

ADMINISTRATIVE SERVICES AGREEMENT

This Administrative Services Agreement ("Agreement") is entered into by and between San Joaquin Valley Insurance Authority ("Plan Sponsor") and Anthem Blue Cross Life and Health Insurance Company ("Anthem Blue Cross Life and Health") and is effective as of December 14, 2009 upon the following terms and conditions:

1. Plan Sponsor is the sponsor of a self-funded Group Health Plan (as defined below) providing, among other things, health care benefits to certain eligible employees and their qualified dependents.
2. Plan Sponsor desires to retain Anthem Blue Cross Life and Health as an independent contractor to administer certain elements of Plan Sponsor's Group Health Plan.
3. Anthem Blue Cross Life and Health desires to administer certain elements of Plan Sponsor's Group Health Plan pursuant to the terms of this Agreement.

In consideration of the promises and the mutual covenants contained in this Agreement, Anthem Blue Cross Life and Health and Plan Sponsor (the "Party" or "Parties" as appropriate) agree as follows:

ARTICLE 1 - DEFINITIONS

For purposes of this Agreement and any amendments, attachments or schedules to this Agreement, the following words and terms have the following meanings unless the context or use clearly indicates another meaning or intent:

ADMINISTRATIVE SERVICES FEE. The amount payable to Anthem Blue Cross Life and Health in consideration of its administrative services and operating expenses as indicated in Section 3 of Schedule A, excluding any cost for stop loss insurance coverage or any other policy of insurance, if applicable. All additional charges not included in the Administrative Services Fee are specified elsewhere in this Agreement.

AGREEMENT PERIOD. The period of time indicated in Section 1 of Schedule A.

ANTHEM BLUE CROSS LIFE AND HEALTH AFFILIATE. An entity controlling, under common control with or controlled by Anthem Blue Cross Life and Health.

BENEFITS BOOKLET. A description of the portion of the health care benefits provided under the Plan that is administered by Anthem Blue Cross Life and Health.

BILLED CHARGES. The amount that appears on a Member's Claim form (or other written notification acceptable to Anthem Blue Cross Life and Health that Covered Services have been provided) as the Provider's charge for the services rendered to a Member, without any adjustment or reduction and irrespective of any applicable reimbursement arrangement with the Provider.

BLUECARD PROGRAM. A Blue Cross and Blue Shield Association program whereby Anthem Blue Cross Life and Health can process certain Claims for Covered Services received by Members outside of Anthem Blue Cross Life and Health's service area while accessing the reimbursement arrangement of a Provider that has contracted with another Blue Cross and/or Blue Shield Plan. However, some Blue Cross and/or Blue Shield Plans may not participate in this program and, in that event, Anthem Blue Cross Life and Health will not access that Blue Cross and/or Blue Shield Plan's reimbursement arrangement. Additionally, Anthem Blue Cross Life and Health may have other arrangements to provide access to Providers outside of Anthem Blue Cross Life and Health's service area, in which event Anthem Blue Cross Life and Health will not access the BlueCard Program.

BLUE CROSS BLUE SHIELD ASSOCIATION ("BCBSA"). An association of independent Blue Cross and Blue Shield companies.

CLAIM. Written or electronic notice of a request for reimbursement of any health care service or supply on a form acceptable to Anthem Blue Cross Life and Health.

CLAIMS RUNOUT SERVICES. Processing and payment of Claims that are incurred but unreported and/or unpaid as of the date this Agreement terminates.

COVERED SERVICE. Any health care service or supply rendered to Members for which benefits are eligible for reimbursement pursuant to the terms of the applicable Benefits Booklet.

GROUP HEALTH PLAN OR PLAN. An employee welfare benefit plan established by the Plan Sponsor, in effect as of the Effective Date, as described in the Plan Documents, as they may be amended from time to time.

INVOICE DUE DATE. The date on the invoice provided to Plan Sponsor indicating when payment is due.

MEMBER. The individuals, including the Subscriber and his/her dependents, as defined in the Benefits Booklet, who have satisfied the Plan eligibility requirements of the Participating Employer, applied for coverage, and been enrolled for Plan benefits.

NETWORK PROVIDER. A physician, health professional, hospital, pharmacy, or other individual, organization and/or facility that has entered into a contract, either directly or indirectly, with Anthem Blue Cross Life and Health to provide Covered Services to Members through negotiated reimbursement arrangements.

PAID CLAIM. The amount charged to the Plan Sponsor for Covered Services or services provided during the term of this Agreement. Paid Claims may also include any applicable interest and any surcharges assessed by a state or government agency. In addition, Paid Claims shall be determined as follows:

1. Provider and Vendor Claims. Except as otherwise provided in this Agreement, Paid Claims shall mean the amount Anthem Blue Cross Life and Health actually pays the Provider or Vendor (without regard to whether Anthem Blue Cross Life and Health reimburses such Provider or Vendor on a percentage of charges basis, a fixed payment basis, a global fee basis, or single case rate, or other reimbursement methodology) or whether such amount is more or less than the Provider's or Vendor's actual Billed Charges for a particular service or supply.
2. Prescription Drug Claims. If applicable to the Plan benefits as indicated in Schedule B, Paid Claims for Prescription Drugs shall mean an amount that Anthem Blue Cross Life and Health invoices Plan Sponsor for Prescription Drugs dispensed to Members by pharmacies. Anthem Blue Cross Life and Health shall retain the difference, if any, between the invoiced amount to Plan Sponsor and the amount paid to the pharmacy benefit manager ("PBM") for Prescription Drugs dispensed to Members as a portion of Anthem Blue Cross Life and Health's reasonable compensation for services under this Agreement.
3. Performance Payments. If a Provider or Vendor participates in any Anthem Blue Cross Life and Health program in which performance incentives, rewards or bonuses ("Performance Payments") are paid based on the achievement of certain goals, outcomes or performance standards adopted by Anthem Blue Cross Life and Health (collectively, "Performance Targets"), Paid Claims shall also include the amount of such Performance Payments. Such Performance Payments may be charged to Plan Sponsor on a per Claim, lump sum, per Subscriber, per Member, or a pro-rata apportionment basis. The amount charged to Plan Sponsor may be greater than the amount actually paid to any one particular Provider or Vendor pursuant to the terms of the contract with such Provider or Vendor. In no event, shall the amount charged to the Plan Sponsor be greater than its proportionate share of total Performance Payments.
4. Fees Paid to Manage Care or Costs. Paid Claims may also include fees paid to Providers or Vendors for managing the care or cost of care for designated Members. In addition, Paid Claims may also include an amount Anthem Blue Cross Life and Health charges to oversee programs and such program charges, if any, shall be provided in Section 4 of Schedule A.
5. Claims Payment Pursuant to any Judgment, Settlement, Legal or Administrative Proceeding. Paid Claims shall include any claim amount paid as the result of a settlement, judgment, or legal, regulatory or administrative proceeding brought against the Plan and/or Anthem Blue Cross Life and Health, or otherwise agreed to by Anthem Blue Cross Life and Health, with respect to the decisions made by Anthem Blue Cross Life and Health regarding the coverage of or amounts paid for services under the terms of the Plan. Paid Claims also includes any amount paid as a result of Anthem Blue Cross Life and Health's billing dispute resolution procedures with a Provider or Vendor. Any Claims paid pursuant to this provision will count towards any stop loss accumulators under a stop loss agreement with Anthem Blue Cross Life and Health.
6. Claims Payment Pursuant to the BlueCard 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 the BlueCard Program or for any amounts paid for Covered Services provided through another BCBSA program (e.g. BCBSA Blue Distinction Centers for Transplant). More information about the BlueCard Program is found in Article 15 of this Agreement.

7. Claims Payment Pursuant to a Consumer Directed Health Plan Account. If applicable to Plan benefits and as indicated on Schedule B of this Agreement, Paid Claims shall include any amount actually paid by Anthem Blue Cross Life and Health from a consumer directed health plan account, such as a health reimbursement account or a health incentive account.

PARTICIPATING EMPLOYER. An employer which is a public agency in the State of California and a member as stipulated in the Joint Exercise of Powers Agreement Creating the San Joaquin Valley Insurance Authority. A list of Participating Employers shall be provided on Attachment 1 of this Agreement.

PLAN DOCUMENTS. The documents that set forth the terms of the Plan, and which include the Benefits Booklet.

PRESCRIPTION DRUG. Insulin and those drugs and drug compounds that are included in the U.S. Pharmacopoeia and that are required to be dispensed pursuant to a prescription or that are otherwise included on Anthem Blue Cross Life and Health's formulary (e.g., certain over-the-counter drugs).

PROPRIETARY INFORMATION AND CONFIDENTIAL INFORMATION. Plan Sponsor Proprietary Information is the systems, procedures, methodologies and practices used by Plan Sponsor to run its operations and the Plan and other non-public information about Plan Sponsor. Anthem Blue Cross Life and Health Proprietary Information is the systems, procedures, methodologies and practices used by Anthem Blue Cross Life and Health in connection with its underwriting, Claims processing, Claims payment and health care management activities. Anthem Blue Cross Life and Health Proprietary Information also includes Anthem Blue Cross Life and Health's Provider network, negotiated fees, terms and discounts with Providers, and other non-public information about Anthem Blue Cross Life and Health. Anthem Blue Cross Life and Health Confidential Information includes Provider tax identification numbers, social security numbers and drug enforcement administration ("DEA") numbers or pharmacy numbers.

PROVIDER. A duly licensed physician, health professional, hospital, pharmacy or other individual, organization and/or facility that provides health services or supplies within the scope of an applicable license and/or certification and meets any other requirements set forth in the Benefits Booklet.

SUBSCRIBER. An employee or retiree of Participating Employer or other eligible person (other than a dependent) who is enrolled in the Plan.

VENDOR. A person or entity other than a Provider, including an Anthem Blue Cross Life and Health Affiliate, that provides services or supplies pursuant to a contract with Anthem Blue Cross Life and Health.

ARTICLE 2 - ADMINISTRATIVE SERVICES PROVIDED BY ANTHEM BLUE CROSS LIFE AND HEALTH

- a. Anthem Blue Cross Life and Health shall process the enrollment of eligible individuals and termination of Members as directed by the Plan Sponsor subject to the provisions of this Agreement. Anthem Blue Cross Life and Health shall, with the assistance of Plan Sponsor, respond to direct routine inquiries made to it by employees and other persons concerning eligibility in the Plan.
- b. Anthem Blue Cross Life and Health shall perform the following Claims administrative services:
 1. Process Claims with a Claims Incurred Date indicated in Section 1 of Schedule A and provide customer service at a level consistent with industry standards, including investigating and reviewing such Claims to determine what amount, if any, is due and payable according to the terms and conditions of the Benefits Booklet and this Agreement. Anthem Blue Cross Life and Health shall perform coordination of benefits ("COB") with other payors, including Medicare. In processing Claims, Anthem Blue Cross Life and Health shall utilize Anthem Blue Cross Life and Health's medical policies and medical policy exception process, its definition of medical necessity, its precertification and/or preauthorization policies and applicable Claim timely filing limits.
 2. Disburse to the applicable individuals or entities (including Providers and Vendors) payments that it determines to be due according to the provisions of the Benefits Booklet.
 3. Provide notice in writing when a Claim for benefits has been denied which notice shall set forth the reasons for the denial and the right to a full and fair review of the denial under the terms of the Benefits Booklet and shall otherwise satisfy applicable regulatory requirements governing the notice of a denied Claim.

