

C-19-225-10-03
AETNA INSURANCE
TPA, PHARMACU & STOP LOSS

**Pharmacy
Service and Fee Schedule
to the Master Services Agreement**

Effective January 01, 2020
County of Hidalgo

aetna[®]

Table of Contents

Pharmacy Discounts & Fees	3
Rebates	4
Terms & Conditions	5
Allowances	6
Consultant Compensation	7
Additional Disclosures	7

Updates to Financial Offer

- Implementation of Mandatory Maintenance Choice with opt-out
- Allowing Lee and Saenz pharmacies to fill 90 day supply of maintenance medications
- Implementation of Advance Control Formulary. Communications will be sent to every negatively impacted member
- Implementation of Pharmacy Advisor Counseling to improve adherence
- Alternate Rebate Payment provision
- Removal of the Early Termination clause
- Diabetes generics and preferred meds and supplies at zero member copay

Pharmacy Discounts & Fees

Pricing Arrangement	Traditional
Network	Aetna National Network
Employees	3,883
Members	6,718

	01/01/2020	01/01/2021	01/01/2022
Brand Discount	AWP - 18.00%	AWP - 18.10%	AWP - 18.20%
Generic Discount	AWP - 83.00%	AWP - 83.20%	AWP - 83.40%
Dispensing Fee	\$0.60 per script	\$0.60 per script	\$0.60 per script

Mail Benefit Type	Mandatory Maintenance Choice with Opt Out		
	01/01/2020	01/01/2021	01/01/2022
Brand Discount	AWP - 24.50%	AWP - 24.60%	AWP - 24.70%
Generic Discount	AWP - 85.00%	AWP - 85.20%	AWP - 85.40%
Dispensing Fee	\$0.00 per script	\$0.00 per script	\$0.00 per script

Network	Aetna Specialty Network		
Price List	Not Applicable		
	01/01/2020	01/01/2021	01/01/2022
Discount	AWP - 19.00%	AWP - 19.10%	AWP - 19.20%
Dispensing Fee	\$0.00 per script	\$0.00 per script	\$0.00 per script

	01/01/2020	01/01/2021	01/01/2022
Retail GDR	85.25%	85.50%	85.75%
Mail GDR	58.75%	59.00%	59.25%

Annual Maximum	\$150,000	\$150,000	\$150,000
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	01/01/2020	01/01/2021	01/01/2022
Rebate Payment Fee	\$0.55 PEPM	\$0.55 PEPM	\$0.55 PEPM

	01/01/2020	01/01/2021	01/01/2022
General Allowance (to pay fee for alternate rebate arrangement)	\$25,000	\$25,000	\$25,000

	01/01/2020	01/01/2021	01/01/2022
Please reference Rx RFP Pricing Hidalgo County Document / Spreadsheet			

Rebates

Formulary	Aetna Advance Control Formulary 3-Tier Qualifying Plans		
Rebate Terms	Plan sponsor will receive the following rebates:		
	01/01/2020	01/01/2021	01/01/2022
Retail	100%	100%	100%
Mail Order/Maintenance Choice	100%	100%	100%
Specialty Non-Hepatitis C	100%	100%	100%
Specialty Hepatitis C	100%	100%	100%

Terms & Conditions

The pricing and services set forth herein are subject to the following Terms & Conditions:

- The proposed pricing is effective 01/01/2020-12/31/2020 with two optional renewal periods of 01/01/2021-12/31/2021 and 01/01/2022-12/31/2022.
- The the extent the pricing and services outlined in this document are part of a renewal to the Customer, the pricing set forth herein is valid for 90 days from the date of such offer.
- Our renewal assumes that Aetna administers both the medical and pharmacy benefits for Customer on an integrated basis. If Customer elects to use a different vendor to provide medical benefits, then Aetna reserves the right to adjust the pricing contained in this proposalThe pricing and services contained herein are limited to prescription drugs dispensed by a Participating Pharmacy to Plan Participants.
- Prescriptions dispensed by a Participating Retail Pharmacy shall be processed at the lower of the pharmacy's submitted Usual & Customary Retail Price, MAC (where applicable) plus a Dispensing Fee, or discounted AWP cost plus a Dispensing Fee.
- MAC Pricing applies at Mail Order.
- Cost Share will be calculated on the basis of the rates charged to the Customer by Aetna for Covered Services, except for fixed copays or where required by law to be otherwise.
- Discounts and Dispensing Fees contained in this Service and Fee Schedule are guaranteed on an annual basis, subject to the following conditions:
 - Discount and Dispensing Fee guarantees are measured individually and reconciled in the aggregate; surpluses in one or more component guarantees may be used to offset shortages in other component guarantees.
 - Discount and Dispensing Fee guarantees shall be reconciled and reported to Customer within one hundred eighty (180) days following the guarantee period.
 - Discount guarantees are calculated on ingredient cost prior to the application of Plan Participant copay and include zero balance due claims.
 - The following types of Prescription Drug claims are excluded from the Discount and Dispensing Fee guarantees contained herein: compound drug claims, direct Plan Participant reimbursement / out-of-network claims, over-the-counter products, in-house pharmacy claims, and vaccines. In addition, we do not identify or administer any claims for 340B.
 - Retail pricing guarantees include claims that reflect the Usual & Customary Retail Price.
 - Prescriptions dispensed by Aetna Specialty Pharmacy are included in the Aetna Specialty Pharmacy Discount guarantee listed above.
 - Aetna has assumed 0% in-house pharmacy utilization. Aetna reserves the right to re-evaluate the proposed pricing if the actual in-house pharmacy utilization varies from this assumption.
- Pricing and terms in this proposal assume the Customer has elected the Aetna Advanced Control Formulary and the Choose Generics program.

