



**BlueCross BlueShield  
of Louisiana**

An independent licensee of the Blue Cross and Blue Shield Association.

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**EAST BATON ROUGE PARISH SCHOOL SYSTEM**

**Administrative Services Agreement**

**Group No. 77749FF4**

**January 1, 2013 through December 31, 2013**

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# BlueCross BlueShield of Louisiana

An independent licensee of the Blue Cross  
and Blue Shield Association.

Blue Cross and Blue Shield of Louisiana incorporated as Louisiana Health Service & Indemnity Company.

## Schedule of Administration Services and Fees

**Plan Sponsor:** East Baton Rouge Parish School Systems  
**Group Number:** 77749FF4  
**Effective Date of Schedule:** January 1, 2013  
**Initial Contract Term:** January 1, 2006 thru December 31, 2006  
**Renewal Contract Term:** January 1, 2013 thru December 31, 2013  
  
**Effective Date of ASO Agreement:** January 1, 2013  
**Original Effective Date of BCBSLA Administration:** January 1, 2006  
  
**Frequency of Medical Claims Billing:** Weekly

### BASELINE ADMINISTRATIVE SERVICES AND ASSOCIATED FEE CHARGE

| Service                              | Chosen<br>by Plan<br>(Yes/No) | Standard Fee<br>(PEPM) | Monthly<br>Administrative Fee<br>and Other Charges<br>Applicable to Plan<br>(PEPM) |
|--------------------------------------|-------------------------------|------------------------|--|
| <b>Administration</b>                |                               |                        |  |
| <b>Medical Claims Administration</b> |                               |                        |  |
| Claims Administration Fee            | Yes                           | Group/Plan<br>Specific | \$11.97  |
| Network Access Fees                  | Yes                           | \$10.75                | \$10.75  |
| Coordination of Benefits             | Yes                           | Included               | Included   |
| Annual ID Card Mailings              | Yes                           | Included               | Included   |
| Preparation of One SPD               | Yes                           | Included               | Included   |
| PBM Rebate Credit                    | No                            | Variable               |  |
|                                      |                               |                        |  |
| <b>Ancillary Products</b>            |                               |                        |  |
| Dental Administration Fee            | No                            | \$3.25                 |  |
| Vision Administration                | No                            | \$1.25                 |  |

# **BASELINE ADMINISTRATIVE SERVICES AND ASSOCIATED FEE CHARGE**

| <b>Service</b>   | <b>Chosen by Plan (Yes/No)</b> | <b>Standard Fee (PEPM)</b> | <b>Monthly Administrative Fee and Other Charges Applicable to Plan (PEPM)</b> |
|--|--------------------------------|----------------------------|---|
| <b>Tax and Regulatory</b>  |                                |                            |   |
| HIPAA Certificates of Credible Coverage  | Yes                            | \$0.50/Cert Issued         | Included  |
| Summary of Benefits and Coverage Drafting of Document(s) for Group Leader  | Yes                            | No Charge                  | Included  |
| Summary of Benefits and Coverage Distribution to Group Members   | No                             | \$0.15                     |   |
| <b>Care Management</b>   |                                |                            |   |
| <b>Standard Package</b> <ul style="list-style-type: none"> <li>• Inpatient Utilization Management</li> <li>• Catastrophic CM (Claims &gt;\$50,000)</li> <li>• Transplant care</li> <li>• IP Behavioral Health</li> <li>• OP Services Utilization Management</li> <li>• Oncology Pathway Management</li> </ul>  | No                             | \$5.25                     |   |
| <b>Premium Package</b> <ul style="list-style-type: none"> <li>• Inpatient Utilization Management</li> <li>• Catastrophic CM (Claims &gt;\$50,000)</li> <li>• Transplant Care</li> <li>• IP Behavioral Health</li> <li>• OP Services Utilization Management</li> <li>• Care Coordination</li> <li>• Base Maternity</li> <li>• High Risk Maternity Management</li> <li>• Post Discharge Outreach Calls</li> <li>• Medication Therapy Management (HTN, Cholesterol, Diabetes, Asthma)</li> <li>• Oncology Pathway Management</li> </ul> | Yes                            | \$6.25                     | \$6.25  |
| <b>High Tech Imaging</b><br>(MRI, CT, PET and Nuclear Cardiology)  | Yes                            | \$0.50                     | \$0.50  |

# **BASELINE ADMINISTRATIVE SERVICES AND ASSOCIATED FEE CHARGE**

| <b>Service</b>  | <b>Chosen<br/>by Plan<br/>(Yes/No)</b> | <b>Standard Fee<br/>(PEPM)</b>   | <b>Monthly<br/>Administrative Fee<br/>and Other Charges<br/>Applicable to Plan<br/>(PEPM)</b> |
|---|--|----------------------------------|---|
| <b>Disease Management</b>   |  |                                  |   |
| <b>Congestive Heart Failure Program*</b>  | <b>Yes</b>                             | <b>Included</b>                  | <b>Included</b>   |
| <b>Integrated Five Disease Bundle<br/>(Choose Five Diseases)</b> <ul style="list-style-type: none"> <li>• Congestive Heart Failure (telephonic) *</li> <li>• Diabetes (telephonic) *</li> <li>• COPD (telephonic)</li> <li>• Coronary Heart Disease (telephonic)</li> <li>• Asthma (telephonic)</li> <li>• Chronic Kidney Disease (telephonic)</li> <li>• End Stage Renal Disease (telephonic)</li> <li>• Children w/Special Needs (telephonic)</li> </ul> <i>(*Required selections in package)</i> | <b>No</b>                              | <b>\$5.00</b>                    |   |
| <b>Enhanced Option (Add Three Disease States)</b>   | <b>No</b>                              | <b>\$3.00</b>                    |   |
| <b>Wellness</b>   |  |                                  |   |
| <b>Base Wellness</b>  | <b>Yes</b>                             | <b>Included</b>                  | <b>Included</b>   |
| <b>Pharmacy Benefit Management</b>  |  |                                  |   |
| <b>PBM Carve-Out Fee</b>  | <b>No</b>                              | <b>\$3.00</b>                    | <b>Waived</b>   |
| <b>Pharmacy Benefit Management Services</b>   | <b>Yes</b>                             | <b>See Pharmacy<br/>Schedule</b> | <b>N/A</b>  |
| <b>Stop Loss Services</b>   |  |                                  |   |
| <b>Non-Preferred Stop Loss Carrier</b>  | <b>No</b>                              | <b>\$3.00</b>                    |   |



# **BASELINE ADMINISTRATIVE SERVICES AND ASSOCIATED FEE CHARGE**

| <b>Service</b>   | <b>Chosen<br/>by Plan<br/>(Yes/No)</b> | <b>Standard Fee<br/>(PEPM)</b> | <b>Monthly<br/>Administrative Fee<br/>and Other Charges<br/>Applicable to Plan<br/>(PEPM)</b> |
|--|--|--------------------------------|---|
| <b>Total Monthly Fixed Administrative Fee*</b>                 |  |                                |   |
| Medical  |  |                                | \$29.47   |
| Dental   |  |                                | \$0.00  |
| Vision   |  |                                | \$0.00  |
| Broker Commissions   |  |                                | \$0.00  |
| <b>Grand Total</b>   |  |                                | <b>\$29.47</b>  |
|  |  |                                |   |
| <i>Total Employee (Includes Retirees If Covered) Contracts</i> |  |                                | <b>9,508</b>  |
| <i>Estimated Monthly Administrative Fee</i>                    |  |                                | <b>\$280,200.76</b>   |
| <i>Estimated Annual Administrative Fee</i>                     |  |                                | <b>\$3,362,409.10</b>   |

\*Proposed fees assume continuation of existing benefits levels (Deductible, Coinsurance, Out-of-Pocket amounts, Co-pays, etc.). All benefit changes are subject to final approval for plan administration.

*\*Effective January 1, 2014 through December 1, 2014 the total Administrative Services Fee will be \$29.47 based on current enrollment and plan administration.*

## ADDITIONAL SERVICES AND ASSOCIATED FEES

| <b>Service</b>  | <b>Chosen<br/>by Plan<br/>(Yes/No)</b> | <b>Fees</b>                              | <b>Billing<br/>Methodology</b> |
|---|--|--|--------------------------------|
| <b>Disease Management</b>   |  |  |                                |
| Sixteen (16) Rare Diseases<br>*Billed each month the member is managed under the plan   | No                                     | \$75.00 per disease<br>member per month* | Separate Invoice               |
| <b>Third Party Recovery</b>   |  |  |                                |
| Subrogation   | Yes                                    | 30% of Recoveries                        | Included at No<br>Charge       |
| Provider Audit and Overpayment  | Yes                                    | 30% of Recoveries                        |                                |
| Fraud Recoveries  | Yes                                    | 30% of Recoveries                        |                                |
| <b>Reporting and Technology Services</b>  |  |  |                                |
| Ad Hoc Reports<br>Report Extracts for Outside Vendors<br>Reports Outside of Standard Reporting Package  | Yes                                    | \$200.00/hour                            | Separate Invoice               |
| <b>Administrative Services</b>  |  |  |                                |
| Set up and Installation Fee   | Yes                                    | \$1,000.00 one-time                      | No Charge                      |
| Group Initiated Claims Reprocessing Fee   | Yes                                    | \$25.00/ Claim                           | Separate Invoice               |
| External Appeals  | Yes                                    | At Cost                                  | Separate Invoice               |
| Preparation or Printing of Additional SPDs  | Yes                                    | At Cost                                  | No Charge                      |
| Customized/Additional ID Cards  | Yes                                    | At Cost                                  | No Charge                      |
| Expedited Shipping of Documents   | Yes                                    | At Cost                                  | Separate Invoice               |
| <b>Weekly Claims Payment Methodology (Choose One)</b>   |  |  |                                |
| <b>ACH Draft Transactions</b><br>Within forty-eight (48) hours of receipt of claims billing by Plan Sponsor, Blue Cross and Blue Shield of Louisiana shall initiate an ACH draft transaction for claims payment. Please refer to Article VII of the Administrative Services Agreement.            | No                                     | N/A                                      | N/A                            |
| <b>Wire Transfers</b><br>Within forty-eight (48) hours of receipt of claims billing by Plan Sponsor, Plan Sponsor shall wire claims fund to Blue Cross and Blue Shield of Louisiana along with Fund Wire information sheet. Please refer to Article VII of the Administrative Services Agreement. | Yes                                    | N/A                                      | N/A                            |
| <b>Check Payments</b><br>Within seventy two (72) hours of receipt of claims billing by Plan Sponsor, Plan Sponsor shall remit by check claims fund payable to Blue Cross and Blue Shield of Louisiana. Please refer to Article VII of the Administrative Services Agreement.                      | No                                     | N/A                                      | N/A                            |

## BLUE CARD PROGRAM FEES

| <i>Blue Card Billing Arrangements</i>   | <i>Applied to Plan (Yes/No)</i> | <i>Billing Methodology</i>        |
|---|---------------------------------|-----------------------------------|
| <b>Standard BlueCard Pricing</b><br>Applicable to Groups with Less than 1,000 Enrolled Contracts - 5.32% of Savings up to a Maximum \$2,000 per claim                 | No                              | Included in Monthly Claims Detail |
| <b>Reduced BlueCard Pricing</b><br>Applicable to the PPO plan on Groups of 1,000 to 9,999 enrolled PPO contracts – 2.96% of Savings up to a Maximum \$2,000 per claim | Yes                             | Included in Monthly Claims Detail |
| <b>Jumbo BlueCard Pricing</b><br>Applicable to the PPO plan on Groups of 10,000 to 49,999 enrolled PPO contracts - 2.75% of Savings up to a Maximum \$2,000 per claim | No                              | Included in Monthly Claims Detail |
| <b>Super Jumbo BlueCard Pricing</b><br>Applicable to Groups of 50,000 or More Enrolled Contracts - \$6.00 Per Claim   | No                              | Included in Monthly Claims Detail |

Standard Blue Cross and Blue Shield of Louisiana contract wordings, definitions, limitations and plan administration will apply unless specifically noted otherwise. We reserve the right to adjust our quoted fee if an outside vendor is chosen for any of the above proposed services not already considered in our pricing.

I am authorized by the Plan Sponsor to accept the rates as outlined on this proposal and do apply for Plan Sponsor coverage based on the information in this signed proposal. Once signed by the Plan Sponsor and Underwriter, all pages of this proposal are considered binding.

Accepted by Plan Sponsor: \_\_\_\_\_ Title: \_\_\_\_\_ Date: \_\_\_\_\_

Company Representative: \_\_\_\_\_ Date: \_\_\_\_\_

Underwriter Approval: \_\_\_\_\_ Date: \_\_\_\_\_

**Table of Contents**  
**to**  
**Administrative Services Agreement**

|   |    |
|---|----|
| ARTICLE I. RECITALS   | 1  |
| ARTICLE II. DEFINITIONS   | 2  |
| ARTICLE III. PLAN SPONSOR'S REPRESENTATIONS AND OBLIGATIONS             | 4  |
| ARTICLE IV. BCBSLA ADMINISTRATIVE SERVICES AND RESPONSIBILITIES         | 8  |
| ARTICLE V. ADMINISTRATIVE SERVICES FEE AND OTHER CHARGES                | 20 |
| ARTICLE VI. CLAIMS LIABILITY AND PAYMENT OF BENEFITS                    | 21 |
| ARTICLE VII. OUT-OF-AREA SERVICES                                       | 23 |
| ARTICLE VIII. LIABILITY AND INDEMNITY                                   | 26 |
| ARTICLE IX. ACCOUNTING AND AUDIT PROCEDURES                             | 27 |
| ARTICLE X. OTHER RIGHTS AND RESPONSIBILITIES                            | 28 |
| ARTICLE XI. SUSPENSION OF ADMINISTRATIVE SERVICES AND/OR CLAIMS PAYMENT | 29 |
| ARTICLE XII. TERM AND TERMINATION                                       | 30 |
| ARTICLE XIII. MISCELLANEOUS   | 30 |

## ADMINISTRATIVE SERVICES AGREEMENT

Note: Under this Agreement Blue Cross and Blue Shield of Louisiana and HMO Louisiana, Inc., provide administrative claims payment services only and do not assume any financial risk or obligation with respect to claims or claims amounts.