- c. Plan Sponsor delegates to Anthem Blue Cross Life and Health fiduciary authority to determine claims for benefits under the Plan as well as the authority to determine appeals of any adverse benefit determinations under the Plan. Anthem Blue Cross Life and Health shall administer complaints and appeals according to Anthem Blue Cross Life and Health's complaint and appeals policy, unless otherwise provided in the Benefits Booklet. In carrying out this authority, Anthem Blue Cross Life and Health is delegated full discretion to determine eligibility for benefits under the Plan and to interpret the terms of the Plan. Anthem Blue Cross Life and Health shall be deemed to have properly exercised such authority unless a Member proves that Anthem Blue Cross Life and Health has abused its discretion or that its decision is arbitrary and capricious. Anthem Blue Cross Life and Health is a fiduciary of the Plan only to the extent necessary to perform its obligations and duties as expressed in this Agreement and only to the extent that its performance of such actions constitutes fiduciary action. Anthem Blue Cross Life and Health shall not act as the administrator of the Plan nor shall it have any fiduciary responsibility in connection with any other element of the administration of the Plan.
- d. Anthem Blue Cross Life and Health shall have the authority, in its discretion, to institute from time to time, utilization management, case management, disease management or wellness pilot initiatives in certain designated geographic areas. These pilot initiatives are part of Anthem Blue Cross Life and Health's ongoing effort to find innovative ways to make available high quality and more affordable healthcare and will apply equally to Members of both insured and self-funded plans. A pilot initiative may affect some, but not all Members under the Plan. These programs will not result in the payment of benefits which are not provided in the applicable Benefits Booklet, unless otherwise agreed to by the Plan Sponsor. Anthem Blue Cross Life and Health reserves the right to discontinue a pilot initiative at any time without advance notice to Plan Sponsor.
- e. Anthem Blue Cross Life and Health shall perform recovery services as provided in Article 13.
- f. Anthem Blue Cross Life and Health shall issue identification cards to Subscribers and/or Members, as applicable, and the content and design of the identification cards shall comply with BCBSA regulations.
- g. Anthem Blue Cross Life and Health shall provide certificates of creditable coverage as required by the Health Insurance Portability and Accountability Act of 1996 ("HIPAA") with respect to Members' participation in the Plan. Plan Sponsor agrees to promptly provide Anthem Blue Cross Life and Health with any information relating to a Subscriber's employment history as may be necessary for Anthem Blue Cross Life and Health to provide the certificates of creditable coverage.
- h. Anthem Blue Cross Life and Health shall provide Members and potential Members access to an online directory of Providers contracted with Anthem Blue Cross Life and Health ("Provider Directories"). Such Provider Directories shall also be available and distributed in booklet format upon Member request. Additionally, if applicable to Plan benefits, Anthem Blue Cross Life and Health shall ensure that Members and potential Members have access to the BlueCard directory of Providers via a website sponsored by BCBSA.
- i. Anthem Blue Cross Life and Health reserves the right to make benefit payments to either Providers or Members at its discretion. Plan Sponsor agrees that the terms of the Plan will include provisions for supporting such discretion in determining the direction of payment including, but not limited to, a provision prohibiting Members from assigning their rights to receive benefit payments, unless otherwise prohibited by applicable state law.
- j. If applicable to the Plan benefits and as indicated in Schedule B of this Agreement, Anthem Blue Cross Life and Health may provide or arrange for the provision of the following managed care services:
 - 1. Conduct medical necessity review, utilization review, and a referral process, which may include, but is not limited to: (a) preadmission review to evaluate and determine the medical necessity of an admission or procedure and the appropriate level of care, and for an inpatient admission, to authorize an initial length of stay; (b) concurrent review throughout the course of the inpatient admission for authorization of additional days of care as warranted by the patient's medical condition; (c) retrospective review; and (d) authorizing a referral to a non-Network Provider. Anthem Blue Cross Life and Health shall have the authority to waive a requirement if, in Anthem Blue Cross Life and Health's discretion, such exception is in the best interest of the Member or the Plan, or is in furtherance of the provision of cost effective services under this Agreement.
 - 2. Perform case management to identify short and long term treatment programs in cases of severe

or chronic illness or injury. Anthem Blue Cross Life and Health may, but is not required to, customize benefits in limited circumstances by approving otherwise non-Covered Services if, in the discretion of Anthem Blue Cross Life and Health, such exception is in the best interest of the Member and the Plan.

3. Provide access to a specialty network of Providers if the Plan includes a specialty network. Anthem Blue Cross Life and Health reserves the right to establish specialty networks for certain specialty or referral care.
 4. Provide any other managed care services incident to or necessary for the performance of the services set forth in this Article 2.
- k. If applicable to the Plan benefits and as indicated in Schedule B of this Agreement, Anthem Blue Cross Life and Health shall offer programs to help Plan Sponsor effectively manage the cost of care, and Plan Sponsor shall pay fees for the programs selected by Plan Sponsor only if such fees are indicated in Section 3(B) of Schedule A. Plan Sponsor shall abide by all applicable policies and procedures of the programs selected, which may require Plan Sponsor to provide requested information prior to Anthem Blue Cross Life and Health initiating the service.
 - l. On behalf of Plan Sponsor, Anthem Blue Cross Life and Health shall produce and maintain a master copy of the Benefits Booklet and make changes and amendments to the master copy of the Benefits Booklet and incorporate any approved changes or amendments pursuant to Article 18(a) of this Agreement. Plan Sponsor shall determine, in its sole discretion, whether Anthem Blue Cross Life and Health has accurately produced the Benefits Booklet and has fully implemented the approved changes or amendments. Until Plan Sponsor has approved the Benefits Booklet, Anthem Blue Cross Life and Health will administer the quoted benefits according to Anthem Blue Cross Life and Health's most similar standard Benefits Booklet language.
 - m. Anthem Blue Cross Life and Health will provide the Plan Sponsor with Plan data and assistance necessary for preparation of the Plan's information returns and forms required by federal or state laws. Anthem Blue Cross Life and Health shall prepare and mail all IRS Form 1099's and any other similar form that is given to Providers or brokers.
 - 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 the Blue Card Program 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.
 - o. Unless otherwise agreed to by the Parties and specified in the Benefits Booklet, Anthem Blue Cross Life and Health's standard policies and procedures, as they may be amended from time-to-time, will be used in the provision of services specified in this Agreement. In the event of any conflict between this Agreement and any of Anthem Blue Cross Life and Health's policies and procedures, this Agreement will govern.
 - p. If applicable to the Plan benefits as indicated in Schedule B, Anthem Blue Cross Life and Health shall provide conversion rights to Members following termination of this Agreement, and Plan Sponsor shall pay the fee indicated in Section 3(C) of Schedule A.
 - q. The Massachusetts Health Safety Net Trust Fund, the New York Health Care Reform Act, the Maine Dirigo Access Payment, and other similar state law requires Plan Sponsors to finance health related initiatives through residency-based assessments and/or surcharges added to certain Paid Claims. After Plan Sponsor completes the applicable forms, Anthem Blue Cross Life and Health shall make all assessment and/or surcharge payments on behalf of Plan Sponsor to the appropriate pools administered by the respective states, based primarily upon Anthem Blue Cross Life and Health's Paid Claims information and Member information provided to Anthem Blue Cross Life and Health by Plan Sponsor.
 - r. Anthem Blue Cross Life and Health shall provide required notices describing Member's rights under the Women's Health and Cancer Rights Act (WHCRA) upon a Member's enrollment and at least annually thereafter.
 - s. Anthem Blue Cross Life and Health shall have the authority to build and maintain its Provider network. Nothing in this Agreement shall be interpreted to require Anthem Blue Cross Life and Health to maintain

negotiated fees or reimbursement arrangements or other relationships with certain Providers or Vendors. Anthem Blue Cross Life and Health will be solely responsible for acting as a liaison with Providers including, but not limited to, responding to Provider inquiries, negotiating rates with Providers or auditing Providers.

- t. If a catastrophic event (whether weather-related, caused by a natural disaster, or caused by war, terrorism, or similar event) occurs that affects Members in one or more locations, and such catastrophic event prevents or interferes with Anthem Blue Cross Life and Health's ability to conduct its normal business with respect to such Members or prevents or interferes with Members' ability to access their benefits, Anthem Blue Cross Life and Health shall have the right, without first seeking consent from Plan Sponsor, to take reasonable and necessary steps to process Claims and provide managed care services in a manner that may be inconsistent with the Benefits Booklet in order to minimize the effect such catastrophic event has on Members. As soon as practicable after a catastrophic event, Anthem Blue Cross Life and Health shall report its actions to Plan Sponsor. Plan Sponsor shall reimburse Anthem Blue Cross Life and Health for amounts paid in good faith under the circumstances and such amounts shall constitute Paid Claims, even if the charges incurred were not for services otherwise covered under the Benefits Booklet.
- u. Anthem Blue Cross Life and Health shall submit any claim that is required to be filed under any stop loss policy issued by Anthem Blue Cross Life and Health or an Anthem Blue Cross Life and Health Affiliate. Anthem Blue Cross Life and Health shall have no obligation to prepare or file any claim for excess risk or stop loss coverage under a policy not issued by Anthem Blue Cross Life and Health or an Anthem Blue Cross Life and Health Affiliate. Anthem Blue Cross Life and Health shall provide Plan Sponsor with Claims data pursuant to Article 11 of this Agreement if Plan Sponsor chooses to file a claim under a stop loss policy issued by an entity other than Anthem Blue Cross Life and Health or an Anthem Blue Cross Life and Health Affiliate. Anthem Blue Cross Life and Health shall assume no liability or responsibility to Plan Sponsor for inconsistencies between the determination of Covered Services under the Benefits Booklet and this Agreement and the determination of coverage by an unaffiliated stop loss carrier.
- v. If applicable to Plan benefits as indicated on Schedule B to this Agreement, Anthem Blue Cross Life and Health shall assist Plan Sponsor in determining whether its Prescription Drug benefit constitutes "creditable prescription drug coverage" as that term is used under the Medicare Part D laws (specifically, 42 C.F.R. 423.56). Unless otherwise agreed to by the Parties, Plan Sponsor shall be solely responsible for communicating with Members regarding creditable prescription drug coverage matters.
- w. If a Member is a Massachusetts resident, Anthem Blue Cross Life and Health shall mail the Member any notices required by the Massachusetts Health Care Reform Act ("HCRA") reflecting coverage during the current and prior Agreement Period. If a Member works in Massachusetts for the Plan Sponsor, but resides in another State, Anthem Blue Cross Life and Health will only provide such notices if Plan Sponsor notifies Anthem Blue Cross Life and Health at least 60 days prior to any notice deadline imposed by HCRA that such Member requires the HCRA notices.
- x. Anthem Blue Cross Life and Health is the responsible reporting entity ("RRE") for the Plan as that term is defined pursuant to Section 111 of the Medicare, Medicaid and SCHIP Extension Act of 2007. In order to fulfill its RRE obligation, Anthem Blue Cross Life and Health requires information from the Plan Sponsor, including, but not limited to, Member's Social Security Numbers. Plan Sponsor shall cooperate with Anthem Blue Cross Life and Health and timely respond to any request for information made by Anthem Blue Cross Life and Health.

