amendment or payment of the first month’s Administrative Fees for a renewal term, which shall constitute acceptance of the renewal, on or before the last day of the then-current term or renewal term, this Agreement will terminate as of the last day of the then-current term or renewal term.
- 6.2. Termination.** This Agreement may be terminated as provided below:
- (a) After this Agreement has been in effect for twelve (12) months, either Party may terminate this Agreement at any time, without cause, as of the last day of any calendar month by giving thirty (30) days’ prior written notice to the other Party.
  - (b) Either Party may terminate this Agreement effective immediately in the event of a material breach of the Agreement by the other Party, but only if the breach is not cured within thirty (30) days after written notice of the breach is given to the breaching Party. Additionally, BCBSAZ may terminate this Agreement in the event of a material breach by Plan Sponsor or an affiliate of Plan Sponsor under any other agreement with BCBSAZ which remains uncured for the applicable cure period reflected in such other Agreement.

- (c) BCBSAZ may terminate this Agreement upon the occurrence of any of the following:
- i. Upon five (5) days' prior written notice to the Plan Sponsor if the Plan Sponsor fails to provide funds necessary to satisfy its liability for payments for Covered Services and other amounts included in the ASC Monthly Claims Invoice;
  - ii. If Plan Sponsor fails to pay Administrative Fees and Other Fees by the end of the Grace Period (in which case the Agreement may be terminated back to the date the Administrative Fees and Other Fees were due),
  - iii. The sale, exchange or transfer of all or substantially all of the assets of Plan Sponsor or the sale, exchange or transfer of more than twenty-five percent (25%) of the outstanding stock in Plan Sponsor, or the sale, exchange or transfer of a controlling interest in Plan Sponsor, to a third party;
  - iv. The Plan Sponsor's insolvency, appointment of a receiver or a trustee for Plan Sponsor, assignment for the benefit of creditors by Plan Sponsor, or the commencement of any proceedings under bankruptcy or insolvency laws by or against Plan Sponsor that continues for sixty (60) days, or the attachment, levy or other seizure by legal process of any substantial part of the assets of Plan Sponsor, and such attachment, levy, or seizure is not quashed, stayed, or released within sixty (60) days of its occurrence;
  - v. Fraud or misrepresentation by the Plan Sponsor;
  - vi. Changes to the Plan which are not accepted by BCBSAZ;
  - vii. Plan Sponsor's failure to maintain minimum participation levels; or
  - viii. If at any time a Plan Sponsor headquartered in Arizona moves its headquarters to a state other than Arizona or it comes to the attention of BCBSAZ that the Plan Sponsor's representation that it is or was headquartered in Arizona is inaccurate, coverage for all but Arizona residents is subject to termination upon notice from BCBSAZ.
- (d) This Agreement shall terminate automatically upon the occurrence of any of the following: (i) Termination of the Plan in its entirety; (ii) The enactment of any law or the adoption of any regulation that makes it illegal to continue this Agreement or for BCBSAZ to perform any of the services required under this Agreement.

The termination events described in the above Paragraphs 6.2(c) shall be considered for cause.

**6.3 Post Termination Responsibility.** Following expiration or termination of this Agreement, Plan Sponsor remains liable for and shall pay all Charges for Covered Services incurred during the term of this Agreement along with the associated other charges reflected in the ASC Monthly Claims Invoice and any applicable Administrative Fees and Other Fees.

**6.4 Effect of Termination; Run-Out.** Upon termination, BCBSAZ shall have no further duties under this

Agreement, except that (a) BCBSAZ shall cause the orderly transfer of records, if any, from BCBSAZ to the Plan Sponsor or its designee in a time frame mutually agreed upon, but not to exceed six (6) months from the date of termination, and (b) for a period of twenty-four (24) months following the termination of this Agreement (the "Run-Out Period"), BCBSAZ shall continue to process and pay claims incurred prior to the termination of this Agreement in accordance with this Agreement, provided the Plan Sponsor funds such claims and pays the fees and charges required by this Agreement. Notwithstanding the foregoing, BCBSAZ is not obligated to continue to process and pay claims during the Run-Out Period if this Agreement is terminated for cause.

Plan Sponsor remains liable for the full payment of Charges for Covered Services incurred prior to termination of the Agreement and other amounts reflected in the ASC Monthly Claims Invoice. All the Plan Sponsor's obligations under this Agreement shall remain in effect through the end of the Run-Out Period. The Plan Sponsor agrees to reimburse BCBSAZ for any and all amounts BCBSAZ is required to pay pursuant to this Agreement, including but not limited to any those resulting from a grievance or appeal or a determination by CMS that Medicare was not primary, regardless of whether BCBSAZ is administering claims for the Plan Sponsor at the time CMS makes such determination.

## **ARTICLE 7. BLUECARD ADMINISTRATION**

- 7.1 **Out-of-Area Services.** BCBSAZ has a variety of relationships with other Blue Cross and/or Blue Shield Licensees referred to generally as "**Inter-Plan Programs.**" Whenever Participants access healthcare services outside the geographic area BCBSAZ serves, the Claim(s) for those services may be processed through one of these Inter-Plan Programs and presented to BCBSAZ for payment in accordance with the rules of the Inter-Plan Programs policies then in effect. Typically, Participants, when accessing care outside the geographic area BCBSAZ serves, obtain care from healthcare providers that have a contractual agreement (*i.e.*, are "participating providers") with the local "Host Blue" in that other geographic area. In some instances, Participants may obtain care from non-contracted healthcare providers (*i.e.*, "non-participating providers"). BCBSAZ payment practices in both instances are described in Exhibits C and D, which are attached hereto and incorporated into this Agreement by reference.

## **ARTICLE 8. PAYMENT DISCLOSURES**

- 8.1 **Preferred Drug List.** With guidance from its Pharmacy and Therapeutics Committee, BCBSAZ develops and adopts for its entire book of insured and administered business and not on behalf of any specific individual or group benefit plan, a preferred drug list ("PDL"). A copy of the current PDL is available on the BCBSAZ website. BCBSAZ may add and delete drugs from the PDL, or move drugs from one level on the list, to another, at any time. Plan Sponsor hereby adopts the BCBSAZ PDL, as it may be amended from time to time, as the Plan Sponsor's PDL and shall notify BCBSAZ if Plan Sponsor wishes to withdraw such approval. Plan Sponsor acknowledges that withdrawal of approval will affect Plan Sponsor's participation in the BCBSAZ pharmaceutical product rebate program, and any administrative fee credit taken in lieu of rebates.
- 8.2 **Recovery of Payment.** Overpayments. If BCBSAZ pays a Provider, Participant, or ineligible person and such payment is thirty-five (\$35.00) dollars or more in excess of the amount actually owed (an "Overpayment"), and BCBSAZ becomes aware of the Overpayment, BCBSAZ may seek to recover the Overpayment by following its recovery processes, including, but not limited to, those items described below ("Recovery Process(es)"). BCBSAZ will not be required to enter into litigation to

obtain a recovery, unless specifically provided for elsewhere in this Agreement, nor will BCBSAZ be required to reimburse the Plan, unless gross negligence or intentional misconduct by BCBSAZ caused the Overpayment. Plan Sponsor agrees that BCBSAZ shall have no obligation to attempt to collect any Overpayments of less than thirty-five (\$35.00) dollars. The above obligation does not apply to the extent the erroneous payment was the result of incorrect eligibility information from Plan Sponsor or Plan Sponsor's eligibility vendor or administrator.

BCBSAZ, on behalf of Plan Sponsor, or on behalf of itself as an insurer, has the right to obtain a refund of an Overpayment from a Provider or a Participant. Unless otherwise agreed upon between BCBSAZ and the Provider, when a Provider fails to return an Overpayment to BCBSAZ, BCBSAZ has the right to utilize the following mechanisms to recover the Overpayment. In some cases, BCBSAZ will engage a third party to assist in the identification and collection of Overpayments to Providers. BCBSAZ may charge the fees of such a third party to the Plan Sponsor.

For purposes of the following subsections, "Other Plan(s)" or "Another Plan" means any health benefit plan, including, but not limited to, individual and group plans or policies administered or insured by BCBSAZ.

- (a) BCBSAZ has the right to reduce future payments owed to the Provider: (i) from the Plan, or (ii) from Other Plans, up to an amount equal to the Overpayment ("Offset").
- (b) BCBSAZ has the right to reduce Another Plan's payment to a Provider by the amount necessary to recover the Plan's Overpayment to the same Provider and to remit the recovered amount to Plan Sponsor (net of fees, if any). BCBSAZ also has the right to reduce the Plan's payment to a Provider by the amount necessary to recover Another Plan's Overpayment to the same Provider and to remit the recovered amount to the Other Plan (each, a "Cross-Plan Offset").
- (c) If BCBSAZ has made Overpayments to a Provider for more than one (1) Other Plan, BCBSAZ has the right to Offset (a) two (2) or more of the Overpayments collectively, against future payments owed to Another Plan as part of a single transaction, resulting in an Overpayment recovery amount which shall be applied based on the age of the Overpayments, beginning with the oldest outstanding Overpayment, or (b) as otherwise set forth in this Section.
- (d) Plan Sponsor authorizes and directs BCBSAZ to perform any Cross-Plan Offsets. Cross-Plan Offsets will be carried out consistent with the terms of the Provider contract. Cross-Plan Offsets will also be carried out with respect to non-contracted Providers, except with respect to any non-contracted Provider outside the State of Arizona.
- (e) Subject to the exception(s) set forth in this Section, Plan Sponsor agrees that BCBSAZ will recover Overpayments in accordance with its Recovery Process and that Plan Sponsor has no separate or independent right to recover any Provider Overpayment from BCBSAZ, Providers, or Another Plan.

**8.3 Payment for Inpatient Services.** In most cases, the BCBSAZ Allowed Amount for inpatient services is referred to as the "Diagnosis Related Grouping" or "DRG." A DRG is a category of diagnoses or

procedures used to reimburse hospitals specific dollar amounts depending on the category of reason for admission (diagnosis) or treatment (procedure). Some institutional providers are paid on a per diem (per day) basis.

- 8.4 Pharmacy Rebate Contracts.** 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 participates in contracts with pharmaceutical companies to receive rebate payments (“Rebate Contracts”). Rebate payments may be 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. BCBSAZ participates in Rebate Contracts on its own behalf, for its 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, participate in and terminate existing or future Rebate Contracts with pharmaceutical companies at any time, and in its sole and absolute discretion. Unless specifically indicated otherwise in this Agreement, if BCBSAZ receives any rebates attributable to pharmaceutical products covered under the terms and conditions of this Agreement, and used by Participants of Plan Sponsor’s Plan, BCBSAZ shall retain any such rebates and shall not remit rebate payments to Plan Sponsor. If applicable and specified on the rate sheet, BCBSAZ will provide Plan Sponsor with an administrative fee credit or other specified amount related to rebates received and attributable to pharmaceutical products covered by this Agreement and used by Participants of Plan Sponsor’s Plan.

## **ARTICLE 9. LIMITATION OF LIABILITY AND INDEMNIFICATIONS**

- 9.1 Scope of Responsibility.** With respect to the Plan, the parties agree that BCBSAZ is not the Plan administrator or a Plan fiduciary under ERISA (including PPACA) or COBRA (or comparable provisions of other state or federal law). Both Parties acknowledge and agree that the Plan Sponsor is responsible for compliance with all applicable federal and state laws, rules and regulations. BCBSAZ does not assume any responsibility for the general policy direction of the Plan, the adequacy of its funding, or any act or omission or any breach of duty by the Plan Sponsor. BCBSAZ is not in any way to be deemed an insurer, underwriter, or guarantor with respect to any benefits payable under the Plan, nor is BCBSAZ a fiduciary under the Plan. BCBSAZ does not assume any risk, including but not limited to, insurance, financial or credit risk, under this Agreement.
- 9.2 Liability for Misrepresentation or Fraud.** The Plan Sponsor and Plan shall be liable for providing misleading, false, or inaccurate statements and for failing to provide adequate, accurate and timely information or notice to BCBSAZ under this Agreement. BCBSAZ reserves the right to take whatever action it deems necessary and appropriate to return BCBSAZ to the position it would have been in but for those misrepresentations, misstatements, or omissions by Plan Sponsor. Such actions shall include, but not be limited to, the right to immediately terminate or rescind this Agreement.
- 9.3 Limitation of Liability.** BCBSAZ shall not be liable for any loss or expense to the Plan Sponsor or Plan resulting from the performance of BCBSAZ under this Agreement, when BCBSAZ has adhered to the framework of the policies, interpretations, rules, practices, and procedures made or established by the Plan Sponsor and/or Plan or has otherwise performed under this Agreement, except for losses resulting directly from the fraud or willful misconduct of BCBSAZ, its directors, officers, employees, or

agents. The aggregate liability of BCBSAZ, its affiliates and any of its officers, directors or employees to the Plan or the Plan Sponsor and any of their respective affiliates, officers, directors or employees for any and all damages, claims, liabilities, losses, third party claims, and/or penalties arising out of or related to this Agreement shall not exceed the lesser of: (i) two million dollars (\$2,000,000.00), or (ii) Administrative Fees paid under this Agreement in the current 12-month contract period. Any dispute or claim brought by Plan Sponsor against BCBSAZ must be brought within two years of the event(s) giving rise to the dispute or claim.

**9.4 Indemnification By BCBSAZ.** BCBSAZ shall indemnify, hold harmless, and defend Plan Sponsor and its directors, officers, employees, and agents from and against any and all lawsuits, claims, judgments, settlements, damages, penalties, losses, and expenses, including, without limitation, reasonable attorneys' fees, directly resulting from BCBSAZ's breach of this Agreement or the fraud or willful misconduct of BCBSAZ, its directors, officers or employees.

**9.5 Indemnification By Plan Sponsor.** Plan Sponsor shall indemnify, hold harmless, and defend BCBSAZ, its directors, officers, employees, and agents from and against any and all lawsuits, claims, judgments, settlements, damages, penalties, losses, and expenses, including, without limitation, reasonable attorneys' fees, resulting from: (a) Plan Sponsor's breach of this Agreement, (b) the fraud, willful misconduct, misrepresentation or acts or omissions in connection with the Plan by Plan Sponsor, its directors, officers or employees, (c) any breach of duty by a named Plan fiduciary, and (d) any inaccurate or untimely information provided by Plan Sponsor or its designee to BCBSAZ.

**9.6 Lawsuits by BCBSAZ.** BCBSAZ may, on occasion, investigate opportunities to initiate or join class action or other lawsuits premised on suspected conduct that results in higher payments by third party payors, for example insurance companies, than otherwise would have been required. BCBSAZ reviews these cases and makes a good faith decision based on the unique facts of each case whether to file a lawsuit or participate in a pending matter. BCBSAZ may also bring lawsuits against vendors or other entities to recover various economic damages. If BCBSAZ participates as a plaintiff and recovers damages, those funds (unless determined to be plan assets under ERISA) are retained by BCBSAZ to reduce overall administrative costs. The lawsuits are brought on behalf of BCBSAZ and funds are not distributed to the Plan or Participants. This paragraph is not intended to limit or waive any claims BCBSAZ may have against any person or entity.

## **ARTICLE 10. AUDIT AND RECORDS**

**10.1 Audits.** During the Term, upon reasonable prior written notice to BCBSAZ and as mutually agreed upon during BCBSAZ's normal working hours, the Plan may conduct the following audits at its own cost:

- (a) An audit of up to 50 claims as may be necessary to validate financial statements and which occurs no more than one time per calendar year; and
- (b) An audit of the records of payments made to Providers and other data specifically related to BCBSAZ's performance under this Agreement which occurs no more than once every two calendar years.

Plan agrees that any third-party auditor used to conduct the above audits shall not be compensated on a percent of savings basis. For the number of type of audits specified above, BCBSAZ agrees to

provide reasonable assistance and information to the Plan's auditors without charge. There is an additional charge for BCBSAZ's assistance with any audits approved by BCBSAZ beyond those specified. Any audit for any plan year must be both commenced and finalized by the earlier of: (a) twelve (12) months of the last day of the plan year being audited; and (b) the termination of this Agreement. BCBSAZ shall have no liability to pay the Plan Sponsor or Plan any amounts as a result of any audit unless demand for payment based on such audit is received by BCBSAZ within twelve (12) months of the date the claim was paid or denied and BCBSAZ is able to recover the amount from the applicable Provider.

**10.2 Records.** BCBSAZ will retain electronic or paper copies of claims for Participants for a minimum of seven (7) years after such records' creation or receipt by BCBSAZ. The obligation to retain records as stated in this Section shall not apply to any records that BCBSAZ returns to Plan Sponsor or the Plan, nor with respect to any records for which the Plan Sponsor or Plan has duplicate copies. Plan Sponsor acknowledges and agrees that at the end of seven (7) years' retention of records as stated herein, BCBSAZ may destroy any such records without any obligation to provide prior notice of such destruction to the Plan Sponsor or Plan.

**10.3 Requests for Information.** BCBSAZ shall use reasonable efforts to respond to requests for information from the Plan and authorized third parties. However, the total time allocated by BCBSAZ for responding to such requests, including requests relating to independent dispute resolution, shall not exceed five (5) hours per year. Requests that require time beyond this limit may be subject to additional fees at BCBSAZ Standard Hourly Rate, as specified in Exhibit A. BCBSAZ reserves the right to prioritize requests based on urgency and operational capacity.

#### **ARTICLE 11. HIPAA**

**11.1 Certification.** Plan Sponsor certifies that the plan document of Plan has been amended to comply with the requirements of 45 C.F.R. § 164.504(f)(2) and 45 C.F.R. §164.314(b), including, but not limited to (a) prohibiting use or disclosure of Protected Health Information for employment related actions, and (b) ensuring separation of records between the Plan and Plan Sponsor. The amendment provides the required satisfactory assurance that Plan Sponsor will appropriately safeguard and limit the use and disclosure of the Plan Participants' Protected Health Information that Plan Sponsor may receive from Plan or BCBSAZ to perform the Plan Administration Functions.

**11.2 Business Associate Agreement.** The parties agree to the HIPAA Business Associate Agreement provisions set forth in Exhibit E, which is attached hereto and incorporated into this Agreement by reference.

#### **ARTICLE 12. GENERAL PROVISIONS**

**12.1 Amendment.** Unless otherwise specified in this Agreement, this Agreement may be modified only by a written amendment signed by an authorized representative of each Party, provided, however, that BCBSAZ may alter, amend, or modify this Agreement, the Benefit Plan Booklet(s), and its performance under this Agreement as BCBSAZ in its sole discretion determines may be necessitated by applicable state or federal law or by the terms and conditions of various participation agreements between BCBSAZ and Providers.