## ARTICLE I. RECITALS

This Administrative Services Agreement ("Agreement") is entered into by and between East Baton Rouge Parish School System ("PLAN SPONSOR") on its own behalf and on behalf of its self-funded employee welfare benefit plan ("PLAN") that it sponsors on behalf of its eligible employees and/or other covered persons, and Louisiana Health Service & Indemnity Company d/b/a Blue Cross and Blue Shield of Louisiana, and its subsidiary HMO Louisiana, Inc. (collectively referred to herein as "BCBSLA").

WHEREAS, select description appropriate to PLAN SPONSOR by marking with an X:

☐ PLAN SPONSOR has established a self-funded employee welfare benefit plan, subject to the Employee Retirement Income Security Act of 1974 (“ERISA”), as amended, for its eligible employees and their eligible dependents; and

☐ PLAN SPONSOR has established a self-funded employee welfare benefit plan; however, this employee welfare benefit plan is not subject to the Employee Retirement Income Security Act of 1974 ("ERISA"); and

☐ PLAN SPONSOR's group health plan is maintained pursuant to one or more collective bargaining agreement(s) between employee representatives of the Plan and one or more unions; or

☐ PLAN SPONSOR is a Louisiana Parish School Board and either (check box as appropriate)\*:

☐ Obtains funds from the State of Louisiana and uses those funds to fund the Plan, thereby requiring the school board plan to follow the requirements of the Louisiana Office of Group Benefits for employee and retiree eligibility, pursuant to L.R.S §42:851; or

☐ Obtains funds from the State of Louisiana but does not use those funds to fund the Plan.

\*Attestation: I, as the School Board's Chief Financial Officer or comparable officer, attest that the choice marked above is true.

Signature: \_\_\_\_\_

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

WHEREAS, BCBSLA is a not-for-profit mutual insurer operating and domiciled in the State of Louisiana that offers health and accident insurance coverage, provides or arranges for the provision of health care services, and/or offers third party administration services for group plans; and

WHEREAS, BCBSLA has established networks of health care and allied service providers and Cost and Quality Improvement Programs under which participating providers are reimbursed in accordance with pre-determined charge level amounts; and

WHEREAS, PLAN SPONSOR desires that BCBSLA provide certain administrative services in connection with the operation of PLAN SPONSOR's Plan and desires to participate in the Cost and Quality Improvement Programs established by BCBSLA and those to which BCBSLA has access:

NOW THEREFORE, in consideration of the mutual promises, covenants and conditions contained in this Agreement, BCBSLA and PLAN SPONSOR hereby agree as follows:

## **ARTICLE II. DEFINITIONS**

- 2.01. "Agreement" means this Agreement between BCBSLA and PLAN SPONSOR, including the Schedule of Administration Services and Fees, any Schedule of Pharmacy Benefits Management Services, and any and all documents and appendices attached hereto or incorporated by reference.
- 2.02. "Alternative Compensations" means additional payments made to network health care or allied services providers, including but not limited to, capitation payments, performance based reimbursement payments, care coordination payments, and other alternative funding arrangements as set forth under an agreement between BCBSLA and such network provider.
- 2.03. "Association" means the Blue Cross and Blue Shield Association, an association of independent Blue Cross and Blue Shield plans.
- 2.04. "Benefits" means the care, treatment, services and supplies described in the PLAN SPONSOR's Plan of Benefits and/or certificate of coverage which are eligible for payment or reimbursement by the Plan.
- 2.05. "Claim" means a written or electronic proof of charges for services given, or related to services given to a Member by a health care or allied services provider, or for payments made by a third party on behalf of a Member for health care or allied services received by the Member, that is submitted to BCBSLA with the intention of receiving payment or reimbursement from the PLAN for the services provided or paid.
- 2.06. "Cost and Quality Improvement Programs" may include, but are not limited to, network development and maintenance, medical management activities (which typically include utilization review, pre-certification/pre-authorization, concurrent review, discharge planning, case management, retrospective review, referral management, care coordination, etc.), chronic disease management, pharmacy management, quality improvement activities, wellness activities and Alternative Compensation arrangements.
- 2.07. "Confidential Information" means all proprietary, non-public information disclosed to a party to this Agreement by the other party. Confidential Information includes but is not limited to: the terms of this Agreement (including all Schedules); all Member information; all information relating to the disclosing party's business methods, processes, policies,



finances, strategies, budgets, pricing terms or other financial information, records, notes, memoranda, summaries or other materials in whatever form maintained, whether prepared by the disclosing party or others, that contain or otherwise reflect or are based upon, in whole or in part, any of the disclosing party's proprietary, non-public information.

The term Confidential Information does not include information which:

- (a) Is or becomes generally available to the public other than as a result of disclosure by the owner of the Confidential Information;
- (b) Becomes available to either party on a non-confidential basis from a third party; provided, that the receiving party under this Agreement is not aware that such third party is bound by a confidentiality agreement with respect to the Confidential Information; and,
- (c) Is identified by the disclosing party as not being Confidential Information.

- 2.08 "Effective Date" means the date BCBSLA begins to provide services under this Agreement. The Effective Date is listed on the Schedule of Administration Services and Fees, and any Schedule of Pharmacy Benefits Management Services attached to this Agreement.
- 2.09 "ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time and related regulations.
- 2.10 "HIPAA" means the Health Insurance Portability and Accountability Act of 1996, as amended, and regulations implemented thereunder; including, but not limited to, HIPAA privacy standards ("Privacy Rule"), transaction standards ("Transactions Rule") and security standards ("Security Rule").
- 2.11 "Marks" means a party's trade names, commercial symbols, trademarks and service marks, whether presently existing or later established.
- 2.12 "Member" means an employee or retiree of PLAN SPONSOR, or other persons eligible for coverage as defined by PLAN SPONSOR's Benefit plan, who are entitled to Benefits under the Plan, or any dependent thereof, who is entitled to Benefits under the Plan.
- 2.13 "MEWA" means a Multiple Employer Welfare Arrangement as defined by ERISA.
- 2.14 "PPACA" means the Patient Protection and Affordable Care Act, as amended, and regulations implemented thereunder.
- 2.15 "PBM" means a pharmacy benefits manager, with whom BCBSLA contracts for the management of pharmacy benefits provided to Members.



- 2.16 "Plan Administrator" means a person or entity designated as the administrator under the terms of the instrument under which the Plan is operated. If an administrator is not so designated, the PLAN SPONSOR will be considered to be the Plan Administrator. BCBSLA shall not be considered to be the Plan Administrator.
- 2.17 "Plan of Benefits" or "Plan" means the group health and accident and other benefit plan document prepared by BCBSLA and adopted by PLAN SPONSOR for the benefit of its employees and their dependents.
- 2.18 "Plan Sponsor" or "Group" means the entity identified as the PLAN SPONSOR on the first page of this Agreement.
- 2.19 "Professional Employer Organization" means a business organization that as its main business outsources its employees to other businesses on a full time basis.
- 2.20 "Protected Health Information" and "PHI" have the same meaning as the term "protected health information" in 45 C.F.R. § 164.501, limited to the information created or received by BCBSLA from or on behalf of PLAN SPONSOR or another business associate of PLAN SPONSOR.
- 2.21 "Run-Out Services" means those Services provided by BCBSLA to PLAN SPONSOR following termination or expiration of this Agreement during the period agreed to by BCBSLA and PLAN SPONSOR at the time of termination.
- 2.22 "Savings" means the difference between the dollar amount of benefits that would be paid in the absence of a negotiated or established rate with a provider for a particular service and the amount of the negotiated or established rate actually paid for that service.
- 2.23 "Schedule" means the Schedule of Administration Services and Fees or any Schedule of Pharmacy Benefits Management Services, as applicable, attached hereto or made a part hereof by reference as may be amended, revised or supplemented from time to time.
- 2.24 "Stop-Loss Insurance" means the insurance procured by PLAN SPONSOR that insures PLAN SPONSOR against claims made in excess of certain amounts.
- 2.25 "Summary Plan Description" or "SPD" means the document that under ERISA Section 104, and 29 CFR §§ 2520.104b-2, 2520.102-2 and 2520.102-3, the Plan Administrator is required to furnish to each participant under the Plan, disclosing the sponsorship, structure, administration, eligibility, benefits, terms, and participant rights and obligations under the Plan. In the case of those PLAN SPONSORS not subject to ERISA, an SPD will mean any similar document furnished for a similar purpose to its Plan participants by the Plan Administrator, whether on a voluntary basis or under the requirements of any other law.

### **ARTICLE III. PLAN SPONSOR'S REPRESENTATIONS AND OBLIGATIONS**

- 3.01 PLAN SPONSOR's Representations. PLAN SPONSOR represents that:

(a) PLAN SPONSOR is not a MEWA.

(b) PLAN SPONSOR is not a Professional Employer Organization.

3.02 Member Information. PLAN SPONSOR shall provide BCBSLA (in a format acceptable to BCBSLA) with the Members' information upon enrollment and when changes occur to any of the information, to include current member mailing address, first and last name, date of birth, effective and/or termination date of coverage, current home phone number, gender, race, date of hire, relationship (e.g., employee, spouse, dependent), and when available, social security number. PLAN SPONSOR will notify BCBSLA as stated on paragraphs 3.03 and 3.04 below of a change of a Member's employment or a change in coverage status, including notifying BCBSLA of terminated employees, new employees, and terminations of coverage.

(a) Claims will be paid in accordance with the information that has been supplied by PLAN SPONSOR and received by BCBSLA at the time they are processed.

(b) BCBSLA shall be entitled to rely upon information supplied by PLAN SPONSOR.

(c) In the event of retroactive addition or termination of Members, BCBSLA shall not be responsible for denials of claims under PLAN SPONSOR's Stop-Loss Insurance.

(d) BCBSLA will not be responsible for collection of Claims amounts paid to providers or Members prior to notification of a Member's termination. Should BCBSLA attempt any recoveries, they will only be pursued in accordance with this Article, the agreements between BCBSLA and its network providers, and any applicable laws.

3.03 Member Additions/Deletions. PLAN SPONSOR shall notify BCBSLA of the addition or deletion of Members to the Plan as described below:

a) When a new Member should be added, PLAN SPONSOR shall notify BCBSLA within thirty (30) days of the effective date of coverage for that Member. If BCBSLA is not notified that a new Member should be added within this thirty (30) day time frame, BCBSLA shall have no obligation to adjudicate any Claims that were incurred prior to this time frame.

b) When a Member should be terminated from coverage under the plan, PLAN SPONSOR shall notify BCBSLA within thirty (30) days of the effective date of that Member's termination.

3.04 Retroactive Member Terminations. PLAN SPONSOR shall ensure that any retroactive Member termination forwarded to BCBSLA is in compliance with federal law, specifically with any prohibition on rescissions. BCBSLA will assume that PLAN SPONSOR's request for a retroactive termination is compliant with the law.

PLAN SPONSOR is solely responsible for providing to the Member any notice related to retroactive terminations or rescissions that are required by law.

- 3.05 Claim Recoveries. PLAN SPONSOR shall notify BCBSLA timely of Member coverage terminations, as stated in Section 3.03(b). If Claims are paid by BCBSLA in the interim period between the effective termination date and the timely notification of the event to BCBSLA, BCBSLA shall attempt to collect reimbursements made to providers on PLAN SPONSOR's behalf, for those reimbursements that exceed the amount of fifty dollars (\$50.00). However, BCBSLA will not attempt to collect Claims paid for pharmacy benefits by a pharmacy benefits manager, Claims paid to out-of-network providers or Claims paid through the BlueCard Program.

BCBSLA will only attempt to collect benefits paid directly to the Member at the express written request from PLAN SPONSOR. If PLAN SPONSOR instructs BCBSLA to use the services of an outside collection agency, PLAN SPONSOR shall be responsible for any fees charged by the agency for its services.

However, if PLAN SPONSOR does not notify BCBSLA of a Member's termination after thirty (30) days or more from the effective termination date, BCBSLA shall not attempt to collect any Claim payments, and shall not be obligated to refund any administrative fees or reinsurance fees.

In any of the above scenarios, PLAN SPONSOR shall remain responsible to fund all the Claims paid, including any Claim or benefit for which a collection is attempted and is not recovered or recoverable from a provider or Member.

- 3.06 General Responsibilities of PLAN SPONSOR. PLAN SPONSOR shall:

- a) Establish and maintain (for a minimum of one (1) year after termination of this Agreement or such longer period as required by law) any accounts and records required in accordance with the terms of this Agreement;
- b) Notify BCBSLA of changes in an employer's contribution rate toward the cost of coverage under the Plan;
- c) Furnish to BCBSLA all information reasonably required by BCBSLA in order to provide its services under this Agreement;
- d) Fund the group health plan and pay all Claims and share of Alternative Compensations in accordance with the terms of the Plan and Article VI of this Agreement;
- e) Pay the Administrative Service Fees and all other fees and charges under this Agreement as provided in Article V of this Agreement;
- f) Comply with all applicable state and federal laws;

- g) Furnish BCBSLA with all necessary information regarding any Stop-Loss Insurance.