ARTICLE 3 - OBLIGATIONS OF PLAN SPONSOR

- a. The Plan Sponsor shall furnish to Anthem Blue Cross Life and Health initial eligibility information regarding Members. Plan Sponsor is responsible for determining eligibility of individuals and advising Anthem Blue Cross Life and Health in a timely manner, through a method agreed upon by the Parties, as to which employees, dependents, and other individuals are to be enrolled Members. Anthem Blue Cross Life and Health reserves the right to limit the effective date of retroactive enrollment to a date not earlier than 60 days prior to the date notice is received. Such retroactive enrollments shall be subject to Anthem Blue Cross Life and Health's receipt of the applicable Administrative Services Fees. The Plan Sponsor shall keep such records and furnish to Anthem Blue Cross Life and Health such notification and other information as may be required by Anthem Blue Cross Life and Health for the purpose of enrolling Members, processing terminations, effecting COBRA coverage elections, effecting changes in single or family coverage status, effecting changes due to a Member becoming eligible or ineligible for Medicare, effecting changes due to a leave of absence, or for any other purpose reasonably related to the administration of

eligibility under this Agreement. The Plan Sponsor acknowledges that prompt and complete furnishing of the required eligibility information is essential to the timely, accurate, and efficient processing of Claims.

Plan Sponsor shall notify Anthem Blue Cross Life and Health monthly of the Subscribers, dependents, or other individuals that will be or have become ineligible for benefits under the Plan. Upon receipt of such notice, Anthem Blue Cross Life and Health shall terminate coverage effective as of the date specified in the Benefits Booklet. The Plan Sponsor shall give Anthem Blue Cross Life and Health advance notice, if possible, of any Member's expected termination and/or retirement. Anthem Blue Cross Life and Health reserves the right to limit retroactive terminations to a maximum of 60 days prior to the date notice is received. Anthem Blue Cross Life and Health shall credit Plan Sponsor Administrative Services Fees for such retroactive terminations as indicated in Section 3(A) of Schedule A.

If Anthem Blue Cross Life and Health has paid Claims for persons no longer eligible for reasons including, but not limited to, Anthem Blue Cross Life and Health having been provided inaccurate eligibility information, or Anthem Blue Cross Life and Health having received notice of a retroactive change to enrollment, then Plan Sponsor shall reimburse Anthem Blue Cross Life and Health for all unrecovered Paid Claim amounts to the extent that the amounts have not already been paid by Plan Sponsor.

- b. Plan Sponsor has the discretionary authority and control over the management of the Plan, and all discretionary authority and responsibility for the administration of the Plan except as delegated to Anthem Blue Cross Life and Health in Article 2(c) of this Agreement. Plan Sponsor retains all final authority and responsibility for the Plan and its operation and Anthem Blue Cross Life and Health is empowered to act on behalf of Plan Sponsor in connection with the Plan only as expressly stated in this Agreement or as otherwise agreed to by the Parties in writing.
- c. It is understood and agreed that the provision of any notice, election form, or communication and the collection of any applicable premium or fees required by or associated with Title X of the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("COBRA"), or any other applicable law governing continuation of health care coverage, shall be the sole responsibility of Plan Sponsor and not Anthem Blue Cross Life and Health, except as otherwise agreed to in a written agreement between the Parties.
- d. Plan Sponsor is solely responsible for compliance with the Family and Medical Leave Act ("FMLA").
- e. Plan Sponsor agrees to and shall collect those contributions from Subscribers that are required by Plan Sponsor for participation in the Plan. If Plan Sponsor elects Anthem Blue Cross Life and Health's stop loss coverage, Plan Sponsor shall abide by Anthem Blue Cross Life and Health's participation and contribution guidelines.
- f. Unless otherwise agreed to by the Parties in writing, the Plan Sponsor shall prepare and distribute all notices or summaries of changes or material modifications to the Plan. Plan Sponsor shall ensure that if it creates any documents that refer to benefits offered under the Plan, the documents will accurately reflect the terms of the Benefits Booklet.
- g. To the extent that Medicare, Medicaid, the Veterans Administration or any other federal or state agency or entity asserts a reimbursement right against Plan Sponsor, the Plan, or Anthem Blue Cross Life and Health pursuant to that agency's or entity's rights under applicable law with respect to Claims processed by Anthem Blue Cross Life and Health under this Agreement, the Plan Sponsor shall be responsible for reimbursing Anthem Blue Cross Life and Health any such amounts determined to be owed.
- h. Plan Sponsor shall give notice to Anthem Blue Cross Life and Health of the expected occurrence of any of the following events (including a description of the event), with such notice to be given at least 30 days prior to the effective date of the event, unless such advance notice is prohibited by law or contract in which case, notice will be provided as soon as practicable:
 - 1. Change of Plan Sponsor's name; or
 - 2. Any insolvency, receivership or inability of Plan Sponsor to pay its debts as they become due.
- i. The Plan Sponsor shall have the sole responsibility, in accordance with state or federal law, to develop procedures for determining whether a medical child support order is a "qualified" medical child support order. The Plan Sponsor shall provide notice to Anthem Blue Cross Life and Health once it has made such determination.

- j. The Plan Sponsor may request Anthem Blue Cross Life and Health, on an exception basis, to process and pay Claims that were denied by Anthem Blue Cross Life and Health or take other actions with respect to the Plan that are not specifically set forth in this Agreement or the Benefits Booklet. In such cases, any payments shall not count toward the stop loss accumulators under a stop loss agreement issued by Anthem Blue Cross Life and Health, unless otherwise agreed to by Anthem Blue Cross Life and Health. Anthem Blue Cross Life and Health may charge Plan Sponsor a processing fee that has been mutually agreed to by the Parties prior to the processing of the Claim. Anthem Blue Cross Life and Health shall not be responsible for any liability associated with any act or omission undertaken at the direction of, or in accordance with, instructions received from the Plan Sponsor under this provision.

ARTICLE 4 - CLAIMS PAYMENT METHOD

- a. Plan Sponsor shall pay or fund Paid Claims according to the Claims payment method described in Section 4 of Schedule A. Plan Sponsor shall pay or fund such amounts by the Invoice Due Date. In addition, from time to time, the Parties acknowledge that Plan Sponsor may request a review of the appropriateness of a Claim payment and, during the review period, Plan Sponsor shall pay or fund such Claim.
- b. The Parties acknowledge that, from time to time, a Claims adjustment may be necessary as a result of coordination of benefits, subrogation, workers' compensation, other third party recoveries, payment errors and the like, and that the adjustment will take the form of a debit (for an additional amount paid by Anthem Blue Cross Life and Health) or a credit (for an amount refunded to Plan Sponsor). The Parties agree that such Claims adjustment shall be treated as an adjustment to the Claims payment made in the billing period in which the adjustment occurs, rather than as a retroactive adjustment to the Claim in the billing period in which it was initially reported as paid. Any Claims credit may be reduced by a fee charged by Vendors as indicated in Article 13 of this Agreement. In addition, a credit shall not be provided to Plan Sponsor for the share of a recovery related to a Claim that was covered under stop-loss coverage provided by Anthem Blue Cross Life and Health.
- c. Plan Sponsor shall open and maintain a bank account (the "Account") according to the criteria set forth on Schedule C to this Agreement. Plan Sponsor agrees to maintain funds in the Account at appropriate levels satisfactory to Anthem Blue Cross Life and Health in order to satisfy Plan Sponsor's obligations under this Agreement. Plan Sponsor authorizes Anthem Blue Cross Life and Health to pay Claims for Covered Services from the Account.

ARTICLE 5 - ADMINISTRATIVE SERVICES FEE

During the term of this Agreement, Plan Sponsor shall pay Anthem Blue Cross Life and Health the Administrative Services Fee, described in Section 3 of Schedule A. Plan Sponsor shall pay the Administrative Services Fee and other fees authorized under this Agreement by the applicable Invoice Due Date according to the payment method described in Section 5 of Schedule A.

ARTICLE 6 - RENEWAL SCHEDULES

If Anthem Blue Cross Life and Health offers to renew this Agreement at the end of an Agreement Period, then Anthem Blue Cross Life and Health shall provide Plan Sponsor with the terms and conditions of the proposed renewal in writing within the time period provided in Section 1 of Schedule A. The Plan Sponsor shall notify Anthem Blue Cross Life and Health in writing of its selection from the renewal options by indicating its selection and signing Anthem Blue Cross Life and Health's designated renewal form. If Anthem Blue Cross Life and Health does not receive a signed acceptance of the renewal from Plan Sponsor prior to the start of the next Agreement Period, the Plan Sponsor's payment of the amounts set forth in the renewal shall constitute Plan Sponsor's acceptance of the terms. Anthem Blue Cross Life and Health shall provide a revised Schedule A that will become part of this Agreement without the necessity of securing Plan Sponsor's signature.

ARTICLE 7 - CLAIMS RUNOUT SERVICES

- a. Claims Runout Services shall be provided for the period of time provided in Section 6 of Schedule A (the "Claims Runout Period"). During the Claims Runout Period, the terms of this Agreement shall continue to

apply. Anthem Blue Cross Life and Health shall have no obligation to process or pay any Claims or forward Claims to Plan Sponsor beyond the Claims Runout Period. Any amounts recovered beyond the Claims Runout Period shall be retained by Anthem Blue Cross Life and Health as reasonable compensation for services under this Agreement. Anthem Blue Cross Life and Health shall, however, return any recoveries for which Anthem Blue Cross Life and Health had received monies, but had not processed the recovery prior to the end of the Claims Runout Period. In addition, Plan Sponsor shall have no obligation to reimburse Anthem Blue Cross Life and Health for any amounts paid by Anthem Blue Cross Life and Health due to adjustments to Claims after the end of the Claims Runout Period.

