

**AMENDMENT 2 TO THE  
ADMINISTRATIVE SERVICES AGREEMENT  
WITH  
San Joaquin Valley Insurance Authority**

This is an Amendment to the Administrative Services Agreement as of December 12, 2011. This Amendment shall supplement and amend the Agreement between Plan Sponsor and Anthem Blue Cross Life and Health Insurance Company. If there are any inconsistencies between the terms of the Agreement and this Amendment, the terms of this Amendment shall control.

1. The definition "BLUECARD PROGRAM" is deleted in its entirety and replaced by the following:

**INTER-PLAN PROGRAMS.** Blue Cross and Blue Shield Association programs, including the BlueCard Program, where Anthem can process certain Claims for Covered Services received by Members outside of Anthem Blue Cross Life and Health's service area, which may include accessing the reimbursement arrangement of a Provider that has contracted with another Blue Cross and/or Blue Shield plan.

2. The definition "CLAIMS PAYMENT PURSUANT TO BLUECARD AND OTHER BCBSA PROGRAMS" is deleted in its entirety and replaced by the following:

**CLAIMS PAYMENT PURSUANT TO INTER-PLAN PROGRAMS AND OTHER BCBSA PROGRAMS.** Paid Claims shall include any amount paid for Covered Services incurred outside the geographical area that Anthem Blue Cross Life and Health serves and that are processed through Inter-Plan Programs or for any amounts paid for Covered Services provided through another BCBSA program (e.g. BCBSA Blue Distinction Centers for Transplant). More information about Inter-Plan Programs is found in Article 15 of this Agreement.

3. Paragraph n. of Article 2 - ADMINISTRATIVE SERVICES PROVIDED BY ANTHEM BLUE CROSS LIFE AND HEALTH is deleted in its entirety and replaced by the following:

n.) Anthem Blue Cross Life and Health shall provide reports of unclaimed funds to Plan Sponsor; however, such reports shall not include any information about Paid Claims processed through Inter-Plan Programs and Host Claims processed on a common Anthem Blue Cross Life and Health claims processing system. Plan Sponsor shall administer the unclaimed funds pursuant to applicable unclaimed property or escheat laws and shall make any required payment or file any required reports under such laws.

4. Article 15 - BLUECARD PROGRAM is deleted in its entirety and replaced by the following:

**ARTICLE 15 - INTER-PLAN ARRANGEMENTS  
(THE LANGUAGE IN THIS ARTICLE IS REQUIRED BY BCBSA.)**

- a. **Out of Area Services.** Anthem Blue Cross Life and Health has a variety of relationships with other Blue Cross and/or Blue Shield Licensees referred to generally as "Inter-Plan Programs." Claims for certain services may be processed through one of these Inter-Plan Programs and presented to Anthem Blue Cross Life and Health 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' Claims are processed through an Inter-Plan Program when Members obtain care from health care Providers that have a contractual agreement (i.e., are "Network Providers") with a local Blue Cross and/or Blue Shield Licensee ("Host Blue"). In some instances, Members may obtain care from non-Network Providers. Anthem Blue Cross Life and Health's payment practices in both instances are described below.
- b. **BlueCard® Program.** Under the BlueCard® Program, when Members access Covered Services within the geographic area served by a Host Blue, Anthem Blue Cross Life and Health will remain responsible to Plan Sponsor for fulfilling Anthem Blue Cross Life and Health's 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 Network 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, Anthem Blue Cross Life and Health's action will be consistent with the spirit of this description.

1. **Liability Calculation Method Per Claim.** The calculation of the Member liability on Claims for Covered Services processed through the BlueCard Program will be based on the lower of the Network Provider's Billed Charges or the negotiated price made available to Anthem Blue Cross Life and Health by the Host Blue.