- 3.07 PLAN SPONSOR's Responsibility/Authority. PLAN SPONSOR retains all authority, responsibility, and liability for its group health plan and its operation, and BCBSLA is only authorized to act on behalf of PLAN SPONSOR as expressly stated in this Agreement or the Plan or as may be mutually agreed to in writing by BCBSLA and PLAN SPONSOR.
- 3.08 Taxes. PLAN SPONSOR shall be responsible to report and pay any taxes related to the Plan. BCBSLA will not report or pay any taxes on behalf of PLAN SPONSOR, except those which may be attached to a Claim for covered services under the Plan, and which must be paid along with the payment of a Claim, like the Louisiana hospital bed tax. PLAN SPONSOR agrees to reimburse BCBSLA for taxes (including any excise taxes) that are assessed against BCBSLA or that BCBSLA is required to pay, now or in the future, relating to: (i) the Plan and Benefit payments thereunder; (ii) this Agreement; or (iii) BCBSLA's fees or services under this Agreement (but not taxes on BCBSLA's net income). BCBSLA has the authority and discretion to determine whether any such tax should be paid or disputed. BCBSLA will act reasonably when making that determination. PLAN SPONSOR assumes all tax reporting obligations relative to the reimbursement of any Benefit to a Member in connection with the Plan and this Agreement.
- 3.09 Distribution of Information and Notices. Unless otherwise specifically delegated to BCBSLA herein, PLAN SPONSOR remains responsible for the preparation and distribution of information, notices, etc. required to be provided to Members under applicable laws and regulations, and for maintaining and operating the Plan in accordance with applicable laws and regulations.
- 3.10 Plan of Benefits and Summary of Material Modifications. PLAN SPONSOR is responsible for distributing to plan participants and beneficiaries the Plan of Benefits and the Summary of Material Modifications to the Plan as required by law.
- 3.11 Fiduciary Acknowledgement. With regard to any of the provisions of the Employee Retirement Income Security Act of 1974, as amended (ERISA), if applicable, PLAN SPONSOR shall for all purposes of the Act be the "Administrator" and the "named fiduciary" of the Plan. PLAN SPONSOR shall assume fiduciary responsibilities for all operations of the Plan under ERISA, including but not limited to provision and approval of the Plan of Benefits, Summary Plan Descriptions, notices of material modifications to the Plan, and other required communications, and legal and financial reporting requirements for the Plan. PLAN SPONSOR expressly agrees that it shall not require BCBSLA to act in any manner or to provide any benefit or service which in its opinion is in violation of ERISA.

Nothing in this Agreement shall be construed to be a delegation by PLAN SPONSOR to BCBSLA of any fiduciary status or duty under applicable law. In the performance of this Agreement BCBSLA is acting only in a ministerial capacity and shall not be designated or deemed to be the administrator or fiduciary of PLAN SPONSOR or any welfare plan

for any purposes and all final responsibility and authority for the operation of Plan shall be solely with PLAN SPONSOR which shall be solely responsible for complying with any and all applicable laws and regulations including provisions of and regulations regarding ERISA. BCBSLA provides administrative Claims payment services only and does not assume any financial risk or obligation with respect to Claims or Claims amounts. Notwithstanding the foregoing, BCBSLA shall be responsible for ensuring that Claims are processed in accordance with the ERISA claims regulations.

3.12 Responsibility for Plan. Except as otherwise specifically stated in this Agreement, PLAN SPONSOR retains all final authority and responsibility for the Plan including, but not limited to, the benefit design of the Plan, Claims payment decisions, cost containment program decisions, utilization and benefits management, eligibility requirements for Plan participants and beneficiaries, enrollment administration, compliance with the requirements of the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended (COBRA), compliance with the Health Insurance Portability and Accountability Act of 1996 (HIPAA), compliance with the Patient Protection and Affordable Care Act, compliance with the requirements of ERISA, if applicable, and compliance with any other state and federal laws or regulations applicable to the PLAN SPONSOR or the administration of the Plan.

- a) PLAN SPONSOR must submit all information to BCBSLA in writing. The accuracy of any changes performed and administered by BCBSLA at the instruction of PLAN SPONSOR in benefit design, enrollee status, etc., is the responsibility of PLAN SPONSOR. BCBSLA is entitled to rely on PLAN SPONSOR's instructions in performing its duties under this Agreement.
- b) BCBSLA will administer Claims in accordance with the terms and conditions of the Plan. A Member has the right to appeal decisions regarding or arising out of the Plan, as that appeals process is defined in the Plan.
- c) PLAN SPONSOR retains the ultimate responsibility for Claims under the Plan and all expenses incident to the Plan, except as BCBSLA has specifically undertaken in the Agreement.

3.13 Discretionary Authority. PLAN SPONSOR shall have the maximum legal discretionary authority to interpret and administer the Plan and to make factual determinations under the Plan.

#### **ARTICLE IV. BCBSLA ADMINISTRATIVE SERVICES AND RESPONSIBILITIES**

4.01 Subject to the fees set forth in the Schedule of Administration Services and Fees, and during the term of this Agreement, BCBSLA shall perform the following ministerial functions delegated to it by PLAN SPONSOR:

- (a) Plan of Benefits Document/Summary Plan Description. If requested by PLAN SPONSOR, prepare and print a document containing a description of Plan benefits to be used by PLAN SPONSOR as a Summary Plan Description as that term is used in



the context of ERISA. BCBSLA will use its best effort to draft an ERISA-compliant document with the information provided by the PLAN SPONSOR. However, it will be PLAN SPONSOR's responsibility to review the draft prepared by BCBSLA within thirty (30) days of receipt, and approve the document in writing as correct in the description of the benefits and compliant with all laws and regulations PLAN SPONSOR wishes to apply to the document, before dissemination to its Members. BCBSLA will have no liability for any non compliance of the document with ERISA or any other standards, or any inaccuracies in regard to the benefit descriptions, statements, disclosures, or any other information contained in the document. If PLAN SPONSOR fails to return the document to BCBSLA within the thirty (30) days here established, either approved or with a request for changes, BCBSLA will have the right to consider the last document submitted to PLAN SPONSOR as final and approved in regards to the benefit description for the purpose of rendering the services contracted under this Agreement.

- (b) Summary of Benefits and Coverage Document. BCBSLA will prepare a Summary of Benefits and Coverage (SBC) document to be used by PLAN SPONSOR. BCBSLA will not distribute this document to Members unless it specifically assumes this responsibility according to the Schedule of Administration Services and Fees and under the terms of Paragraph 4.02(c). BCBSLA will issue the SBC as soon as possible once it has received from PLAN SPONSOR all the benefits information BCBSLA needs to draft the document. It will be PLAN SPONSOR's responsibility to provide this information to BCBSLA on time for PLAN SPONSOR's compliance with timely distribution to Members. BCBSLA will not be held responsible for any delays in the distribution of SBCs to Members, unless it has assumed responsibility for such distribution and PLAN SPONSOR has submitted the information timely, as required under Paragraph 4.02(c). In any case, it will be PLAN SPONSOR's responsibility to review the draft prepared by BCBSLA within fifteen (15) days of receipt, and approve the document in writing as correct in the description of benefits and compliant with all laws and regulations. BCBSLA will have no liability for any non compliance of the document with the law, or any inaccuracies in regard to the benefit descriptions, statements, disclosures, or any other information contained in the document.
- (c) Enrollment. Based upon PLAN SPONSOR's determination and written communication to BCBSLA of a Member's eligibility for Plan benefits, enroll Members to receive Plan benefits in accordance with Plan provisions, and process any certificates of creditable coverage received by BCBSLA. BCBSLA will accept PLAN SPONSOR's initial eligibility enrollment file if such file is submitted to BCBSLA in a SSAE 16 compliant process satisfactory to BCBSLA. When requested, PLAN SPONSOR agrees to execute a Trading Partner Agreement with BCBSLA. PLAN SPONSOR's request that BCBSLA enroll subsequent Members will be subject to BCBSLA's subsequent enrollment processes.
- (d) ID Cards. BCBSLA will supply identification cards to subscribers of the Plan when necessary. New cards will be issued to all subscribers of the Plan when PLAN SPONSOR is serviced by BCBSLA for the first time. Thereafter, new cards will only be issued on an individual basis, when subscribers make changes to their coverage

upon open enrollment each year that require the issuance of a new card, whenever PLAN SPONSOR adds new enrollees to the Plan during a plan year, or whenever a card duplicate is requested by an enrollee.

(e) Claims Processing and Payment. Contingent upon PLAN SPONSOR's fulfillment of all its obligations under this Agreement, BCBSLA will process Claims, and determine payment levels based on the appropriate allowable charge, pursuant to the terms of the Plan of Benefits as construed by BCBSLA, incurred and timely submitted on or after the Effective Date.

- 1) PLAN SPONSOR has the full, final, binding and exclusive discretion to determine eligibility of benefits and to interpret the terms of the Plan of Benefits as may be necessary in order to make Claims determinations. The decision of the claims administrator shall not be overturned unless it is arbitrary and capricious or unless there is no rational basis for the decision.
- 2) BCBSLA shall make coverage determinations and decide, in accordance with the Plan, the eligibility for payment of Claims incurred and submitted to it during the term of this Agreement.
- 3) Claims will be processed in the order received by BCBSLA and will not be reprocessed due to out of sequence dates of services. Claims will be processed in the timeframes set forth in the Plan without regard to Stop-Loss Insurance. BCBSLA will not be held responsible for the loss of any Stop-Loss coverage recoveries due to the timing of Claims processing.
- 4) Other than an ITS Claim, BCBSLA shall not pay any Claim once this Agreement has terminated (unless BCBSLA agrees to provide Run-out Services).
- 5) Based on the Plan of Benefit express terms or PLAN SPONSOR's written authorization, and subject to the terms of this Agreement, BCBSLA shall determine the extent of the benefits (if any) to which any Member is entitled.

(i) In the event that PLAN SPONSOR determines that BCBSLA has misinterpreted the Plan of Benefits and so informs BCBSLA in writing within two (2) business days of making such determination, BCBSLA shall begin processing and paying Claims in accordance with PLAN SPONSOR's interpretation as set forth in such writing as soon as possible but no later than thirty (30) days after receipt of such notice. Upon PLAN SPONSOR's request, in writing, BCBSLA shall reprocess Claims submitted prior to PLAN SPONSOR's notification.

(ii) Notwithstanding any determination made by PLAN SPONSOR under this Article, BCBSLA shall have no liability to a Member or PLAN SPONSOR (and PLAN SPONSOR shall indemnify BCBSLA against any such liability pursuant to Article VIII) for withholding payments as directed by PLAN SPONSOR, for alleged or actual misinterpretations of



the Plan of Benefits made under Article 4.01(e)(2), or for Claims that were denied prior to PLAN SPONSOR's determination and written notification to BCBSLA.

- 6) If benefits are payable, but the provider does not participate in the provider network, BCBSLA may make payment to the Member or to the provider. No one may assign a Member's right to the payment of benefits without BCBSLA's express written consent.
- (f) Forms. If requested by PLAN SPONSOR, furnish necessary forms to PLAN SPONSOR for its Members' eligibility and Claims activities.
- (g) Claim Appeals and External Reviews. Provide assistance to PLAN SPONSOR in complying with grievance and appeal procedures adopted by PLAN SPONSOR and as outlined in the Plan of Benefits or SPD.
  - 1) If PLAN SPONSOR's Plan is subject to the appeals requirements of PPACA, with respect to processes for internal claims and appeals and external review, BCBSLA shall:
    - (i) Determine whether benefits are payable in accordance with the Plan of Benefits for a first level appealed Claim, as a result of an adverse benefit determination, within the time frames required by law. BCBSLA will also issue decision notices, in the appropriate format.
    - (ii) At the conclusion of the internal appeal, BCBSLA will notify the Member of BCBSLA's determination of the appeal including instructions on how to initiate any additional levels of appeal that may be available to the Member. The determination will include instructions on how the Member may initiate a second level appeal to the PLAN SPONSOR. Additionally, the Member will be advised of any external review rights that may be available. Members will be directed by BCBSLA to file their request for external review to the PLAN SPONSOR.
    - (iii) Unless otherwise requested by PLAN SPONSOR in writing, BCBSLA will facilitate PLAN SPONSOR's external review procedures by randomly assigning an external review request sent by PLAN SPONSOR to BCBSLA to one of BCBSLA's contracted independent review organizations (IRO). All costs associated with the IRO review shall be billed by BCBSLA to PLAN SPONSOR. PLAN SPONSOR acknowledges that the PLAN SPONSOR is responsible for ensuring that the Plan is administered consistently and in accordance with applicable laws; provided however, BCBSLA will be responsible for ensuring Claims received by BCBSLA are processed in accordance with the ERISA claims regulation. If the PLAN SPONSOR requests BCBSLA in writing not to facilitate the PLAN'S external review process, PLAN

SPONSOR will be solely responsible for complying with applicable laws regarding external review.

- 2) If PLAN SPONSOR's Plan is not subject to the appeals requirements of PPACA, with respect to processes for internal claims and appeals and external review, BCBSLA shall:
- (i) Determine whether benefits are payable in accordance with the Plan of Benefits for a first level appealed Claim, as a result of an adverse benefit determination, within the time frames required by law. BCBSLA will also issue decision notices in the appropriate format.
  - (ii) At the conclusion of the internal appeal, BCBSLA will notify the Member of BCBSLA's determination of the appeal including instructions on how to initiate the second and final level of appeal to the PLAN SPONSOR.

In the event BCBSLA receives any final appeal or grievance requests made by a denied claimant, BCBSLA shall immediately forward the request to the PLAN SPONSOR. PLAN accepts full responsibility and liability for ensuring the appeal rights available to a denied claimant under applicable law or the PLAN.