- With Maintenance Choice, members fill a 90-day supply of maintenance drugs at either our mail service pharmacy or CVS/pharmacies.
- Aetna Specialty Network means members obtain all specialty medications through a participating specialty network pharmacy (no refills at retail allowed).
- Rebates may be subject to:
 - The adoption of utilization management edits for Specialty Products, including for example, Prior Authorization (PA) and Quantity Limits.
 - The adoption and maintenance of a biosimilar first plan design for Specialty Products.
 - Plan performance that is materially the same as the baseline data provided by Customer and relied upon by Aetna, including information regarding enrollment and utilization of pharmacy services.
 - Rebates assume that products that are not Specialty Products will not be subject to precertification or step therapy requirements, and that all drug classes included on the Aetna Advance Control Formulary be covered.
- Rebates assume alignment with proposed formulary, including utilization management programs to support formulary strategy, and standard prior authorization/utilization management criteria.
- Rebates assume Advanced Control Specialty Formulary.
- Plan design and benefits must be finalized 60 days prior to the effective date to support mailing of impacted members moving to Aetna's Advance Control Formulary. Less than 45 day notice of acceptance of the Aetna Advance Control formulary renewal quote may require implementation of a temporary benefit design until benefits are ready. This will not interrupt claims adjudication and service to members.
- Retail and Mail Order GDR rates by Plan year will be calculated as total retail Generic Drug claims excluding dispense as written ("DAW") claims divided by total retail claims excluding DAW, and total mail Generic claims excluding DAW claims divided by total mail claims excluding DAW. A penalty, if applicable, will be calculated as the difference in the Brand Drug cost versus Generic Drug cost after Discount and Dispense Fee times the actual claim volume. Separate calculations will be performed for retail and mail, and for each Plan year. Reconciliation will be calculated annually within 180 days of the end of each of the guarantee periods. For the purposes of this guarantee, any penalty will be calculated based on the aggregate results across all retail and mail order categories.

Allowances

Allowances will be available as of the Effective Date of the pharmacy services schedule. Aetna will pay related expenses directly to a third party vendor once the Customer sends the invoice(s) outlining the expenses incurred to Aetna. Invoices must be submitted before the end of each Plan year otherwise the Customer forfeits the funds. Any unused allowance monies at the end of each Plan year will be forfeited.

General Allowance

Aetna is including a general allowance of \$25,000 annually. The Customer can use this allowance for the alternate rebate arrangement.

Consultant Compensation (HonestRX)

Please reference Rx RFP Pricing Hidalgo County Document / Spreadsheet.

Additional Disclosures

The Customer acknowledges that the Retail Discounts and Dispensing Fees contained in this Agreement reflect a Traditional or Lock-In pricing arrangement. Traditional or Lock-In Pricing means that the amount charged to the Customer and Plan Participants for retail network claims may differ from the amount paid to Participating Retail Pharmacy and/or Aetna's PBM subcontractor and Aetna retains the difference, in addition to any other fees or charges agreed upon by Aetna and Customer, as compensation for the pharmacy benefit management services provided to the Customer.