The calculation of Plan Sponsor liability on Claims for Covered Services processed through the BlueCard Program will be based on the negotiated price made available to Anthem Blue Cross Life and Health by the Host Blue. Sometimes, this negotiated price may be greater than Billed Charges if the Host Blue has negotiated with its Network Provider(s) an inclusive allowance (e.g., per case or per day amount) for specific health care services. Host Blues may use various methods to determine a negotiated price, depending on the terms of each Host Blue's health care Provider contracts. The negotiated price made available to Anthem Blue Cross Life and Health by the Host Blue may represent a payment negotiated by a Host Blue with a health care 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 Charges representing the aggregate payments negotiated by the Host Blue with all of its health care 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 Anthem Blue Cross Life and Health 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 Network 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 health care 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 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 health care services are accessed mandate liability calculation methods that differ from the negotiated price methodology or require a surcharge, Anthem Blue Cross Life and Health would then calculate Member liability and Plan Sponsor liability in accordance with applicable law.

2. **Return of Overpayments.** Under the BlueCard Program, recoveries from a Host Blue or its Network Providers can arise in several ways, including, but not limited to, anti-fraud and abuse recoveries, health care 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. **Negotiated National Account Arrangements.** As an alternative to the BlueCard Program, Member Claims for Covered Services may be processed through a negotiated National Account arrangement with a Host Blue. For purposes of this Article, a "National Account" is an Plan Sponsor that has membership in more than one state.

If Anthem Blue Cross Life and Health and Plan Sponsor have agreed that (a) Host Blue(s) shall make available a custom health care Provider network(s) in connection with this Agreement, then the terms and conditions set forth in Anthem Blue Cross Life and Health's negotiated National Account arrangement(s) with such Host Blue(s) shall apply. In negotiating such arrangement(s), Anthem Blue Cross Life and Health is not acting on behalf of or as an agent for Plan Sponsor, the Plan or Members.

Plan Sponsor agrees that Anthem Blue Cross Life and Health will not have any responsibility in connection with the processing and payment of Claims when Members access such network(s), except as may be set forth in the relevant participation agreement.

**Member Liability Calculation.** Member liability calculation will be based on the lower of either Billed Charges or negotiated price made available to Anthem Blue Cross Life and Health by the Host Blue that allows Members access to negotiated participation agreement networks of specified Network Providers outside of Anthem Blue Cross Life and Health's service area.

- d. **Non-Network Providers Outside Anthem Blue Cross Life and Health's Service Area.**

1. **Member Liability Calculation.** When Covered Services are provided outside of Anthem Blue Cross Life and Health's service area by non-Network Providers, the amount a Member pays for such services will generally be based on either the Host Blue's non-Network 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-Network Provider bills and the payment Anthem Blue Cross Life and Health will make for the Covered Services as set forth in this paragraph.

2. **Exceptions.** In some exception cases, Anthem Blue Cross Life and Health may pay Claims from non-Network Providers outside of Anthem Blue Cross Life and Health's service area based on the Provider's Billed Charges, such as in situations where a Member did not have reasonable access to a Network Provider, as determined by Anthem Blue Cross Life and Health in Anthem Blue Cross Life and Health's sole and absolute discretion or by applicable state law. In other exception cases, Anthem Blue Cross Life and Health may pay such a Claim based on the payment it would make if Anthem Blue Cross Life and Health were paying a non-Network Provider inside of Anthem Blue Cross Life and Health's service area, as described elsewhere in this Agreement, where the Host Blue's corresponding payment would be more than Anthem Blue Cross Life and Health's in-service area non-Network Provider payment, or in its sole and absolute discretion, Anthem Blue Cross Life and Health 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-Network Provider bills and the payment Anthem Blue Cross Life and Health will make for the Covered Services as set forth in this paragraph.

- e. **Inter-Plan Program Fees and Compensation.** Plan Sponsor understands and agrees to reimburse Anthem Blue Cross Life and Health for certain fees and compensation which it is obligated under BlueCard or any other Inter-Plan Program, to pay to the Host Blues, to the BCBSA, and/or to BlueCard or Inter-Plan Program vendors, as described below. Fees and compensation under BlueCard and other Inter-Plan Programs may be revised in accordance with the specific Program's standard procedures for revising such fees and compensation, which do not provide for prior approval by any groups. 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 the Agreement Period. With respect to Negotiated National Account Arrangements, the participation with the Host Blue may provide that Anthem Blue Cross Life and Health must pay an administrative and/or network access fee to the Host Blue. For this type of negotiated participation arrangement, any such administrative and/or network access fee will not be greater than the comparable fees that would be charged under the BlueCard Program. Anthem Blue Cross Life and Health will charge these fees as described in Section 7 of Schedule A.