- (h) Network Development and Management. Establish, arrange and maintain physician, allied health and hospital provider networks through contractual arrangements with participating hospitals, allied health providers and physicians and with other Blue Cross and Blue Shield Plans.
- (i) PHS/EOBs. Furnish to any Member the appropriate personal health statements (e.g., explanation of benefits) notices and notices of any denials for Claims.
- (j) Customer/Member Services. Handle inquiries related to membership, benefits, Claims payment and Claims payment denial.
- (k) Financial Functions. Perform financial functions such as billing, cash disbursements and refund processing.
- (l) Coordination of Benefits. Unless otherwise agreed to between the parties, BCBSLA will determine the primary, secondary and tertiary order of liability of the Plan and any other health benefits program under which a Member may be eligible for benefits, and coordinate the payment of any benefits accordingly. Coordination of benefit efforts will be based on information available to BCBSLA.

Except for the standard processes that BCBSLA has in place for questioning Members regarding other health coverage (which may be subject to change from time to time, but which currently includes sending out a questionnaire to the Member when BCBSLA deems appropriate), BCBSLA shall not be required to determine the existence of any other plan or amount of benefits payable under any such other plan. Following BCBSLA standard investigation process, if a Member

fails to respond to BCBSLA's inquiry about the existence of any other coverage, BCBSLA will reject the Claim and will only process such Claim upon receipt of Member's response.

- (m) CMS and Medicaid Demand Letters. Remit payments on behalf of PLAN SPONSOR to the Centers for Medicare and Medicaid Services ("CMS") or to state Medicaid collection entities in response to Demand Letters for the recovery of Medicare or Medicaid payments. Unless requested by PLAN SPONSOR in writing not to make such payments, PLAN SPONSOR shall reimburse BCBSLA for any payments remitted by BCBSLA on behalf of PLAN SPONSOR to CMS or Medicaid collection entities in response to Demand Letters for the recovery of Medicare or Medicaid payments.
- (n) COBRA/USERRA. BCBSLA agrees to assist the PLAN SPONSOR in meeting its responsibilities with respect to providing the continuation of health care coverage required by the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA) and the Uniformed Services Employment and Reemployment Rights Act of 1994 (USERRA). PLAN SPONSOR is the Administrator for purposes of COBRA and shall remain responsible for meeting all COBRA and USERRA requirements applicable to the Plan. PLAN SPONSOR shall also be responsible for promptly notifying BCBSLA of individuals who elect to continue BCBSLA coverage under COBRA or USERRA provisions. BCBSLA's sole responsibilities shall be to: (1) answer inquiries from former participants and dependents who continue plan coverage under COBRA or USERRA provisions; and (2) prepare reports for PLAN SPONSOR on COBRA and USERRA cases, if requested.
- (o) QMCSOs/MCSOs. PLAN SPONSOR shall provide benefits in accordance with the applicable requirements of any Qualified Medical Child Support Orders ("QMCSO"), if required by law. BCBSLA agrees to assist the PLAN SPONSOR in meeting its responsibilities with respect to the receipt of Medical Child Support Orders ("MCSO"). The PLAN SPONSOR shall be responsible for: all notification responsibilities with respect to MCSOs, the establishment of written procedures for determining whether such MCSOs are "qualified" and for the administration of benefits under such qualified orders. The PLAN SPONSOR shall also be responsible for promptly notifying BCBSLA of the receipt of a MCSO relating to the Plan, the PLAN SPONSOR's determination as to whether such MCSO is "qualified," the name and address of Alternate Recipients whom the PLAN SPONSOR has determined are eligible to receive benefits under the Plan and the name and address of any custodial parent or legal guardian designated to receive benefit payments on behalf of such Alternate Recipient. BCBSLA's sole responsibilities shall be to answer inquiries from Alternate Recipients or designated guardians who receive benefit payments under the Plan.
- (p) Certificates of Creditable Coverage. BCBSLA will provide Certificates of Creditable Coverage, as may be required by the Health Insurance Portability and Accountability Act of 1996 ("HIPAA"), to formerly covered Members.

- (q) PLAN SPONSOR's HIPAA Privacy Obligations/ PLAN SPONSOR'S Access to PHI. BCBSLA agrees to assist the employer group health plan in meeting its responsibilities with respect to administering individual rights obligations, such as access, amendment and disclosure accounting rights, as required by the Health Insurance Portability and Accountability Act of 1996 ("HIPAA") and its implementing regulations issued by the U.S. Department of Health and Human Services (45 C.F.R. Parts 160-64) as described in the Business Associate Addendum for Administrative Services Agreement. However, the PLAN SPONSOR shall remain responsible for meeting all HIPAA requirements applicable to the Plan, including but not limited to the preparation of and distribution of its privacy notice.

From time to time, PLAN SPONSOR or business associates of PLAN SPONSOR may need access to certain protected health information, as defined in HIPAA and its implementing regulations, in order to perform certain plan administration functions on behalf of the Plan. Before BCBSLA will disclose any protected health information regarding a Member covered under the Plan, PLAN SPONSOR must adhere to the administrative requirements as outlined in the Business Associate Addendum to this Administrative Services Agreement.

- (r) Administrative Fee Statements and Claim Reports. Generate monthly statements for administrative services fees and other charges and Claim reports.
- (s) Data. Assist PLAN SPONSOR in preparation of any return or report pertaining to the Plan as required by any Federal Government Agency, and furnish the PLAN SPONSOR an annual report of information available to BCBSLA which may be needed by the PLAN SPONSOR to satisfy ERISA or any other applicable state or federal requirements. Such information and reports shall be limited to information readily available to BCBSLA. BCBSLA shall not be responsible for determining when or whether government filings are required, or completing or filing any report or return.
- (t) Service Provider Information. BCBSLA agrees to provide to PLAN SPONSOR certain information required to be reported related to compensation earned with regard to administration of the PLAN. This information shall include all direct and indirect compensation paid by PLAN SPONSOR to either BCBSLA or a third party subcontractor for providing services to the PLAN under this Agreement.
- (u) Plan Retirees/Employees 65 and older. Retirees and employees of the Plan age 65 or older may be eligible for participation in Medicare Part D prescription drug coverage. Any such coverage for Members or retirees of the Plan that is provided by BCBSLA shall be provided through individual contractual agreements with the retiree or Member.
- (v) Stop Loss and Excess Coverage

- 1) Upon request, BCBSLA shall assist the PLAN SPONSOR in securing, placing and procuring, at the expense of and on behalf of the Plan, one or more

contracts of insurance for stop loss and/or excess health insurance coverage in amounts sufficient to satisfy the requirements of the Plan.

- 2) At the request of PLAN SPONSOR, and at reasonable times consistent with contractual obligations, BCBSLA shall use its best efforts to assist the PLAN SPONSOR in renegotiation of the stop loss and/or excess health insurance coverage above.

Nothing in this Agreement shall be construed as prohibiting BCBSLA from receiving from the insurer or insurers writing such stop loss or excess health insurance policies, ordinary and reasonable commissions (including profit commissions or bonuses, if applicable) as compensation for the special services provided by BCBSLA in procuring such stop loss and/or excess health insurance policies. BCBSLA shall comply with any applicable laws or regulations requiring disclosure of the amounts (or computation of such amounts) of such commissions.

- (w) Anti-Fraud Efforts. BCBSLA agrees to include the Plan in anti-fraud efforts undertaken by BCBSLA. In its sole discretion, BCBSLA may initiate civil and/or criminal proceedings pursuant to anti-fraud efforts and include the Plan's Claims where relevant. If a Claim recovery process (e.g., anti-fraud) requires expenditures to third-party entities necessary to effect the recovery, PLAN SPONSOR shall allow BCBSLA to recover such expenditures from Claims recoveries based upon PLAN SPONSOR'S pro-rata share. If BCBSLA makes any recovery on behalf of the Plan, BCBSLA shall be entitled to the percentage fee over the amount of such recovery, as stated in the Schedule of Administration Services and Fees.

(x) Reimbursement, Subrogation and Other Third Party Recovery

- 1) If BCBSLA becomes aware of a subrogation, other third party recovery or reimbursement claim (hereinafter collectively referred to as "subrogation"), BCBSLA shall use its standard processes and procedures to attempt to recover the subrogation. The Schedule of Administration Services and Fees will govern the fees BCBSLA will charge upon any recoveries.
- 2) If the Schedule of Administration Services and Fees establishes a recovery fee in favor of BCBSLA, such fee will apply to any subrogation amounts recovered. The recovery fee will cover the coordination by BCBSLA of court proceedings, when necessary, litigation management, and outside counsel fees. All costs related to subrogation recoveries shall be subtracted from any amount payable to PLAN SPONSOR. If instead of allowing BCBSLA to handle a subrogation claim, PLAN SPONSOR chooses to pursue it through its own resources or counsel, BCBSLA will be entitled to a five percent (5%) fee upon PLAN SPONSOR's or its delegate's recovery of such claim.



- 3) If the Schedule of Administration Services and Fees does not establish a recovery fee in favor of BCBSLA, BCBSLA will not be required to initiate court proceedings on behalf of PLAN SPONSOR. However, BCBSLA may, at its sole discretion, elect to retain outside counsel, when required, to protect PLAN SPONSOR's interests. PLAN SPONSOR will be notified if BCBSLA initiates proceedings or retains counsel. PLAN SPONSOR may elect to retain counsel for such purpose and will provide written notice to BCBSLA of such election. PLAN SPONSOR will be solely responsible for the fees of any counsel retained by or on behalf of PLAN SPONSOR.
  - 4) In any case where BCBSLA is managing a subrogation claim on behalf of PLAN SPONSOR, BCBSLA will have full discretion to negotiate or allow sums or percentages for a Member's attorney fees when appropriate, and will have full discretion to determine whether any claim of up to \$100,000.00 should be reduced, waived or otherwise compromised. BCBSLA will seek the consent of PLAN SPONSOR to reduce, waive or otherwise compromise any claim beyond that amount.
  - 5) In the event of termination of this Agreement, in whole or in part, BCBSLA will continue to work all subrogation cases within its possession as well as any additional cases identified by BCBSLA with dates of services incurred prior to the date of termination. The fees charged for the subrogation services following termination of this Agreement will be at the contracted rate established in the Schedule of Administration Services and Fees.
- (y) Provider Audits. BCBSLA agrees to include the Plan in its provider audit efforts undertaken by BCBSLA. In its sole discretion, BCBSLA may initiate civil and/or criminal proceedings pursuant to overpayment efforts and include the Plan's Claims where relevant. If an overpayment recovery process requires expenditures to third-party entities necessary to effect the recovery, PLAN SPONSOR shall allow BCBSLA to recover such expenditures from Claims recoveries based upon PLAN SPONSOR'S pro-rata share. If BCBSLA makes any recovery on behalf of the Plan, BCBSLA shall be entitled to the percentage fee over the amount of such recovery, as stated in the Schedule of Administration Services and Fees.

4.02 BCBSLA shall perform during the term of this Agreement the following optional functions, only if they are described as included in the corresponding Schedule. The fees for these optional functions will be those established in the corresponding Schedule.

- (a) Utilization Review. Care Management and Disease Management. Conduct utilization review, medical necessity determinations, benefit coverage determinations, care management, disease management, and related functions affecting benefit activities. If selected by PLAN SPONSOR, any fees related to those activities or programs will appear in the Schedule of Administration Services and Fees. The performance of these duties may include the use of medical consultants. BCBSLA shall provide or

contract with independent providers of care management services to provide services as described in the Plan of Benefits, pursuant to the terms of the Plan.

If PLAN SPONSOR has opted for BCBSLA to manage any of the above mentioned activities or programs, PLAN SPONSOR agrees to incorporate their accurate description into its Plan of Benefits, which shall be approved by BCBSLA. BCBSLA may establish additional similar activities or programs and may rescind or modify those activities or programs which, in its discretion, determine not to be cost effective. Any such changes shall be incorporated into PLAN SPONSOR's Plan of Benefits, which shall be approved by BCBSLA.

- (b) Prescription Drug Benefit Management Services. At PLAN SPONSOR's request, BCBSLA will provide prescription drug management services through its contracted Pharmacy Benefits Manager ("PBM"). A Schedule of Pharmacy Benefits Management Services will be attached to this Agreement if PLAN SPONSOR has chosen this option. Services will include electronic Claims adjudication, Concurrent Drug Utilization Review (CDUR), pharmaceutical manufacturing rebate administration, formulary management, and access to preferred pricing for retail pharmacy, mail-order pharmacy and specialty pharmacy. BCBSLA will manage clinical prior authorization requests for prescription drugs that, according to the Plan of Benefits, are subject to such prior authorizations. "Clinical prior authorization" requests are those that require health care providers to answer questions about the member's medical history in order to make a determination of coverage. BCBSLA will charge a fee for clinical prior authorization requests as stated in the Schedule of Pharmacy Benefits Management Services. Step therapy requests which result in a clinical prior authorization will also be subject to this fee.

PLAN SPONSOR understands that the arrangement for pricing (including administrative fees, drug discounts, rebates, rebate-related administrative fees and dispensing fees) between BCBSLA and its contracted PBM are not necessarily the same as the arrangement between PLAN SPONSOR and BCBSLA under this Agreement. BCBSLA will be the sole recipient of any positive or negative financial impact resulting from any difference in these arrangements.

However, PLAN SPONSOR understands that certain unanticipated events could materially burden BCBSLA's financial position to continue the pricing arrangement negotiated under this Agreement, and could require the modification of the pricing arrangement. Such events could include, but are not limited to:

- Any government action, change in or interpretation of any law or regulation that impacts BCBSLA's ability to provide the pricing arrangement contracted.
- Any direct action taken by PLAN SPONSOR (e.g. changes in formulary or benefit design) that has a material adverse effect on the availability of formulary rebates under this Agreement.