- b. The Administrative Services Fee for the Claims Runout Period, if applicable, is provided in Section 6 of Schedule A. Paid Claims and the Administrative Services Fee shall be invoiced and paid in the same manner as provided in Sections 4 and 5 of Schedule A, unless otherwise provided or agreed to in writing by the Parties.

ARTICLE 8 - LATE PAYMENT PENALTY

If Plan Sponsor fails to timely pay or fund any amount due to Anthem Blue Cross Life and Health under this Agreement, Plan Sponsor agrees to pay a late payment penalty for each day the payment is late. The late payment penalty shall be calculated at the rate of 12% simple interest per annum (365 days), and shall be included on a subsequent invoice and payable by the Invoice Due Date. If applicable, Plan Sponsor agrees to reimburse Anthem Blue Cross Life and Health for any expenses charged to Anthem Blue Cross Life and Health by a financial institution, Provider or Vendor due to Plan Sponsor's failure to maintain sufficient funds in a designated bank account. Any acceptance by Anthem Blue Cross Life and Health of late payments shall not be deemed a waiver of its rights to terminate this Agreement for any future failure of Plan Sponsor to make timely payments.

ARTICLE 9 - HIPAA

- a. Anthem Blue Cross Life and Health's duties and responsibilities in connection with the requirements imposed by the Health Insurance Portability and Accountability Act ("HIPAA") and the privacy and security regulations promulgated thereunder will be set forth in a separate business associate agreement between the Parties.
- b. In the event the Plan submits Claims or eligibility inquiries or any other HIPAA covered transaction as defined in 45 CFR Part 160 and 162 to Anthem Blue Cross Life and Health through electronic means, the Plan and Anthem Blue Cross Life and Health shall comply with all applicable requirements of HIPAA and the Plan and Anthem Blue Cross Life and Health shall require any of their respective agents or subcontractors to comply with all applicable requirements of HIPAA.

ARTICLE 10 - PROPRIETARY AND CONFIDENTIAL INFORMATION

- a. Each Party agrees to treat the other Party's Proprietary Information and Confidential Information in strict confidence, and shall institute commercially reasonable safeguards to protect the Information.
- b. Plan Sponsor shall use and disclose Anthem Blue Cross Life and Health's Proprietary Information and/or Confidential Information solely for the purpose of administering the Plan. Plan Sponsor shall not use or disclose Anthem Blue Cross Life and Health's Proprietary Information and/or Confidential Information, or reports or summaries thereof, for any other purpose, including, but not limited to: (1) combining Anthem Blue Cross Life and Health's Proprietary Information and/or Confidential Information with other data to create or add to an existing aggregate database that will or could be made available to any entity other than the Plan Sponsor; (2) combining Anthem Blue Cross Life and Health's Proprietary Information and/or Confidential Information with any other data received from Anthem Blue Cross Life and Health; or, (3) selling or disclosing Anthem Blue Cross Life and Health's Proprietary Information and/or Confidential Information to any other person or entity.
- c. Plan Sponsor shall not disclose Anthem Blue Cross Life and Health's Proprietary Information and/or Confidential Information to any other person or entity without Anthem Blue Cross Life and Health's prior written consent. Plan Sponsor may disclose Anthem Blue Cross Life and Health's Proprietary Information and/or Confidential Information to other Plan Sponsor subcontractors, stop loss carriers, consultants, agents or auditors who need to know such information in order to provide services to Plan Sponsor, (e.g.

Plan administration), provided that such third party signs a confidentiality agreement with Anthem Blue Cross Life and Health prior to disclosure.

- d. Upon termination of this Agreement, either Party may retain, return or destroy the other Party's Proprietary Information and Confidential Information; however, the Parties agree to continue to comply with the provisions as set forth in this Article 10 upon termination of this Agreement for as long as it retains the other Party's Proprietary Information and Confidential Information.
- e. This Agreement shall not be construed to restrict the use or disclosure of information that: (1) is public knowledge other than as a result of a breach of this Agreement; (2) is independently developed by a Party not in violation of this Agreement; (3) is made available to a Party by any person other than Anthem Blue Cross Life and Health or Plan Sponsor, provided the source of such information is not subject to any confidentiality obligations with respect to it; or, (4) is required to be disclosed pursuant to law, order, regulation or judicial or administrative process, but only to the extent of such required disclosures and after reasonable notice to the other Party.
- f. If a Party determines the confidentiality of its Proprietary Information or Confidential Information is not properly being used or maintained in accordance with the provisions as set forth in this Article 10, that Party shall have the right to terminate this Agreement by giving the non-compliant Party at least 60 days prior written notice of termination. Notwithstanding any other provision of this Agreement, a Party may seek injunctive or other equitable relief from a court of competent jurisdiction against the non-compliant Party should there be any unauthorized use of Proprietary Information or Confidential Information.

ARTICLE 11 - DATA REPORTS

- a. Upon Plan Sponsor's request and only as permitted by the business associate agreement entered into between the Parties, Anthem Blue Cross Life and Health will provide Anthem Blue Cross Life and Health's standard account reporting package. Prior to Anthem Blue Cross Life and Health providing data or reports to Plan Sponsor, the Parties must mutually agree to the types, format, content and purpose of the reports requested. If Plan Sponsor requests from Anthem Blue Cross Life and Health information that is not part of Anthem Blue Cross Life and Health's standard account reporting package, and such request is approved by Anthem Blue Cross Life and Health, Plan Sponsor agrees to pay a mutually agreed upon charge to Anthem Blue Cross Life and Health for such additional reports.
- b. Anthem Blue Cross Life and Health and Anthem Blue Cross Life and Health Affiliates shall have the right to use or disclose Claims data collected in the performance of services under this Agreement or any other agreement between the Parties, so long as: (i) the data is de-identified in a manner consistent with the requirements of HIPAA; or (ii) the data is used or disclosed for research, health oversight activities, or other purposes permitted by law; or (iii) a Member has consented to the release of his or her individually identifiable data. The data used or disclosed shall be used for a variety of lawful purposes including, but not limited to, research, monitoring, and benchmarking of industry and health care trends. Anthem Blue Cross Life and Health may receive remuneration for the data only if permitted by HIPAA.

ARTICLE 12 - CLAIMS AUDIT

- a. At Plan Sponsor's expense, Plan Sponsor shall have the right to audit Claims on Anthem Blue Cross Life and Health's premises, during regular business hours and in accordance with Anthem Blue Cross Life and Health's audit policy, which may be revised from time to time. A copy of the audit policy shall be made available to Plan Sponsor upon request.
- b. If Plan Sponsor elects to utilize a third-party auditor to conduct an audit pursuant to this Agreement and Anthem Blue Cross Life and Health's audit policy, such auditor must be mutually acceptable to Plan Sponsor and Anthem Blue Cross Life and Health. Anthem Blue Cross Life and Health will only approve auditors that are independent and objective and will not approve auditors paid on a contingency fee or other similar basis. Anthem Blue Cross Life and Health reserves the right to charge a fee to Plan Sponsor for expenditure of time by Anthem Blue Cross Life and Health's employees in completing any audit. An auditor or consultant must execute a confidentiality and indemnification agreement with Anthem Blue Cross Life and Health pertaining to Anthem Blue Cross Life and Health's Proprietary and Confidential Information prior to conducting an audit.

- c. Plan Sponsor may conduct an audit once each calendar year and the audit may only relate to Claims processed during the current year or immediately preceding calendar year (the "Audit Period") and neither Plan Sponsor nor anyone acting on Plan Sponsor's or the Plan's behalf, shall have a right to audit Claims processed prior to the Audit Period. The scope of the audit shall be agreed to in writing by the Parties prior to the commencement of the audit.
- d. Plan Sponsor shall provide to Anthem Blue Cross Life and Health copies of all drafts, interim and/or final audit reports at such time as they are made available by the auditor or consultants to Plan Sponsor. Any errors identified and/or amounts identified as owed to Plan Sponsor as the result of the audit shall be subject to Anthem Blue Cross Life and Health's review and approval prior to initiating any recoveries of Paid Claims pursuant to Article 13 of this Agreement. Anthem Blue Cross Life and Health reserves the right to terminate any audit being performed by or for Plan Sponsor if Anthem Blue Cross Life and Health determines that the confidentiality of its information is not properly being maintained or if Anthem Blue Cross Life and Health determines that the Plan Sponsor or auditor is not following Anthem Blue Cross Life and Health audit policy.
- e. An audit performed pursuant to this Agreement shall be the final audit for the Audit Period and for any prior Audit Period unless otherwise agreed to in writing by the Parties; however, Claims may be re-audited if Plan Sponsor is required to conduct the audit by a government agency with which it has a contractual arrangement.

ARTICLE 13 - RECOVERY SERVICES

- a. Pursuant to the provisions of this Article 13, Anthem Blue Cross Life and Health shall pursue recoveries related to Paid Claims processed under this Agreement, including during any Claims Runout Period. Anthem Blue Cross Life and Health shall exercise discretion to determine which recoveries it will pursue and, in no event will Anthem Blue Cross Life and Health pursue a recovery if the cost of the collection is likely to exceed the recovery amount or if the recovery is prohibited by law or an agreement with a Provider or Vendor. Anthem Blue Cross Life and Health will not be liable for any amounts it does not successfully recover. If Anthem Blue Cross Life and Health determines that there is a potential recovery opportunity, Plan Sponsor grants Anthem Blue Cross Life and Health the authority and discretion to do the following: (1) determine and take steps reasonably necessary and cost-effective to effect recovery; (2) select and retain outside counsel or other Vendors as appropriate; (3) reduce any recovery obtained on behalf of the Plan by its proportionate share of the outside counsel fees and costs incurred during litigation or settlement activities to obtain such recovery; and (4) negotiate and effect any settlement of the Plan Sponsor's and Plan's rights by, among other things, executing a release waiving the Plan Sponsor's and Plan's rights to take any action inconsistent with the settlement.
- b. During the term of this Agreement and any applicable Claims Runout period, Anthem Blue Cross Life and Health may pursue payments to Members by any other person, insurance company or other entity on account of any action, claim, request, demand, settlement, judgment, liability or expense that is related to a Claim for Covered Services ("Subrogation Services"). Anthem Blue Cross Life and Health may charge Plan Sponsor a fixed percentage fee up to 25% of gross subrogation recovery, or, if outside counsel is retained, 15% of net recovery after a deduction for outside counsel fees for Subrogation Services ("Subrogation Fee"). Any subrogation recoveries shall be net of the Subrogation Fee and shall be treated as an adjustment to the Claims payment in the billing period in which the adjustment occurs as described in Article 4 of this Agreement. Subrogation Fees will not be assessed on subrogation recoveries until they are received by Anthem Blue Cross Life and Health and credited to Plan Sponsor.
- c. Notwithstanding any other provision of this Article 13, Anthem Blue Cross Life and Health has responsibility for compliance with Provider and Vendor contracts, including discount and contract audits. Anthem Blue Cross Life and Health shall have authority to enter into a settlement or compromise regarding enforcement of these contracts, including the right to reduce future reimbursement to Provider or Vendor in lieu of a lump sum settlement. If Anthem Blue Cross Life and Health conducts audits or reviews to enforce Provider or Vendor contracts or activities, and recoveries or cost avoidance is a result of such audits, reviews or enforcement activities, then Anthem Blue Cross Life and Health shall provide Plan Sponsor a credit, after a reduction of third party vendor fees or costs, if any. Anthem Blue Cross Life and Health shall credit Plan Sponsor a proportionate share of the net recovery equal to the ratio of (1) total Members' Paid Claims to such Provider or Vendor for the audit period, to (2) total payments made to such Provider or Vendor for all of Anthem Blue Cross Life and Health's business during the audit period. Notwithstanding the above, Anthem Blue Cross Life and Health shall retain any recoveries made from a Provider or Vendor resulting

from any audits or reviews if the cost to administer the refund is likely to exceed the total recovery from the Provider or Vendor.