**12.2 Applicable Law and Venue.** This Agreement is governed by and construed according to the laws of

the State of Arizona and applicable federal law without regard to conflicts of laws principles. The Parties consent to the jurisdiction of and to venue for any dispute involving this Agreement in the state courts of the State of Arizona or the United States District Court for the District of Arizona.

- 12.3 Assignment and Subcontracting.** Neither Party may assign or transfer any right, benefit, obligation, or duty under the terms of this Agreement without the advance written consent of the other, provided, however, that BCBSAZ may transfer and assign this Agreement to a subsidiary, parent, affiliate entity or an entity or person acquiring control of BCBSAZ or its assets or acquiring a division of BCBSAZ providing administration services under this Agreement. BCBSAZ may contract with other entities for the performance of any services to be performed by BCBSAZ hereunder.
- 12.4 Attorneys' Fees.** 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 attorneys' 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.
- 12.5 Entire Agreement.** This Agreement includes and incorporates by reference all Exhibits, the Administrative Summary, the Benefit Book, the EIC Letter, and any amendments or renewals. No promises, terms, conditions or obligations other than those contained in this Agreement shall be valid or binding.
- 12.6 Relationship to the Association.** Plan Sponsor acknowledges its understanding this Agreement constitutes a contract solely between the Plan Sponsor and BCBSAZ, which is an independent corporation operating under a license from the Association, an association of independent Blue Cross and Blue Shield Plans, permitting BCBSAZ to use the Blue Cross and Blue Shield Service Mark[s] in Arizona, and that BCBSAZ is not contracting as the agent of the Association. The Plan Sponsor, on behalf of itself and its participants, further acknowledges and agrees that it has not entered into this Agreement based upon representations by any person other than BCBSAZ and that no person, entity, or organization other than BCBSAZ shall be held accountable or liable to the Plan Sponsor for any of BCBSAZ's obligations to the Plan Sponsor or the Plan created under this Agreement. This paragraph shall not create any additional obligations whatsoever on the part of BCBSAZ other than those obligations created under other provisions of this Agreement.
- 12.7 Non-Assignability of Right of Payment.** Payment for Covered Services shall be made directly to the Provider of such Covered Services if that Provider has a participation agreement with BCBSAZ or direct payment to that Provider is required under agreements between BCBSAZ and the Association and/or other independent licensees of the Association. If a Provider is not in either of these categories, BCBSAZ may make payment to the Participant or the Provider. No one may assign a Member's right to payment without BCBSAZ's prior, written consent. This Section 12.7 shall not be construed to interfere with Plan or Participants' rights to information under the Consolidated Appropriations Act of 2021, i.e. gag clause prohibitions.
- 12.8 Confidential Information.** The parties agree that each will keep the other party's Confidential Information confidential and will only use the disclosing party's Confidential Information for purposes

contemplated under this Agreement. Confidential Information disclosed pursuant to this Agreement is and shall remain the Disclosing Party's property. If, in the opinion of counsel for the Receiving Party, disclosure of Confidential Information is required by any federal or state law or court order, the Receiving Party may only make such disclosure after notifying the Disclosing Party (if allowed by law) of the Receiving Party's intention to disclose the Confidential Information ten (10) days prior to making such disclosure. For any disclosure that is permitted by this Section other than a disclosure required by law, Plan Sponsor agrees to require the recipient to agree to terms at least as protective as those in this Section and to be liable for any violation of these terms by the recipient.

In addition to all other provisions of this Agreement, if Plan Sponsor receives confidential information belonging to the Blue Cross Blue Shield Association or another licensee of the Association ("Blue Plan Confidential Information"), the following provisions apply:

- (a) Plan Sponsor may not: (1) re-sell Blue Plan Confidential Information; (2) de-aggregate any Blue Plan Confidential Information to identify a Blue Plan, an employer group or its members; (3) use any of the Blue Plan Confidential Information for any purpose other than the purpose for which it was expressly provided; or (4) disclose the Blue Plan Confidential Information except as expressly permitted by this Agreement;
- (b) Plan Sponsor will notify BCBSAZ of any change in ownership;
- (c) Plan Sponsor will return or securely destroy the Blue Plan Confidential Information upon the conclusion of the purpose for which it was provided;
- (d) To the extent identifiable Blue Plan Confidential Information is comingled with data from Blue and non-Blue accounts, Plan Sponsor will decouple and destroy or return such information upon the conclusion of the purpose for which it was provided; and
- (e) BCBSAZ, or a third party acting on BCBSAZ's behalf, has the right to conduct an inspection and audit of all the relevant records, systems and documentation of the Plan Sponsor relating to the use of the Blue Plan Confidential Information to confirm compliance with the terms of this Agreement. Any such audit and inspection will occur during regular business hours at the Plan Sponsor's offices and BCBSAZ is responsible for the cost associated with the audit.

Nothing herein is intended to nor shall prohibit a Party from complying with applicable "gag clause" prohibitions, including without limitation, Internal Revenue Code (Code) section 9824, Employee Retirement Income Security Act (ERISA) section 724, and Public Health Service (PHS) Act section 2799A-9, as added by section 201 of Title II (Transparency) of Division BB of the federal Consolidated Appropriations Act of 2021."

**12.9 Notices.** All notices and other communications to a Party shall be (a) in writing, (b) addressed to the other Party at its respective address set forth in this Agreement or such other addresses as either Party may designate in writing to the other from time to time for such purposes and (c) served or delivered by hand delivery, overnight delivery, or by U.S. mail. Notice shall be complete upon receipt by the other Party. Notice to Plan Sponsor's designated Broker/Consultant shall constitute notice to the Plan.

**12.10 Parties to the Agreement.** This Agreement is between BCBSAZ and the Plan Sponsor

and does not create any rights or legal relationships between BCBSAZ and any Participants.

- 12.11 Severability.** If any provision of this Agreement is held to be illegal, invalid, or unenforceable under current or future laws or regulations effective during the term of this Agreement, (a) the illegal, invalid, or unenforceable provision shall be severed from this Agreement, (b) this Agreement shall be construed and enforced as if such illegal, invalid, or unenforceable provision had never comprised a part of this Agreement, and (c) the remaining provisions shall remain in full force and effect and shall not be affected by such illegal, invalid or unenforceable provision or by its severance.
- 12.12 Successors and Assigns.** The provisions of this Agreement shall be binding upon and inure to the benefit of the Parties, their permissible successors, and their permissible assigns.
- 12.13 Use of Trade Name.** The Plan Sponsor agrees not to use the corporate name or any trade name, trademark, or service mark of BCBSAZ, or of any pharmaceutical manufacturers or vendor firms contracted with BCBSAZ, in any advertising, publications, press releases, brochures, or other public communications without the prior written consent of BCBSAZ, the pharmaceutical manufacturer, or vendor, as applicable.
- 12.14 Waiver.** There shall be no waiver of any term, provision, or condition of this Agreement unless in writing and signed by both Parties.
- 12.15 Survival.** The provisions of this Agreement that naturally would survive expiration or termination do survive.

Intending to be legally bound, the Parties have executed this Agreement as of its Effective Date.

BLUE CROSS AND BLUE SHIELD OF ARIZONA, INC.

City of Glendale

By: Michael D. Groeger

By: \_\_\_\_\_

Print Name: Mike Groeger

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

Title VP, Group Commercial and Specialty Sales Title: \_\_\_\_\_

Date: 5/1/2025

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

Address: 8220 N. 23<sup>rd</sup> Avenue  
P.O. Box 13466  
Phoenix, AZ 85002-3466  
Attn: VP Sales  
Copy to: Legal Division

Address: 5850 W. Glendale Avenue  
Glendale, AZ 85301

ATTEST:

APPROVED AS TO FORM:

\_\_\_\_\_  
Julie K. Bower, (SEAL)  
City Clerk

\_\_\_\_\_  
Michael D. Bailey,  
City Attorney

# Exhibit A



An Independent Licensee of the Blue Cross Blue Shield Association

## Legal Name of Group: CITY OF GLENDALE

Effective Date: 07/01/2025 - 06/30/2026

Group Number(s): 011250

Current Date: 4/16/2025

Strategic Rel. Executive: Donald Gamble

Funding: 12/24 Incurred ASC with Medical and Pharmacy

Days Notice: 240

Underwriter: Lourdes Muttaque

Total Enrollment: 1,765

Specific Stop Loss Limit: \$200,000

Broker: BROWN & BROWN INSURANCE OF ARIZONA  
INC: CHARLIE WILLIAM BROUCEK III

Commission (% of Billed Rate): 0.000%

Aggregate Stop Loss Limit: 125%

Commission: 0.000%

Dental Coverage: No

SOLD BENEFITS	Benefit Descriptions	Grandfathered Status
PPO	INET: Ded \$750/\$1,500; 80%; OOP \$4,000/\$8,000; OV \$30/\$45; ER \$150 Ded+80%; UC \$50; Rx \$7/\$25/\$50 2x MOD; ONET: Common Ded.; 70%; OOP \$4,000/\$8,000	N: Non-Grandfathered
EPO	INET: Ded \$0/\$0; 90%; OOP \$4,000/\$8,000; OV \$30/\$45; ER \$250; UC \$50; Rx \$7/\$25/\$50 2x MOD	N: Non-Grandfathered
High Deductible Health Plan	INET: Ded \$1,650/\$3,300; 80%; OOP \$5,000/\$10,000; OV/ER/UC Ded+80%; Rx \$10/\$25/\$50/\$80 2x MOD; ONET: Common Ded.; 60%; OOP \$10,000/\$20,000	N: Non-Grandfathered

Note: PPO = PPO 750 80 Active, PPO 750 80 Retiree U65, PPO 750 80 Retiree O65; EPO = EPO 0 90 Active, EPO 0 90 Retiree U65, EPO 0 90 Retiree O65; High Deductible Health Plan = High Deductible Health Plan 1650 80 Active, High Deductible Health Plan 1650 80 Retiree U65, High Deductible 1650 80 Retiree O65

PPO 750 80 Active	Enrollment	Admin	SSL \$200K	ASL 125%	Fixed (4)	ICAP	Exp Liab (4)	Max Liab (4)
Employee	224	\$7.50	\$171.69	\$1.52	\$180.71	\$872.99	\$879.11	\$1,053.70
Employee + 1	119	\$7.50	\$171.69	\$1.52	\$180.71	\$1,745.97	\$1,577.49	\$1,926.68
Employee + 2+	202	\$7.50	\$171.69	\$1.52	\$180.71	\$2,618.96	\$2,275.88	\$2,799.67
<b>Total</b>	<b>545</b>	<b>\$4,088</b>	<b>\$93,571</b>	<b>\$830</b>	<b>\$98,488</b>	<b>\$932,351</b>	<b>\$844,369</b>	<b>\$1,030,839</b>

PPO 750 80 Retiree U65	Enrollment	Admin	SSL \$200K	ASL 125%	Fixed (4)	ICAP	Exp Liab (4)	Max Liab (4)
Employee	1	\$7.50	\$171.69	\$1.52	\$180.71	\$1,440.42	\$1,333.05	\$1,621.13
Employee + 1	0	\$7.50	\$171.69	\$1.52	\$180.71	\$2,880.86	\$2,485.40	\$3,061.57
Employee + 2+	0	\$7.50	\$171.69	\$1.52	\$180.71	\$4,321.28	\$3,637.73	\$4,501.99
<b>Total</b>	<b>1</b>	<b>\$8</b>	<b>\$172</b>	<b>\$2</b>	<b>\$181</b>	<b>\$1,440</b>	<b>\$1,333</b>	<b>\$1,621</b>

PPO 750 80 Retiree O65	Enrollment	Admin	SSL \$200K	ASL 125%	Fixed (4)	ICAP	Exp Liab (4)	Max Liab (4)
Employee	2	\$7.50	\$171.69	\$1.52	\$180.71	\$1,195.99	\$1,137.51	\$1,376.70
Employee + 1	4	\$7.50	\$171.69	\$1.52	\$180.71	\$2,391.98	\$2,094.30	\$2,572.69
Employee + 2+	0	\$7.50	\$171.69	\$1.52	\$180.71	\$3,587.97	\$3,051.09	\$3,768.68
<b>Total</b>	<b>6</b>	<b>\$45</b>	<b>\$1,030</b>	<b>\$9</b>	<b>\$1,084</b>	<b>\$11,960</b>	<b>\$10,652</b>	<b>\$13,044</b>

EPO 0 90 Active	Enrollment	Admin	SSL \$200K	ASL 125%	Fixed (4)	ICAP	Exp Liab (4)	Max Liab (4)
Employee	278	\$7.50	\$171.69	\$1.52	\$180.71	\$995.21	\$976.88	\$1,175.93
Employee + 1	180	\$7.50	\$171.69	\$1.52	\$180.71	\$1,990.41	\$1,773.04	\$2,171.12
Employee + 2+	341	\$7.50	\$171.69	\$1.52	\$180.71	\$2,985.63	\$2,569.21	\$3,166.34
<b>Total</b>	<b>799</b>	<b>\$5,993</b>	<b>\$137,180</b>	<b>\$1,216</b>	<b>\$144,389</b>	<b>\$1,653,042</b>	<b>\$1,466,823</b>	<b>\$1,797,431</b>

EPO 0 90 Retiree U65	Enrollment	Admin	SSL \$200K	ASL 125%	Fixed (4)	ICAP	Exp Liab (4)	Max Liab (4)
Employee	7	\$7.50	\$171.69	\$1.52	\$180.71	\$1,642.10	\$1,494.39	\$1,822.81
Employee + 1	1	\$7.50	\$171.69	\$1.52	\$180.71	\$3,284.18	\$2,808.06	\$3,464.89
Employee + 2+	1	\$7.50	\$171.69	\$1.52	\$180.71	\$4,926.28	\$4,121.74	\$5,106.99
<b>Total</b>	<b>9</b>	<b>\$68</b>	<b>\$1,545</b>	<b>\$14</b>	<b>\$1,626</b>	<b>\$19,705</b>	<b>\$17,391</b>	<b>\$21,332</b>

EPO 0 90 Retiree O65	Enrollment	Admin	SSL \$200K	ASL 125%	Fixed (4)	ICAP	Exp Liab (4)	Max Liab (4)
Employee	6	\$7.50	\$171.69	\$1.52	\$180.71	\$1,363.44	\$1,271.47	\$1,544.15
Employee + 1	0	\$7.50	\$171.69	\$1.52	\$180.71	\$2,726.87	\$2,362.21	\$2,907.58
Employee + 2+	0	\$7.50	\$171.69	\$1.52	\$180.71	\$4,090.31	\$3,452.96	\$4,271.02
<b>Total</b>	<b>6</b>	<b>\$45</b>	<b>\$1,030</b>	<b>\$9</b>	<b>\$1,084</b>	<b>\$8,181</b>	<b>\$7,629</b>	<b>\$9,265</b>

High Deductible Health Plan 1650 80 Active	Enrollment	Admin	SSL \$200K	ASL 125%	Fixed (4)	ICAP	Exp Liab (4)	Max Liab (4)
Employee	200	\$7.50	\$171.69	\$1.52	\$180.71	\$710.03	\$748.74	\$890.75
Employee + 1	59	\$7.50	\$171.69	\$1.52	\$180.71	\$1,420.05	\$1,316.76	\$1,600.77
Employee + 2+	134	\$7.50	\$171.69	\$1.52	\$180.71	\$2,130.09	\$1,884.78	\$2,310.80
<b>Total</b>	<b>393</b>	<b>\$2,948</b>	<b>\$67,474</b>	<b>\$598</b>	<b>\$71,020</b>	<b>\$511,222</b>	<b>\$479,998</b>	<b>\$582,242</b>

High Deductible Health Plan 1650 80 Retiree U65	Enrollment	Admin	SSL \$200K	ASL 125%	Fixed (4)	ICAP	Exp Liab (4)	Max Liab (4)
Employee	4	\$7.50	\$171.69	\$1.52	\$180.71	\$1,171.56	\$1,117.96	\$1,352.27
Employee + 1	2	\$7.50	\$171.69	\$1.52	\$180.71	\$2,343.10	\$2,055.19	\$2,523.81
Employee + 2+	0	\$7.50	\$171.69	\$1.52	\$180.71	\$3,514.66	\$2,992.44	\$3,695.37
<b>Total</b>	<b>6</b>	<b>\$45</b>	<b>\$1,030</b>	<b>\$9</b>	<b>\$1,084</b>	<b>\$9,372</b>	<b>\$8,582</b>	<b>\$10,457</b>

High Deductible Health Plan Retiree O65	Enrollment	Admin	SSL \$200K	ASL 125%	Fixed (4)	ICAP	Exp Liab (4)	Max Liab (4)
Employee	0	\$7.50	\$171.69	\$1.52	\$180.71	\$972.74	\$958.90	\$1,153.45
Employee + 1	0	\$7.50	\$171.69	\$1.52	\$180.71	\$1,945.48	\$1,737.09	\$2,126.19
Employee + 2+	0	\$7.50	\$171.69	\$1.52	\$180.71	\$2,918.23	\$2,515.30	\$3,098.94
<b>Total</b>	<b>0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**Sold CDH Account Pricing PEPM (Not Included Above)**

**PEPM Account Fees**

High Deductible Health Plan	Health Savings Account	\$2.70
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**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.

Sharecare Account Summary	Effective Date	Non-Enrollees	Monthly PEPM Fees				One-Time Fee /
			Employee	EE + Spouse	EE + Child(ren)	EE + Family	Non-Enrollees
Basic	7/1/2025	No	\$0.00	\$0.00	\$0.00	\$0.00	\$0

**BCBSAZ has adjusted the Admin PEPM by the Rx Rebate Credit. Rx Rebate Credit (PEPM) = \$59.22. 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 assumptions for details.**

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

Minimum Monthly Attachment Level: \$2,832,546

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

\$100,000 General Fund allowance, and \$180,000 Wellness (Virta) fund allowance are included. See Assumptions for details.

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

Mayo is 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: \$3.10 PMPM. Value Based Services: included.

Out-of-Network Shared Savings: 25% 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.

BCBSAZ standard hourly rate for requests for information: \$250/hour (no charge for first 5 hours).

All information from the exhibit Assumptions IASC-2025-011250-5-A2-SOLD, Administrative Summary, Attachment B, 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.

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 ten percent (10%) 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.



4/7/2025

BCBSAZ Representative

Date

Group Representative Signature

Group Representative Title

Date

## 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 Glendale 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.
- \* The aggregate liability of BCBSAZ, its affiliates and any of its officers, directors or employees to Employer, Plan, Group and any of their respective affiliates, officers, directors or employees for any and all damages, claims, liabilities, losses, third party claims, and/or penalties arising out of or related to this Agreement shall not exceed the lesser of: (i) two million dollars (\$2,000,000.00), or (ii) Administrative Fees paid under this Agreement in the current 12-month contract period.
- \* 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 PPO, EPO, High Deductible Health 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](http://azblue.com/compensation)

### PHARMACY

- \* BCBSAZ has adjusted the Admin PEPM by the Rx Rebate Credit. Rx Rebate Credit (PEPM) = \$59.22. 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.
- \* 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.