- A significant change in the terms and conditions of the arrangement between BCBSLA and its contracted PBM, or the arrangements between the PBM and pharmaceutical manufacturers.
- Unanticipated marketplace changes (e.g. a drug loses its patent prior to the expected date).

Should any such event occur, BCBSLA will give PLAN SPONSOR written notice as soon as possible. The parties will then attempt in good faith to negotiate a new pharmacy benefits pricing arrangement within the next 30 days from notice. If no agreement is reached within said time period, either party may terminate BCBSLA's pharmacy benefits management upon written notice, without any penalties against either party. Any modification, renegotiation or termination of BCBSLA's pharmacy benefits management under this Agreement may require the renegotiation of the arrangement under the Schedule of Administration Services and Fees, in which case the parties will agree to enter into good faith negotiations under such Schedule as well.

In the event that BCBSLA receives from its PBM a better pricing or rebate arrangement than the one in existence when the present Agreement is executed, BCBSLA will be able to give to PLAN SPONSOR, at its sole discretion and without having to amend this Agreement, a pricing or rebate arrangement which is more beneficial for PLAN SPONSOR than the one described in the Schedule of Pharmacy Benefits Management Services. However, in the event that this happens, any more beneficial pricing or rebate given at any moment will not be considered an amendment to this Agreement nor will it be guaranteed for any specific duration of time.

PLAN SPONSOR understands that any generic discount or specialty drug discount (for drugs purchased through the specialty pharmacy network) stated in the Schedule of Pharmacy Benefits Management Services are target discounts and not guaranteed discounts. BCBSLA will perform its best efforts to meet the stated target discounts. In order to achieve the generic discount, BCBSLA may increase or decrease the Maximum Allowable Cost (MAC) pricing stated in the Schedule following industry standards. BCBSLA will not be penalized for not meeting the net effective targeted discounts for generic or specialty drugs, nor will BCBSLA attempt to recover any overage if it performs at a deeper discount than the net effective targeted discount for generic or specialty drugs.

- (c) Dissemination of Summary of Benefits and Coverage to Members. At PLAN SPONSOR's request, BCBSLA will distribute to Members a Summary of Benefits and Coverage (SBC) as required under the Patient Protection and Affordable Care Act. The fees for this service, if requested by PLAN SPONSOR, will be included in the Schedule of Administration Services and Fees. In order to be able to perform this service, PLAN SPONSOR will be required to provide to BCBSLA an adequate and full description of plan benefits or plan benefit changes with at least sixty (60) days prior to the date the benefits or benefit changes will become effective for Members. BCBSLA will not be liable to PLAN SPONSOR or to Members if SBCs are not

distributed within legally required timeframes due to PLAN SPONSOR's failure to provide benefit descriptions or benefit changes on time under this paragraph. In such case, PLAN SPONSOR will be solely responsible for any penalties, costs, actions, procedures and attorney fees associated to the late distributions of SBCs.

4.03 PLAN SPONSOR acknowledges that BCBSLA will not perform the following services:

- (a) Initial Pre-Existing Condition Exclusion Notice. BCBSLA will not provide the initial Pre-Existing Condition Exclusion Notice required by HIPAA to be given to the member at enrollment. PLAN SPONSOR assumes this responsibility. However, BCBSLA will provide a Pre-Existing Condition Exclusion Determination Notice, as may be required by HIPAA, to each Member, once BCBSLA calculates creditable coverage and the portability date.
- (b) WHCRA Notices. BCBSLA will not provide a notice to Members under the Women's Health and Cancer Rights Act of 1998. PLAN SPONSOR assumes this responsibility.
- (c) Notices Required by PPACA or Other Laws. BCBSLA will not prepare or distribute any Member notices required under the Patient Protection and Affordable Care Act or any other state or federal law, unless BCBSLA assumes responsibility thereof in writing or under this Agreement. This includes, but is not limited to, Genetic Information Non-discrimination Act (GINA) notices, Michelle's Law notices, COBRA notices, or PLAN SPONSOR's privacy notices.
- (d) Class Action Litigation. PLAN SPONSOR and BCBSLA recognize that, from time to time, BCBSLA or PLAN SPONSOR may receive notice of a pending class action that seeks recovery on behalf of a class that may include BCBSLA or PLAN SPONSOR (a "Class Action"). BCBSLA will not participate in the Class Action on behalf of the PLAN SPONSOR (or PLAN SPONSOR's group health plan) unless the parties enter into a separate agreement relating to participation in such Class Action. BCBSLA has no duty to notify PLAN SPONSOR (or any ERISA plan) of BCBSLA's receipt of notice of any Class Action.
- (e) Run-out Services. BCBSLA will not administer any run-out Claims once this Agreement is terminated, unless the parties execute a separate written agreement for such purpose. "Run-out Claims" refers to those Claims for covered services rendered prior to the termination of the Agreement, but not yet paid and/or not submitted for payment to BCBSLA prior to the termination of this Agreement. However, PLAN SPONSOR acknowledges that it is possible that Claims ("ITS Claims") may be received by other Blue Plans (i.e., "Host Plans") with service dates prior to the termination of this Agreement, but that are submitted for payment to BCBSLA before or after the termination of this Agreement. In such cases, PLAN SPONSOR agrees it will be responsible for paying these particular ITS Claims even if no run-out services are chosen and no run-out agreement is executed.
- (f) Run-in Claims. BCBSLA will not administer run-in Claims for PLAN SPONSOR, unless otherwise agreed to in writing by the parties. "Run-in" Claims refers to those

Claims for covered services, performed prior to the Effective Date of this Agreement, but not yet paid and/or not submitted for payment to the prior claims administrator as of the Effective Date of this Agreement.

- 4.04 Discharge of Obligations. BCBSLA's performance under this Agreement requires (and is contingent upon) PLAN SPONSOR's prompt discharge of PLAN SPONSOR's obligations under this Agreement. BCBSLA shall not be considered to have failed to perform its obligations or make any payments under this Agreement if any delay or non-performance is due, in whole or in part, to PLAN SPONSOR's failure to promptly discharge its obligations under this Agreement.
- 4.05 Other Agreed Upon Services. BCBSLA may agree to perform or otherwise provide special services to PLAN SPONSOR by endorsement or amendment to this Agreement or by letter agreement between the parties. The fee for any such special services shall be paid by PLAN SPONSOR in addition to the monthly administrative services fee (and other fees or charges under this Agreement), in the amount and in the manner as provided in the endorsement or letter agreement.

## **ARTICLE V. ADMINISTRATIVE SERVICES FEE AND OTHER CHARGES**

- 5.01 Monthly Administrative Fees. During the term of this Agreement, PLAN SPONSOR shall pay BCBSLA the monthly administrative services fees (and other fees or charges under this Agreement) for performing the services provided under Article IV hereof, as detailed in the corresponding Schedule.
- 5.02 Calculation of Administrative Fees. Calculation of the total administrative services fee due each month shall be made by PLAN SPONSOR.
- 5.03 Adjustment of Fees. BCBSLA reserves the right to adjust the fees due under this Article to reflect any increase in the cost of providing services under Article IV above, due to Plan benefit changes, statutory or regulatory requirements, or any other changes in services or procedures provided under this Agreement. Any such adjustment of the fees shall be effective on the date agreed to by the parties.
- 5.04 Payments. Payment of the initial month's fees is due on the Effective Date of this Agreement. Payment of fees assessed for subsequent months is due by the fifteenth (15) day of each month. In accordance with Article XI, failure of PLAN SPONSOR to remit payment of the monthly administrative fee by the fifteenth (15) day of each month may result in suspension of all administrative services provided by BCBSLA under Article IV. BCBSLA will reserve the right to reconcile any payments received from PLAN SPONSOR.
- 5.05 Notification of Suspension of Administrative Services. In the event of suspension of administrative services as discussed above, BCBSLA shall notify PLAN SPONSOR. PLAN SPONSOR shall be solely responsible for notifying its Members of the suspension of administrative services and BCBSLA shall be responsible for notifying the applicable health care and/or allied service providers of the suspension of administrative services.

However, in the event of suspension of Claims payments and/or termination of this Agreement, BCBSLA shall have the right to notify PLAN SPONSOR's Members and applicable health care and/or allied service providers of the suspension or termination. Administrative services shall be restored upon PLAN SPONSOR's remittance of all administrative service fees due, and any other sums due BCBSLA, including but not limited to Claims and PBM expenses.

BCBSLA shall be liable for any penalties, fines or costs that may result from its gross negligence, dishonest, fraudulent or criminal conduct in the suspension of the administrative services or provision of information documents under this paragraph. PLAN SPONSOR shall hold BCBSLA harmless from any penalties or fines that may be assessed as a result of the suspension of the administrative services that do not result from BCBSLA's gross negligence, dishonest, fraudulent or criminal conduct.

## **ARTICLE VI. CLAIMS LIABILITY AND PAYMENT OF BENEFITS**

6.01 Claims Liability. PLAN SPONSOR assumes full liability for all Claims incurred by its Members and for all payments made for Plan Claims on or after the Effective Date of this Agreement. PLAN SPONSOR shall also pay its share of any Alternative Compensation made by BCBSLA to network providers. PLAN SPONSOR shall maintain sufficient funds to reimburse BCBSLA for any benefits provided under the Plan. BCBSLA shall not be responsible under any circumstances for ensuring PLAN SPONSOR's compliance with federal or state laws which may apply to the establishment and/or maintenance of these funds, or for advising PLAN SPONSOR of any such federal or state laws.

- a) Claims Funding - Prescription Drug Claims. If BCBSLA provides, or contracts to provide, pharmacy benefit management administration, BCBSLA shall bill for actual payments made in satisfaction of prescription drug claims under the Plan. The Schedule will describe the frequency in which BCBSLA will submit the bills to PLAN SPONSOR for prescription drug claims and the method and timing in which the bills must be paid by PLAN SPONSOR. Detailed prescription claims payment documentation shall be sent by BCBSLA to the PLAN SPONSOR and shall be placed in the mail monthly. In the event of a holiday, all transactions described within this paragraph shall be deferred to the next business day and the payment schedule shall be adjusted accordingly.
- b) Failure to Fund - Prescription Drug Claims. Upon failure of PLAN SPONSOR to pay prescription drug claims billing under the terms and timing stated in the Schedule, BCBSLA shall cease paying Plan prescription drug claims at 4:00 pm on the day of default and shall not resume payment of such claims until such time as PLAN SPONSOR remits to BCBSLA all such reimbursable amounts and any other amounts that may be due under this Agreement. This Agreement may also be terminated, at BCBSLA's option, as provided in Article XI. In the event of suspension of claims payments and/or termination of this Agreement, BCBSLA shall have the right to notify PLAN SPONSOR's Members of the suspension or termination.



- c) Claims Funding – All Other Claims. BCBSLA shall bill PLAN SPONSOR for actual payments made for all other claims under the Plan. The Schedule will describe the frequency in which BCBSLA will submit the bills to PLAN SPONSOR and the method and timing in which the bills must be paid by PLAN SPONSOR. Detailed claims payment documentation shall be sent by BCBSLA to the PLAN SPONSOR and shall be placed in the mail weekly. In the event of a holiday, all transactions described within this paragraph shall be deferred to the next business day and the payment schedule shall be adjusted accordingly.
- d) Failure to Fund - Claims. Upon failure of PLAN SPONSOR to pay claims billing under the terms and timing stated in the Schedule, BCBSLA shall cease paying Plan claims at 4:00 pm on the day of default and shall not resume payment of such claims until such time as PLAN SPONSOR remits to BCBSLA all such reimbursable amounts and any other amounts that may be due under this Agreement. This Agreement may also be terminated, at BCBSLA's option, as provided in Article XI. In the event of suspension of claims payments and/or termination of this Agreement, BCBSLA shall have the right to notify PLAN SPONSOR's Members of the suspension or termination.
- e) Hold Harmless- Suspension of Payments. PLAN SPONSOR shall hold BCBSLA harmless from any penalties or fines that may be assessed as a result of the suspension of the payment of Claims as set forth in Article 6.01(b) and (d). Unless BCBSLA engages in gross negligence, dishonest, fraudulent or criminal conduct in the payment, late payment, or nonpayment of a Claim under the Plan, PLAN SPONSOR shall be liable solely for any monetary recoveries awarded a claimant by a court of law or an administrative body arising from payment, late payment, or nonpayment of a Claim under the Plan.

6.02 Non-Assignment of Benefits. Notwithstanding any provision of this Agreement or the Plan to the contrary, all benefits payable under the Plan and any endorsement thereto to which a Member is entitled shall not be assigned or assignable in whole or in part by the Member. BCBSLA reserves the sole right to make payment to a hospital or any other health care provider, instead of to the Member, for services provided to a Member while there is in effect between BCBSLA and such hospital or provider, an agreement for direct payment by BCBSLA to the hospital or provider. In the absence of such an agreement and when notice of the non-assignability of benefits is provided to the hospital or provider, BCBSLA shall pay to the Member those benefits to which he is entitled under the Plan, unless prohibited by law. BCBSLA shall not recognize a Member's attempted assignment to or direction to pay another, unless required by law. PLAN SPONSOR agrees to incorporate into its Plan a provision regarding this paragraph, which shall be approved by BCBSLA. BCBSLA shall communicate any modification to the payment procedure as described herein no later than seven (7) days before the implementation by BCBSLA of such modification.

- 6.03 Non-Network Penalty. PLAN SPONSOR agrees that any benefits payable under its Plan for services rendered by a provider with which BCBSLA, or when applicable HMO Louisiana, Inc., does not have a network agreement may be reduced by a penalty as described in the Plan of Benefits.