- d. Anthem Blue Cross Life and Health shall credit Plan Sponsor net recovery amounts after deduction of fees and costs as set forth in this Article 13 not later than 150 days following the receipt of such recovery amounts. If Anthem Blue Cross Life and Health does not credit Plan Sponsor within 150 days of its receipt of recovery amounts, Anthem Blue Cross Life and Health shall pay Plan Sponsor interest calculated at the Federal Reserve Funds Rate in effect at the time of the payment. Anthem Blue Cross Life and Health may have contracts with Network Providers or Vendors or there may be judgments, orders, settlements, applicable laws or regulations that limit Anthem Blue Cross Life and Health's right to make recoveries under certain circumstances. Plan Sponsor agrees that Anthem Blue Cross Life and Health shall not be responsible for any such amounts that it is unable to recover from such Providers or Vendors. Notwithstanding the provisions of this Article 13, Anthem Blue Cross Life and Health may, but is not required to, readjudicate Claims or adjust Members' cost share payments related to the recoveries made from a Provider or a Vendor. In no event, however, will Anthem Blue Cross Life and Health be liable to credit Plan Sponsor for any recovery after the termination date of this Agreement, and any Claims Runout Period, and the Plan Sponsor acknowledges and agrees that such sums shall be retained by Anthem Blue Cross Life and Health as reasonable compensation for recovery services provided by Anthem Blue Cross Life and Health.

ARTICLE 14 - PHARMACY BENEFITS AND SERVICES

- a. If applicable to Plan benefits and as indicated in Schedule B of this Agreement, Anthem Blue Cross Life and Health, through PBM, shall provide the following Prescription Drug management services:
 - 1. Anthem Blue Cross Life and Health shall offer Plan Sponsor access to a network of pharmacies that have entered into contractual arrangements with PBM under which such pharmacies agree to provide pharmacy services to Members and accept negotiated fees for such services ("Network Pharmacies"). Anthem Blue Cross Life and Health shall determine, in its sole discretion, which pharmacies shall be Network Pharmacies, and the composition of Network Pharmacies may change from time to time.
 - 2. Anthem Blue Cross Life and Health will furnish and maintain a drug formulary for use with the Plan, and Anthem Blue Cross Life and Health shall periodically review and update its formulary. The Plan Sponsor shall adopt such formulary as part of the design of the Plan. Unless mutually agreed to in writing by the Parties, upon termination of the Agreement, the Plan Sponsor shall cease adoption and use of Anthem Blue Cross Life and Health's formulary as part of its Plan. Plan Sponsor agrees that the drug formulary is Anthem Blue Cross Life and Health Proprietary Information and agrees to treat such information consistent with the terms set forth in Article 10 of this Agreement. The drug formulary will be made available to Members on Anthem Blue Cross Life and Health's web site and upon request may be provided to Plan Sponsor in a mutually acceptable format for Plan Sponsor's distribution to Members.
 - 3. Anthem Blue Cross Life and Health shall offer Plan Sponsor a mail order pharmacy program, through which Members may receive mail order prescription services. Additional fees for express mail, shipping or handling may be charged to Members. Anthem Blue Cross Life and Health shall also offer Plan Sponsor a specialty pharmacy program, through which Members may receive specialty pharmacy prescription services. Anthem Blue Cross Life and Health shall provide all necessary information and forms to Members to obtain these services.
 - 4. Anthem Blue Cross Life and Health shall arrange for the processing of Prescription Drug Claims in accordance with the Benefits Booklet.
- b. PBM has negotiated programs with pharmaceutical manufacturers for rebates on certain Prescription Drugs dispensed to Members and has arranged for payments of such rebates to be made directly to PBM ("Drug Rebate Programs"). PBM will pay Anthem Blue Cross Life and Health a portion of the rebates it receives (such portion being referred to in this Agreement as "Drug Rebates"). Anthem Blue Cross Life and Health shall retain all Drug Rebates for its own uses and as reasonable compensation for its services; however, Anthem Blue Cross Life and Health shall provide Plan Sponsor with a reduced Administrative Services Fee. The reduced Administrative Services Fee is not intended to reflect estimated rebates it receives from PBM.

- c. Anthem Blue Cross Life and Health may receive and retain administrative fees from PBM or directly from pharmaceutical manufacturers. In addition, Anthem Blue Cross Life and Health may receive and retain service fees from pharmaceutical manufacturers for providing services (e.g., Provider and Member education programs that promote clinically appropriate and safe dispensing and use of Prescription Drugs). For purposes of this Agreement, administrative fees and service fees received by Anthem Blue Cross Life and Health or PBM shall not be considered Drug Rebates.
- d. If Plan Sponsor terminates the pharmacy benefits portion of its Plan with Anthem Blue Cross Life and Health at any time, then Anthem Blue Cross Life and Health shall have the right to amend the Administrative Services Fee indicated in Section 3(A) of Schedule A.

ARTICLE 15 - BLUECARD PROGRAM

- a. Whenever Members access health care services outside the geographic area Anthem Blue Cross Life and Health serves, the Claims for those services may be processed through BlueCard and presented to Anthem Blue Cross Life and Health for payment in conformity with network access rules of the BlueCard Policies then in effect ("BlueCard Policies"). Under BlueCard, when Members receive Covered Services within the geographic area serviced by an on-site Blue Cross and/or Blue Shield Licensee ("Host Blue"), Anthem Blue Cross Life and Health will remain responsible under this Agreement; however, the Host Blue will be responsible in accordance with applicable BlueCard Policies, if any, for contracting with its participating Providers and handling all interaction with these Providers, and, if applicable, providing some managed care services.
- b. BlueCard Liability Calculation Method Per Claim. The calculation of Member liability on Claims for Covered Services incurred outside the geographic area Anthem Blue Cross Life and Health serves and processed through BlueCard will be based on the lower of the Provider's billed charges or the negotiated price Anthem Blue Cross Life and Health pays the Host Blue. The calculation of Plan Sponsor liability on Claims for Covered Services incurred outside the geographic area Anthem Blue Cross Life and Health serves and processed through BlueCard will be based on the negotiated price Anthem Blue Cross Life and Health pays the Host Blue. The methods employed by a Host Blue to determine a negotiated price will vary among Host Blues based on the terms of each Host Blue's Provider contracts. The negotiated price paid to a Host Blue by Anthem Blue Cross Life and Health on a Claim for health care services processed through BlueCard may represent:
 - 1. the actual price paid on the Claim by the Host Blue to the Provider ("Actual Price"), or
 - 2. an estimated price, determined by the Host Blue in accordance with BlueCard Policies based on the Actual Price, increased or reduced to reflect aggregate payments expected to result from settlements, withholds, any other contingent payment arrangements and non-claims transactions with all of the Host Blue's Providers or one or more particular Providers ("Estimated Price"), or
 - 3. an average price, determined by the Host Blue in accordance with BlueCard Policies, based on a billed charges discount representing the Host Blue's average savings expected after settlements, withholds, any other contingent payment arrangements and non-Claims transactions for all of its Providers or for a specified group of Providers ("Average Price"). An Average Price may result in greater variation to the Member and Plan Sponsor from the Actual Price than would an Estimated Price.

Host Blues using either the Estimated Price or Average Price will, in accordance with BlueCard Policies, prospectively increase or reduce the Estimated Price or Average Price to correct for over- or underestimation of past prices. However, the amount paid by the Member and Plan Sponsor is a final price and will not be affected by such prospective adjustment. In addition, a liability calculation method of Estimated Price or Average Price may result in some portion of the amount paid by Plan Sponsor being held in a variance account by the Host Blue, pending settlement with its participating Providers. Because all amounts paid are final, the funds held in a variance account, if any, do not belong to Plan Sponsor and are eventually exhausted by Provider settlements and through prospective adjustments to the negotiated prices.

Statutes in a small number of states may require a Host Blue either (1) to use a basis for calculating Member liability for Covered Services that does not reflect the entire savings realized, or expected to be realized, on a particular Claim or (2) to add a surcharge. Should any state statutes 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 for any Covered Services consistent with the applicable statute in effect for the area where the Host Blue conducts business at the time the Member received those services.

- c. Negotiated Price Per Member Per Month (Applicable to BlueCard Point of Service Coverage Only). For some Host Blues, Plan Sponsor may have liability on a per Member/Subscriber per month basis for Provider health care services performed outside of the geographic area Anthem Blue Cross Life and Health services, such as for capitated service fees, performance incentive fees, adjustments to the Actual Price determined by the Host Blue instead of developing an Estimated Price or Average Price per Claim, or other Provider fees charged on this basis. The methods employed by a Host Blue to determine a negotiated price will vary among Host Blues based on the terms of each Host Blue's Provider contracts.

Plan Sponsor's liability for capitated Provider services will be at the negotiated price Anthem Blue Cross Life and Health pays to the Host Blue. The negotiated price paid by Anthem Blue Cross Life and Health for per Member per month capitated services provided through BlueCard represents:

1. the Provider's actual per Member per month price paid by the Host Blue to the Provider ("Actual PMPM Price"), or
2. an estimated per Member per month price, determined by the Host Blue in accordance with BlueCard Policies, based on the Actual PMPM Price increased or reduced to reflect aggregate payments expected to result from settlements, withholds, any other contingent payment arrangements and non-claims transactions with all of the Host Blue's Providers or one or more particular Providers ("Estimated PMPM Price"), or
3. an average per Member per month price, determined by the Host Blue in accordance with BlueCard Policies, based on (A) the sum of the Actual PMPM Price of each Member of the account, adjusted for expected settlements, withholds, any other contingent payment arrangements and non-claims transactions, divided by (B) the total number of Members of the account ("Average PMPM Price").