#### Traditional, Open PDL

30 days retail - \$112.00 per eligible brand script,  
90 day retail - \$388.00 per eligible brand script,  
Mail Order Delivery - \$327.00 per eligible brand script,  
Specialty Home Delivery - \$1,570.00 per eligible brand script.

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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.

- \* If BCBSAZ receives any rebates attributable to pharmaceutical products covered under the Medical Benefit Agreement, and used by Participants of Employer's Plan, BCBSAZ shall retain any such rebates and shall not remit any rebate payments to Employer.
- \* 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. Employer acknowledges and accepts the BCBSAZ traditional pricing model effective 7/1/2025. The traditional PBM pricing model allows you to pay fixed discounted prices for prescription drugs regardless of the amount the PBM actually pays the pharmacies. This pricing model gives the PBM the flexibility to lower prices for more expensive drugs with savings realized elsewhere, but may not always result in the lowest price for every drug. The prices that the PBM actually pays the pharmacies for drugs may be higher or lower than the fixed price provided to you. BCBSAZ will retain the difference between the amount you pay and the amount BCBSAZ pays the PBM as reasonable compensation for services provided under this Agreement. Any projected savings discussed with you that may result from this pricing model 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 \$200,000 per person per policy year.
- \* Stop Loss quotes are firm for 120 days from the date of 10/01/2024. 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 120 days from 10/01/2024.
- \* Claim Deposit: All rates quoted assume that BCBSAZ will continue to retain the \$1,424,701.00 Claim Deposit submitted by City Of Glendale and received by BCBSAZ on 7/1/2020.
- \* **Independent Dispute Resolution (IDR) Fees**  
Independent dispute resolution (IDR) is a process for determining payment rates for out-of-network health care charges for claims that qualify for protections under No Surprise Billing legislation. There are two types of fees charged for IDRs: 1. Administrative Fee - currently \$115/party/dispute, paid by both parties. 2. IDR Entity Fee - currently \$200-\$840 for single determinations, \$268-\$1,173 for batched determinations up to 25, and \$75-\$250 for each additional increment of 25, paid by the losing party. Because claims can be batched, BCBSAZ pro-rates the fees when only a portion of the claims are attributable to any specific group.

## **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.

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Group Number(s): 011250

Renewal Period: 07/01/2025 - 06/30/2026

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**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 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.

#### \* Utilization Management Services Fee

Costs for utilization management of oncology, high tech radiology, specialty drug and genetic testing provided by a UM administrator 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 fee BCBSAZ negotiated with the UM administrator. BCBSAZ negotiated the fee that BCBSAZ pays the UM administrator on the basis of BCBSAZ's entire book of business, without regard to any individual Plan. The PMPM rate BCBSAZ charges Employer on its monthly claim invoice is subject to change by BCBSAZ upon 60 days prior written notice. The PMPM rate for these UM services applicable to this Employer is \$3.10 PMPM. Any difference between this amount and the amount paid to the UM administrator will be reflected on Employer's 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 the UM administrator and would not result in an adjustment to the fee applicable to Employer.

#### \* 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 25% 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.

**03 05 25, Updated for final sold on 04 01 25**

**Group Number(s):** 011250

**Renewal Period:** 07/01/2025 - 06/30/2026

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## ALLOTMENTS

\* BCBSAZ's proposal includes a(n) General Fund allowance of \$100,000 for the 07/01/2025 - 06/30/2030 policy periods. The allowance is offered at \$100,000 for each of the 5 policy periods listed below. 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 off the policy period cycle(s), the group will be required to return a prorated amount of the disbursed funds.

<u>Guaranteed Allowance by Period</u>	<u>Amount</u>
7/1/2025 - 6/30/2026	\$100,000
7/1/2026 - 6/30/2027	\$100,000
7/1/2027 - 6/30/2028	\$100,000
7/1/2028 - 6/30/2029	\$100,000
7/1/2029 - 6/30/2030	\$100,000

\* BCBSAZ's proposal includes a(n) Wellness (Virta-Diabetes Management) allowance of \$180,000 for the 07/01/2025 - 06/30/2026 policy period. This Wellness fund can only be used for Virta-Diabetes Management. Any portion of the wellness not used during the referenced policy period will be retained by BCBSAZ and forfeited by group. If group terms its contract off the policy period cycle(s), the group will be required to return a prorated amount of the disbursed funds.

<u>Guaranteed Allowance by Period</u>	<u>Amount</u>	
7/1/2025 - 6/30/2026	\$180,000	Note: Any unused amount at end of policy period is forfeited by group.
7/1/2026 - 6/30/2027	\$180,000	Note: Any unused amount at end of policy period is forfeited by group.
7/1/2027 - 6/30/2028	\$180,000	Note: Any unused amount at end of policy period is forfeited by group.

## GUARANTEES

\* BCBSAZ agrees to an administrative rate guarantee for 7/1/2025 - 6/30/2028.

	<u>PEPM</u>	<u>Increase</u>
7/1/2025 - 6/30/2026 Net Administration Rate	\$7.50	
7/1/2026 - 6/30/2027 Net Administration Rate	\$7.50	0.0%
7/1/2027 - 6/30/2028 Net Administration Rate	\$7.80	4.0%

This guarantee is contingent upon BCBSAZ being selected as the sole stop loss carrier (Specific and Aggregate) for the entire policy period 7/1/2025 - 6/30/2028 (3 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 +/-10%. Total enrollment as of Sep 2024 is 1,765 subscribers and 4,216 members.

\* BCBSAZ's proposal includes a Performance Guarantee placing a maximum of 18.00% of the net administration fee at risk. See Performance Guarantee exhibit for additional details.

\* BCBSAZ proposal includes a Network Discount Guarantee. The Network Discount Guarantee is in place for 7/1/2025 - 6/30/2026 ONLY. Please see the Network Discount Guarantee document for details.

**City of Glendale**  
**Self-Funded Performance Guarantees**

Performance Standard	BCBSAZ Standard	Desired Qualifier	At-Risk Amount	Group Specific	Timing
<b>Vendor attendance at Committee meetings</b>	BCBSAZ agrees to attend when requested by the Trust during the contract period and implementation phase	Attendance by vendor representatives when requested at meetings scheduled by the City during the contract period and implementation phase	1.5% of annual admin fee	Group Specific	Measured annually
<b>Vendor call (or e-mail) return timeliness</b>	Client or designated consultant's calls (or e-mails) to BCBSAZ are returned within 48 business hours.	BCBSAZ agrees. Standard applies to calls or e-mails to your assigned client service manager and will be measured by a one question annual survey. Client or designated consultant must provide specific detailed example(s) if standard is not met.	1.5% of annual admin fee	Group Specific	Measured annually
<b>Processing Monthly Eligibility Updates</b>	<b>BCBSAZ Standard PG:</b> 99% of valid electronic eligibility files are processed within 5 business days of receipt of complete and accurate information during implementation.	<u>BCBSAZ Web</u> BCBSAZ requires 10 business days' set up lead time. <u>834 HIPAA/ 834 Flat File</u> BCBSAZ requires 60 business days to set up notice of electronic file format. <u>Other</u> Set up time frames for other formats will be determined during implementation planning.	1.5% of annual admin fee	Group Specific	Measured quarterly
<b>Telephone call availability &amp; answering speed</b>	<b>BCBSAZ Standard PG:</b> BCBSAZ Customer Service calls answered in an average of 45 seconds or less.  BCBSAZ customer service hours are from 6 a.m. to 6 p.m. (Arizona time) Monday through Friday. Members and providers can also use self-service channels, which include our interactive voice response (IVR) system and azblue.com, to obtain claims status, eligibility and benefits information 24/7.	Average speed of answer begins once the caller exits the IVR. <sup>1</sup>	1.5% of annual admin fee	Non-Group Specific	Measured quarterly
<b>Telephone call on-hold (in-queue) time</b>	<b>BCBSAZ Standard PG:</b> BCBSAZ Customer Service calls answered in an average of 45 seconds or less. Average speed of answer begins once the caller exits the IVR. Customer service hours are 6 a.m. to 6 p.m. (Arizona time) Monday through Friday.	Average speed of answer begins once the caller exits the IVR. <sup>1</sup>	1.5% of annual admin fee	Non-Group Specific	Measured quarterly
<b>Telephone Abandonment Rate</b>	<b>BCBSAZ Standard PG:</b> Less than 3% of BCBSAZ Customer Service calls abandoned.	Call abandonment rate applies to calls abandoned once the caller enters the call queue. <sup>1</sup>	1.5% of annual admin fee	Non-Group Specific	Measured quarterly

City of Glendale Self-Funded Performance Guarantees					
Performance Standard	BCBSAZ Standard	Desired Qualifier	At-Risk Amount	Group Specific	Timing
<b>Claims Processing Accuracy</b>	<p><b>BCBSAZ Standard PG:</b></p> <p><b>Claims Processing Financial Payment (Dollar) Accuracy</b> 98% of audited<sup>1</sup> claims dollars are paid in accordance with benefit plan designs and in-force provider contracts.</p> <p>BCBSAZ is unable to agree to the overpayment recovery provisions of this standard. Standard overpayment recovery procedures and recovery fees, described in Medical Plan Claims Processing and Capabilities response 8a within the Questionnaire response, will apply. Please note, BCBSAZ does not retain any compensation for overpayment recoveries; all monies recovered are returned to the group, less the fee retained by the subcontracted vendor.</p>	<p><b>Claims Processing Financial Payment (Dollar) Accuracy</b> This penalty applies if BCBSAZ fails to perform in accordance with this standard two (2) consecutive reporting periods. A penalty pay out of 0.5% would occur for results at or below 97.5%, and an additional 1% for results at or below 97%.<sup>1</sup></p>	1.5% of annual admin fee	Non-Group Specific	Measured quarterly
<b>Turnaround Time on Claims Payments</b>	90% of non-investigated clean claims processed (paid or rejected) within 14 calendar days after receipt of clean claim. <sup>1</sup>	A clean claim is defined as a written or electronic claim for health care services or benefits that may be processed without obtaining additional information, such as coordination of benefits information, from the healthcare provider, the enrollee or a third party. Claims processing penalties are not applicable on claims incurred outside of Arizona.	1.5% of annual admin fee	Non-Group Specific	Measured quarterly
<b>Timeliness of Claim Reports</b>	Monthly standard reports will be delivered on-time.	Delivery of standard reports: WhYzen, our self-serve online reporting tool is available online, and updated the 20th of the month	1.5% of annual admin fee	Group Specific	Measured annually
<b>Claims Coding</b>	Percentage of claims processed incorrectly vs. correctly, based on BCBSAZ standard auditing procedures	95% of audited claims are processed in accordance with benefit plan designs. <sup>1</sup>	1.5% of annual admin fee	Non-Group Specific	Measured quarterly
<b>Implementation</b>	BCBSAZ will complete a successful implementation as defined by key milestones.	BCBSAZ agrees to meet milestones as outlined on the proposed implementation timeline.	1.5% of annual admin fee	Group Specific	Measured 60 days after effective date and paid out 90 days after effective date.
<b>Data Exchange</b>	Should BCBSAZ interface with any independent vendors to service client, we agree to establish appropriate mutually agreeable performance standards for data transmission.	Receive and transmit data with vendors based on a frequency defined by the business needs of Client.	1.5% of annual admin fee	Group Specific	TBD
<b>Total of all risk measures cannot exceed 18% (based on NET administrative fee EXCLUDING Rx and Stoploss carve-out charges).</b>					

**BCBSAZ Footnotes:**

<sup>1</sup> 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:**

- The above stated performance guarantees will be effective for the contract period **7/1/2024 through 6/30/2025**.
- The performance guarantee payout does not include stop loss premiums, claims reimbursement amounts, vendor interface fees, capitated claim payments, etc.
- 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.
- 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.
- BCBSAZ will determine the sample size of audited claims.

2-Dec-19

# NETWORK DISCOUNT GUARANTEE

Group Name: CITY OF GLENDALE

Group Number: 11250

\*Guaranteed Period: 07/01/2025 - 06/30/2026



An Independent Licensee of the Blue Cross and Blue Shield Association

## I. Total Discount Savings (In-Network Medical Only)

Total Discount Savings %*	Administrative Charge at Risk PEPM	Administrative Charge at Risk Annual
60.0% or more	\$0.00	\$ -
58.0% to 59.9%	\$0.50	\$ 10,590
56.0% to 57.9%	\$1.00	\$ 21,180
54.0% to 55.9%	\$1.50	\$ 31,770
less than 54.0%	\$2.00	\$ 42,360

## II. Network Discount Guarantee

\*Discount savings % will be based on incurred claims 07/01/2025-06/30/2026 (paid through 09/30/2026)

1. BCBSAZ has agreed to put a portion of the administrative fees at risk based on actual network savings (Eligible Billed Charges minus Eligible Allowed Charges) realized by group.
2. Enroll Assumption (Employees): 1,765
3. This discount applies only to the following policy period: 07/01/2025 - 06/30/2026  
At the end of said contract period the 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: September 2024
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

## Client Information

<b>Effective Date</b>	<b>July 1, 2025</b>	
<b>Client Name and Group Number</b> AZ Blue Group Number(s) Legal Account Name Doing Business As Legal Entity Type Type of Business	<b>011250</b> <b>City of Glendale</b>  <b>Municipality</b> <b>Municipality</b>	
<b>Tax ID Numbers</b>	Federal:	<b>86-6000247</b>
	State:	
<b>Headquartered State</b> <b>Incorporated State</b>	Headquarters State:	<b>Arizona</b>
	Incorporated State:	<b>Arizona</b>
<b>Client Address</b>	5850 W. Glendale Avenue Glendale, AZ 85301	
<b>Billing Correspondence Address</b>	<input checked="" type="checkbox"/> Same as the client's address <input type="checkbox"/> Other:	
<b>Additional Locations &amp; Divisions</b>	<input type="checkbox"/> Yes- See Addendum <input checked="" type="checkbox"/> No	
<b>Group Benefit Administrator (GBA)</b>	Vicki Moss Benefits Administrator Phone: 623-930-2297 Email: <a href="mailto:vmoss@glendaleaz.com">vmoss@glendaleaz.com</a>	
<b>Billing Contact</b>	Susana Marquez Accountant Phone: 623-930-2476 Email: <a href="mailto:smarquez@glendaleaz.com">smarquez@glendaleaz.com</a>	
<b>Group Executive</b>	Jim Brown Executive Director of Human Resources and Risk Management Phone: 623-930-2277 Email: <a href="mailto:jwbrown@glendaleaz.com">jwbrown@glendaleaz.com</a>	
<b>Chief Financial Officer</b>	N/A	
<b>Chief Executive Officer</b>	N/A	
<b>Additional Authorized Group Contact(s)</b>	Dolly Alexander Benefits Manager Phone: 623-930-2272 Email: <a href="mailto:dalexander2@glendaleaz.com">dalexander2@glendaleaz.com</a>	
	Gail Thornhill HR Technician/Benefits Phone: 623-930-2283 Email: <a href="mailto:gthornhill@glendaleaz.com">gthornhill@glendaleaz.com</a>	

# Administrative Summary

<b>Product Information</b>									
<b>Member ID Number Issuance</b> (Generated by AZ Blue; includes alternate ID numbers)	<b>Included</b>								
<b>HealthEquity Integration and Sections</b>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th colspan="2" style="text-align: center;"><b>Integration with HealthEquity</b></th> </tr> <tr> <td style="width: 50%; text-align: center;"><input checked="" type="checkbox"/> Yes</td> <td style="width: 50%; text-align: center;"><input type="checkbox"/> No</td> </tr> <tr> <th colspan="2" style="text-align: center;"><b>Enrollment Section Set up</b></th> </tr> <tr> <td style="width: 50%; text-align: center;"><input checked="" type="checkbox"/> Yes, set up non-integrated HDHP products</td> <td style="width: 50%; text-align: center;"><input type="checkbox"/> No, all HDHP members will be integrated with HealthEquity</td> </tr> </table>	<b>Integration with HealthEquity</b>		<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	<b>Enrollment Section Set up</b>		<input checked="" type="checkbox"/> Yes, set up non-integrated HDHP products	<input type="checkbox"/> No, all HDHP members will be integrated with HealthEquity
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<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No								
<b>Enrollment Section Set up</b>									
<input checked="" type="checkbox"/> Yes, set up non-integrated HDHP products	<input type="checkbox"/> No, all HDHP members will be integrated with HealthEquity								
<b>Summary of Benefits and Coverage</b> <ul style="list-style-type: none"> <li>Draft Summary of Benefits and Coverage</li> <li>Review initial drafts with the Client and revise as agreed</li> <li>Member SBCs will be available to members in their MyBlue portal account.</li> </ul>	<b>Included</b> <input checked="" type="checkbox"/> AZ Blue will provide electronic copies to the Client/Broker and member portal								
<b>Benefit Plan Booklets</b> <ul style="list-style-type: none"> <li>Prepare draft Benefit Plan Booklet(s)</li> <li>Review initial draft(s) with Client</li> <li>Revise the initial draft(s) in response to the Client's comments and obtain the Client's approval of the second draft</li> <li>Prepare final Benefit Plan Booklet(s).</li> <li>Benefit Plan Booklet(s) will be in English.</li> </ul>	<b>Included</b> <input checked="" type="checkbox"/> AZ Blue will provide electronic copies to the Client/Broker and member portal								
<b>Group Produces their own Summary Plan Description</b> <ul style="list-style-type: none"> <li>Client will use the AZ Blue base benefit book for plan details</li> <li>Client will provide a final copy of the SPD to AZ Blue</li> </ul>	<b>Sold Option</b>								
<b>Assignability of benefits</b> <ul style="list-style-type: none"> <li>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 AZ Blue.</li> <li>AZ Blue, at our sole discretion, will determine whether to honor the assignment and, if approved, remit any payment due directly to the provider.</li> </ul>	<input checked="" type="checkbox"/> The group has selected this option								