Aetna reserves the right to make appropriate changes to these price points if any event materially impacts Aetna's net income derived under this Agreement. Such events include (i) the termination or material modification of any material manufacturer Rebate contract, (ii) any significant changes in the composition of Aetna's pharmacy network or in Aetna's pharmacy network contract compensation rates with its pharmacy network subcontractor, CVS Health, (iii) a change in government laws or regulations, (iv) a change in the Plan that is initiated by Customer, (v) AWP is discontinued or modified in whole or in part, or (vi) a greater than 15% change in enrollment or a material change, as defined by Aetna, in the drug utilization, plan design, geographic mix or demographic mix of the covered population from what was assumed at the time of underwriting. Aetna shall provide the Customer with at least sixty (60) days written notice of such changes together with a sufficiently detailed explanation supporting these price point changes. If sixty (60) days written notice is not practicable under the circumstances, Aetna shall provide written notice as soon as practicable.

Aetna reserves the right to modify its products, services, and fees, and to recoup any costs, taxes, fees, or assessments, in response to legislation, regulation or requests of government authorities. Any taxes or fees (assessments) applied to self-funded benefit Plans related to The Patient Protection and Affordable Care Act (PPACA) will be solely the obligation of the Plan sponsor. The pharmacy pricing contained herein does not include any such Plan sponsor liability.

Rebate Payment Terms

Rebates will be paid to Customer through monthly payments equal to an initial estimated value of **\$36.30*** per employee per month (“PEPM Amount”) utilizing the monthly enrolled medical employees to determine the rebate dollar amount. The monthly rebates will be paid directly to Customer via claim wire billing.

There will be a quarterly reconciliation between the monthly PEPM Amount and 100% of the actual rebates for purposes of potentially adjusting the PEPM Amount going forward. The final reconciliation of the difference between the PEPM Amount and 100% of the actual Rebates as described in the pricing section of the Pharmacy Service and Fee Schedule will occur within 12 months after the end of the contract year. If the reconciliation results in a shortfall of Rebates paid compared to Rebates due, the shortfall will be remitted to Customer by Aetna within 30 days after reconciliation. If the reconciliation results in an excess of Rebates paid compared to Rebates due, the excess will be billed to Customer by Aetna within 30 days after reconciliation. In consideration of this alternative non-standard PEPM Amount payment provision, there will be a \$0.55 PEPM charge. This charge is noted in the pricing section of the Pharmacy Service and Fee Schedule as “Rebate Payment Fee”. We are providing you a general allowance of \$25,000 to cover the cost of the alternate rebate program.

The Customer shall adopt the formulary indicated in the rebates section of this Service and Fee Schedule in order to be eligible to receive Rebates.

If this Agreement is terminated by Aetna for the Customer’s failure to meet its obligations to fund benefits or pay administrative fees (medical or pharmacy) under the Agreement, Aetna shall be entitled to deduct deferred administrative fees or other plan expenses from any future rebate payments due to the Customer following the termination date

**85% of estimated rebates of \$42.73 on a Per Employee Per Month basis.*

Formulary Management

Aetna offers several versions of formulary options (“Formulary”) for Customer to consider and adopt as Customer’s Formulary. The formulary options made available to Customer will be determined and communicated by Aetna prior to the implementation date. Customer agrees and acknowledges that it is adopting the Formulary as a matter of its plan design and that Aetna has granted Customer the right to use one of its Formulary options during the term of the Agreement solely in connection with the Plan, and to distribute or make the Formulary available to Plan Participants. As such, Customer acknowledges and agrees that it has sole discretion and authority to accept or reject the Formulary that will be used in connection with the Plan. Customer further understands and agrees that from time to time Aetna may propose modifications to the drugs and supplies included on the Formulary as a result of factors, including but not limited to, market conditions, clinical information, cost, rebates and other factors. Customer also acknowledges and agrees that the Formulary options provided to it by Aetna is the business confidential information of Aetna and is subject to the requirements set forth in the Agreement.

Other Payments

The term "Rebates" as defined in the Prescription Drug Services Schedule does not mean or include any manufacturer administrative fees that may be paid by pharmaceutical manufacturers to cover the costs related to the reporting and administration of the pharmaceutical manufacturer agreements. Such manufacturer administrative fees are not shared with Customer hereunder.

Aetna may also receive other payments from drug manufacturers and other organizations that are not Rebates. These payments are generally for one of two purposes: (i) to compensate Aetna for bona fide services it performs, such as the analysis or provision of aggregated data or (ii) to reimburse Aetna for the cost of various educational and other related programs, such as programs to educate physicians and members about clinical guidelines, disease management and other effective therapies.

These payments are not considered Rebates and are not included in Rebate sharing arrangements with plan sponsors, including without limitation, Customer.

Aetna's PBM subcontractor may also receive network transmission fees from its network pharmacies for services it provides for them. These amounts are not considered Rebates and are not shared with plan sponsors. These amounts are also not considered part of the calculation of claims expense for purposes of Discount Guarantees.