Negotiated prices for Provider fees paid per Member per month (other than for capitated services), such as a performance incentive fee, are based on an estimate of the annualized total of that fee, determined by the Host Blue, in accordance with BlueCard Policies, for all of its Providers or for a specified group of Providers.

Host Blues using either the Estimated PMPM Price or Average PMPM Price method will, in accordance with BlueCard Policies, prospectively increase or reduce the Estimated PMPM Price or Average PMPM Price to correct for over- or underestimation of past prices. However, the amount paid by the Member and Plan Sponsor is a final price and will not be affected by such adjustment. In addition, a liability calculation method of Estimated PMPM Price or Average PMPM Price may result in some portion of the amount paid by Plan Sponsor being held in a variance account by the Host Blue, pending settlement with its Providers. Because all amounts paid are final, the funds held in a variance account do not belong to Plan Sponsor and are eventually exhausted by Provider settlements and through prospective adjustments to the negotiated prices.

- d. Return of Overpayments. Under BlueCard, recoveries from a Host Blue or from the participating Providers of a Host Blue can arise in several ways, including, but not limited to, anti-fraud and abuse audits, Provider/hospital audits, credit balance audits, utilization review refunds, and unsolicited refunds. In some cases, the Host Blue will engage third parties to assist in discovery or collection of recovery amounts. The fees of such a third party may be netted against the recovery. Recovery amounts, net of fees, if any, will be applied in accordance with applicable BlueCard Policies, which generally require correction on a Claim-by-Claim or prospective basis.
- e. BlueCard Fees and Compensation. Plan Sponsor understands and agrees (1) to pay certain fees and compensation to Anthem Blue Cross Life and Health which Anthem Blue Cross Life and Health is obligated under BlueCard to pay to the Host Blue, to BCBSA, or to BlueCard vendors, unless Anthem Blue Cross Life and Health's contract obligations to Plan Sponsor requires those fees and compensation to be paid only by Anthem Blue Cross Life and Health and (2) that fees and compensation under BlueCard may be revised from time to time without Plan Sponsor's prior approval in accordance with the standard procedures for revising fees and compensation under BlueCard. Some of these fees and compensation are charged each time a Claim is processed through BlueCard and include, but are not limited to, access fees, administrative

expense allowance fees, central financial agency fees, and ITS transaction fees. Also, some of these Claim-based fees, such as the access fee and the administrative expense allowance fee, may be passed on to Plan Sponsor as an additional liability. Other fees include, but are not limited to, an 800 number fee and a fee for providing appropriate Provider directories. Plan Sponsor shall pay Anthem Blue Cross Life and Health these BlueCard-related fees unless otherwise indicated on Section 7 of Schedule A.

- f. Determinations of Covered Services (Applicable to BlueCard Point of Service Coverage Only). If Anthem Blue Cross Life and Health, or if the Plan Sponsor, determines that a Claim is a Covered Service, coverage shall not be denied based on the Host Blue's network protocols, if any. Under BlueCard, a Member shall not be denied coverage of health care services received outside of the geographic area Anthem Blue Cross Life and Health serves if the health care services (1) are covered by the network protocols, if any, of the Host Blue; and (2) are not specifically limited or excluded by Plan Sponsor's Plan Document. In such a case, the Plan Sponsor agrees to pay for such covered services pursuant to the provisions of this Article 15.

ARTICLE 16 - CLAIMS LITIGATION

- a. Anthem Blue Cross Life and Health shall defend against any legal action or proceeding brought against Anthem Blue Cross Life and Health to recover a claim for benefits under the Plan as administered by Anthem Blue Cross Life and Health. If a demand for benefits under the Plan is asserted, or litigation, investigation, or other proceedings are commenced against Anthem Blue Cross Life and Health by a Member, or by any other party on behalf of a Member, in connection with the Plan, Anthem Blue Cross Life and Health shall provide notice to the Plan Sponsor as soon as practicable. Anthem Blue Cross Life and Health will select and retain counsel. Plan Sponsor will assume liability for payment of attorneys' fees and costs in connection with the litigation, proceeding, or investigation. If the Plan Sponsor or Plan are also named in the legal action or proceeding, Plan Sponsor reserves the right to retain separate counsel for itself, in its sole discretion and at its own expense, and separate counsel for the Plan. If during such litigation, investigation or proceedings Plan Sponsor and Anthem Blue Cross Life and Health are both represented by the same counsel selected by Anthem Blue Cross Life and Health and a conflict of interest arises, the selected counsel shall continue to represent Anthem Blue Cross Life and Health's interests. Plan Sponsor shall waive any conflict for such representation and retain its own counsel, or separate counsel for the Plan, at its own expense. Each Party will provide the other with reasonable cooperation in the defense of any such matter. Anthem Blue Cross Life and Health is authorized to settle or compromise any claim to recover benefits under the Plan arising out of a course of legal action with the approval of Plan Sponsor, which approval shall not be unreasonably withheld.
- b. Notwithstanding the above in this Article 16, if Anthem Blue Cross Life and Health fails to perform its responsibility to review and determine Claims for benefits under the Plan in a manner that is consistent with customs and practices in the industry, Anthem Blue Cross Life and Health will assume liability for payment of its legal fees and costs. However, Anthem Blue Cross Life and Health is not an insurer of benefits under the Plan nor does it underwrite the risk or otherwise assume any risk for the payment of benefits under the Plan. Under all circumstances, Plan Sponsor shall be liable to pay Plan benefits awarded or paid by settlement, judgment, or otherwise.
- c. In the event of any legal action or proceeding against the Plan Sponsor or Plan pertaining to Covered Services described in the Benefits Booklet, Anthem Blue Cross Life and Health shall make available to Plan Sponsor, the Plan, and their respective counsel, such evidence that is not privileged or otherwise confidential and is relevant to such action or proceeding.

ARTICLE 17 - INDEMNIFICATION

Except for legal actions or proceedings seeking benefits under the Plan, which are governed by Article 16 of this Agreement, Anthem Blue Cross Life and Health and Plan Sponsor shall each indemnify, defend and hold harmless the other Party, and its directors, officers, employees, agents and affiliates, from and against any and all losses, claims, damages, liabilities, costs and expenses (including without limitation, reasonable attorneys' fees and costs) resulting from: (1) the indemnifying Party's or its subcontractor's gross negligence or willful misconduct in the performance of the obligations under this Agreement, and/or (2) the indemnifying Party's failure to provide information required under this Agreement or otherwise required by law that results in a sanction or penalty being assessed against the other Party, and/or (3) the indemnifying Party's or its subcontractor's breach of fiduciary duties. The obligation to provide indemnification under this Agreement shall be contingent upon the Party seeking

indemnification: (i) providing the indemnifying Party with prompt written notice of any claim for which indemnification is sought, (ii) allowing the indemnifying Party to control the defense and settlement of such claim; provided, however, that the indemnifying Party agrees not to enter into any settlement or compromise of any claim or action in a manner that admits fault or imposes any restrictions or obligations on an indemnified Party without that indemnified Party's prior written consent, which will not be unreasonably withheld; and, (iii) cooperating fully with the indemnifying Party in connection with such defense and settlement.

ARTICLE 18 - CHANGES IN BENEFITS BOOKLET AND AGREEMENT

- a. Either Party reserves the right to propose changes to the provisions described in the Benefits Booklet by giving written notice to the other Party not less than 90 days prior to the start of an Agreement Period. Both Parties may also propose changes to the Benefits Booklet at a time other than the start of an Agreement Period and such changes will be made to the Benefits Booklet if mutually agreed to in writing by the Parties. Anthem Blue Cross Life and Health's incorporation of the requested changes into the Benefits Booklet shall constitute Anthem Blue Cross Life and Health's acceptance of the Plan Sponsor's requested changes. If Anthem Blue Cross Life and Health initiates the proposed changes and does not receive written notice from Plan Sponsor prior to the effective date of the proposed changes that such changes are unacceptable, the changes shall be deemed acceptable by Plan Sponsor and Anthem Blue Cross Life and Health shall incorporate such changes into the Benefits Booklet.
- b. If changes to the provisions of the Benefits Booklet are mandated as a result of a change to any applicable state or federal law, Anthem Blue Cross Life and Health shall have the right to make such changes to the Benefits Booklet to comply with the law and shall provide written notice to Plan Sponsor at least 30 days prior to the effective date of the change, unless the effective date specified in the law is earlier.
- 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 120 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.
- d. In the event any action of any department, branch or bureau of the federal, state or local government is initiated or taken ("Action") against a Party to this Agreement and such Action materially and adversely affects that Party's performance of the obligations under this Agreement, the affected Party shall notify the other Party of the nature of the Action and provide copies of pertinent documents supporting the reason(s) for the Action. If a modification to the Agreement is needed as a result of the Action, the Parties shall meet within 30 days of the notice by the affected Party to the other Party and shall, in good faith, attempt to negotiate a modification to this Agreement that minimizes or eliminates the impact of the Action. If the Parties are unable to minimize or eliminate the impact of the Action, then either Party may terminate this Agreement by giving at least 90 days notice of termination. This Agreement may be terminated sooner if agreed to by the Parties or required by the government entity initiating or taking the Action.
- e. No modification or change in any provision of this Agreement, including but not limited to, changes at renewal, shall be effective unless and until approved in writing by an authorized representative of Anthem Blue Cross Life and Health and evidenced by an amendment or new Schedule attached to this Agreement.