## Administrative Summary

<b>Account Management Services</b>	
<b>Implementation Meeting Schedule</b>	<b>Included</b>
<b>Ongoing Account Management:</b> <ul style="list-style-type: none"> <li>• Designated account resources</li> <li>• Ongoing management and review of administration, benefits, and data</li> </ul>	<b>Included</b>
<b>Open Enrollment Meetings:</b> <ul style="list-style-type: none"> <li>• At locations that meet AZ Blue criteria (available upon request)</li> <li>• AZ Blue will attend Open Enrollment meetings as agreed upon</li> </ul>	<b>Included</b>
<b>Annual Consultation:</b> <ul style="list-style-type: none"> <li>• Cost impact of benefit design changes</li> <li>• Projection of conventional premium equivalent rates</li> <li>• Year-end accounting reconciliation</li> </ul>	<b>Included</b>
<b>Annual 1099 filings to the IRS (regarding payments to providers)</b>	<b>Included</b>
<b>Provision of data required for 5500 filings</b>	<b>Included</b>
<b>Standard Accounting Structure:</b> <ul style="list-style-type: none"> <li>• Individual group numbers for each member of a Pool, if applicable</li> <li>• Suffixes to accommodate separate claims reporting for different benefit plans (i.e., PPO Plan, HSA Plan, Alliance Plan)</li> <li>• Claim accounts to accommodate separate claims data for distinct locations and employee types (i.e., COBRA, Retiree, School)</li> </ul>	<b>Included</b>
<b>Administrative Fee Statements:</b> <ul style="list-style-type: none"> <li>• Statements generated monthly <b>15 business days</b> before the due date</li> <li>• Due date is the <b>first of the month.</b></li> <li>• 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.</li> <li>• Billed on a prospective basis</li> <li>• Option for online or hard copy delivery of statements</li> <li>• Ability to view invoices online &amp; and download billing information</li> <li>• Ability to sort and search member information</li> <li>• Ability to remit payment for Charges for Covered Services, Administrative Fees, Other Fees, and any other fees due via ACH, EFT, or check.</li> <li>• Includes a full listing of each enrollee, summary, and total by section</li> <li>• Discrepancies can be addressed with an AZ Blue representative</li> </ul>	<b>Included</b>
<b>Administrative Fee Statements Delivery:</b>	<b>Included</b> <ul style="list-style-type: none"> <li><input type="checkbox"/> AZ Blue will mail hard copies</li> <li><input checked="" type="checkbox"/> Hard copies will be suppressed, and the group will utilize the Portal to obtain Premium Statements</li> </ul>

# Administrative Summary

<b>Group Administration, Eligibility and Open Enrollment Services</b>									
<b>Employee Effective Date</b>	<input checked="" type="checkbox"/> First of the month								
<b>Employee Termination Date</b>	<input checked="" type="checkbox"/> End of the month								
<b>Dependent Birthday Termination (Age 26)</b>	<input checked="" type="checkbox"/> End of the month								
<b>Newborn/Adoptions/ Processing Options</b>	<input checked="" type="checkbox"/> 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								
<b>Newborn Letters</b>	<input type="checkbox"/> Standard Newborn letter will be sent <input checked="" type="checkbox"/> Custom Newborn letter								
<b>Newborn Deductible</b>	<input type="checkbox"/> Newborn deductible applies <input checked="" type="checkbox"/> Newborn deductible waived								
<b>Domestic Partnership</b>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td><input checked="" type="checkbox"/> Not covered</td> <td><input type="checkbox"/> Same-Sex Only</td> </tr> <tr> <td><input type="checkbox"/> Opposite Sex Only</td> <td><input type="checkbox"/> Both</td> </tr> </table> <p><b>Domestic Partnership Criteria</b></p> <input type="checkbox"/> AZ Blue Standard Criteria Criteria will be published in the Benefit Plan Booklet <input type="checkbox"/> 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	<input checked="" type="checkbox"/> Not covered	<input type="checkbox"/> Same-Sex Only	<input type="checkbox"/> Opposite Sex Only	<input type="checkbox"/> Both				
<input checked="" type="checkbox"/> Not covered	<input type="checkbox"/> Same-Sex Only								
<input type="checkbox"/> Opposite Sex Only	<input type="checkbox"/> Both								
<b>Maternity Provisions</b>	Maternity coverage will be extended to dependent daughters. <b>Note:</b> Grandchildren are not eligible dependents								
<b>Retiree Coverage</b>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td><input checked="" type="checkbox"/> Yes*</td> <td><input type="checkbox"/> No</td> </tr> <tr> <td>If Yes</td> <td> <input checked="" type="checkbox"/> Under 65      <input checked="" type="checkbox"/> 65 and older         </td> </tr> <tr> <td colspan="2" style="text-align: center;"><b>Retiree dependents coverage</b></td> </tr> <tr> <td><input checked="" type="checkbox"/> Yes</td> <td><input type="checkbox"/> No</td> </tr> </table>	<input checked="" type="checkbox"/> Yes*	<input type="checkbox"/> No	If Yes	<input checked="" type="checkbox"/> Under 65 <input checked="" type="checkbox"/> 65 and older	<b>Retiree dependents coverage</b>		<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
<input checked="" type="checkbox"/> Yes*	<input type="checkbox"/> No								
If Yes	<input checked="" type="checkbox"/> Under 65 <input checked="" type="checkbox"/> 65 and older								
<b>Retiree dependents coverage</b>									
<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No								
<b>Retroactive Termination</b>	Retroactivity is limited to thirty-one (31) days from the date notice provided to AZ Blue for terminations, changes, and reinstatements.								
<b>Leave of Absence</b>	<input type="checkbox"/> 90 days <input checked="" type="checkbox"/> In accordance with the Group's policies								

# Administrative Summary

<b>Enrollment Eligibility Submission</b>	<input checked="" type="checkbox"/> (834) Electronic file submission via secure file transport <input type="checkbox"/> Excel (AZ Blue will provide the required format) <input type="checkbox"/> Portal									
<b>Eligibility Vendor details</b>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">Vendor:</td> <td><b>GBA handles through Munis</b></td> </tr> <tr> <td>Contact Phone:</td> <td></td> </tr> <tr> <td>Contact email:</td> <td></td> </tr> </table>	Vendor:	<b>GBA handles through Munis</b>	Contact Phone:		Contact email:				
Vendor:	<b>GBA handles through Munis</b>									
Contact Phone:										
Contact email:										
<b>Ongoing Eligibility updates/ files- Type</b>	<input type="checkbox"/> AZ Blue Employer Portal Submissions <input type="checkbox"/> Excel (AZ Blue will provide the required format) <input type="checkbox"/> Paper Applications <input checked="" type="checkbox"/> (834) Electronic file submission via secure file transport									
<b>Frequency of files or Portal Updates</b>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td><input type="checkbox"/> Portal Updates</td> <td><input checked="" type="checkbox"/> Full File</td> <td><input type="checkbox"/> Change Only file</td> </tr> <tr> <td><input type="checkbox"/> Maintenance File</td> <td><input type="checkbox"/> Daily</td> <td><input type="checkbox"/> Weekly</td> </tr> <tr> <td><input checked="" type="checkbox"/> Bi-Weekly</td> <td><input type="checkbox"/> Monthly</td> <td></td> </tr> </table>	<input type="checkbox"/> Portal Updates	<input checked="" type="checkbox"/> Full File	<input type="checkbox"/> Change Only file	<input type="checkbox"/> Maintenance File	<input type="checkbox"/> Daily	<input type="checkbox"/> Weekly	<input checked="" type="checkbox"/> Bi-Weekly	<input type="checkbox"/> Monthly	
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<input checked="" type="checkbox"/> Bi-Weekly	<input type="checkbox"/> Monthly									
<b>Who should receive the Discrepancy reports?</b>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">Name:</td> <td><b>Dolly Alexander, Leslie Martin</b></td> </tr> <tr> <td>Title</td> <td><b>Benefits Manager</b></td> </tr> <tr> <td>Phone:</td> <td><b>623-930-2272</b></td> </tr> <tr> <td>Email:</td> <td><a href="mailto:Dalexander2@glendaleaz.com">Dalexander2@glendaleaz.com</a>, <a href="mailto:lmartin@glendaleaz.com">lmartin@glendaleaz.com</a></td> </tr> </table>	Name:	<b>Dolly Alexander, Leslie Martin</b>	Title	<b>Benefits Manager</b>	Phone:	<b>623-930-2272</b>	Email:	<a href="mailto:Dalexander2@glendaleaz.com">Dalexander2@glendaleaz.com</a> , <a href="mailto:lmartin@glendaleaz.com">lmartin@glendaleaz.com</a>	
Name:	<b>Dolly Alexander, Leslie Martin</b>									
Title	<b>Benefits Manager</b>									
Phone:	<b>623-930-2272</b>									
Email:	<a href="mailto:Dalexander2@glendaleaz.com">Dalexander2@glendaleaz.com</a> , <a href="mailto:lmartin@glendaleaz.com">lmartin@glendaleaz.com</a>									
<b>Open Enrollment Eligibility Transmission</b>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">Method:</td> <td><b>834</b></td> </tr> <tr> <td>Date:</td> <td><b>June 6, 2025</b></td> </tr> <tr> <td colspan="2" style="text-align: center; color: red;"><b>*Enrollment must be received no later than June 6, 2025, to ensure ID cards are delivered by July 1, 2025*</b></td> </tr> </table>	Method:	<b>834</b>	Date:	<b>June 6, 2025</b>	<b>*Enrollment must be received no later than June 6, 2025, to ensure ID cards are delivered by July 1, 2025*</b>				
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Date:	<b>June 6, 2025</b>									
<b>*Enrollment must be received no later than June 6, 2025, to ensure ID cards are delivered by July 1, 2025*</b>										
<b>COBRA Vendor Contact</b>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">Name of Vendor:</td> <td>ASI</td> </tr> <tr> <td>Contact Name:</td> <td>Matt Breske</td> </tr> <tr> <td>Phone:</td> <td><b>877-388-8331</b></td> </tr> <tr> <td>Email:</td> <td><b>mbreske@asicobra.com</b></td> </tr> </table>	Name of Vendor:	ASI	Contact Name:	Matt Breske	Phone:	<b>877-388-8331</b>	Email:	<b>mbreske@asicobra.com</b>	
Name of Vendor:	ASI									
Contact Name:	Matt Breske									
Phone:	<b>877-388-8331</b>									
Email:	<b>mbreske@asicobra.com</b>									
<b>COBRA Processing</b> In the event the Client has future COBRA enrollees, the Client will provide one of the following: <ol style="list-style-type: none"> <li>1. A Blanket Guarantee letter that includes a guarantee of payment for the Client's first month's premium for all employees?</li> <li>2. A Guarantee letter for specific members at the time of COBRA?</li> </ol> <p>Will the COBRA submission be a paper application or on the file?</p>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">Letter selection:</td> <td> <input checked="" type="checkbox"/> Blanket Guarantee  <input type="checkbox"/> Specific member letter  <input type="checkbox"/> Not Applicable- members come on 834 file transmission         </td> </tr> <tr> <td>COBRA submission:</td> <td> <input checked="" type="checkbox"/> Cobra Election Form or Paper Application  <input type="checkbox"/> Transmitted via file         </td> </tr> </table>	Letter selection:	<input checked="" type="checkbox"/> Blanket Guarantee <input type="checkbox"/> Specific member letter <input type="checkbox"/> Not Applicable- members come on 834 file transmission	COBRA submission:	<input checked="" type="checkbox"/> Cobra Election Form or Paper Application <input type="checkbox"/> Transmitted via file					
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COBRA submission:	<input checked="" type="checkbox"/> Cobra Election Form or Paper Application <input type="checkbox"/> Transmitted via file									
<b>Coordination of Benefits (COB)</b>	<p><b>Commercial:</b> The combined payments by the primary payer and AZ Blue will not exceed the greater of the primary payer or AZ Blue allowed amount.</p> <p><b>Medicare:</b> AZ Blue pays up to the Medicare-allowed amount except if the provider does not accept Medicare assignment, in which case AZ Blue pays up to the billed charges.</p>									
<b>Appeals</b> AZ Blue administers Level 1, Level 2, and External Review appeals.	<p><b>Included</b></p> <input checked="" type="checkbox"/> AZ Blue administers Levels 1, 2, and external. <input type="checkbox"/> AZ Blue administered Level 1. Level 2/IRO is sent to the client for decision.									

## Administrative Summary

<p><b>Arizona Senate Bill 1305 ARS 35-196.02</b></p>	<p><input checked="" type="checkbox"/> The group must comply with SB1305 ARS 35-196.02; prescribed abortion benefits will be administered  <input type="checkbox"/> The group is not subject to SB1305 ARS 35-196.02</p>
<p><b>Pregnancy Termination (abortion)</b>  *Benefits are available for elective and non-elective abortions, if legal where performed*</p>	<p><input checked="" type="checkbox"/> Non-elective abortions covered  <input type="checkbox"/> Elective abortions covered  <input type="checkbox"/> Elective and Non-elective abortions are covered  <input type="checkbox"/> All abortions excluded</p>
<p><b>Massachusetts Employees</b></p> <p>Plan Sponsor will timely provide any authorizations required by Massachusetts law or by Massachusetts regulators to enable AZ Blue to perform the mailing and/or electronic filing(s). If the Plan Sponsor fails to timely provide such authorization(s), AZ Blue will have no duty to make the filing and/or mailing.</p> <p>If in AZ Blue’s opinion, the Employer’s coverage meets the Massachusetts Minimum Creditable Coverage (MMCC) requirements, AZ Blue agrees to reflect the coverage as creditable in its electronic filing and 1099-HC mailings. If in AZ Blue’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 AZ Blue to not make the electronic filing and provide the uncompleted 1099-HC forms to Employer.</p>	<p><input checked="" type="checkbox"/> AZ Blue will <b>not</b> issue 1099HC or complete electronic filing with MA</p> <p><input type="checkbox"/> AZ Blue <b>will</b> prepare and distribute annual 1099-HC forms to Participants who are Massachusetts residents and make the electronic filing with Massachusetts regulators.</p>
<p><b>NYHCRA</b>  AZ Blue 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 AZ Blue with consent to perform this action on behalf of an elector.</p>	<p><input type="checkbox"/> Elect  <input checked="" type="checkbox"/> Non-elect</p>

## Administrative Summary

<b>Plan Compliance with Mandates – AZ Blue Support Services</b>	
<p>AZ Blue will support the Plan’s compliance with the following federal mandates for coverage it administers on behalf of the Plan Sponsor:</p> <ul style="list-style-type: none"> <li>• Affordable Care Act Transparency in Coverage rule issued in November 2020 (“Transparency Rule”)</li> <li>• Certain health plan provisions of the Consolidated Appropriations Act of 2021 (“CAA”).</li> <li>• Additional services will be mutually agreed upon in writing by AZ Blue and Plan Sponsor.</li> </ul>	
<p><b>CAA Provider Directory Requirements</b></p> <ul style="list-style-type: none"> <li>• Publish a contracted provider directory on AZ Blue’s website</li> <li>• Update and verify the Provider directory every 90 days</li> <li>• Remove providers whose information cannot be verified</li> <li>• Indicate an “accurate as of” date on printed directories and direct Plan participants to the online directory.</li> <li>• Respond within 1 business day to Participant telephone inquiries regarding provider contractual relationship with AZ Blue</li> <li>• Retain responses in the Plan Participant’s file for two years.</li> <li>• Apply in-network cost share to covered services provided in reliance on incorrect provider network information (if required by CAA).</li> </ul>	<p><b>Included</b></p>
<p><b>Transparency Rule Machine Readable Files</b></p> <ul style="list-style-type: none"> <li>• Publish legally required machine-readable files that disclose the Plan’s: <ul style="list-style-type: none"> <li>➢ in-network rates paid to providers</li> <li>➢ historical out-of-network allowed amounts paid to providers</li> <li>➢ negotiated rates and historical net prices for covered prescription drugs</li> </ul> </li> <li>• Make files accessible to both Plan Participants and Plan Sponsor.</li> </ul>	<p><b>Included</b></p>
<p><b>Transparency Rule Cost Tool</b></p> <ul style="list-style-type: none"> <li>• 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”)</li> <li>• Effective 1/1/23 or the end of any deferred enforcement period issued by federal regulators</li> </ul>	<p><b>Included</b></p>
<p><b>CAA ID Card Requirements</b></p> <ul style="list-style-type: none"> <li>• AZ Blue will issue physical or electronic insurance ID cards w/ deductibles, out-of-pocket maximums, &amp; telephone number and website address for individuals to seek consumer assistance</li> <li>• Issue to all Plan Participants</li> </ul>	<p><b>Included</b></p>

## Administrative Summary

<p><b>Billing Model Notice</b></p> <ul style="list-style-type: none"> <li>• 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.</li> </ul>	<p><b>Included</b></p>
<p><b>Continuity of Care</b></p> <ul style="list-style-type: none"> <li>• Apply continuity of care protections when provider contractual relationships are terminated.</li> </ul>	<p><b>Included</b></p>
<p><b>Prescription Data Reporting</b></p> <ul style="list-style-type: none"> <li>• Submit to CMS specified files for the Prescription Drug Data Collection (RxDC) required by the CAA and implementing regulations</li> <li>• If AZ Blue administers the Plan Sponsor’s prescription drug benefit, submit the following files: <ul style="list-style-type: none"> <li>○ P1 Individual and Student Market Plan List OR P2 Group Health Plan List</li> <li>○ D1 Premium and Life Years</li> <li>○ D2 Spending by Category</li> <li>○ D3 Top 50 Most Frequent Brand Drugs</li> <li>○ D4 Top 50 Most Costly Drugs</li> <li>○ D5 Top 50 Drugs by Spending Increase</li> <li>○ D6 Rx Totals</li> <li>○ D7 Rx Rebates by Therapeutic Class</li> <li>○ D8 Rx Rebates for the Top 25 Drugs</li> <li>○ Narrative Response</li> </ul> </li> <li>• If AZ Blue does not administer the Plan Sponsor’s prescription drug benefit, submit the following files: <ul style="list-style-type: none"> <li>○ P1 Individual and Student Market Plan List OR P2 Group Health Plan List</li> <li>○ D1 Premium and Life Years</li> <li>○ D2 Spending by Category</li> <li>○ Narrative Response (if applicable)</li> </ul> </li> </ul>	<p><b>Included</b></p> <p>AZ Blue’s obligations to submit any files for the Plan Sponsor are contingent upon the Plan Sponsor providing AZ Blue all information AZ Blue requests by the dates and in the formats AZ Blue’s specifies in its information collection materials. AZ Blue 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 AZ Blue. AZ Blue reserves the right to modify supported reporting upon sixty (60) days’ prior written notice to Plan Sponsor.</p>
<p><b>Other</b></p> <ul style="list-style-type: none"> <li>• For coverage it administers for the Plan Sponsor, AZ Blue will submit to HHS air ambulance claim data consistent with the CAA and implementing regulations.</li> <li>• For coverage it administers for the Plan Sponsor, AZ Blue will submit an annual Gag Clause Prohibition Compliance Attestation consistent with CAA requirements</li> </ul>	<p><b>Included</b></p>

# 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, AZ Blue 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 AZ Blue and AZ Blue’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 AZ Blue 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 AZ Blue 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 AZ Blue through **AZ Blue.com**.

**City of Glendale**

By: \_\_\_\_\_

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

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

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

Accepted and Agreed

BLUE CROSS AND BLUE SHIELD OF ARIZONA, INC.