Customer agrees that the amounts described above are not compensation for services provided under this Agreement by either Aetna or Aetna's PBM subcontractor, and instead are received by Aetna in connection with network contracting, provider education and other activities Aetna conducts across its book of business. Customer further agrees that the amounts described above belong exclusively to Aetna or Aetna's PBM subcontractor, and Customer has no right to, or legal interest in, any portion of the aforesaid amounts received by Aetna or Aetna's PBM subcontractor.

Rebates for Specialty Products that are administered and paid through the Plan Participant's medical benefit rather than the Plan Participant's pharmacy benefit will be retained by Aetna as compensation for Aetna's efforts in administering the preferred Specialty Products program. Payments or rebates from drug manufacturers that compensate Aetna for the cost of developing and administering value-based rebate contracting arrangements when drug therapies underperform thereunder also will be retained by Aetna.

Late Payment Charges

If the Customer fails to provide funds on a timely basis to cover benefit payments and/or fails to pay service fees on a timely basis as required in the Agreement, Aetna will assess a late payment charge. The current charges are outlined below:

- i. Late funds to cover benefit payments (e.g., late wire transfers): 12.0% annual rate
- ii. Late payments of Service Fees: 12.0%, annual rate

In addition, Aetna will make a charge to recover its costs of collection including reasonable attorney's fees. We will notify the Customer of any changes in late payment interest rates. The late payment charges described in this section are without limitation to any other rights or remedies available to Aetna under the Service and Fee Schedule or at law or in equity for failure to pay.

Termination Rights

Subject to the terms of the Agreement, either party may terminate the Agreement with cause, anytime, with 90 Days' prior written notice.

Pharmacy Audit Rights and Limitations

Customer is entitled to an annual electronic claim audit subject to standard pharmacy benefit audit practices and audit terms and conditions outlined in the pharmacy services schedule.

Pharmacy audits shall be conducted at the Customer's own expense unless otherwise agreed to between the Customer and Aetna.

Acceptance of Terms

The signatures below confirm agreement and acceptance of the terms of the financial arrangements outlined in this Service & Fee Schedule.

Approved by Aetna Life Insurance Company

Accepted by County of Hidalgo

Stephen G. Haynes _____

Name

Stephen Haynes

Signature

Director of Pharmacy Underwriting

Title

October 24, 2019

Date

Sergio Cruz

Name

[Handwritten Signature]

Signature

Budget Officer

Title

10/29/19

Date



Ashley Nejako
Risk Management Associate
Finance Actuarial, Stop Loss
Aetna
151 Farmington Avenue
Hartford, CT 06156
Phone: 860-273-3503
Email: nejako@etna.com

January 24, 2020

Flora Vazquez
County of Hidalgo
2818 US Highway 281
Edinburg, TX 78539

Dear Ms. Vazquez:

Enclosed is a rider to the Stop Loss Policy for County of Hidalgo. This rider removes Attachment A (lasering) to the Stop Loss Policy effective January 1, 2020.

Your signature is required on the rider. Please return the signed rider to me electronically at traditionalstoploss@etna.com.

You should retain a copy of the signed rider for your files.

Please contact your Account Manager, Louwanna Ward, at 214-200-8468 if you have any questions.

Thank you in advance for your prompt attention to this matter.

Sincerely,

A handwritten signature in black ink that reads "Ashley Nejako". The signature is written in a cursive, flowing style.

Ashley Nejako

cc: Louwanna Ward, Account Manager, Aetna

Rider

Attached to and made a part of Policy No. SL-285608

a Policy between

Aetna Life Insurance Company

and the Insured

County of Hidalgo

It is understood and agreed that the Policy is changed as follows:

1. Attachment A, and any reference to it, are hereby deleted from the policy.
2. The is changed by the addition or deletion of the pages listed below

Page Numbers of Pages Added

Page Numbers of Pages Deleted

Page 11 1 1 20

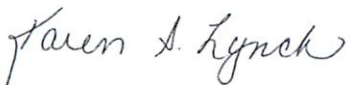
Nothing contained in this rider shall be held to alter or affect any of the terms of the Policy other than as herein specifically stated.

In Witness Whereof, the Aetna Life Insurance Company has signed this rider at **Hartford, Connecticut**, to become effective January 1, 2020

Signed by the Insurance Company January 24, 2020



Registrar



Karen S. Lynch
President, Aetna Life Insurance Company

Signed by the Insured

02/05/2020

Date



Signature

Budget Officer
Official Title