- 5. Paragraph c. of Article 18 - CHANGES IN BENEFITS BOOKLET AND AGREEMENT is deleted in its entirety and replaced by the following:
  - c.) Anthem Blue Cross Life and Health also reserves the right to change the Administrative Services Fee at a time other than the start of an Agreement Period upon the occurrence of one or more of the following events: (1) a change to the Plan benefits initiated by Plan Sponsor that results in a substantial change in the services to be provided by Anthem Blue Cross Life and Health; (2) a change in ownership as described in Article 3(h) of this Agreement; (3) a change in the total number of Members resulting in either an increase or decrease of 10% or more of the number of Members enrolled for coverage on the date the Administrative Services Fee was last modified; (4) a change in Plan Sponsor contribution as described in Article 3(e) of this Agreement; (5) a change in nature of Plan Sponsor's business resulting in a change in its designated Standard Industrial Classification ("SIC") code; or (6) a change in applicable law that results in an increase in the cost or amount of administrative services from those currently being provided by Anthem Blue Cross Life and Health under this Agreement. Anthem Blue Cross Life and Health shall provide notice to Plan Sponsor of the change in the Administrative Services Fee at least 30 days prior to the effective date of such change. If such change is unacceptable to Plan Sponsor, either Party shall have the right to terminate this Agreement by giving written notice of termination to the other Party before the effective date of the change. If Plan Sponsor accepts the proposed rates, Anthem Blue Cross Life and Health shall provide a revised Schedule A that will then become part of this Agreement without the necessity of securing Plan Sponsor's signature on the Schedule.
- 6. Paragraph e. of Article 19 - TERMINATION AND/OR SUSPENSION OF PERFORMANCE is deleted in its entirety and replaced by the following:
  - e.) The Plan Sponsor may terminate this Agreement at any time other than at the end of an Agreement Period by giving Anthem Blue Cross Life and Health 90 days written notice of its intent to terminate.
- 7. Schedule A is replaced by the attached Schedule A.
- 8. Schedule B is replaced by the attached Schedule B.

Anthem Blue Cross Life and Health Insurance Company



By: Pam Kehaly  
Title: President and General Manager  
Date: February 27, 2012



**C. Other Fees or Credits**

Conversion right to an individual insured policy upon termination of coverage. Anthem Blue Cross Life and Health shall have no obligation to provide conversion rights in instances in which this Agreement is terminated for failure to pay any amounts due under this Agreement. The fee shall be:

\$1,500 per Member conversion

**Section 4. Paid Claims, Billing Cycle and Payment Method**

**A. Claims also include the following amounts or charges:**

NCN When Anthem Blue Cross Life and Health, in its discretion, forwards a non-Network Provider Claim to NCN to negotiate with the non-Network Provider, Plan Sponsor will pay a fee equal to 40% of the difference between the non-Network Provider's Billed Charges and the amount Anthem Blue Cross Life and Health uses to calculate Plan liability for the Covered Services (the "Plan Liability Amount"). In the case of hospital or facility Provider Claims in non-Anthem Blue Cross Life and Health or non-Anthem Blue Cross Life and Health Affiliate states, if negotiations are successful, the Plan Liability Amount will be based on the negotiated rate. If negotiations are not successful, the Plan Liability Amount shall be determined using NCN's Data iSight tool if Data iSight pricing is lower than Host Blue pricing. If Data iSight pricing is not lower than Host Blue pricing, the Plan Liability Amount will be determined based on Host Blue pricing and there will be no fee charged. In the case of professional Provider Claims in all states, and/or hospital or facility Provider Claims in Anthem Blue Cross Life and Health states or Anthem Blue Cross Life and Health Affiliate states, if negotiations are successful the Plan Liability Amount will be based upon NCN's negotiated rate. If negotiations are not successful, there will be no fee charged as the Plan Liability Amount will be determined based on Host Blue pricing.

**B. Billing Cycle**

Refer to the Banking Arrangement Schedule of this Agreement.

**C. Payment Method**

Refer to the Banking Arrangement Schedule of this Agreement.