## ARTICLE VII. OUT-OF-AREA SERVICES

BCBSLA has a variety of relationships with other Blue Licensees referred to generally as “Inter-Plan Programs.” Whenever Members access healthcare services outside the geographic area BCBSLA serves, the Claim for those services may be processed through one of these Inter-Plan Programs and presented to BCBSLA for payment in accordance with the rules of the Inter-Plan Programs policies then in effect. The Inter-Plan Programs available to Members under this Agreement are described generally below.

Typically, Members, when accessing care outside the geographic area BCBSLA serves, obtain care from healthcare providers that have a contractual agreement (i.e., are “participating providers”) with the local Blue Licensee in that other geographic area (“Host Blue”). In some instances, Members may obtain care from non-participating healthcare providers. BCBSLA’s payment practices in both instances are described below.

7.01 BlueCard® Program. Under the BlueCard Program, when Members access covered healthcare services within the geographic area served by a Host Blue, BCBSLA will remain responsible to PLAN SPONSOR for fulfilling BCBSLA contractual obligations. However, in accordance with applicable Inter-Plan Programs policies then in effect, the Host Blue will be responsible for providing such services as contracting and handling substantially all interactions with its participating healthcare providers. The financial terms of the BlueCard Program are described generally below. Individual circumstances may arise that are not directly covered by this description; however, in those instances, BCBSLA’s action will be consistent with the spirit of this description.

- a) Liability Calculation Method Per Claim. The calculation of the Member liability on Claims for covered healthcare services processed through the BlueCard Program will be based on the lower of the participating healthcare provider’s billed covered charges or the negotiated price made available to BCBSLA by the Host Blue.

The calculation of PLAN SPONSOR liability on Claims for covered healthcare services processed through the BlueCard Program will be based on the negotiated price made available to BCBSLA by the Host Blue. Sometimes, this negotiated price may be greater than billed charges if the Host Blue has negotiated with its participating healthcare provider(s) an inclusive allowance (e.g., per case or per day amount) for specific healthcare services.

Host Blues may use various methods to determine a negotiated price, depending on the terms of each Host Blue’s healthcare provider contracts. The negotiated price made available to BCBSLA by the Host Blue may represent a payment negotiated by a Host Blue with a healthcare provider that is one of the following:

(i) an actual price. An actual price is a negotiated payment without any other increases or decreases, or

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

(iii) an average price. An average price is a percentage of billed covered charges 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 above for an estimated price.

Host Blues using either an estimated price or an average price may, in accordance with Inter-Plan Programs policies, prospectively increase or reduce such prices to correct for over- or underestimation of past prices (i.e., prospective adjustments may mean that a current price reflects additional amounts or credits for claims already paid to providers or anticipated to be paid to or received from providers). However, the amount paid by the Member and PLAN SPONSOR is a final price; no future price adjustment will result in increases or decreases to the pricing of past claims. The BlueCard Program requires that the price submitted by a Host Blue to BCBSLA is a final price irrespective of any future adjustments based on the use of estimated or average pricing.

If a Host Blue uses either an estimated price or an average price on a claim, it may also hold some portion of the amount that PLAN SPONSOR pays in a variance account, pending settlement with its participating healthcare providers. Because all amounts paid are final, neither variance account funds held to be paid, nor the funds expected to be received, are due to or from PLAN SPONSOR. Such payable or receivable would be eventually exhausted by healthcare provider settlements and/or through prospective adjustment to the negotiated prices. *Some Host Blues may retain interest earned, if any, on funds held in variance accounts.*

A small number of states require Host Blues either (i) to use a basis for determining Member liability for covered healthcare services that does not reflect the entire savings realized, or expected to be realized, on a particular claim or (ii) to add a surcharge. Should the state in which healthcare services are accessed mandate liability calculation methods that differ from the negotiated price methodology or require a surcharge, BCBSLA would then calculate Member liability and PLAN SPONSOR liability in accordance with applicable law.

- b) Return of Overpayments. Under the BlueCard Program, recoveries from a Host Blue or its participating healthcare providers can arise in several ways, including,



but not limited to, anti-fraud and abuse recoveries, healthcare provider/hospital audits, credit balance audits, utilization review refunds, and unsolicited refunds. In some cases, the Host Blue will engage a third party to assist in identification or collection of recovery amounts. The fees of such a third party may be netted against the recovery. Recovery amounts determined in this way will be applied in accordance with applicable Inter-Plan Programs policies, which generally require correction on a claim-by-claim or prospective basis.

- c) BlueCard Program Fees and Compensation. PLAN SPONSOR understands and agrees to reimburse BCBSLA for certain fees and compensation which we are obligated under the BlueCard Program to pay to the Host Blues, to the Blue Cross and Blue Shield Association (BCBSA), and/or to BlueCard Program vendors, as described below. Fees and compensation under the BlueCard Program may be revised in accordance with the Program's standard procedures for revising such fees and compensation, which do not provide for prior approval by any group. Such revisions typically are made annually as a result of Program policy changes and/or vendor negotiations. These revisions may occur at any time during the course of a given calendar year, and they do not necessarily coincide with PLAN SPONSOR's benefit period under this Agreement.

Only the BlueCard Program access fee may be charged separately each time a Claim is processed through the BlueCard Program. If one is charged, it will be a percentage of the discount/differential BCBSLA receives from the Host Blue, based on the current rate in accordance with the Program's standard procedures for establishing the access fee rate. The access fee will not exceed \$2,000 for any Claim. All other BlueCard Program-related fees are included in BCBSLA's general administrative fee. See the Schedule.

A BlueCard Program access fee may be charged only if the Host Blue's arrangement with its healthcare provider prohibits billing Members for amounts in excess of the negotiated payment. However, a healthcare provider may bill for noncovered healthcare services and for Member cost sharing (for example, deductibles, copayments, and/or coinsurance) related to a particular Claim.

- d) How the BlueCard Program Access Fee Affects PLAN SPONSOR. When BCBSLA is charged a BlueCard Program access fee, BCBSLA may pass the charge along to you as a Claim expense or as a separate amount. The access fee will not exceed \$2,000 for any Claim. If BCBSLA receives an access fee credit, BCBSLA will give PLAN SPONSOR a Claim expense credit or a separate credit.

Instances may occur in which the Claim payment is zero or BCBSLA 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, BCBSLA will pay the Host Blue's access fee and pass it along to PLAN SPONSOR as stated above even though you paid little or had no Claim liability.

## 7.02 Non-Participating Healthcare Providers Outside BCBSLA's Service Area

- a) Member Liability Calculation In General. When covered healthcare services are provided outside of BCBSLA's service area by non-participating healthcare providers, the amounts a Member pays for such services will generally be based on either the Host Blue's non-participating healthcare provider local payment or the pricing arrangements required by applicable state law. In these situations, the Member may be responsible for the difference between the amount that the non-participating healthcare provider bills and the payment BCBSLA will make for the covered services as set forth in this paragraph.
- b) Exceptions. In some exception cases, BCBSLA may pay Claims from non-participating healthcare providers outside of BCBSLA's service area based on the provider's billed charge, such as in situations where a Member did not have reasonable access to a participating provider, as determined by BCBSLA in BCBSLA sole and absolute discretion or by applicable state law. In other exception cases, BCBSLA may pay such Claims based on the payment we would make if BCBSLA were paying a non-participating provider inside of BCBSLA's service area, where the Host Blue's corresponding payment would be more than BCBSLA's in-service area non-participating provider payment, or in our sole and absolute discretion, we may negotiate a payment with such a provider on an exception basis. In any of these exception situations, the Member may be responsible for the difference between the amount that the non-participating healthcare provider bills and the payment BCBSLA will make for the covered services as set forth in this paragraph.

## **ARTICLE VIII. LIABILITY AND INDEMNITY**

- 8.01 ERISA Fiduciary Acknowledgment. Except as specifically provided herein to the contrary, PLAN SPONSOR, as fiduciary of the Plan, retains sole and absolute discretion to make benefit determinations and interpret the terms of the Plan. PLAN SPONSOR is responsible for the Plan and its operation, including if applicable, compliance with the Employee Retirement Income Security Act of 1974, as amended, ("ERISA"), and payment of Claims filed under the Plan. BCBSLA is empowered to act on behalf of PLAN SPONSOR only in an administrative capacity for the services specified herein, subject to the direction and authority of PLAN SPONSOR. Any decision or action of BCBSLA regarding this Agreement or the Plan which does not result from its gross negligence, dishonest, fraudulent or criminal conduct and which is not overridden or otherwise modified by PLAN SPONSOR in writing shall be deemed to be the exercise of PLAN SPONSOR's discretionary power to make final decisions or conclusive action.
- 8.02 Plan Expenses/Surcharges/Taxes/Fees. PLAN SPONSOR shall be responsible for all expenses incidental to the Plan and for compliance with all state and federal laws except as specifically assumed by BCBSLA under this Agreement. Some states may assess fees, surcharges, assessments, etc. payable by the Plan for each Plan Member residing in a particular state other than Louisiana. Any such fee that is paid by BCBSLA, on behalf of the Plan, shall be reimbursed to BCBSLA by PLAN SPONSOR. PLAN SPONSOR shall reimburse BCBSLA for any taxes, charges or fees which may be assessed against BCBSLA by any governmental entity for providing any service or benefits to PLAN SPONSOR as set forth under the Plan or this Agreement.

- 8.03 BCBSLA's Indemnification and Duty of Care. BCBSLA shall use ordinary care and due diligence in the performance of its duties under this Agreement. BCBSLA shall indemnify and hold harmless PLAN SPONSOR against all claims, judgments, settlements, court costs, penalties, and expenses, including attorney fees, or any other loss or damage, judicially determined to be the direct consequence of dishonest, fraudulent, criminal or gross negligent conduct of BCBSLA or its employees, officers or directors in the performance of its duties.
- 8.04 PLAN SPONSOR's Indemnification. PLAN SPONSOR shall indemnify and hold harmless BCBSLA and its directors, officers and employees against all claims, judgments, settlements, court costs, penalties and expenses, including attorney fees, or other losses or damage arising or resulting from or in connection with a Claim for benefits or BCBSLA's performance of its duties under this Agreement or related to the Plan, or any contractual agreement related thereto, whether said claim arises under any federal or state law, unless the liability therefor is judicially determined to be the direct consequence of dishonest, fraudulent, criminal or gross negligent conduct of BCBSLA or its directors, officers or employees. PLAN SPONSOR shall also indemnify and hold harmless BCBSLA and its directors, officers and employees against any claim, judgment, settlement, court costs, penalties and expenses, including attorney fees, or other losses or damage related, directly or indirectly, to PLAN SPONSOR's or the Plan's non-compliance with applicable federal or state laws (especially but not limited to compliance with the Patient Protection and Affordable Care Act), when such compliance has not been explicitly delegated to BCBSLA under this Agreement.
- 8.05 Limitation of Liability. Neither party to this Agreement shall be liable to the other party for any consequential (including lost profits), punitive, special or exemplary damages that result from any breach of this Agreement or any party's performance under this Agreement. The limitation on damages contained in this Article 8.05 does not apply to claims by either PLAN SPONSOR or BCBSLA for indemnification under Article 8.03 or 8.04, which result from claims brought by third parties.

## ARTICLE IX. ACCOUNTING AND AUDIT PROCEDURES

- 9.01 Annual Accounting Report. Upon request, BCBSLA shall prepare an annual accounting report consisting of a summary of benefits provided during each twelve (12) consecutive month period for which this Agreement remains in effect, which shall be forwarded to the "group health plan," as that term is defined in the Health Insurance Portability and Accountability Act of 1996 ("HIPAA") and its implementing regulations issued by the U.S. Department of Health and Human Services (45 C.F.R. Parts 160-64), within one hundred twenty (120) days after the end of said period.

The group health plan shall approve or disapprove in writing said report within one hundred twenty (120) days of its receipt thereof. Failure of PLAN SPONSOR to submit timely disapproval of the accounting report shall render the report conclusively correct and the group health plan shall be presumed conclusively to have accepted BCBSLA's financial performance of its duties.

- 9.02 Audit and Inspection Rights. During the term of this Agreement and for a period of two years thereafter, BCBSLA shall have the right, at reasonable times and upon reasonable notice, to audit and inspect any of PLAN SPONSOR's personnel and payroll records which are relevant to the performance of BCBSLA's duties under the Agreement. BCBSLA agrees to abide by any state and federal laws regarding confidentiality of PLAN SPONSOR's personnel and payroll records and agrees to hold in confidence any information or data designated as proprietary by PLAN SPONSOR. This obligation of confidentiality shall survive termination of the Agreement.
- 9.03 Access to Records Related to Agreement. During the term of this Agreement and for a period of two years thereafter, BCBSLA shall make available for inspection by the group health plan or its auditor, upon reasonable written notice and during regular business hours and at the group health plan's expense, BCBSLA's records which are relevant to this Agreement. PLAN SPONSOR agrees to abide by any state and federal laws regarding confidentiality of medical records and agrees to hold in confidence any information or data designated as proprietary by BCBSLA. This obligation of confidentiality shall survive termination of this Agreement.