By: Michael D. Groeger

Print Name: Mike Groeger

Title: VP, Group Commercial and Specialty Sales

Date: 5/1/2025

Date Prepared	04.10.2025
Final	04.16.2025

**Exhibit C - BlueCard  
Applicable if Plan Sponsor Offers HMO Plans**

**Out-of-Area Services**

**Overview**

BCBSAZ has a variety of relationships with other Blue Cross and/or Blue Shield Licensees referred to generally as “Inter-Plan Programs.” These Inter-Plan Programs operate under rules and procedures issued by the Blue Cross Blue Shield Association (“Association”). Whenever Participants access healthcare services outside the geographic area BCBSAZ serves, the claim for those services may be processed through one of these Inter-Plan Programs. The Inter-Plan Programs are described generally below.

Typically, when accessing care outside the geographic area BCBSAZ serves, Participants obtain care from healthcare providers that have a contractual agreement (“participating providers”) with the local Blue Cross and/or Blue Shield Licensee in that other geographic area (“Host Blue”). In some instances, Participants may obtain care from healthcare providers in the Host Blue geographic area that do not have a contractual agreement (“nonparticipating providers”) with the Host Blue. BCBSAZ remain responsible for fulfilling our contractual obligations to you. BCBSAZ payment practices in both instances are described below.

- BCBSAZ Narrow Network Benefit Plan - BCBSAZ covers only limited healthcare services received outside of BCBSAZ’s service area (“Out-of-Area Covered Healthcare Services”). Emergency services *and EGID and Medical Foods formulas* are covered when provided by providers contracted with a Host Blue and when provided by non-contracted providers. All other covered services must be obtained from providers contracted with a Host Blue.
- BCBSAZ Statewide Benefit Plan - BCBSAZ covers healthcare services received outside of our service area (“Out-of-Area Covered Healthcare Services”). Emergency services and EGID and Medical Foods formulas are covered when provided by providers contracted with a Host Blue and when provided by non-contracted providers. All other covered services must be obtained from providers contracted with a Host Blue.

**A. Inter-Plan Programs**

Under Inter-Plan Programs, when Participants access Out-of-Area Covered Healthcare Services within the geographic area served by a Host Blue, the Host Blue will be responsible for contracting and handling all interactions with its participating healthcare providers. The financial terms of the Inter-Plan Programs are described generally below.

**Liability Calculation Method Per Claim**

1. Participant Liability Calculation

Unless subject to a fixed-dollar copayment, the calculation of the Participant liability on claims for Out-of-Area Covered Healthcare Services processed through the Inter-Plan Programs will be based on the lesser of the participating provider’s billed charges for Out-of-Area Covered Healthcare Services or the negotiated price made available to BCBSAZ by the Host Blue.

2. Your Liability Calculation

The calculation of your liability on claims for Covered Services processed through the Inter-Plan Programs will be based on the negotiated price made available to BCBSAZ by the Host Blue under the contract between the Host Blue and the provider. Sometimes, this negotiated price may be greater for a given service or services than the billed charge in accordance with how the Host Blue has negotiated with its participating provider(s) for specific healthcare services. In cases where the negotiated price exceeds the billed charge, you may be liable for the excess amount even when the Participant's deductible has not been satisfied. This excess amount reflects an amount that is necessary to secure (a) the provider's participation in the network, and (b) the overall discount negotiated by the Host Blue. The entire contracted price is paid to the provider even when the contracted price is greater than the billed charge.

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

- (i) Actual price. An actual price is a negotiated rate of payment in effect at the time a claim is processed without any other increases or decreases; or
- (ii) Estimated price. An estimated price is a negotiated rate of payment in effect at the time a claim is processed, reduced or increased by a percentage to consider certain payments negotiated with the provider and other claim- and non-claim-related transactions. Such transactions may include, but are not limited to, anti-fraud and abuse recoveries, provider refunds not applied on a claim-specific basis, retrospective settlements and performance-related bonuses or incentives; or
- (iii) Average price. An average price is a percentage of billed charges for Out-of-Area Covered Healthcare Services in effect at the time a claim is processed representing the aggregate payments negotiated by the Host Blue with all its providers or a similar classification of its providers and other claim- and non-claim-related transactions. Such transactions may include the same ones as noted above for an estimated price.

The Host Blue determines whether it will use an actual price, an estimated price or an 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 actual amount the Host Blue pays to the provider.

However, the Inter-Plan Programs requires that the amount paid by the Participant and you is a final price; no future price adjustment will result in increases or decreases to the pricing of past claims. Any positive or negative differences in estimated or average pricing are accounted for through variance accounts maintained by the Host Blue and are incorporated into future claim prices. As a result, the amounts charged to you will be adjusted in a following year, as necessary, to account for over- or underestimation of 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 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.

In some instances, federal or state laws or regulations may impose a surcharge, tax or other fee that applies to self-funded accounts. If applicable, BCBSAZ will disclose any such surcharge, tax or other fee to you, which will be your liability.

### **Prepayment Review and Return of Overpayments**

If a Host Blue conducts prepayment review activities including, but not limited to, data mining, itemized bill reviews, secondary claim code editing, and DRG audits, the Host Blue may bill BCBSAZ up to a maximum of 16 percent of the savings identified, unless an alternative reimbursement arrangement is agreed upon by BCBSAZ and the Host Blue, and these fees may be charged to you. If a Host Blue engages a third party to perform these activities on its behalf, the Host Blue may bill BCBSAZ the lesser of the full amount of the third-party fees or up to 16 percent of the savings identified, unless an alternative reimbursement arrangement is agreed upon by BCBSAZ and the Host Blue, and these fees may be charged to you.

Recoveries of overpayments can arise in several ways, including, but not limited to, anti-fraud and abuse recoveries, provider/hospital bill audits, credit balance audits, utilization review refunds and unsolicited refunds. Recoveries will be applied so that corrections will be made, in general, on a claim-by-claim or prospective basis. If recovery amounts are passed on a claim-by-claim basis from a Host Blue to BCBSAZ they will be credited to your account. When a Host Blue identifies and collects these overpayments, the Host Blue may bill BCBSAZ up to a maximum of 16 percent of the savings identified, unless an alternative reimbursement arrangement is agreed upon by BCBSAZ and the Host Blue, and these fees may be charged to you. In some cases, the Host Blue will engage a third party to assist in identification or collection of overpayments. When this occurs, the Host Blue may bill the lesser of the full amount of the third-party fees or up to 16 percent of the savings identified, unless an alternative reimbursement arrangement is agreed upon by BCBSAZ and the Host Blue, and these fees may be charged to you.

### **Inter-Plan Programs Fees and Compensation**

You understand and agree to reimburse BCBSAZ for certain fees and compensation which BCBSAZ is obligated under the Inter-Plan Programs to pay to the Host Blues, to the Association and/or to vendors of Inter-Plan Programs-related services, as described below. Inter-Plan Programs Fees and compensation may be revised from time to time as described in Section D. below.

BCBSAZ will charge these fees as follows:

Only the Access Fee and the Administrative Expense Allowance (AEA) fee may be charged separately each time a claim is processed through the Inter-Plan Programs. All other BlueCard Program-related fees are included in the Administrative Charges.

The Access Fee is charged by the Host Blue to BCBSAZ for making the applicable Host Blue's provider network available to your Participants. The Access Fee will not apply if the provider does not

participate in the applicable Host Blue's network. The Access Fee is charged on a per-claim basis and is charged as a percentage of the discount BCBSAZ receives from the applicable Host Blue subject to a maximum of \$2,000 per claim. When charged, BCBSAZ passes the Access Fee directly on to you.

The AEA Fee is a fixed per-claim dollar amount charged by the Host Blue to BCBSAZ for administrative services that the Host Blue provides in processing claims for your Participants. 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, BCBSAZ passes the AEA Fee directly on to you.

See Administrative Service Agreement, Caveats for the Access Fee and AEA Fee and for your general administrative fee.

### **Access Fees**

An Access Fee may be charged only if the Host Blue's arrangement with its provider prohibits billing Participants for amounts in excess of the negotiated payment. However, a provider may bill Participants for non-covered healthcare services and for cost sharing (for example, deductibles, copayments and/or coinsurance) related to a particular claim.

#### How the Access Fee Affects You

Sometimes the Access Fee is a negative amount, which is known as an Access Fee Credit. Any Access Fee Credits will be credited to BCBSAZ, and BCBSAZ will pass the entire Access Fee Credit on to you.

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

## **B. Nonparticipating Providers Outside BCBSAZ Service Area**

### ***Participant Liability Calculation***

#### *In General*

When Out-of-Area Covered Healthcare Services are provided outside of BCBSAZ service area by nonparticipating providers, the amount(s) a Participant pays for such services will generally be based on either the Host Blue's nonparticipating provider local payment or the pricing arrangements required by applicable law. In these situations, the Participant may be responsible for the difference between the amount that the nonparticipating provider bills and the payment BCBSAZ will make for the Out-of-Area Covered Healthcare Services as set forth in this paragraph. Payments for out-of-network emergency services will be governed by applicable federal and state law.

In some exception cases, at your direction BCBSAZ may pay claims from nonparticipating providers for Out-of-Area Covered Healthcare Services based on the provider's billed charge. This

may occur in situations where a Participant did not have reasonable access to a participating provider, as determined by BCBSAZ in our sole and absolute discretion or by applicable state law. In other exception cases, at your direction BCBSAZ may pay such claims based on the payment BCBSAZ would make if we were paying a nonparticipating provider for the same covered healthcare services inside of BCBSAZ's service area, as described elsewhere in this Agreement. This may occur where the Host Blue's corresponding payment would be more than BCBSAZ's in-service area nonparticipating provider payment. BCBSAZ may choose to negotiate a payment with such a provider on an exception basis.

Unless otherwise stated, in any of these exception situations, the Participant may be responsible for the difference between the amount that the nonparticipating provider bills and the payment BCBSAZ will make for the covered services as set forth in this paragraph.

### **Fees and Compensation**

You understand and agree to reimburse BCBSAZ for certain fees and compensation which BCBSAZ is obligated under applicable Inter-Plan Programs requirements to pay to the Host Blues, to the Blue Cross Blue Shield Association and/or to vendors of Inter-Plan Programs-related services. Fees and compensation under applicable Inter-Plan Programs may be revised from time to time as provided for in Section D. below.

Specifically, BCBSAZ must pay an administrative fee to the Host Blue, and you further agrees to reimburse BCBSAZ for any such administrative fee as set forth herein. BCBSAZ will charge these fees as follows:

Only the Access Fee and the Administrative Expense Allowance (AEA) fee may be charged separately each time a claim is processed through the Inter-Plan Programs. All other BlueCard Program-related fees are included in the Administrative Charges.

The Access Fee is charged by the Host Blue to BCBSAZ for making the applicable Host Blue's provider network available to your Participants. The Access Fee will not apply if the provider does not participate in the applicable Host Blue's network. The Access Fee is charged on a per-claim basis and is charged as a percentage of the discount BCBSAZ receives from the applicable Host Blue subject to a maximum of \$2,000 per claim. When charged, BCBSAZ passes the Access Fee directly on to you.

The AEA Fee is a fixed per-claim dollar amount charged by the Host Blue to BCBSAZ for administrative services that the Host Blue provides in processing claims for your Participants. 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, BCBSAZ passes the AEA Fee directly on to you.

See Administrative Service Agreement, Caveats for the Access Fee and AEA Fee and for your general administrative fee.

### **Access Fees**

An Access Fee may be charged only if the Host Blue's arrangement with its provider prohibits billing Participants for amounts in excess of the negotiated payment. However, a provider may bill

Participants for non-covered healthcare services and for cost sharing (for example, deductibles, copayments and/or coinsurance) related to a particular claim.

#### How the Access Fee Affects You

Sometimes the Access Fee is a negative amount, which is known as an Access Fee Credit. Any Access Fee Credits will be credited to BCBSAZ, and BCBSAZ will pass the entire Access Fee Credit on to you.

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

### C. **Blue Cross Blue Shield Global<sup>®</sup> Core**

#### **General Information**

If Participants are outside the United States, the Commonwealth of Puerto Rico and the U.S. Virgin Islands (hereinafter: "domestic service area"), they may be able to take advantage of Blue Cross Blue Shield Global Core when accessing Covered Services. Blue Cross Blue Shield Global Core is unlike the Inter Plan- Programs available to Participants in their domestic service area in certain ways. For instance, although Blue Cross Blue Shield Global Core assists Participants with accessing a network of inpatient, outpatient and professional providers, the network is not served by a Host Blue. As such, when Participants receive care from providers outside their domestic service area, the Participants will typically have to pay the providers and submit the claims themselves to obtain reimbursement for these services.

#### **Inpatient Services**

In most cases, if Participants contact the service center for assistance, hospitals outside the domestic service area, will not require Participants to pay for covered inpatient services, except for their cost-share amounts. In such cases, the hospital will submit Participant claims to the service center to initiate claims processing. However, if the Participant paid in full at the time of service, the Participant must submit a claim to obtain reimbursement for Covered Services.

**Participants must contact BCBSAZ to obtain precertification for non-emergency inpatient services.**

#### **Outpatient Services**

Physicians, urgent care centers and other outpatient providers located outside the domestic service area will typically require Participants to pay in full at the time of service. Participants must submit a claim to obtain reimbursement for Covered Services.

#### **Submitting a Blue Cross Blue Shield Global Core Claim**

When Participants pay for Covered Services outside the domestic service area, they must submit a claim to obtain reimbursement. For institutional and professional claims, Participants should complete a Blue Cross Blue Shield Global Core claim form and send the claim form with the provider's itemized bill(s) to the service center (the address is on the form)

to initiate claims processing. The claim form is available from BCBSAZ, the service center or online at [www.bcbsglobalcore.com](http://www.bcbsglobalcore.com). If Participants need assistance with their claim submissions, they should call the service center at 1.800.810.BLUE (2583) or call collect at 1.804.673.1177, 24 hours a day, seven days a week.

**D. Modifications or Changes to Inter-Plan Programs Fees or Compensation**

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

**EXHIBIT D – BlueCard  
Applicable if Employer Offers PPO Plans**

**Out-of-Area Services**

**Overview**

BCBSAZ has a variety of relationships with other Blue Cross and/or Blue Shield Licensees referred to generally as “Inter-Plan Programs.” These Inter-Plan Programs operate under rules and procedures issued by the Blue Cross Blue Shield Association (“Association”). Whenever Participants access healthcare services outside the geographic area BCBSAZ serves, the claim for those services may be processed through one of these Inter-Plan Programs. The Inter-Plan Programs are described generally below.

Typically, when accessing care outside the geographic area BCBSAZ serves, Participants obtain care from healthcare providers that have a contractual agreement (“participating providers”) with the local Blue Cross and/or Blue Shield Licensee in that other geographic area (“Host Blue”). In some instances, Participants may obtain care from healthcare providers in the Host Blue geographic area that do not have a contractual agreement (“nonparticipating providers”) with the Host Blue. B C B S A Z remains responsible for fulfilling our contractual obligations to you. BCBSAZ payment practices in both instances are described below.

This disclosure describes how claims are administered for Inter-Plan Programs and the fees that are charged in connection with Inter-Plan Programs. Note that Dental Care Benefits (except when not paid as medical claims/benefits), and those Prescription Drug Benefits or Vision Care Benefits that may be administered by a third party contracted by BCBSAZ to provide the specific service or services are not processed through Inter-Plan Programs.

**A. BlueCard<sup>®</sup> Program**

The BlueCard<sup>®</sup> Program is an Inter-Plan Program. Under this arrangement, when Participants access Covered Services within the geographic area served by a Host Blue, the Host Blue will be responsible for handling all interactions with its providers, including contracting with participating providers. The financial terms of the BlueCard Program are described generally below.

**1. Liability Calculation Method Per Claim – In General**

**a. Participant Liability Calculation**

Unless subject to a fixed dollar copayment, the calculation of the Participant liability on claims for Covered Services will be based on the lower of the participating provider's billed charges for Covered Services or the negotiated price made available to BCBSAZ by the Host Blue.

**b. Your Liability Calculation**

The calculation of your liability on claims for Covered Services processed through the BlueCard Program will be based on the negotiated price made available to BCBSAZ by the Host Blue under the contract between the Host Blue and the provider. Sometimes, this negotiated price may be greater for a given service or services than the billed charge in accordance with how the Host Blue has negotiated with its

participating healthcare provider(s) for specific healthcare services. In cases where the negotiated price exceeds the billed charge, you may be liable for the excess amount even when the Participant's deductible has not been satisfied. This excess amount reflects an amount that may be necessary to secure (a) the provider's participation in the network and/or (b) the overall discount negotiated by the Host Blue.

In such a case, the entire contracted price is paid to the provider, even when the contracted price is greater than the billed charge.

## **2. Claims Pricing**

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

(i) Actual price. An actual price is a negotiated rate of payment in effect at the time a claim is processed without any other increases or decreases; or

(ii) Average price. Average price is a percentage of billed charges for Covered Services in effect at the time a claim is processed representing the aggregate payments negotiated by the Host Blue with all of its healthcare providers or a similar classification of its providers and other claim- and non-claim-related transactions. Such transactions may include the same ones as noted below for an estimated price; or

(iii) Estimated price. An estimated price is a negotiated rate of payment in effect at the time a claim is processed, reduced or increased by a percentage to take into account certain payments negotiated with the provider and other claim- and non-claim-related transactions. Such transactions may include, but are not limited to, anti-fraud and abuse recoveries, provider refunds not applied on a claim-specific basis, retrospective settlements and performance-related bonuses or incentives.

The Host Blue will apply the actual, average or estimated price method consistent with its provider contracts. The use of average or estimated pricing may result in a difference (positive or negative) between the price you pay on a specific claim and the actual amount the Host Blue pays to the provider. However, the BlueCard Program requires that the amount paid by the Participant and you is a final price; no future price adjustment will result in increases or decreases to the pricing of past claims.

Any positive or negative differences in average or estimated 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 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. You have no ownership interest in any variance account. Variance accounts are notional bookkeeping accounts maintained by the Host Blue and no amounts are segregated or held for the benefit of you.

### **3. BlueCard Program Fees and Compensation**

You understand and agree to reimburse BCBSAZ for certain fees and compensation which BCBSAZ is obligated under the BlueCard Program to pay to the Host Blues, to the Association and/or to vendors of BlueCard Program-related services. The specific BlueCard Program fees and compensation that are charged to you are set forth in Administrative Service Agreement, Caveat. BlueCard Program Fees and compensation may be revised from time to time as described in Section G. below.

Only the BlueCard Program Access Fee and the BlueCard Program Administrative Expense Allowance (AEA) fee may be charged separately each time a claim is processed through the BlueCard Program. All other BlueCard Program-related fees are included in the Administrative Charges.