ARTICLE 19 - TERMINATION AND/OR SUSPENSION OF PERFORMANCE

- a. Notwithstanding any other provision of this Article, this Agreement automatically terminates, without further notice or action, if Plan Sponsor fails to pay or fund any amount due under this Agreement within 7 days of the date of Anthem Blue Cross Life and Health's notice to the Plan Sponsor of a delinquent amount owed. Such termination shall be effective as of the last period for which full payment was made. In addition, this Agreement automatically terminates, without further notice or action, at the end of each Agreement Period unless Anthem Blue Cross Life and Health offers to renew this Agreement and Plan Sponsor accepts such offer of renewal pursuant to Article 6 of this Agreement. Upon termination of this Agreement, Plan Sponsor shall remain liable for all payments due to Anthem Blue Cross Life and Health under the terms of this Agreement. Notwithstanding the above, Anthem Blue Cross Life and Health has the right to suspend performance of its obligations under this Agreement if full payment is not made by the Invoice Due Date. Anthem Blue Cross Life and Health shall have no obligation to pay any Claims under the Agreement until all required payments have been paid in full.
- b. If either Party fails to comply with any material duties and obligations under this Agreement other than payment of amounts due under this Agreement, the other Party shall have the right to: (1) terminate this Agreement by giving the non-compliant Party at least 60 days prior written notice of termination; or (2) upon written notice to the other Party, suspend performance of its obligations under this Agreement. The Plan Sponsor acknowledges and agrees that in the event it is the non-compliant Party, Anthem Blue Cross Life and Health shall have no liability to any Member. Either Party, at its option, may allow the non-compliant Party to cure a breach of this Agreement and, upon acceptance in writing by that Party that a breach is cured, this Agreement may be reinstated retroactive to the date of the breach or suspension of performance.
- c. If there shall occur any change in the condition (financial or otherwise) of Plan Sponsor that, in the reasonable opinion of Anthem Blue Cross Life and Health, has a material adverse effect upon the validity, performance, or enforceability of this Agreement, on the financial condition or business operation of Plan Sponsor, or on the ability of Plan Sponsor to fulfill its obligations under this Agreement, then Anthem Blue Cross Life and Health shall have the right to require Plan Sponsor to provide adequate assurance of future performance, which may include a payment of a cash deposit, letter of credit, or other method of assurance acceptable to Anthem Blue Cross Life and Health. Examples of such a change could include, but would not be limited to the actual, or Anthem Blue Cross Life and Health's reasonable anticipation of: (1) any voluntary or involuntary case or proceedings under bankruptcy law with respect to Plan Sponsor; (2) any receivership, liquidation, dissolution, reorganization or other similar case or proceeding with respect to Plan Sponsor; (3) any appointment of a receiver, trustee, custodian, assignee, conservator or similar entity or official for Plan Sponsor; or (4) any assignment for the benefit of creditors or sale of all or substantially all of Plan Sponsor's assets.

Any deposit amount shall be paid to Anthem Blue Cross Life and Health within 30 days of the request or in such shorter time as agreed to by the Parties. The deposit amount shall not be paid with Plan assets, shall not be funded in any part by Member contributions, and shall not be paid from any segregated fund or from funds in which the Plan or any Member has a beneficial interest. The deposit amount shall be the property of Anthem Blue Cross Life and Health, may be held in Anthem Blue Cross Life and Health's general account, may be subject to satisfy the claims of Anthem Blue Cross Life and Health's general creditors, and does not govern or limit the benefits available under the terms of the Plan. At the termination of this Agreement and designated Claims Runout Period, if any, the deposit amount, net of any outstanding fees or Claims amounts payable to Anthem Blue Cross Life and Health, shall be returned to Plan Sponsor. Any deposit amount returned to Plan Sponsor under this Article 19(c) shall not include interest. The deposit amount is the property of Anthem Blue Cross Life and Health. Neither Plan Sponsor, the Plan, nor any Member shall have any beneficial or legal ownership interest in any deposit amount paid pursuant to this Section.

If such further assurance is required by Anthem Blue Cross Life and Health, Anthem Blue Cross Life and Health may, at any time after the date of notice to Plan Sponsor of such requirement, suspend performance of its obligations under this Agreement until the date of receipt by Anthem Blue Cross Life and Health of such adequate assurance without being liable to the Plan Sponsor, the Plan or any Member for such suspension. If such adequate assurance is not received within 30 days of the request, Anthem Blue Cross Life and Health may terminate this Agreement.

- d. Subject to the provisions of Article 7 of this Agreement, if this Agreement terminates and Anthem Blue Cross Life and Health makes payment of any Claim that would otherwise have been payable under the

terms of this Agreement after the termination date, Plan Sponsor shall be liable to reimburse Anthem Blue Cross Life and Health for such Claim to the extent that the amounts have not already been paid by Plan Sponsor. Plan Sponsor also agrees to cooperate fully with Anthem Blue Cross Life and Health in the coordination of pharmacy Claims with any successor pharmacy benefit manager.

- 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 31 days written notice of its intent to terminate.
- f. In connection with the termination of this Agreement and upon Plan Sponsor's request, Anthem Blue Cross Life and Health shall provide reports that are part of Anthem Blue Cross Life and Health's standard account reporting package at no extra charge. However Anthem Blue Cross Life and Health shall have no obligation to provide the reports after the termination date of this Agreement if such termination is due to non-payment pursuant to Article 19(a) of this Agreement. Upon Plan Sponsor's request, Anthem Blue Cross Life and Health shall also provide data extract files to Plan Sponsor for an additional fee mutually agreed to by the Parties. In no event shall Anthem Blue Cross Life and Health be obligated to produce more than two sets of reports following the termination date of this Agreement.

ARTICLE 20 - LIMITATION ON ACTIONS AND GOVERNING LAW

- a. No action by either Party alleging a breach of this Agreement may be commenced after the expiration of 3 years from the date on which the claim arose. Any disputes between the Parties in connection with this Agreement shall be resolved pursuant to Article 26 of this Agreement.
- b. This Agreement shall be governed by, and shall be construed in accordance with the laws of California but without giving effect to that state's rules governing conflict of laws.

ARTICLE 21 - NO WAIVER

No failure or delay by either Party to exercise any right or to enforce any obligation herein, and, no course of dealing between Plan Sponsor and Anthem Blue Cross Life and Health, shall operate as a waiver of such right or obligation or be construed as or constitute a waiver of the right to enforce or insist upon compliance with such right or obligation in the future. Any single or partial exercise of any right or failure to enforce any obligation shall not preclude any other or further exercise, or the right to exercise any other right or enforce any other obligation.

ARTICLE 22 - ASSIGNMENT

Unless it has first obtained the written consent of an officer of the other Party, neither Party may assign this Agreement to any other person. Notwithstanding the foregoing, Anthem Blue Cross Life and Health may, with advance written notice to Plan Sponsor, assign or otherwise transfer its rights and obligations hereunder, in whole or in part, to: (i) any affiliate of Anthem Blue Cross Life and Health; or (ii) any entity surviving a transaction involving the merger, acquisition, consolidation, or reorganization of Anthem Blue Cross Life and Health, or in which all or substantially all of Anthem Blue Cross Life and Health's assets are sold. Additionally, Plan Sponsor may, with advance written notice to Anthem Blue Cross Life and Health, assign, delegate, or otherwise transfer its rights and obligations hereunder, in whole, to (i) any affiliate of Plan Sponsor; or (ii) any entity surviving a transaction involving the merger, acquisition, consolidation or reorganization of Plan Sponsor, or in which all or substantially all of Plan Sponsor's assets are sold, provided that such affiliate or other assignee presents, in Anthem Blue Cross Life and Health's opinion, an equivalent or better financial status and credit risk. Either Party is required to provide advance written notice under this provision only to the extent permissible under applicable law and the reasonable terms of the agreement(s) governing such merger, acquisition, consolidation, reorganization, or asset sale. If advance written notice is not allowed, notice shall be provided as soon as practicable. Upon receipt of notice of an assignment of this Agreement, the other Party may terminate this Agreement by providing the assigning Party with 30 days advance written notice of termination. Any assignee of rights or benefits under this Agreement shall be subject to all of the terms and provisions of this Agreement. Either Party may subcontract any of its duties under this Agreement without the prior written consent of other Party; however, the Party subcontracting the services shall remain responsible for fulfilling its obligations under this Agreement.

ARTICLE 23 - NOTICES

- a. Any notice or demand pursuant to Articles 19 and 22 of this Agreement shall be deemed sufficient when made in writing as follows: to Plan Sponsor, by first class mail, personal delivery, electronic mail or overnight delivery with confirmation capability, to San Joaquin Valley Insurance Authority, 2220 Tulare Street, 14th Floor, Fresno, CA 93721; to Anthem Blue Cross Life and Health, by first class mail, personal delivery, electronic mail or overnight delivery with confirmation capability, to the designated Anthem Blue Cross Life and Health sales representative.
- b. A notice or demand shall be deemed to have been given as of the date of deposit in the United States mail with postage prepaid or, in the case of delivery other than by mail, on the date of actual delivery at the appropriate address.
- c. Plan Sponsor shall be obligated to provide all notices to Members as may be necessary to effectuate any change in or termination of the Agreement.

ARTICLE 24 - ADMINISTRATION

- a. The Plan Sponsor, on behalf of itself and its Members, hereby expressly acknowledges its understanding that this Agreement constitutes a contract solely between the Plan Sponsor and Anthem Blue Cross Life and Health, that Anthem Blue Cross Life and Health is an independent corporation operating under a license with BCBSA permitting Anthem Blue Cross Life and Health to use the Blue Cross Service Mark in California and that Anthem Blue Cross Life and Health is not contracting as the agent of BCBSA. The Plan Sponsor further acknowledges and agrees that it has not entered into this Agreement based upon representations by any person other than Anthem Blue Cross Life and Health and that no person, entity, or organization other than Anthem Blue Cross Life and Health shall be held accountable or liable to it for any of Anthem Blue Cross Life and Health's obligations to the Plan Sponsor created under this Agreement. This paragraph shall not create any additional obligations whatsoever on the part of Anthem Blue Cross Life and Health other than those obligations created under other provisions of this Agreement.
- b. Anthem Blue Cross Life and Health is providing administrative services only with respect to the portion of the Plan described in the Benefits Booklet. Anthem Blue Cross Life and Health has only the authority granted it pursuant to this Agreement. Anthem Blue Cross Life and Health is not the insurer or underwriter of any portion of the Plan. Anthem Blue Cross Life and Health has no responsibility or liability for funding benefits provided by the Plan, notwithstanding any advances that might be made by Anthem Blue Cross Life and Health. Plan Sponsor retains the ultimate responsibility and liability for all benefits and expenses incident to the Plan, including but not limited to, any state or local taxes that might be imposed relating to the Plan.
- c. This provision has been intentionally deleted in its entirety.
- d. Plan Sponsor shall ensure that sufficient amounts are available to cover Claims payments, the monthly Administrative Services Fee, and other fees or charges.

ARTICLE 25 - ENTIRE AGREEMENT

- a. The following documents will constitute the entire Agreement between the Parties: this Agreement, including any amendments and Schedules thereto, and the Benefits Booklet.
- b. This Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.
- c. This Agreement supersedes any and all prior agreements between the Parties, whether written or oral, and other documents, if any, addressing the subject matter contained in this Agreement.
- d. If any provision of this Agreement is held to be invalid, illegal or unenforceable in any respect under applicable law, order, judgment or settlement, such provision shall be excluded from the Agreement and the balance of this Agreement shall be interpreted as if such provision were so excluded and shall be enforceable in accordance with its terms.