## **ARTICLE X. OTHER RIGHTS AND RESPONSIBILITIES**

- 10.01 Notification of Legal Action. Each of the parties shall advise the other party of matters regarding potential legal actions involving the Plan or this Agreement and shall promptly advise the other party of such legal actions instituted against either party which come to its attention. PLAN SPONSOR shall have the duty to defend any legal action arising from a claim for benefits under the Plan.
- 10.02 Subcontractors. BCBSLA shall have the right to enter into any contractual agreements with subcontractors, health care providers, or other third parties relative to the Plan or this Agreement and PLAN SPONSOR expressly waives any and all rights it may have in or to said agreements. Any of the functions to be performed by BCBSLA under this Agreement may be performed by BCBSLA or any of its subsidiaries, affiliates, subcontractors, or designees.
- 10.03 Internet/Web Based Tools. During the course of the Agreement, PLAN SPONSOR will have access to certain internet-based tools offered by BCBSLA, including but not limited to information websites and claims search engines. PLAN SPONSOR and BCBSLA agree that, upon termination of this Agreement, PLAN SPONSOR shall retain the right to use such tools for a period of ninety (90) days subsequent to such termination.
- 10.04 Notification of Changes. Each party agrees to give the other notice not less than fifteen (15) days following the occurrence of the following:
- a) Any changes in its business address/physical location, which new address will be substituted for the address previously listed for purposes of notice under Article 13.08 this Agreement.
  - b) Any material governmental action initiated against a party, including but not limited to, an action: (i) for a violation of law or regulation; or, (ii) against any



license, certificate, or other required credentials, which, if successful, would materially impair the ability of that party to provide the services and meet the obligations set forth in this Agreement. For purposes of this Section, governmental action shall not be deemed material if the party does not anticipate that such governmental action will impact their ability to perform under this Agreement.

- c) A party's insolvency or the filing of a petition for bankruptcy.
- d) Any other problem or situation that could materially impair a party's ability to perform or provide the appropriate quality of services and other obligations set forth in this Agreement.
- e) Each party acknowledges and agrees that the other shall have the right, in its sole judgment and discretion, to terminate this Agreement effective immediately upon notice (or effective upon such other date as may be set forth in such notice), in the event of the occurrence of any of the events set forth in Sections b through d above. This right of termination shall be in addition to those set forth elsewhere.

#### **ARTICLE XI. SUSPENSION OF ADMINISTRATIVE SERVICES AND/OR CLAIMS PAYMENTS**

11.01 Failure to Fund Claims/Administrative Fees. In the event that PLAN SPONSOR fails to remit the monthly administrative fee and/or the Claims reimbursement and Alternative Compensation billings as specified herein, BCBSLA shall advise PLAN SPONSOR of the outstanding administrative fees and/or Claims reimbursement and Alternative Compensation billings and the parties shall attempt to resolve the matter.

11.02 Suspension of Administrative Services/Payment of Claims. If the parties are unable to resolve the matter, BCBSLA will advise PLAN SPONSOR of the following tasks that BCBSLA will undertake to suspend administrative services and/or payment of Claims:

- a) BCBSLA's Customer Service Department will be notified to direct all inquiries relating to the processing of PLAN SPONSOR's Claims to PLAN SPONSOR for response.
- b) BCBSLA's Provider Inquiry Department will respond to all inquiries relating to the processing of PLAN SPONSOR's Claims, that BCBSLA has suspended administrative services and/or processing of Claims for PLAN SPONSOR and shall direct all further inquiries to PLAN SPONSOR for response.
- c) BCBSLA's Claims processing systems shall suspend processing activities for PLAN SPONSOR. Processing activities include, but are not limited to:
  - (i) Data entry of hard copy Claim filings from any source.
  - (ii) System input of electronically submitted Claims.



- (iii) Authorization of health care services.
- (iv) Case management approvals for treatment plans in progress.
- (v) Production of payment checks, Explanation of Benefits letters and associated mailings.
- (vi) Processing of PLAN SPONSOR's Member eligibility and termination information.
- (vii) Production and/or distribution of informational reports.

11.03 Late Charges. BCBSLA may assess a late charge of 3% per month on any amount due BCBSLA under this Agreement from the date said amounts are due until paid in full.

## **ARTICLE XII. TERM AND TERMINATION**

12.01 Term. The initial term for this Agreement shall be one (1) year from the Effective Date (the "Initial Term"). This Agreement shall automatically renew for successive one (1) year terms unless one (1) party gives the other notice of its intention to terminate the Agreement at least sixty (60) days prior to the anniversary of the Effective Date.

This Agreement shall be effective on the Effective Date. If PLAN SPONSOR has not returned an executed copy prior to the Effective Date, the latest Agreement provided to PLAN SPONSOR for signature shall control as of the date PLAN SPONSOR first receives services.

12.02 Termination Without Cause. This Agreement may be terminated without cause by either party upon sixty (60) days written notice.

12.03 Termination For Breach. Except for nonpayment as specified in Article 12.04 below, this Agreement may be terminated immediately by either party upon breach of the other party which is not remedied within seven (7) days of written notice of the breach.

12.04 Automatic Termination. This Agreement shall terminate automatically at the option of BCBSLA upon failure of PLAN SPONSOR to pay any of the amounts due under this Agreement. BCBSLA shall notify PLAN SPONSOR immediately of the exercise of its option under this paragraph, in any manner which provides actual notice to PLAN SPONSOR of said termination. All of the duties and obligations of BCBSLA shall cease on the date of notification.

12.05 Unpaid Claims at Date of Termination. All Claims, including demands for the recovery of Medicare or Medicaid payments, remaining unpaid in whole or in part on the date of termination shall be returned to group health plan which shall be solely responsible for any processing and the payment of the Claims.

## **ARTICLE XIII. MISCELLANEOUS**

13.01 Amendment of Agreement. This Agreement may be modified or amended at any time by written agreement between BCBSLA and PLAN SPONSOR. Any such modification or amendment shall not affect any other provision of this Agreement or the Plan unless specifically included in such modification or amendment. However, upon notice to

PLAN SPONSOR, BCBSLA may unilaterally amend this Agreement if necessary to comply with any laws or regulations governing BCBSLA's operations.

- 13.02 Governing Law. Subject to, and to the extent permitted by ERISA and other federal laws, this Agreement shall be construed in accordance with the laws of the State of Louisiana and the obligations, rights and remedies of the parties hereunder shall be determined in accordance with the laws of the State of Louisiana without giving effect to internal choice of law or conflict of law rules. This Agreement is made in the State of Louisiana.
- 13.03 Inconsistencies. The provisions of this Agreement shall supersede any provisions of the Plan in conflict herewith.
- 13.04 Independent Contractors. PLAN SPONSOR and BCBSLA are independent contractors. Nothing herein is intended to create nor shall be deemed or construed to create any relationship between the parties hereto other than that of independent contractors. Each party acknowledges its understanding that this Agreement constitutes a contract between PLAN SPONSOR and Louisiana Health Service & Indemnity Company d/b/a Blue Cross and Blue Shield of Louisiana ("BCBSLA"). BCBSLA 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 BCBSLA to use the Blue Cross and Blue Shield Service Marks in the State of Louisiana, and that BCBSLA is not contracting as the agent of the Association. PLAN SPONSOR further acknowledges and agrees that it has not entered into this Agreement based upon any representation by any person other than BCBSLA and that no person, entity, or organization other than BCBSLA shall be held accountable or liable to PLAN SPONSOR for any of BCBSLA's obligations to PLAN SPONSOR created under this Agreement. This paragraph shall not create any additional obligations whatsoever on the part of BCBSLA other than those obligations created under other provisions of this Agreement.
- 13.05 Code of Conduct. BCBSLA has adopted a Code of Business Conduct ("Code") which governs the conduct of every BCBSLA employee and establishes specific ethical standards for its employees. Certain significant provisions of the Code include conflicts of interest, gifts or gratuities, kickbacks, entertainment, improper payments, and protecting confidential information. A copy of the Code has been provided to PLAN SPONSOR. It is also available at [www.bcbsla.com](http://www.bcbsla.com). PLAN SPONSOR agrees to support the Code by avoiding action that could place a BCBSLA employee, officer or director in violation of this Code.
- 13.06 Assignment. This Agreement may be assigned to a subsidiary or affiliate of the PLAN SPONSOR upon ninety (90) days prior written notice to, and with the express written consent of, BCBSLA. BCBSLA shall not unreasonably withhold its consent to any such assignment by PLAN SPONSOR.
- 13.07 Entire Agreement. This Agreement, including any Schedules, Exhibits, Attachments or Endorsements hereto, contains the entire agreement between BCBSLA and the PLAN SPONSOR with respect to the specific subject matter hereof. Any prior agreements, promises, negotiations or representations, either verbal or written, relating to the subject

matter of this Agreement and not expressly set forth in this Agreement are of no force and effect.

- 13.08 Notices. Any notice required to be given pursuant to this Agreement shall be in writing, sent by certified or registered mail, return receipt requested, electronic facsimile (confirmed receipt), or by Federal Express or other overnight mail delivery for which evidence of delivery is obtained by the sender, to BCBSLA or the PLAN SPONSOR at the addresses indicated herein, or such other addresses that the parties may hereafter designate. The notice shall be effective on the date the notice was posted.

The parties' names and addresses for purposes of giving notice under this Agreement shall be as follows:

For BCBSLA:

Blue Cross and Blue Shield of Louisiana  
Attn. Brian Small, SVP and Chief Actuary  
5525 Reitz Avenue  
Baton Rouge, Louisiana 70809

With a copy (which copy shall not constitute notice) to the General Counsel at the same address.

For PLAN SPONSOR :  
East Baton Rouge Parish School System  
Attn: Stephen Addison  
1050 South Foster  
Baton Rouge, LA 70806

- 13.09 No Third Party Rights. Except as specifically provided herein, none of the provisions of this Agreement is intended to create third party rights or status in any person or entity.
- 13.10 Severability. If any provision of this Agreement is declared illegal, void or unenforceable, the remaining provisions shall remain in force and effect, unless the severance of that provision substantially deprives a party of the benefit.
- 13.11 Facsimile of Agreement. A signed duplicate, photocopy, or facsimile copy of this Agreement shall have the same legal effect as an original.
- 13.12 Use of PLAN SPONSOR's Name. PLAN SPONSOR agrees to allow BCBSLA to use the PLAN SPONSOR's name and service mark on I.D. cards, benefit plans, and other forms necessary to implement this Agreement, to promote the PLAN SPONSOR's relationship with BCBSLA to potential or existing providers, and to comply with any existing laws in effect. BCBSLA shall not use the PLAN SPONSOR's name or service mark for any other purpose without the prior written consent of the PLAN SPONSOR. The PLAN SPONSOR agrees that the names, logos, symbols, trademarks, trade names, and service marks of BCBSLA, whether presently existing or hereafter established, are the sole property of BCBSLA and BCBSLA retains the right to the use and control

thereof. The PLAN SPONSOR shall not use BCBSLA's name, logos, symbols, trademarks or service marks in advertising or promotional materials or otherwise without the prior written consent of BCBSLA and shall cease any such usage immediately upon written notice by BCBSLA or upon termination of this Agreement, whichever is sooner.

13.13 Dispute Resolution. Any dispute related to this Agreement which the parties are unable to resolve through informal discussion, shall be resolved through binding arbitration or some other mutually acceptable dispute resolution procedure (e.g., mediation). Any and all dispute resolution procedures shall be conducted only between the parties and shall not include any Member of Plan unless such involvement of a Member is necessary to the resolution of the dispute, which determination shall be made by the parties. The parties shall abide by the following procedures for the arbitration process:

- a) Any arbitration shall be in accordance with the rules and procedures of either the American Arbitration Association or the American Health Lawyers' Association, except for any conflicting terms of this Agreement, in which case, this Agreement will control.
- b) The party initiating the arbitration process shall send written notice to the other party setting forth the basis of the dispute and the party's desire to arbitrate. Arbitration shall be in accordance with the rules and procedures of either the American Arbitration Association or the American Health Lawyers' Association or another nationally recognized arbitration association acceptable to BCBSLA.
- c) Arbitration shall be conducted in Baton Rouge, Louisiana and before a panel of three (3) arbitrators. Each party shall select one arbitrator and the third arbitrator shall be selected by those two arbitrators.
- d) The arbitrators shall be bound by the terms and conditions set forth in the Agreement when such terms and conditions are set forth clearly and without ambiguity; nor may the arbitrators set aside any medical judgment of either party in reaching their decision.
- e) The arbitrators may not award consequential, special, punitive or exemplary damages. Each party will bear its own expenses, costs and attorney fees related to the arbitration. The arbitrators may not award such expenses, costs and fees against any of the parties.
- f) This provision does not limit the ability of either party to such temporary or preliminary injunctive relief against the other party in a court of competent jurisdiction.
- g) The decision of the arbitrators shall be final in writing and shall be binding on the parties and enforceable under the laws of the state of Louisiana.

h) This section does not supersede or replace provisions of the Plan relating to Member appeals and grievances, or determinations of Medical Necessity.

i) This provision shall survive the termination of this Agreement.

13.14 Waiver of Breach. The waiver of any breach or violation of any term or provision hereof shall not constitute a waiver of any subsequent breach or violation of the same or any other term or provision.

13.15 Worker's Compensation. This Agreement is not in lieu of and does not affect any requirements of coverage under the Louisiana Worker's Compensation Act or any other federal or state mandated employer liability laws.

13.16 Force Majeure. Neither party will lose any rights under this Agreement or be liable in any manner for any delay to perform its obligations under this Agreement that are beyond a party's reasonable control, including, without limitation, any delay or failure due to strikes, labor disputes, riots, earthquakes, hurricanes, storms, floods or other extreme weather conditions, fires, explosions, acts of terrorism, epidemics, embargoes, war or other outbreak of hostilities, government acts or regulations, the failure or inability of carriers, suppliers, or telecommunications providers to provide services necessary to enable a party to perform its obligations hereunder, or any other reason where failure to perform is beyond the party's reasonable control, and is not caused by the negligence, intentional conduct or misconduct of the defaulting party; *provided, however*, that this clause may not be invoked to excuse a party's payment obligations hereunder. BCBSLA represents that it maintains and continually updates a business continuity plan designed to mitigate any disruption to the services provided by BCBSLA under this Agreement.