**Section 5. Administrative Services Fee Billing Cycle and Payment Method**

**A. Billing Cycle**

Monthly List Bill (pay as billed)

Anthem Blue Cross Life and Health shall notify Plan Sponsor of the amount due to Anthem Blue Cross Life and Health pursuant to Section 3 of Schedule A according to the billing cycle described above. The actual date of notification of amounts due and the Invoice Due Date will be determined according to Anthem Blue Cross Life and Health's regular business practices and systems capabilities.

**B. Payment Method**

Check Reimbursement. Plan Sponsor shall provide the amount due by check to Anthem Blue Cross Life and Health through a designated lockbox address as designated on the Administrative fee billing coupon. The check shall be made in accordance with any policies and regulations of the bank necessary to assure that the deposit is credited to Anthem Blue Cross Life and Health's account no later than the next business day.

**Section 6. Claims Runout Services**

**A. Claims Runout Period**

Claims Runout Period shall be for the 12 months following the date of termination of this Agreement.

**B. Claims Runout Administrative Services Fees**

Claims Runout Administrative Services Fee will be equal to 6% of Claims processed and paid by Anthem Blue Cross Life and Health or through the Inter-Plan Programs.

**Section 7. Other Amendments. The Administrative Services Agreement is otherwise amended as follows:**

**BlueCard Program, Other Inter-Plan Programs and Non-Network Provider Fees**

As described in Article 15, certain fees and compensation may be charged each time a Claim is processed through the BlueCard Program, other Inter-Plan Programs, including Negotiated National Account Arrangements, and non-participating Provider Claims. The extent to which they are (i) included in the Administrative Services Fee; or (ii) included in Paid Claims or separately billed to Plan Sponsor is as follows:

**Included in Administrative Services Fee:**

Negotiated National Account Arrangement administrative and/or network access fee. It may be based on either a per Claim, per Subscriber per month or per Member per month basis.

BlueCard Program toll-free number fee

BlueCard Program PPO health care provider directory fee

**Included in Paid Claims or separately billed to Plan Sponsor:**

Access fee, which is a percentage of the discount/differential Anthem Blue Cross Life and Health receives from the Host Blue, based on the current rate in accordance with the BlueCard Program's standard procedures for establishing the access fee rate. The access fee will not exceed \$2,000 for any Claim.

Administrative expense allowance fee ("AEA")

Central Financial Agency fee

ITS transaction fee

Non-Network Provider Claim fees, which include, but are not limited to (administrative expense allowance fees)(Central Financial Agency Fees) and (ITS Transaction Fees)

**Notice of Loss of Grandfathering Status**

In the event Plan Sponsor maintains a grandfathered health plan(s), as that term is used in the Patient Protection and Affordable Care Act ("PPACA"), Plan Sponsor shall not make any changes to such plan(s), including, but not limited to, changes with respect to Plan Sponsor contribution levels, without providing Anthem Blue Cross Life and Health with advance written notice of the intent to change such plan(s). Making changes to grandfathered plans without notice to Anthem Blue Cross Life and Health may result in the plan(s) losing grandfathered status and significant penalties and/or fines to Plan Sponsor and Anthem Blue Cross Life and Health. In the event Plan Sponsor implements changes to its plan(s) and does not provide advance notice to Anthem Blue Cross Life and Health, Plan Sponsor agrees to indemnify Anthem Blue Cross Life and Health according to the indemnification provisions set forth elsewhere in this Agreement for any penalties, fines or other costs assessed against Anthem Blue Cross Life and Health.

Additionally, at each renewal after September 23, 2010, Plan Sponsor shall affirm in writing, upon reasonable request of Anthem Blue Cross Life and Health, that it has not made changes to its plan(s) that would cause the plan(s) to lose its/their grandfathered status.

Anthem Blue Cross Life and Health Insurance Company



By: Pam Kehaly

Title: President and General Manager

Date: February 27, 2012



**SCHEDULE B  
TO  
ADMINISTRATIVE SERVICES AGREEMENT  
WITH  
SAN JOAQUIN VALLEY INSURANCE AUTHORITY**

For the purposes of this Agreement Period, this Schedule B shall supplement and amend the Agreement between the Parties. If there are any inconsistencies between the terms of the Agreement including any prior Schedule and this Schedule B, the terms of this Schedule B shall control.