The Access Fee is charged by the Host Blue to BCBSAZ for making the applicable Host Blue's provider network available to your Participants. The Access Fee will not apply if the provider does not participate in the applicable Host Blue's network. The Access Fee is charged on a per-claim basis and is charged as a percentage of the discount/differential BCBSAZ receives from the applicable Host Blue subject to a maximum of \$2,000 per claim. When charged, BCBSAZ passes the Access Fee directly on to you.

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

The AEA Fee is a fixed per-claim dollar amount charged by the Host Blue to BCBSAZ for administrative services that the Host Blue provides in processing claims for your Participants. 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, BCBSAZ passes the AEA Fee directly on to you.

See the caveat section of the Administrative Service Agreement for the BlueCard Program Access Fee, AEA Fee, General Administrative Fee and all other fees relative to the BlueCard Program. These fees include the Central Financial Agency Fee, ITS Transaction Fee, Toll-Free Number Fee, PPO Provider Directory Fee and Blue Cross Blue Shield Global Core program fees, if applicable.

A General Administrative Fee encompasses fees BCBSAZ charges to you for administering your benefit plan. They may include both local BCBSAZ service area and Inter-Plan fees. For purposes of this Agreement, they include the following BlueCard Program-related fees other than the BlueCard Program Access Fee and AEA Fee: namely, Central Financial

Agency Fee, ITS Transaction Fee, Toll-Free Number Fee, PPO Provider Directory Fee and Blue Cross Blue Shield Global Core program fees, if applicable.

## **B. 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.

In addition, if BCBSAZ and you have agreed that (a) Host Blue(s) shall make available (a) custom healthcare provider network(s) in connection with this Agreement, then the terms and conditions set forth in BCBSAZ's Negotiated Arrangement(s) for National Accounts with such Host Blue(s) shall apply. These include the provisions governing the processing and payment of claims when Participants access such network(s). In negotiating such arrangement(s), BCBSAZ is not acting on behalf of or as an agent for you, your group health plan or your Participants.

### **Participant Liability Calculation**

Participant liability calculation will be based on the lower of either billed charges for Covered Services or negotiated price (refer to the description of negotiated price under Section A., BlueCard Program, as stated above) that the Host Blue makes available to BCBSAZ and that allows your Participants access to negotiated participation agreement networks of specified participating providers outside of the BCBSAZ service area. If we have entered into a Negotiated Arrangement/Negotiated National Account Arrangement with a Host Blue, Participant liability is the same as described under Section A., BlueCard Program.

Under certain circumstances, if BCBSAZ pays participating or non-participating provider amounts that are the responsibility of the Participant, BCBSAZ may collect such amounts from the Participant.

In situations where participating agreements allow for bulk settlement reconciliations for Episode-Based Payment/Bundled Payments, BCBSAZ may include a factor for recalculating Access Fees. The Host Blue initiates the settlement with us using the bulk settlement process. The Access Fee for the total cost of the claim (episode) must be recalculated. If the recalculated Access Fee is different than the total Access Fee charged on the episode related claims, adjustment for Access Fee must be included in the bulk settlement charge/refund to BCBSAZ that we pass onto you.

### **Fees and Compensation**

You understand and agree to reimburse BCBSAZ for certain fees and compensation which BCBSAZ is obligated under applicable Inter-Plan Program requirements to pay to the Host Blues, to the Association and/or to vendors of Inter-Plan Program-related services. Fees and compensation under applicable Inter-Plan Program may be revised from time to time as described in Section G. below. In addition, the participation agreement with the Host Blue may provide that BCBSAZ must pay administrative and/or a network access fees to the Host Blue, and you further agree to reimburse BCBSAZ for any such applicable administrative and/or network access fees. The specific fees and compensation that are charged to you under Negotiated Arrangements are set forth in Administrative Service Agreement, Caveat.

## **C. Special Cases: Value-Based Programs**

## *Value-Based Programs Overview*

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

### *Value-Based Programs Definitions*

Accountable Care Organization (ACO): A group of healthcare providers who agree to deliver coordinated care and meet performance benchmarks for quality and affordability in order to manage the total cost of care for their member populations.

Care Coordination: Organized, information-driven patient care activities intended to facilitate the appropriate responses to a Participant's healthcare needs across the continuum of care.

Care Coordinator: An individual within a provider organization who facilitates Care Coordination for patients.

Care Coordinator Fee: A fixed amount paid by a Blue Cross and/or Blue Shield Licensee to providers periodically for Care Coordination under a Value-Based Program.

Global Payment/Total Cost of Care: A payment methodology that is defined at the patient level and accounts for either all patient care or for a specific group of services delivered to the patient such as outpatient, physician, ancillary, hospital services and prescription drugs.

Negotiated Arrangement (a.k.a., Negotiated National Account Arrangement): An agreement negotiated between a Control/Home Licensee and one or more Par/Host Licensees for any National Account that is not delivered through the BlueCard Program.

Patient-Centered Medical Home (PCMH): A model of care in which each patient has an ongoing relationship with a primary care physician who coordinates a team to take collective responsibility for patient care and, when appropriate, arranges for care with other qualified physicians.

Provider Incentive: An additional amount of compensation paid to a healthcare provider by a Blue Cross and/or Blue Shield Plan, based on the provider's compliance with agreed-upon procedural and/or outcome measures for a particular group/population of covered persons.

Shared Savings: A payment mechanism in which the provider and payer share cost savings achieved against a target cost budget based upon agreed upon terms and may include downside risk.

Value-Based Program (VBP): An outcomes-based payment arrangement and/or a coordinated care model facilitated with one or more local providers that is evaluated against cost and quality metrics/factors and is reflected in provider payment.

### *Value-Based Programs under the BlueCard Program*

#### *Value-Based Programs Administration*

Under Value-Based Programs, a Host Blue may pay providers for reaching agreed-upon cost/quality goals in the following ways: *retrospective settlements, Provider Incentives, share of target savings,*

*Care Coordinator Fees and/or other allowed amounts.*

The Host Blue may pass these provider payments to BCBSAZ, which BCBSAZ will pass directly on to you as either an amount included in the price of the claim or an amount charged separately in addition to the claim.

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

- (i) **Actual Pricing:** The charge to accounts for Value-Based Programs incentives/Shared Savings settlements is part of the claim. These charges are passed to you via an enhanced provider fee schedule.
- (ii) **Supplemental Factor:** The charge to accounts for Value-Based Programs incentives/Shared Savings settlements is a supplemental amount that is included in the claim as an amount based on a specified supplemental factor (e.g., a small percentage increase in the claim amount). The supplemental factor may be adjusted from time to time. This pricing method may be used only for non-attributed Value-Based Programs.

When such amounts are billed separately from the price of the claim, they may be billed as follows:

- Per attributed Member Per Month (PaMPM) Billings:** PaMPM billings for Value- Based Programs incentives/Shared Savings settlements to accounts are outside of the claim system. BCBSAZ will pass these Host Blue charges directly through to you as a separately identified amount on the group billings.

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

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

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

The Host Blue will not receive compensation resulting from how estimated, average or PaMPM price methods, described above, are calculated. If you terminate, you will not

receive a refund or charge from the variance account. This is because any resulting surpluses or deficits would be eventually exhausted through prospective adjustment to the settlement billings in the case of Value-Based Programs. The measurement period for determining these surpluses or deficits may differ from the term of this Agreement.

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

#### *Care Coordinator Fees*

Host Blues may also bill BCBSAZ for Care Coordinator Fees for provider services which we will pass on to you as follows:

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

As part of this Agreement, BCBSAZ and you will not impose Participant cost sharing for Care Coordinator Fees.

#### *Value-Based Programs under Negotiated Arrangements*

If BCBSAZ has entered into a Negotiated National Account Arrangement with a Host Blue to provide Value-Based Programs to your Participants, BCBSAZ will follow the same procedures for Value-Based Programs administration and Care Coordination Fees as noted in the BlueCard Program section.

### **D. Prepayment Review & Return of Overpayments**

If a Host Blue conducts prepayment review activities including, but not limited to, data mining, itemized bill reviews, secondary claim code editing, and DRG audits, the Host Blue may bill BCBSAZ up to a maximum of 16 percent of the savings identified, unless an alternative reimbursement arrangement is agreed upon by BCBSAZ and the Host Blue, and these fees may be charged to BCBSAZ. If a Host Blue engages a third party to perform these activities on its behalf, the Host Blue may bill BCBSAZ the lesser of the full amount of the third-party fees or up to 16 percent of the savings identified, unless an alternative reimbursement arrangement is agreed upon by BCBSAZ and the Host Blue, and these fees may be charged to BCBSAZ.

Recoveries of overpayments can arise in several ways, including, but not limited to, anti-fraud and abuse recoveries, audits/healthcare provider/hospital bill audits, credit balance audits, utilization review refunds and unsolicited refunds. Recoveries will be applied so that corrections will be made, in general, on either a claim-by-claim or prospective basis. If recovery amounts are passed on a claim-by-claim basis from a Host Blue to BCBSAZ they will be credited to your account. When a Host Blue identifies and collects these overpayments/recovery amounts, the Host Blue may bill

BCBSAZ up to a maximum of 16 percent of the savings identified, unless an alternative reimbursement arrangement is agreed upon by BCBSAZ and the Host Blue, and these fees may be charged to BCBSAZ. In some cases, the Host Blue will engage a third party to assist in identification or collection of overpayments/recovery amounts. When this occurs, the Host Blue may bill the lesser of the full amount of the third-party fees or up to 16 percent of the savings identified, unless an alternative reimbursement arrangement is agreed upon by BCBSAZ and the Host Blue, and these fees may be charged to BCBSAZ.

## **E. Nonparticipating Providers Outside BCBSAZ's Service Area**

### **1. Participant Liability Calculation**

#### **a. In General**

When Covered Services are provided outside of BCBSAZ's service area by nonparticipating providers, the amount(s) a Participant pays for such services will be based on either the Host Blue's nonparticipating healthcare provider local payment or the pricing arrangements required by applicable state law. In these situations, the Participant may be responsible for the difference between the amount that the nonparticipating provider bills and the payment will make for the covered services as set forth in this paragraph. Payments for out-of-network emergency services, certain services provided by out-of-network providers at in-network facilities, and out-of-network air ambulance services will be governed by applicable federal and state law.

In some exception cases, BCBSAZ may pay claims from nonparticipating healthcare providers outside of BCBSAZ's service area based on the provider's billed charge. This may occur in situations where a Participant did not have reasonable access to a participating provider, as determined by BCBSAZ in BCBSAZ's sole and absolute discretion or by applicable state law. In other exception cases, BCBSAZ may pay such claims based on the payment BCBSAZ would make if BCBSAZ were paying a nonparticipating provider inside of BCBSAZ's service area, as described elsewhere in this Agreement. This may occur where the Host Blue's corresponding payment would be more than BCBSAZ in-service area nonparticipating provider payment. BCBSAZ may choose to negotiate a payment with such a provider on an exception basis.

Unless otherwise stated, in any of these exception situations, the Participant may be responsible for the difference between the amount that the nonparticipating healthcare provider bills and the payment will make for the covered services as set forth in this paragraph.

### **2. Fees and Compensation**

You understands and agrees to reimburse BCBSAZ for certain fees and compensation which BCBSAZ is obligated under applicable Inter-Plan Program requirements to pay to the Host Blues, to the Association and/or to vendors of Inter-Plan Program-related services. The specific fees and compensation that are charged to you are set forth in Administrative Service Agreement, Caveat. Fees and compensation under applicable Inter-Plan Programs may be revised from time to time

as provided for in Section G. below.

## **F. Blue Cross Blue Shield Global<sup>®</sup> Core**

### **1. General Information**

If Participants are outside the United States, the Commonwealth of Puerto Rico and the U.S. Virgin Islands (hereinafter: “BlueCard service area”), they may be able to take advantage of Blue Cross Blue Shield Global Core when accessing Covered Services. Blue Cross Blue Shield Global Core is unlike the BlueCard Program available in the BlueCard service area in certain ways. For instance, although Blue Cross Blue Shield Global Core assists Participants with accessing a network of inpatient, outpatient and professional providers, the network is not served by a Host Blue. As such, when Participants receive care from providers outside the BlueCard service area, the Participants will typically have to pay the providers and submit the claims themselves to obtain reimbursement for these services.

#### **Inpatient Services**

In most cases, if Participants contact the service center for assistance, hospitals will not require Participants to pay for covered inpatient services, except for their cost-share amounts. In such cases, the hospital will submit Participant claims to the service center to initiate claims processing. However, if the Participant paid in full at the time of service, the Participant must submit a claim to obtain reimbursement for Covered Services. **Participants must contact BCBSAZ to obtain precertification for non-emergency inpatient services.**

### **2. Blue Cross Blue Shield Global Core Related Fees**

You understand and agree to reimburse BCBSAZ for certain fees and compensation which BCBSAZ is obligated under applicable Inter-Plan Program requirements to pay to the Host Blues, to the Association and/or to vendors of Inter-Plan Program-related services. The specific fees and compensation that are charged to you under Blue Cross Blue Shield Global Core are set forth in Administrative Service Agreement, Caveat. Fees and compensation under applicable Inter-Plan Programs may be revised from time to time as provided for in Section G. below.

## **G. Modifications or Changes to Inter-Plan Program Fees or Compensation**

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

## Exhibit E – Business Associate Agreement

This Business Associate Agreement is made and entered into by and between the Plan (“Covered Entity”) and Blue Cross and Blue Shield of Arizona, Inc. (“Business Associate”).

### Obligations and Activities of Business Associate

- (a) Use or Disclosure of Protected Health Information - Business Associate agrees not to use or disclose Protected Health Information, other than as permitted or required by the Agreement or as Required By Law.
- (b) Safeguards - Business Associate agrees to use appropriate safeguards to prevent use or disclosure of the Protected Health Information other than as provided for by the Agreement.
- (c) Duty to Mitigate - Business Associate agrees to mitigate, to the extent practicable, any harmful effect that is known to Business Associate of a use or disclosure of Protected Health Information by Business Associate in violation of the requirements of the Agreement.
- (d) Duty to Report Violations - Business Associate agrees to report to Covered Entity any use or disclosure of the Protected Health Information not provided for by the Agreement of which it becomes aware, including, where there is a breach of Protected Health Information, the identities of any individual whose Protected Health Information was breached.
- (e) Agents - In accordance with 45 CFR 164.502(e)(1)(ii) and 164.308(b)(2), Business Associate agrees to ensure that any subcontractors that create, receive, maintain, or transmit Protected Health Information on behalf of Business Associate agree to the same restrictions, conditions, and requirements that apply to Business Associate with respect to such information.
- (f) Access to Secretary - Business Associate agrees to make internal practices, books, and records, including policies and procedures and Protected Health Information, relating to the use and disclosure of Protected Health Information received from, or created or received by Business Associate on behalf of, Covered Entity available to the Secretary of Health and Human Services, for purposes of the Secretary determining Covered Entity's compliance with the HIPAA Privacy & Security Rules.
- (g) Access to Individuals – Upon receipt of the written request of Covered Entity or a Participant, Business Associate agrees to provide individuals with access to their Protected Health Information, as held in a Designated Record Set by Business Associate, in order to meet the requirements under 45 CFR 164.524, including in the electronic form or format requested by the individual, as required by 45 CFR 164.524.
- (h) Amendment of Protected Health Information - Upon receipt of the written request of Covered Entity or a Participant, Business Associate agrees to make any amendment(s) to Protected Health Information it holds in a Designated Record Set, as directed by the Covered Entity pursuant to 45 CFR 164.526.
- (i) Accounting of Disclosures - Business Associate agrees to document and provide a description of any disclosures of Protected Health Information and information related to such disclosures as would be required for Covered Entity to respond to a request by an Individual for an accounting of

disclosures of Protected Health Information in accordance with 45 CFR 164.528. Business Associate agrees to provide such information to Covered Entity, or to an Individual at the direction of the Covered Entity, in order for Covered Entity to comply with the accounting requirements in 45 CFR 164.528.

- (j) Covered Entity's Right to Restrict – Business Associate agrees to use commercially reasonable efforts to implement, upon written communication by Covered Entity, with any restrictions to the use or disclosure of Protected Health Information that Covered Entity has agreed to in accordance with 45 CFR 164.522.
- (k) HIPAA Security Standards - Business Associate agrees to comply with the HIPAA Privacy & Security Rules with respect to any Electronic Protected Health Information that Business Associate holds on behalf of the Plan.
  1. Business Associate agrees to use appropriate safeguards and comply with Subpart C of 45 CFR Part 164 with respect to Electronic Protected Health Information to prevent use or disclosure of Protected Health Information other than as provided for by the Agreement.
  2. Business Associate agrees to implement administrative, physical, and technical safeguards that reasonably and appropriately protect the confidentiality, integrity, and availability of the Electronic Protected Health Information that it creates, receives, maintains, or transmits on behalf of Covered Entity, as required in the HIPAA Privacy & Security Rules.
  3. Business Associate agrees to require any agent, including a subcontractor, to whom it provides Electronic Protected Health Information to agree to implement reasonable and appropriate safeguards to protect such information.
  4. Business Associate agrees to report to Covered Entity any security incident under the HIPAA Privacy & Security Rules of which it becomes aware, including the identities of any individual whose Electronic Protected Health Information was breached.
- (l) Responsibilities If Security Breach. Business Associate will promptly notify Covered Entity if there is a breach by either Business Associate or one of its agents of Unsecured Protected Health Information, as defined in, and consistent with, the HITECH Act and any regulations or guidance issued thereunder, including 45 CFR Part 164, Subpart D. Such notification shall include the names of the individuals whose information was breached, the circumstances surrounding the breach, the date of the breach and date of discovery, the information breached, any steps the individuals should take to protect themselves, the steps Business Associate (or its agent) is taking to investigate the breach, mitigate losses, and protect against future breaches, and a contact person for more information.

#### **Permitted Uses and Disclosures by Business Associate**

- (a) Disclosures Generally. Except as otherwise limited in this Agreement, Business Associate may use or disclose Protected Health Information to perform functions, activities, or services for, or on behalf of, Covered Entity as specified in the Agreement, provided that such use or disclosure would not violate the HIPAA Privacy and Security Rules if done by Covered Entity. Without limiting the foregoing, Business Associate is permitted to Disclose Protected Health Information to

Covered Entity's stop loss carrier, utilization review agent, designated broker/consultant, auditor and any vendor Covered Entity uses to perform enrollment, eligibility, COBRA administration, HRA, HSA and FSA administration or similar functions (collectively, "Plan Contractors").