In addition, PLAN SPONSOR recognizes that certain natural disasters and other similar major emergencies may disrupt or seriously threaten to disrupt health care and other services provided for under this Agreement. If such a disaster or emergency occurs, or is imminent, PLAN SPONSOR authorizes BCBSLA to make appropriate business decisions to implement and act in accordance with the threat or risk, including but not limited to any action necessitated by declarations, rules, regulations or similar official statements by the state or federal authorities with jurisdiction over the Plan, PLAN SPONSOR, or BCBSLA. PLAN SPONSOR agrees to reimburse BCBSLA for Claims and services provided to Members of the Plan during this period, even if not compliant with the Plan of Benefits or this Agreement.

13.17 Operational Procedures. From time to time, the parties to this Agreement may develop Operational Procedures. The Operational Procedures shall not be considered a part of this Agreement and shall not constitute binding contractual obligations. Both parties acknowledge and agree that the Operational Procedures shall constitute general working documents that are designed to provide guidance to both parties in performing the operational tasks associated with this Agreement. Both parties acknowledge and agree that neither party shall have any liability to the other, or to any third party, arising out of any alleged failure to comply with the Operational Procedures. Each party shall maintain all rights and obligations specifically set forth within this Agreement and such rights and obligations shall not be limited or expanded by the Operational Procedures. If a party has



any complaints or issues concerning the other party's performance of the items set forth in the Operational Procedures, it shall provide written notice of such complaint or issues to the other party within ten (10) days of the party's discovery of such complaint or issue.

13.18 Confidential Information.

BCBSLA and PLAN SPONSOR hereby agree to treat any information disclosed to each other as Confidential Information.

- a) 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; provided, however, that BCBSLA may use PLAN SPONSOR's Confidential Information in the ordinary course of its business as long as it maintains the confidentiality of such information. Neither party will use the Confidential Information in any manner, other than as provided in this Agreement.
- b) Confidential Information disclosed pursuant to this Agreement is and shall remain the disclosing party's property.
- c) If, in the opinion of counsel for the receiving party, disclosure of Confidential Information is required by any federal or state law, 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.
- d) The terms of this Article 13.18 shall survive the termination of this Agreement for a period of three (3) years following the date of termination.

13.19 Waiver PLAN SPONSOR's Interests as a Third Party. PLAN SPONSOR, on behalf of itself and its Members, expressly waives any rights or interest it may have regarding any agreement, arrangement or contract between BCBSLA and any health care or allied service provider, provider network, third party administrator, Pharmacy Benefits Manager, contractor or vendor. BCBSLA will be free to negotiate, renew, modify or terminate such agreements, arrangements or contracts without the consent of PLAN SPONSOR or its Members.

13.20 Headings. The headings and articles and sections contained in this Agreement are for reference purposes only and should not alter or affect the interpretation of this Agreement.

**LOUISIANA HEALTH SERVICE &  
INDEMNITY COMPANY**

d/b/a Blue Cross and Blue Shield of Louisiana

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

Sr. Vice President and Chief Actuary

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

Address: 5525 Reitz Avenue  
Baton Rouge, LA. 70809-3802

**EAST BATON ROUGE PARISH  
SCHOOL SYSTEM**

By: Bernard Taylor, Jr.  
Bernard Taylor, Jr.

Printed Name: Bernard Taylor, Jr.

Date: 3-8-13

Address: 1050 S. Foster Drive

Baton Rouge, LA. 70806

## APPENDIX C

### Performance Guarantees

| Category   | Definition  | Performance Measure                 | Fees at Risk | Reporting     | Payout   | Basis of Data | Report Availability | Sample Attached |
|--|---|-------------------------------------|--------------|---------------|----------|---------------|---------------------|-----------------|
| <b>Claim Adjudication</b>                            |   |                                     |              |               |          |               |                     |                 |
| Claims Turnaround Time<br>Agree to Quote             | Measured in business days from the date a claim is received to the date the claim is adjudicated (processed).   | ≥ 86%<br>within 10 business days    | 1%           | Semi-annually | Annually | Client Data   | Develop Ad Hoc      | No              |
| Claims Turnaround Time<br>Agree to Quote             | Measured in business days from the date a claim is received to the date the claims is adjudicated (processed).  | ≥ 98.00%<br>within 22 business days | 1%           | Semi-annually | Annually | Client Data   | Develop Ad Hoc      | No              |
| Claims Processing (total) Accuracy<br>Agree to Quote | Measured as the total number of audited claims minus the number of claims processed with error, divided by the total number of audited claims.  | ≥ 97%                               | 1%           | Semi-annually | Annually | Client Data   | Develop Ad Hoc      | No              |
| Payment Incidence Accuracy<br>Agree to Quote         | Measured as the total number of audited claims (pays and no pays) minus the number of claims processed with payment error, divided by the total number of audited claims.                                     | ≥ 98%                               | 1%           | Semi-annually | Annually | Client Data   | Develop Ad Hoc      | No              |
| Financial Payment Accuracy<br>Agree to Quote         | Based on vendor's internal quality review, calculated as total audited paid dollars minus the absolute value of over- and underpayments, divided by total audited paid dollars.                               | ≥ 99.00%                            | 1%           | Semi-annually | Annually | Client Data   | Develop Ad Hoc      | No              |
| <b>Member Services</b>                               |   |                                     |              |               |          |               |                     |                 |
| Calls Answered<br>Agree to Quote                     | Measured by the time elapsed from the time a call is received into a customer service queue to the time the phone is answered by a Customer Service Representative. Measurement excludes calls routed to IVR. | 85%<br>within 30 seconds            | 1%           | Semi-annually | Annually | Client Data   | Develop Ad Hoc      | No              |

| Category   | Definition   | Performance Measure |                        | Fees at Risk | Reporting     | Payout   | Basis of Data | Report Availability | Sample Attached |
|--|--|---------------------|------------------------|--------------|---------------|----------|---------------|---------------------|-----------------|
| Calls Abandoned<br>Agree to Quote                      | Measured as the percentage of all calls where the caller hangs up before the vendor answers. This excludes calls abandoned within the first 30 seconds. Measurement excludes calls routed to IVR.  | ≤ 2%                |                        | 1%           | Semi-annually | Annually | Client Data   | Develop Ad Hoc      | No              |
| Calls Blocked<br>Agree to Quote                        | Measured as the percentage of all calls made to the vendor that was not answered because excess volume blocked the calls from entering the customer service queue.   | ≤ 2%                |                        | 1%           | Semi-annually | Annually | Client Data   | Develop Ad Hoc      | No              |
| First Call Resolution<br>Agree to Quote                | Measured as the number of calls that are completed without need for referral or follow-up actions, divided by total number of calls received. Measurement excludes calls routed to IVR.  | ≥ 88%               |                        | 1%           | Semi-annually | Annually | Client Data   | Develop Ad Hoc      | No              |
| Open Call Resolution Turnaround Time<br>Agree to Quote | Measured as the percentage of all calls made to the vendor that was resolved by the initial customer service representative within a specified time. Measurement excludes calls routed to IVR. Time is measured by the number of business days from the date the call is received to the date the member is notified of resolution by either a phone call or correspondence. | ≥ 92%               | within 2 business days | 1%           | Semi-annually | Annually | Client Data   | Develop Ad Hoc      | No              |

| Category   | Definition   | Performance Measure |                        | Fees at Risk | Reporting     | Payout   | Basis of Data | Report Availability | Sample Attached |
|--|--|---------------------|------------------------|--------------|---------------|----------|---------------|---------------------|-----------------|
| Written Inquiry Resolution<br><br>Agree to Quote     | Measured as the percentage of all written inquiries resolved by the vendor within a specified time. Time is measured by the number of business days from the date the inquiry is received to the date the member is notified of resolution by either a phone call or correspondence. | ≥ 95%               | within 5 business days | 1%           | Semi-annually | Annually | Client Data   | Develop Ad Hoc      | No              |
| <b>Eligibility</b>                                   |  |                     |                        |              |               |          |               |                     |                 |
| Eligibility Files Processing<br><br>Agree to Quote   | Measured as the percentage of ongoing eligibility updates that are processed within X business days of receipt of a clean and complete eligibility file.   | N/A                 | N/A                    | N/A          | N/A           | N/A      | N/A           | N/A                 | N/A             |
| Plan Year ID Card Distribution<br><br>Agree to Quote | Measured as the percentage of ID cards mailed within a specified time. Time is measured by the number of business days from the day the eligibility file is received by the vendor to the day the cards are distributed to the member.   | ≥ 97%               | within 7 business days | 1%           | Semi-annually | Annually | Client Data   | Develop Ad Hoc      | No              |
| Ongoing ID Card Distribution<br><br>Agree to Quote   | Measured as the percentage of ID cards mailed within a specified time. Time is measured by the number of business days from the day the eligibility file is received by the vendor to the day the cards are distributed to the member.   | ≥ 98%               | within 7 business days | 1%           | Semi-annually | Annually | Client Data   | Develop Ad Hoc      | No              |
| Eligibility Accuracy<br><br>Agree to Quote           | Measured as the number of business days elapsed from the day the eligibility transactions are received by the vendor to the day a report demonstrating eligibility accuracy is provided to our clients.  |                     | N/A                    | N/A          | N/A           | N/A      | N/A           | N/A                 | N/A             |
| <b>Account Service</b>                               |  |                     |                        |              |               |          |               |                     |                 |



| Category   | Definition  | Performance Measure        |                         | Fees at Risk | Reporting     | Payout   | Basis of Data | Report Availability | Sample Attached |
|--|---|----------------------------|-------------------------|--------------|---------------|----------|---------------|---------------------|-----------------|
| Overall Account Satisfaction<br><br>Agree to Quote   | Designated members of our clients' staff will complete a report card to evaluate the vendor's account team and overall service performance. Measurement will derive from a mutually agreed upon survey tool using a rating system of 5 to 1.  | A score of at least a 3.75 |                         | 1%           |               | Annually | Client Data   | Develop Ad Hoc      | No              |
| Annual Plan Design Programming<br><br>Agree to Quote | Measured as the number of business days elapsed from the day the vendor receives required written documentation to the day our clients receive verification of system testing for final approval. The vendor will provide our clients detailed results of the systems testing including a representative number of test claims. |                            | within 30 business days | 1%           | Annually      | Annually | Client Data   | Develop Ad Hoc      | No              |
| <b>Reporting</b>                                     |   |                            |                         |              |               |          |               |                     |                 |
| Paid Claims Reporting<br><br>Agree to Quote          | Measured as the number of business days following the end of the reporting period standard reports are distributed to our clients.  |                            | within 20 business days | 1%           | Semi-annually | Annually | Client Data   | Develop Ad Hoc      | No              |
| Incurred Claims Reporting<br><br>Agree to Quote      | Measured as the number of business days following the end of the reporting period standard reports are distributed to our clients. Performance will be evaluated on a quarterly basis.  |                            | within 20 business days | 1%           | Semi-annually | Annually | Client Data   | Develop Ad Hoc      | No              |
| Utilization Reporting<br><br>Agree to Quote          | Measured as the number of business days following the end of the reporting period standard reports are distributed to our clients.  |                            | within 20 business days | 1%           | Semi-annually | Annually | Client Data   | Develop Ad Hoc      | No              |
| Performance Reporting<br><br>Agree to Quote          | The vendor will provide reports for our clients demonstrating compliance to these performance guarantees. Measured as the number of business days following the end of the reporting period.  |                            | within 15 business days | 1%           | Annually      | Annually | Client Data   | Develop Ad Hoc      | No              |

| Category  | Definition  |  | Performance Measure   | Fees at Risk | Reporting     | Payout   | Basis of Data | Report Availability | Sample Attached |
|---|---|--|---|--------------|---------------|----------|---------------|---------------------|-----------------|
| <b>Network Interruption</b>   |   |  |   |              |               |          |               |                     |                 |
| Top 10 provider vendors (listed below)<br><br>Agree to Quote                                    | Measured by the number of calendar days notification is made by BCBSLA to EBRPSS of the termination of any of the providers listed below. NOTE: Provider agreement may be terminated by either BCBSLA or the provider/vendor. |  | Within 30 calendar days of termination  | 1%           | Semi-annually | Annually | Client Data   | Develop Ad Hoc      | No              |
| Providers classified as top 10 vendors for purposes of network interruption performance measure | Our Lady of the Lake Medical Center;<br>Baton Rouge General Medical Center;<br>Woman's Hospital;<br>Lane Regional Medical Center;<br>Ochsner Medical Center of Baton Rouge;   |  | Baton Rouge Clinic;<br>Ochsner Clinic;<br>Lake After Hours;<br>Louisiana Cardiology;<br>Lake Primary Care Physicians. |              |               |          |               |                     |                 |

#### ARTICLE V. ADMINISTRATIVE SERVICES FEE AND OTHER CHARGES ADDENDUM

BCBSLA shall issue semi-annual scorecards itemizing its performance guarantees at that time. PLAN SPONSOR shall have thirty (30) days from receipt of a scorecard to review the results and notify BCBSLA of any discrepancies on the performance measure calculations. Scorecards shall be deemed to be accurate if PLAN SPONSOR does not notify BCBSLA of any discrepancies within the thirty (30) day period. The scorecard issued at the end of each calendar year will calculate any penalties that may need to be assessed against BCBSLA for failure to meet specific guaranteed performance measures. Penalties due to PLAN SPONSOR will be made payable to the account in the form of a check or used to offset future administrative service fees owed by PLAN SPONSOR to BCBSLA.