**SERVICES INCLUDED IN THE ADMINISTRATION FEE IN SECTION 3A OF SCHEDULE A**

**Management Services**

- Anthem Blue Cross Life and Health standard Benefits and administration:
  - Anthem Blue Cross Life and Health definitions and exclusions
  - Anthem Blue Cross Life and Health complaint and appeals process
  - Claims incurred and paid as provided in Schedule A
  - Accumulation toward plan maximums beginning at zero on effective date
  - Anthem Blue Cross Life and Health Claim forms
  - Standard ID card or standard ID card overprinted with black and white name and logo
  - Standard Explanation of Benefits
- Acceptance of electronic submission of updated eligibility information
- Preparation of Benefits Booklet (accessible via internet)
- Account reporting - standard data reports
- Plan Design consultation
- Plan Sponsor eServices
  - Add and delete Members
  - Download administrative forms
  - View Member Benefits and request ID cards
  - View eligibility
  - View Claim status and detail

**Claims and Customer Services**

- Claims processing services
- Coordination of Benefits
- Recovery Services
- Medicare crossover processing
- Complaint and appeals processing
- One mandatory level of appeal, one voluntary level of appeal
- Plan Sponsor customer service, standard business hours

- Member customer service, standard business hours
- 1099s prepared and delivered to Providers
- NYHCRA (New York Health Care Reform Act) and other legislative reporting requirements
- Member eServices

#### **Prescription Benefit Services**

- Mail Order pharmacy
- Specialty Pharmacy Services
- Prescription eServices
  - Pharmacy locator
  - Online formulary
- Point of sale claims processing
- Mail order claims processing
- Mail order call center with toll free number
- Mail order regular shipping and handling
- Standard management reports
- Ad hoc reports (subject to additional programming charge if required)
- Concurrent Drug Utilization Review (DUR) programs
- Retrospective DURs
- Administrative override (i.e., vacation, lost, stolen or spilled medications)
- Clinical review
- Pharmacy help desk with toll free number
- Pharmacy audits (desk and onsite; routine, in depth or focused)

#### **Health Care Management and 360 Health Services**

- Health Care Management
  - Referrals
  - Utilization management
  - Case management
  - Anthem Blue Cross Life and Health Medical Policy
- SpecialOffers
- HealthCare Advisor
- Care Comparison (where available)

- Transplant services - Blues Distinction
- Healthy Solutions Newsletter (available online)
- MyHealth (Member Portal)
  - Electronic Health Risk Assessment
  - Personal Health Record
  - Online Communities
- Member Alerts

### **Networks**

- Access to networks
  - Provider Network
  - Mental Health/Substance Abuse Network
  - Coronary Services Network
  - Human Organ and Tissue Transplant Network
  - Complex and Rare Cancer Network
  - Bariatric Surgery Network
- Cost Management/Quality improvement program
  - Credentialing
  - Hospital audit program
  - Anthem Blue Cross Life and Health standard Claims bundling edits
- Anthem.com Provider directory

### **Billing and Banking Services**

- Summary and detailed billing and Claims (electronic)
- Financing Arrangements
  - See Schedules A and C of this Agreement

### **Optional Services**

- Personalized ID card overprinted with name and logo
- Personalized application overprinted with name and logo
- Electronic submission of eligibility information in HIPAA-compliant format

### **OPTIONAL PROGRAMS - FEES LISTED IN SECTION 3B, 3C OR 4A OF SCHEDULE A**

#### **360° Health - HMO/POS/PPO Plans**

- Condition Care Core Program - Asthma, Chronic Obstructive Pulmonary Disease, Congestive Heart Failure, Coronary Artery Disease and Diabetes
- ComplexCare

- Future Moms Maternity Program
- 24/7 NurseLine
- Conversion

Anthem Blue Cross Life and Health Insurance Company



By: Pam Kehaly  
Title: President and General Manager  
Date: February 27, 2012

IN WITNESS WHEREOF, the parties hereto have executed this 2012 Amendment 2 to the Administrative Services Agreement (Anthem Blue Cross ASO).

COUNTY OF FRESNO



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Peter Vander Poel, President, SJVIA Board of Directors

DATE: 4/24/12

REVIEWED & RECOMMENDED FOR APPROVAL



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Paul Nerland, SJVIA Manager