- (b) To Carry Out Covered Entity Obligations. To the extent Business Associate is to carry out one or more of Covered Entity's obligations under Subpart E of 45 CFR Part 164, Business Associate agrees to comply with the requirements of Subpart E that apply to the Covered Entity in the performance of such obligations.
- (c) Management & Administration.
  - 1. Business Associate may use Protected Health Information for the proper management and administration of Business Associate or to carry out the legal responsibilities of Business Associate.
  - 2. Business Associate may disclose Protected Health Information for the proper management and administration of Business Associate, provided that disclosures are: (a) required by law or (b) Business Associate obtains reasonable assurances from the person to whom the information is disclosed that it will remain confidential and used or further disclosed only as required by law or for the purpose for which it is disclosed to the person, and the person notifies Business Associate of any instances of which it is aware in which the confidentiality of the information has been breached.
- (d) Data Aggregation & De-Identification. Except as otherwise limited in this Agreement, Business Associate may use Protected Health Information to provide Data Aggregation services to Covered Entity or to de-identify Protected Health Information. Once information is de-identified this Business Associate Agreement shall not apply.
- (e) Required By Law. Business Associate may use or disclose Protected Health Information as required by law.
- (f) Plan and Plan Sponsor Contractors. Prior to requesting that BCBSAZ provide Protected Health Information to a Plan Contractor or other third-party, the Plan Sponsor and Plan shall ensure that the requested disclosure is consistent with HIPAA Privacy & Security Standards and other applicable privacy laws and that Plan Sponsor or Plan has entered into appropriate agreements with Plan Contractors including, when appropriate, HIPAA Business Associate Agreements.

## **Term and Termination**

- (a) Term. Upon termination of the Agreement, Business Associate will, if feasible, destroy or return to Covered Entity any Protected Health Information it holds in any form. If it is not reasonably feasible for Business Associate reasonably to return or destroy Protected Health Information, Business Associate agrees to extend the protections under this Agreement to such Protected Health Information.
- (b) Termination for Cause. Upon Covered Entity's knowledge of a material breach of this Agreement by Business Associate, Covered Entity is authorized to terminate this Agreement.

- (c) Survival. The rights and obligations of Business Associate under this Agreement will survive the termination of this Agreement.

**Miscellaneous**

- (a) Compliance with Laws and Regulations. The HITECH Act requires federal agencies to establish rules and regulations regarding the privacy and security of Protected Health Information. Business Associate will ensure that its privacy and security procedures are compliant with the HITECH Act and any rules and regulations issued thereunder with respect to Covered Entity's Protected Health Information. The parties agree to amend this Agreement to comply with applicable requirements of the HITECH Act, where necessary.
- (b) Reproductive Health Privacy. Business Associate will comply with the applicable requirements of the HIPAA Privacy Rules to Support Reproductive Health Care Privacy (“Reproductive Privacy Rule”) (as of the effective date of the Reproductive Privacy Rule) issued by the Health and Human Services Department on April 4, 2024.
- (c) Relationship of Parties. The parties intend that Business Associate is an independent contractor and not an agent of Covered Entity.

## **Attachment B Administrative Service Agreement Subrogation Services**

1. Services. BCBSAZ shall perform, on behalf of Plan, Subrogation and/or Reimbursement Third Party Recovery Services (“Services”) as set forth herein, provided however that BCBSAZ shall have the right to subcontract any or all of these Services. Any reference in this Agreement to BCBSAZ’s performance or act shall be satisfied by BCBSAZ’s Vendor performing the act. “Subrogation and/or Reimbursement Third Party Recovery Services” means recovery services related to cases that include among others medical malpractice, motor vehicle, tort, worker compensation and/or product liability cases. Any reference to “BCBSAZ” in this Agreement shall mean BCBSAZ and/or BCBSAZ’s contracted Vendor. The decision to retain a subrogation/third party recovery vendor (“Vendor”), the particular Vendor and the terms of the Vendor’s compensation shall be within the sole and absolute discretion of BCBSAZ.
2. Authority and Assignment. The Plan acknowledges and agrees that any authority the Plan provides to BCBSAZ shall also constitute authority to BCBSAZ’s Vendor and that any assignment of rights the Plan provides to BCBSAZ also constitutes an assignment of rights to BCBSAZ’s Vendor.
3. Pay and Pursue. With respect to the Services provided under this Agreement, BCBSAZ will use the “pay and pursue” method as described in this subsection with respect to all covered claims. BCBSAZ’s administration of the Plan’s health benefits plan includes processing and paying the health benefits claim(s) of the Participant(s) and/or his/her/their covered dependent(s) (hereafter “Participant”) by paying the Participant’s health care provider (provider) if the provider is contracted with BCBSAZ or by paying the Participant directly if the provider is not contracted with BCBSAZ. Because the Plan is self-insured, the Plan reimburses BCBSAZ for these claims. BCBSAZ shall continue to administer health benefits claims under this Agreement in this manner, i.e., BCBSAZ shall always first pay the Participant’s covered health benefits claims without regard to whether the case is or may be a subrogation and/or recovery or potential subrogation and/or recovery case, the Plan shall always reimburse BCBSAZ for such claims payments without regard to whether the case is a subrogation and/or recovery or potential subrogation and/or recovery case, and then and only then will BCBSAZ attempt to pursue any subrogation recoveries for the Plan.
4. Notice & Discontinuance. BCBSAZ shall provide the Plan with at least thirty (30) days prior notice of any change in Vendors, including the name of the new Vendor and a description of how cases being worked on by the prior Vendor at the time the change will be concluded or transitioned. BCBSAZ reserves the right to discontinue providing the Services upon thirty (30) days prior notice to the Plan.
5. Recoveries to Plan. The percentage of recoveries to the Plan shall be net of all fees and expenses related to the recovery services. BCBSAZ’s (or BCBSAZ’s

Vendor's) contingency fee for subrogation recovery services shall be equal to twenty-five percent (25%) of the recovery as stated in the following example.

**EXAMPLE:**

**FACTS:** Vendor's Fee is 25% contingency. Vendor obtains a settlement of \$12,000. Vendor's Fees and costs are \$2,000.

**RESULT:** The Net Recovery to BCBSAZ's Customer is \$7,500. Vendor's Fee is \$2,500.

**CALCULATION METHODOLOGY:** 1) Vendor first subtracts the \$2,000 fees/costs from the \$12,000 Recovery which equals \$10,000; (2) Vendor next calculates its contingency fee by taking 25% of \$10,000 which equals \$2,500; (3) Vendor then subtracts its fee of \$2,500 from \$10,000 which equals \$7,500; (4) Vendor remits \$7,500 to BCBSAZ's Customer.

Any Plan that terminates BCBSAZ-provided subrogation services on a date when BCBSAZ or its contracted subrogation vendor has already begun to perform subrogation services on a case(s) shall pay BCBSAZ the standard contingency fee/payment on any recovery the Plan receives for that case.

6. Recoveries Do Not Affect Plan's Health Benefits Claims Experience. The Plan acknowledges and agrees that subrogation recoveries shall not affect, directly or indirectly, the Plan's health benefits claims experience for any purpose including but not limited to the Plan's rates and/or fees for any product.
7. Claims Recoveries. BCBSAZ shall make reasonable efforts to pursue third party Claims where another party is liable ("Claims") and will make reasonable efforts to obtain what BCBSAZ considers in its sole and absolute discretion to be the best recovery available. The Plan acknowledges and agrees that although BCBSAZ agrees to use reasonable efforts to obtain recoveries, BCBSAZ neither promises, guarantees nor implies that BCBSAZ will either pursue all cases or recover any amount or any percentage of any Plan Paid Amount or of any Claim.
8. Claims Settlement. BCBSAZ has authority to settle Claims ("Claims Settlement Authority") where the Plan Paid Amount is one hundred thousand dollars (\$100,000) or less. In cases where the Plan Paid Amount is greater than one hundred thousand dollars (\$100,000), BCBSAZ shall have Claims Settlement Authority only if approved in writing by the Plan.

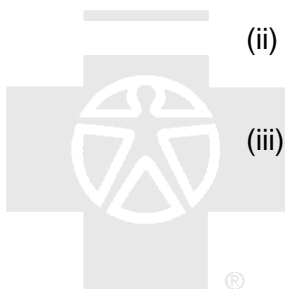
Any subrogation settlement agreed to by BCBSAZ will be deemed acceptable by the Plan. BCBSAZ may forego any and all subrogation efforts where, in BCBSAZ's sole and absolute discretion, the circumstances in a particular subrogation matter warrant such a decision.

9. Litigation. BCBSAZ may in its sole and absolute discretion, institute litigation against persons, including but not limited to any Plan Participant, on any subrogation case, without the prior written consent of the Plan. However, BCBSAZ may also choose to obtain the Plan's written consent prior to instituting such litigation.
10. Plan Assignment of Interest. The Plan hereby assigns to BCBSAZ the Plan's interest in any and all litigated Subrogation Claims. The Plan also authorizes BCBSAZ to sign any and all documents, including releases and settlement checks necessary to finalize settlement. The Plan authorizes BCBSAZ to: (a) act as the Plan's agent for pursuit of Subrogation Claims; (b) communicate with BCBSAZ's legal counsel and/or any other person or party necessary to effect settlement of a Subrogation Claim; (c) have final decision-making authority on any issue which may arise during subrogation operations concerning whether to: (i) initiate litigation; and/or (ii) sue a Plan Participant.
11. Method for Crediting Recoveries. BCBSAZ shall forward to or credit the Plan or shall cause the third party vendor to forward or credit the Plan with, within thirty (30) days of receipt, payment for any subrogation recoveries received from any third party.
12. Indemnification. In addition to the indemnification stated in the Agreement, the Plan agrees to defend and hold harmless BCBSAZ from any and all damages including reasonable attorney's fees (for attorneys chosen by BCBSAZ) and court costs resulting from, arising out of, based on, or in connection with any claim arising out of this Agreement unless such damages are the direct consequence of criminal conduct, fraud, or willful misconduct on the part of BCBSAZ. This indemnification includes but is not limited to any claim(s) that the Plan documents do not contain adequate and/or appropriate disclosure of the Plan's subrogation rights to permit subrogation.

BCBSAZ agrees to indemnify and hold harmless the Plan from any and all damages including reasonable attorneys' fees (for attorneys chosen by the Plan) arising out of or related to this Agreement if resulting from BCBSAZ's criminal conduct, fraud, or willful misconduct.

13. Plan Representations. The Plan and the Plan Administrator represent that:
  - (a) The Plan has authority to give and hereby gives its consent to provide BCBSAZ all claims, utilization or other data as reasonably necessary to provide these subrogation Services; and
  - (b) The Plan has authority to authorize and hereby authorizes and directs BCBSAZ to provide all claims, utilization or other data as reasonably necessary to provide these Services to BCBSAZ's contracted Vendor; and

- (c) The Plan is either: (a) a single employer “employee welfare benefit plan,” as defined in the Employee Retirement Income Security Act of 1974 (ERISA), 29 U.S.C. § 1001 et seq. including but not limited to Part 5 of Title I, 29 U.S.C. §§1131 – 1145; or (b) the State of Arizona or a political subdivision thereof within the meaning of A.R.S. §12-962.
- (d) The Plan Document(s), including but not limited to the Summary Plan Description, include all necessary subrogation recovery information and notice to Plan Participants including, **but not limited to notice that:**
- (i) the Plan has the right to be reimbursed one hundred percent (100%) of the amounts it pays for a Plan Participant’s health claim(s) by third parties who may be responsible for the Plan Participant’s injury or condition, without reduction for attorneys’ fees and/or court costs and regardless of whether the Participant was made whole or not;
  - (ii) the Plan has first priority from any judgment, payment or settlement;
  - (iii) the Participant and his/her representative must, at the Plan’s request and at its direction take any action, give information and execute documents so required by the Plan and that failure to aid the Plan and to comply with such requests may result in the Plan’s withholding or recovering benefits, services, payments or credits due or paid under the Plan; and
  - (iv) the Plan will pursue its subrogation recovery rights.
- (e) The Plan acknowledges and understands that it is not required by BCBSAZ to use BCBSAZ to perform subrogation services for the Plan and has chosen to do so of its own accord.



## 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

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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.

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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:

<b>Medical Assistance</b>	<b>Fee (in dollars)</b>
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

<b>Claims Support Services</b>	<b>Fee (in dollars)</b>
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

<b>Additional Services</b>	<b>Fee (in dollars)</b>
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

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## 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.<sup>1</sup>

**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

<sup>1</sup> 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

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**STOP LOSS AGREEMENT - INCURRED**  
Group Contract Number 011250

**PARTIES:** Blue Cross and Blue Shield of Arizona, Inc. ("BCBSAZ"), an Arizona non-profit corporation and an independent licensee of the Blue Cross and Blue Shield Association, and City of Glendale (the "Contractholder"), headquartered in Arizona.

**EFFECTIVE DATE:** July 1, 2025

**SCOPE:**

Medical Only

Medical and Pharmacy

If there are any inconsistencies between this Agreement and any prior stop loss agreements or the Administrative Services Agreement between BCBSAZ and Contractholder, the terms and conditions of this Agreement shall control.

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

**ARTICLE I - DEFINITIONS**

For purposes of this Agreement and any amendments, attachments, or schedules to this Agreement, the following words and terms have the following meanings unless the context or use clearly indicates another meaning or intent. If a term is not defined, the term shall have the same meaning as defined in the Administrative Services Agreement between the Parties.

**Administrative Services Agreement (ASA):** The Administrative Service Agreement entered into by BCBSAZ and Contractholder pursuant to which BCBSAZ provides administrative services to the Contractholder's Plan.

**Aggregate Corridor:** A specific percentage above expected claims which is set forth in the ASA.

**Aggregate Stop Loss Maximum:** The total amount of Payments for Covered Services beyond which Payments for Covered Services again become the financial responsibility of the Contractholder and are not the financial responsibility of BCBSAZ. Any Aggregate Stop Loss Maximum will be set forth in the ASA.

**Aggregating Deductible:** A one-time annual, additional amount of Payments for Covered Services which must be satisfied by Contractholder after meeting its Specific Stop Loss Limit and before BCBSAZ is obligated to make any specific stop loss coverage payment under this Stop Loss Agreement. Any Aggregating Deductible will be set forth in the ASA. Only Payments for Covered Services in excess of the Specific Stop Loss Limit apply to meeting the Aggregating Deductible.

**Aggregate Stop Loss Limit (ASL):** The total dollar amount of Payments for Covered Services for which Contractholder is financially responsible. BCBSAZ is

financially responsible for Payments for Covered Services in excess of the ASL according to the terms of this Agreement. For any Contract Month, the ASL shall be the greater of: (1) the Minimum Monthly Attachment Level set forth in the ASA, or (2) the product of Enrollment and ICAP Rates.

**Contract Month:** A calendar month within the Contract Period.

**Contract Period:** The term of this Stop Loss Agreement.

**Covered Services:** Health care services and supplies, as referenced in the scope section of this Stop Loss Agreement, rendered or delivered to Participants for which benefits are available under the Plan.

**Eligible Claim Date Period.** The dates during which claims for benefits provided under the terms of the Plan must be Incurred and paid in order to be covered by this Agreement.

**Eligible Participants or Participants:** Collectively Employees and Dependents as defined in the Plan(s) and as designated by class and coverage in the employer applicaiton.

**Enrollment Units and Enrollment Categories/Tiers:** Enrollment Unit shall mean each employee, with or without dependents, enrolled for coverage under the respective Plan(s). Enrollment Units are categorized for rating purposes into Enrollment Categories. Enrollment Categories/Tiers are based upon whether the employee only or the employee and dependents are enrolled. In addition, Enrollment Categories may distinguish which dependents are enrolled along with the employee. For example: employee and spouse; employee and child(ren); employee and dependent(s) (spouse and/or child[ren]). Premiums and/or other cost factors are based on Enrollment Categories/Tiers.

**Incurred:** The date on which a supply is obtained or a service is rendered to a Participant.

**Incurred Claims Attachment Point (ICAP) Rates:** Expected incurred claims by Enrollment Category times the Aggregate Corridor.

**Excluded Participants:** Specific Participants who are either excluded entirely from this Stop Loss Agreement or who may be subject to a different Specific Stop Loss. If this applies, it will be reflected in the ASA.

**Plan:** Shall mean only that portion of the self-funded employee welfare benefit plan that provides for medical or medical and pharmacy benefits, as described in the scope section of this Stop Loss Agreement and as expressly set forth in the Contractholder's Benefit Plan Booklet attached to the Contractholder's ASA and administered by BCBSAZ and which is incorporated herein by reference.

**Run-In Coverage:** If run-in coverage applies to this Stop Loss Agreement it will be reflected in the ASA. Run-in Coverage applies to claims incurred within a specified period prior to the Effective Date of this Stop Loss Agreement, processed by a third party administrator other than BCBSAZ and paid by Contractholder within a specified period after the Effective Date of this Stop Loss Agreement and under the terms of a

valid plan. The Run-In Coverage period will be expressed in the ASA as a number of months prior to the effective date of this Stop Loss Agreement in which the claims must be incurred and the number of months after the effective date of this Stop Loss Agreement in which claims must have been paid.

**Run-Out Claims:** Those claims for Covered Services that are incurred but unreported and/or unpaid as of the date this Agreement terminates and paid within the Run-Out Period.

**Run-Out Period:** Unless otherwise noted in the ASA, the Run-Out Period is twelve (12) months after the date of termination of this Stop Loss Agreement.

**Specific Stop Loss Limit (SSL):** The limitation of Contractholder's liability for payment for Covered Services for an Eligible Participant. The Specific Stop Loss Limit is set forth in the ASA.

**Specific Stop Loss Maximum:** The total dollar amount of Payments for Covered Services beyond which Payments for Covered Services for a Participant again become the financial responsibility of the Contractholder and are not the financial responsibility of BCBSAZ. The Specific Stop Loss Maximum is set forth in the ASA.

## ARTICLE II -- REIMBURSEMENT

1. **Reimbursement.** BCBSAZ agrees to credit Contractholder as follows.
  - a. **Aggregate:** If Aggregate Stop Loss applies, BCBSAZ will credit Contractholder, subject to the terms and conditions of this Agreement and any applicable Aggregate Stop Loss Maximum reflected in the ASA, if Contractholder's Payments for Covered Services for Eligible Participants for the applicable Contract Period exceed the ASL.
  - b. **Specific:** If Specific Stop Loss applies, BCBSAZ will credit Contractholder, subject to the terms and conditions of this Agreement and any applicable Specific Stop Loss Maximum reflected in the ASA, if Contractholder's Payments for Covered Services for a specific Eligible Participant exceed the SSL and the Aggregating Deductible. In the event that the Specific Stop Loss Limit is reached, no amount in excess of the Specific Stop Loss Limit shall be applied towards attainment of any Aggregate Stop Loss Limit.

Certain payments may be excluded from the aggregate and specific stop loss coverage provided in this Agreement. These exclusions are set forth in Section 4 below. In addition, the calculation and payment of any reimbursement amounts is subject to the limitations on coverage and other conditions set forth in this Agreement.

2. **Run-In Coverage.** inclusion of Run-In Coverage claims in the calculation of the Contractholder's ASL and SSL is conditioned upon Contractholder providing BCBSAZ, by the first day of each month, an Excel report of the claims which were incurred within the specified period but not paid by or on behalf of Contractholder prior to the effective date of this Stop Loss Agreement. The report shall include the following fields: employee Social

Security Number, employee first and last name, patient first and last name, patient date of birth, incurred dates of service, paid date, paid amount. Any claims report received after the first day of the month will be allocated to the following month's reimbursement calculation. Contractholder is solely responsible for the costs of any reports that are required to validate run-in claim amounts.

3. **Application of Payments for Covered Services; Run-Out Coverage.** Payments for Covered Services incurred within a Contract Year and paid within that Contract Year or within twelve (12) months following the close of that Contract Year shall be considered to be incurred during that Contract Year. Payments for Covered Services incurred during the Contract Year but paid more than twelve (12) months after the close of that Contract Year shall be considered to be incurred in the subsequent Contract Year. If there is no subsequent Contract Year, then Payments for Covered Services incurred within the final Contract Year and paid within the Run-Out Period shall be considered to be incurred during the final Contract Year. Payments that are incurred in one Contract Year will not count towards attainment of any stop loss limits under a subsequent Contract Year.
4. **Payments Excluded from Contractholder's ASL and SSL:** The following payments are excluded from coverage under this Agreement and will not be applied to Contractholder's ASL and/or SSL:
  - a. Any payments for persons other than Eligible Participants or payments for Eligible Participants for services that are not Covered Services or otherwise outside of the terms and conditions of Contractholder's Plan as described in the Plan's Summary Plan Description, including but not limited to claims that are covered by another contract;
  - b. Payments made by the Contractholder for an individual who is an Excluded Participant, excluding them from the Stop Loss Agreement.
  - c. Payments made by the Contractholder for which there has been or will be reimbursement by any other third party (including amounts described in Article II.11 below);
  - d. Payments Incurred after the termination of this Agreement;
  - e. Payments for which BCBSAZ has otherwise reimbursed the Contractholder.
5. **Monthly Enrollment Units.** Monthly Enrollment Units maybe retroactively adjusted (up to 12 months after the reporting month) to reflect the appropriate enrollment within each Enrollment Category. Retroactive adjustments include, but are not limited to, additions and terminations reported to BCBSAZ subsequent to any reporting month.
6. **Claims Processed by Other Benefit Administrators.** If an entity other than BCBSAZ is acting as a benefit administrator, Contractholder, or the Benefit Administrator, must submit a claim for reimbursement to BCBSAZ by the

earlier of: (a) ninety (90) days after the date of service; or (b) thirty (30) days after the date the health care provider submits the claim to the Contractholder or Benefit Administrator. Notwithstanding the foregoing, BCBSAZ shall have no liability to pay or reimburse for any claim submitted to BCBSAZ by Contractholder or Benefit Administrator later than one (1) year after the effective date of termination of this Agreement. Contractholder, or the Benefit Administrator, must provide BCBSAZ with such information BCBSAZ may reasonably request to support such claim, including proof of payment.

7. **Determination.** BCBSAZ shall make a determination as to the validity of a claim for reimbursement under this Stop Loss Agreement within thirty (30) days of receipt of such claim.
8. **Reconsideration.** Upon written request, BCBSAZ may reconsider its original determination. A written request for reconsideration must be filed with BCBSAZ within sixty (60) days following the date the first disallowance or payment notice is mailed. Additional documentation in support thereof must accompany the request, if appropriate. Failure to timely request reconsideration shall waive the Contractholder's right to reconsideration under this Agreement. BCBSAZ will review the request for reconsideration and will notify Contractholder, or the Benefit Administrator, as the case may be, of its decision in writing within sixty (60) days following receipt of the request for reconsideration.
9. **Contested Claims.** Where any payment is approved in relation to a contested claim, BCBSAZ shall determine, on the basis of the date on which payment is actually made, whether such payment or any portion of it is an obligation of the Contractholder or an obligation of BCBSAZ under the terms of this Agreement. Benefit payments made in accordance with the terms of any judgment or settlement shall be considered benefits paid to Eligible Participants under the Plan during the period in which such judgment or settlement is satisfied, whether paid during the term of this Agreement or following the termination of this Agreement.
10. **Subrogation.** If Contractholder receives any reimbursement from any third party for payment for Covered Services, BCBSAZ shall be entitled to recover such amounts to the extent that BCBSAZ has reimbursed the Contractholder for those regardless of whether or not such reimbursement is received during the year in which the respective payments are incurred and whether or not such reimbursement is received during the term of this Agreement or after the termination of this Agreement. Contractholder agrees to cooperate to assure BCBSAZ's right to recover.

### ARTICLE III – STOP LOSS PREMIUMS

1. **Premium Payments.** Contractholder shall pay BCBSAZ such premiums and other fees, taxes and charges (“Fees and Charges”) as set forth in ASA. BCBSAZ will invoice the Contractholder for such Fees and Charges which are due and payable on the first (1st) day of each calendar month or as otherwise stated in the BCBSAZ invoice. Any amounts not timely paid within

the applicable time period shall accrue interest at the rate of one percent (1%) per month until paid in full.

2. **Grace Period.** This Stop Loss Agreement has a grace period of thirty-one (31) days. During the grace period, the Stop Loss Agreement shall remain in force provided that the premium is paid before the end of the grace period. If, by the last day of the applicable grace period, Contractholder fails to pay the premiums which are due, the Stop Loss Agreement will terminate without further notice as of midnight on the last day for which premiums were paid and Run-Out Coverage, if any, will not apply. In such case, Contractholder shall be liable for all Covered Services rendered to Eligible Participants during and after the grace period, and the Contractholder agrees to hold BCBSAZ harmless from all costs therefor.
3. **Rate Changes:** Additionally, BCBSAZ may change Contractholder's premium or premium rates upon the occurrence of one or more of the following events:
  - a. A modification of the terms of this Agreement; or
  - b. As of the date BCBSAZ accepts modifications to Contractholder's Plan; or
  - c. A change in Contractholder's contribution (percentage or dollar amount); or
  - d. A change in the total number of Participants resulting in either an increase or decrease of 10% or more of the number of Participants that were enrolled for coverage on the date the stop loss premium was last modified; or
  - e. If federal or state law affecting premium payments, benefits, administrative procedures, or other aspects of this Agreement are amended. The effective date of such change shall depend upon the nature of the change in law; or
  - f. As otherwise specifically stated in this Agreement.
4. **Taxes.** BCBSAZ specifically reserves the right to recover from Contractholder any premium tax deficiencies, which may be assessed against BCBSAZ with respect to prior periods of coverage under this Agreement, whether such deficiencies are assessed during the term of this Agreement or following its termination.
5. **Self-Insured Plan Status.** This Agreement shall in no event be construed in a manner to alter the fact that Contractholder's Plan is a self-insured plan and, as such, is not subject to the state insurance laws or regulations, due to the application of Section 514(a) of ERISA. Any payments made under this Agreement shall only be for the benefit of Contractholder. BCBSAZ has no obligation or liability under this Agreement to provide benefits to Eligible Participants. No Eligible Participant shall have the right to any of the proceeds of any stop loss insurance obtained by Contractholder pursuant to this Agreement.

#### **ARTICLE IV- CONTRIBUTION; PARTICIPATION**

1. Contractholder agrees to contribute at least seventy-five percent (75%) of the cost for all Eligible Participants for employee only coverage and fifty percent (50%) of the total cost for all Eligible Participants for family coverage.
2. If Contractholder contributes one hundred percent (100%) of the cost for Eligible Participants, all employees eligible for coverage under the Plan and this Agreement must be enrolled.
3. If Contractholder contributes less than one hundred percent (100%) of the cost for Eligible Participants, at least seventy-five percent (75%) of all employees eligible for coverage under the Plan and this Agreement must be enrolled. Those employees eligible for coverage under the Plan and this Agreement who are covered under their spouse's group health plan, Medicare, Arizona Health Care Cost Containment System (AHCCCS), Tricare or Indian Health Services shall not be considered for purposes of determining whether Contractholder has satisfied this seventy-five percent (75%) requirement. In any event, at least one hundred (100) Eligible Participants must be enrolled on the effective date of this Agreement.
4. Contractholder agrees to comply with such other contribution and participation requirements as shall be mutually agreed upon by the Parties from time to time. Such requirements shall become effective no sooner than sixty (60) days after BCBSAZ has given written notice to the Contractholder.

#### **ARTICLE V- RENEWAL AND TERMINATION**

1. **Term; Renewal.** The Term of this Stop Loss Agreement shall match the term of the ASA. If Contractholder desires, and BCBSAZ is willing, to renew this Stop Loss Agreement at time of renewal of the ASA, the parties shall execute an ASA Amendment which will set forth renewal terms for both the ASA and this Stop Loss Agreement. If Stop Loss terms are not included in an ASA Amendment, this Stop Loss Agreement shall terminate at the end of the immediate Term.
2. **Termination.** This Agreement may be terminated as follows:
  - a. Either Party may terminate this Agreement at any time in the event of a material breach of this Agreement by the other, but only if said breach is not cured within thirty (30) days after written notice to the breaching Party.
  - b. BCBSAZ may terminate this Agreement upon the occurrence of any of the following:
    - i. Failure by the Contractholder to pay when due the Fees and Charges.
    - ii. Upon five (5) days' prior written notice of failure by the Contractholder to provide funds necessary to satisfy its liability for Payments made for Covered Services, as provided in the Contractholder's ASA.

- iii. The sale, exchange or transfer of: (i) all or substantially all of the assets of Contractholder to a third party, (ii) more than twenty-five percent (25%) of the outstanding stock in Contractholder, or (iii) controlling interest in Contractholder, whichever is less.
  - iv. Insolvency, appointment of a receiver or a trustee for Contractholder, assignment for the benefit of creditors by Contractholder, or the commencement of any proceedings under bankruptcy or insolvency laws by or against Contractholder that continues for sixty (60) days, or the attachment, levy or other seizure by legal process of any substantial part of the assets of Contractholder, and such attachment, levy or seizure is not quashed, stayed or released within sixty (60) days of its occurrence.
  - v. Default by Contractholder under any other agreement with BCBSAZ.
  - vi. Fraud or misrepresentation by the Contractholder. In the event of fraud or misrepresentation by Contractholder, BCBSAZ also shall have the rights set forth in Article VI.4.
  - vii. Changes to the Plan which are not acceptable to BCBSAZ.
- c. This Agreement will terminate automatically upon the occurrence of any of the following:
- i. Termination of the Plan in its entirety.
  - ii. The enactment of any law or the promulgation of any regulation that makes it illegal to continue this Agreement or for BCBSAZ to perform any of the services required under this Agreement.
  - iii. The termination of the Contractholder's ASA.
- d. After this Agreement has been in effect for twelve (12) months, either Party may terminate this Agreement at any time, without cause, as of the last day of any calendar month by giving thirty (30) days' prior written notice to the other Party.
- e. Upon termination of this Agreement, the Parties shall have only those continuing duties of performance as provided herein; except that, upon completion of its performance under this Agreement, BCBSAZ shall cause the orderly transfer of records, if any, from BCBSAZ to the Contractholder or its designee in a time frame mutually agreed upon, but not to exceed six (6) months from the date of termination.

The Contractholder agrees to reimburse BCBSAZ for any and all amounts BCBSAZ is required to pay pursuant to an applicable grievance and/or appeals process regardless of whether BCBSAZ is

still administering claims for the Contractholder at the time the appeal is conducted. The Contractholder also agrees to reimburse BCBSAZ for any and all amounts which the Centers for Medicare & Medicaid Services (CMS) or any other government agency requires BCBSAZ to pay because Medicare was not required to pay as primary, regardless of whether BCBSAZ is administering claims for the Contractholder at the time CMS makes such determination.

If the term of this Agreement is less than twelve (12) months, the Contractholder's ASL and SSL will be annualized to reflect a complete twelve (12) month contract year.

## ARTICLE VI - GENERAL PROVISIONS

- 1. Records and Review.** Contractholder will maintain appropriate records demonstrating its compliance with the requirements of this Stop Loss Agreement and which may be necessary to determine when Contractholder's ASL and SSL have been satisfied. Contractholder agrees to furnish these records to BCBSAZ upon request.
- 2. Audit.** Upon reasonable prior written notice, BCBSAZ shall have the right to inspect and audit all records and procedures of Contractor and, if applicable, Benefits Administrator, that are applicable to the administration of this Agreement.
- 3. Modifications to Plan.** Contractholder shall notify BCBSAZ immediately regarding any modification of the Plan(s), as described in the Contractholder's Summary Plan Description, that impact this Agreement, or of the termination of the Plan. No modification shall be binding upon BCBSAZ until accepted by BCBSAZ in writing.
- 4. Misrepresentation; Concealment; Omission.** BCBSAZ has relied on information provided by Contractholder in entering into this Agreement. In the event of any misrepresentation, concealment or omission, intentional or not, which materially affects the underwriting, premium or terms of this Agreement, BCBSAZ may: (i) retroactively modify the terms of the Agreement, including, without limitation, increasing premium rates, SSL and ASL, or (ii) terminate this Agreement. If Contractholder willfully or intentionally misrepresented or omitted material information, BCBSAZ may elect to declare this Stop Loss Agreement null and void.
- 5. Indemnification.** Each Party shall indemnify, hold harmless and defend the other Party, its directors, officers, elected officials, employees, or agents from and against any and all actions, causes of action, suits, judgments, settlements, claims, losses, damages, liabilities, penalties, costs, and/or expenses arising out of or resulting from its own breach of this Stop Loss Agreement or negligent acts or omissions with respect to its obligations under the terms of this Stop Loss Agreement.
- 6. Legal Action.** Contractholder agrees that it shall not file suit until sixty (60) days after the date upon which the Contractholder, or the Benefit Administrator, submits proof of claim and satisfaction of applicable ASL and

SSL as required under this Agreement. Contractholder cannot file suit more than three (3) years after the date on which it must give BCBSAZ proof of loss.

7. **Legal Fees.** 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 attorneys' 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.
8. **Offset.** BCBSAZ may offset payments due to Contractholder under this Agreement against claims overpayments, unpaid premiums or other amounts owed by Contractholder.
9. **Confidentiality.** Contractholder shall, and shall cause its principals and agents, (including, but not limited to, the Benefit Administrator), to maintain the confidentiality of all proprietary information with respect to BCBSAZ acquired during the term of this Agreement. Such proprietary information shall not be divulged, disclosed or otherwise made available to anyone not a Party to this Agreement without BCBSAZ's prior written consent, nor shall such proprietary information be used to the detriment of BCBSAZ.
10. **Governing Law; Venue; Arbitration.** The laws of the United States and the State of Arizona (without regard to conflict of law provisions) govern all matters relating to this Agreement. The federal or state courts located in Phoenix, Arizona, are the exclusive venue for resolution of any dispute, controversy or claim arising out of or relating to this Agreement, and the parties consent to the exclusive jurisdiction and venue of such courts. Provided however, BCBSAZ, in its sole discretion, may elect to submit this matter to binding arbitration before a single arbitrator in accordance with the American Health Lawyer Association's Commercial Rules of Procedure.
11. **Prevailing Terms.** During the term of this Agreement, in the event that the terms of this Agreement are inconsistent with the terms of the respective Plan(s), as described in the Contractholder's Summary Plan Description, the terms of this Agreement shall prevail.
12. **Waiver; Severability.** No failure or delay by either party in exercising any right, power or remedy under this Agreement, except as specifically provided herein, will be deemed as a waiver of any such right, power, or remedy. If any provision of this Agreement is held by a court of competent jurisdiction to be invalid or unenforceable, the remaining provisions of this Agreement will remain in full force and effect if the essential provisions of this Agreement for each party remain valid, legal, and enforceable.
13. **Notices.** Any notices permitted or required to be given under this Agreement must be in writing and will be deemed validly given upon delivery if: (a)

personally delivered with service fees prepaid, or (b) delivered with fees prepaid by reputable overnight courier that provides proof of delivery. All notices to a Party will be sent to its address set forth in the ASA, or to another address as may be designated by written notice to the sending Party. Notice to the Broker/Agent/Consultant designated in the Administrative Services Agreement shall constitute notice to the Contractholder.

14. **Use of Tradename.** Each Party expressly agrees not to use the corporate name or any tradename, trademark or service mark of the other Party in any advertising, publications, press releases, brochures or other public communications without the prior written consent of the other Party.
15. **Entire Agreement.** The entire agreement between Contractholder and BCBSAZ shall consist of this Stop Loss Agreement, the ASA and any ASA Amendment. No other promises, terms, conditions or representations will be valid or binding.
16. **Amendment.** Except as otherwise specifically provided under this Agreement, this Agreement may be altered, amended or modified only in writing upon the mutual written consent of the Parties. BCBSAZ, however, specifically reserves the right to alter, amend or modify this Agreement and/or its performance under this Agreement: (i) as may be required by applicable state and/or federal law; (ii) as may be necessitated by the terms and conditions of various participation agreements with Providers; and (iii) upon the occurrence of an event described in Article III, Paragraph 3.
17. **Assignment.** Contractholder may not assign its rights or interest in this Agreement to any other party.
18. **Blue Cross and Blue Shield Association.** Contractholder acknowledges and agrees that: (i) This Agreement is a contract solely between Contractholder and BCBSAZ, which is an independent corporation operating under a license from the Blue Cross and Blue Shield Association, an association of independent Blue Cross and Blue Shield Plans, (the "Association") permitting BCBSAZ to use the Blue Cross and Blue Shield Service Marks in the State of Arizona; (ii) BCBSAZ is not contracting as the agent of the Association; (iii) Contractholder has not entered into this Agreement based on any representations by the Association, or any Blue Cross or Blue Shield plan other than BCBSAZ; and (iv) Contractholder shall not seek to hold the Association or any other Blue Cross or Blue Shield plan accountable or liable to Contractholder for any of BCBSAZ's obligations to the Contractholder or Participants created under this Agreement. This Paragraph shall not create any additional obligations whatsoever on the part of BCBSAZ other than those obligations created under other provisions of this Agreement.
19. **Survival.** Any term that reasonably should survive termination of this Agreement is deemed to survive termination of this Agreement.

Intending to be legally bound, the Parties have executed this Agreement as of its Effective Date.

Blue Cross and Blue Shield of  
Arizona, Inc.

City of Glendale

By: Michael D. Sawyer  
Print Name: Mike Groeger  
Title: VP, Group Commercial and Specialty Sales  
Date: 4.18.2025

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

Address: 5850 W. Glendale Avenue  
Glendale, AZ 85301