ARTICLE 26 - ARBITRATION

- a. In the event that any dispute, claim, or controversy relating to this Agreement arises between the Parties, the Parties agree to meet in person and make a good faith effort to resolve the dispute. If the dispute is not resolved following such meeting, and either Party wishes to pursue the dispute further, that Party shall commence arbitration by filing an arbitration demand with the American Arbitration Association ("AAA") within 20 days of the meeting. The dispute shall be resolved through arbitration to be heard in Los Angeles, California unless the Parties agree otherwise.
- b. Any dispute subject to arbitration as set forth in this Article 26 shall be settled by binding arbitration, except to the extent that the dispute is required by law to be resolved by a state or federal regulatory authority. The Plan Sponsor shall not have the right to participate as a member of any class of claimants pertaining to any dispute subject to arbitration hereunder, nor shall there be any authority for disputes arising under this Agreement to be arbitrated on a class action basis. Arbitration shall be limited to disputes between the Parties and cannot be consolidated or joined with claims of other persons or entities who may have similar claims.
- c. The Commercial Arbitration Rules of the AAA shall apply, using a 3 member panel of arbitrators. The arbitration panel shall consist of one arbitrator selected by each Party and the third independent arbitrator who shall be selected and agreed upon by the first 2 arbitrators. The Parties may also use a single arbitrator provided they mutually agree to do so and mutually agree on the choice of the arbitrator. The decision of the arbitrator(s) shall be binding. Each Party shall bear its own costs (including attorneys fees) for the proceedings, and all other costs of the arbitration proceeding shall be shared equally by the Parties, except as may be awarded in the discretion of the arbitrator(s) in accordance with the arbitration decision (including an award of attorneys' fees). Judgment upon the award rendered by the arbitrator(s) may be entered and enforced in any court of competent jurisdiction.

ARTICLE 27 - MISCELLANEOUS

- a. Plan Sponsor and Anthem Blue Cross Life and Health are separate legal entities. Anthem Blue Cross Life and Health is strictly an independent contractor. Nothing contained in this Agreement shall cause either Party to be deemed a partner, member, agent or representative of the other Party, nor shall either Party have the expressed or implied right or authority to assume or create any obligation on behalf of or in the name of the other Party through its actions, omissions or representations.
- b. Except as may be explicitly set forth in this Agreement, nothing herein shall be construed as an implied license by a Party to use the other Party's name, trademarks, domain names, or other intellectual property. Neither Party shall use the name, trademarks, domain names, or any other name or mark of the other Party in any press release, printed form, advertising or promotional materials or otherwise, without the prior written consent of the other Party. In addition, Plan Sponsor has no license to use the Blue Cross and/or Blue Shield trademarks or derivative marks (the "Brands") and nothing in the Agreement shall be deemed to grant a license to Plan Sponsor to use the Brands. Any references to the Brands made by Plan Sponsor in its own materials are subject to prior review and approval by Anthem Blue Cross Life and Health.
- c. Nothing contained herein shall cause either Party to be deemed an agent for service of legal process for the other Party.
- d. Anthem Blue Cross Life and Health may pay Performance Payments to Providers or Vendors as described in the definition of Paid Claim in this Agreement. Anthem Blue Cross Life and Health may perform a periodic settlement or reconciliation based on the Provider's or Vendor's performance and experience against established Performance Targets that would: (1) require the Provider or Vendor to repay a portion of a Performance Payment previously paid by Anthem Blue Cross Life and Health; or (2) require Anthem Blue Cross Life and Health to make additional payments. Plan Sponsor acknowledges and agrees that it has no responsibility for additional payments to Providers or Vendors nor any right in any discounts or excess money refunded or paid to Anthem Blue Cross Life and Health from Providers or Vendors pursuant to such settlement/reconciliation arrangements, and neither it nor the Plan has any legal right or beneficial interest in such sums retained by Anthem Blue Cross Life and Health. Similarly, if Providers or Vendors do not achieve established Performance Targets, Anthem Blue Cross Life and Health is not obligated to refund any amounts previously charged Plan Sponsor. In turn, if under any such settlement/reconciliation Anthem Blue Cross Life and Health is required to pay Providers or Vendors excess compensation for Member

management performance, risk-sharing rewards, or other performance incentives, it shall not seek payment from the Plan Sponsor or the Plan, and neither the Plan Sponsor nor the Plan shall have any liability in connection with such amounts. Such Providers or Vendors may include Anthem Blue Cross Life and Health Affiliates. In calculating any Member co-insurance amounts in accordance with the Benefit Booklet, Anthem Blue Cross Life and Health does not take into account these settlement/reconciliation arrangements.

- e. The Parties acknowledge that Anthem Blue Cross Life and Health, in making decisions regarding the scope of coverage of services under the Benefits Booklet, is not engaged in the practice of medicine. Providers are not restricted in exercising their independent medical judgment by contract or otherwise and do not act on behalf of, or as agents for, Anthem Blue Cross Life and Health or the Plan.
- f. In addition to any other provision providing for survival upon termination of this Agreement, the Parties' rights and obligations under Articles 10, 11, 12, 13, 16, 17, 19, 24, 25(a), 25(c), 26 and 27(d) shall survive the termination of this Agreement for any reason.
- g. Each Party shall comply with all laws and regulations applicable to their respective duties and obligations assumed to under this Agreement.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by affixing the signatures of duly authorized officers.

San Joaquin Valley Insurance Authority

Anthem Blue Cross Life and Health Insurance Company

By: _____

By:  _____

Title: _____

Title: *General Manager Large Group* _____

Date: _____

Date: *8/26/2011* _____

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

This Schedule A shall govern the Agreement Period from December 14, 2009 through December 31, 2010. For purposes of this Agreement Period, this Schedule shall supplement and amend the Agreement between the Parties. If there are any inconsistencies between the terms of the Agreement including any prior Schedule A, and this Schedule A, the terms of this Schedule A shall control.

Section 1. Effective Date and Renewal Notice

This Agreement Period shall be from 12:01 a.m. December 14, 2009 to the end of the day of December 31, 2010.

Paid Claims shall be processed pursuant to the terms of this Agreement when incurred and paid as follows:

Incurred from December 14, 2009 through December 31, 2010 and
Paid from December 14, 2009 through December 31, 2010.

Anthem Blue Cross Life and Health shall provide any offer to renew this Agreement at least 120 days prior to the end of an Agreement Period.

Section 2. Broker or Consultant Base Compensation

Not Applicable

Section 3. Fees

A. Administrative Services Fee

Administrative Services Fee:

PPO Plan

Composite \$23.42 per Subscriber per month

Lumenos Plan

Composite \$23.42 per Subscriber per month

Article 3(a) Administrative Services Fee Credit.

Anthem Blue Cross Life and Health shall credit Administrative Services Fees for each retroactive deletion up to a maximum of 60 days.

B. Optional Program Fees

Not Applicable

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. Paid Claims

Claims also include the following amounts:

Not Applicable

B. Billing Cycle

Refer to Schedule C of this Agreement.

C. Payment Method

Refer to Schedule C of this Agreement.

Section 5. Administrative Services Fee Billing Cycle and Payment Method

A. Billing Cycle

Monthly

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 24 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 BlueCard Program.

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

Not Applicable

Anthem Blue Cross Life and Health Insurance Company

By: 

Title: General Manager Lease Group

Date: 8/20/2011

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

For purposes of this Agreement Period, this Schedule B shall supplement and amend the Agreement between the Parties.

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
 - Standard Explanation of Benefits
 - Standard communication material
- Acceptance of electronic submission of updated eligibility information
- Preparation of Benefits Booklet (accessible via internet)
- Information for ERISA 5500
- 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
- Account management
- Annual verification of dependent eligibility (age 19 and over)

Claims and Customer Services

- Claims processing services
- Coordination of Benefits
- Subrogation
- Medicare crossover processing
- Complaint and appeals processing
- 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 through PBM (Generation C Lumenos Plans)

- 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
 - Precertification, concurrent and retrospective review
 - Referrals
 - Utilization management
 - Case management
 - Anthem Blue Cross Life and Health Medical Policy
 - Neonatal Intensive Care Unit management (onsite provided where available)
 - bariatric case management
- 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

- 360° Health Services (PPO Plans)
- Condition Care Options
 - Asthma
 - Pulmonary disease
 - Congestive heart failure
 - Coronary artery disease
 - Diabetes
- ComplexCare
- Future Moms Options
- 24/7 NurseLine
 - Utilization-based without Anthem Blue Cross Life and Health supplied promotion
- 360° Health Services (Generation C Lumenos Plans)
 - Future Moms
 - ComplexCare
 - 24/7 NurseLine
 - ConditionCare (asthma, diabetes, COPD, CAD and heart failure)

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
- BlueCard Program / Out-of-Area discounts

Billing and Banking

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

Anthem Blue Cross Life and Health Insurance Company

By: 

Title: General Manager Lease Group

Date: 8/26/2011

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

This Schedule C, which describes the bank account method by which Plan Sponsor will fund Paid Claims and other charges agreed to by the Parties under this Agreement. For purposes of this Agreement Period, this Schedule shall supplement and amend the Agreement between the Parties. If there are any inconsistencies between the terms of the Agreement and this Schedule C, the terms of this Schedule C shall control.

Plan Sponsor shall open and maintain, at its cost, a demand deposit bank account ("Account") in a bank mutually acceptable to the Parties to this Agreement. Plan Sponsor agrees to execute all documents necessary for Anthem Blue Cross Life and Health to access the Account, including the authority to issue stop payment on checks. The Account shall be at all times in compliance with the following:

Unless otherwise agreed to by the Parties, all Paid Claims, and other charges consistent with the terms of the Agreement shall be paid from the designated Account.

Plan Sponsor authorizes Anthem Blue Cross Life and Health, as Plan Sponsor's disbursing agent, to:

Issue checks on a daily basis from the Account. Such check shall be in a form mutually agreed to by the Parties.

Use Plan Sponsor's signature on all checks issued for the payment of Claims.

Initiate ACH demand debit transactions to withdraw any other amounts due under this Agreement by the Invoice Due Date.

Anthem Blue Cross Life and Health or the designated bank shall provide Plan Sponsor daily notice of the total dollar amount of checks issued. Anthem Blue Cross Life and Health or the designated bank shall also provide a monthly notice that will contain information about each check, including the date that each check was issued. In addition, Anthem Blue Cross Life and Health shall provide an itemization of the charges deducted from the Account and any credits to the Account.

Plan Sponsor agrees that it will, at all times, have sufficient funds available in the Account to satisfy its obligations under this Agreement. Should Plan Sponsor fail to provide sufficient funds to satisfy its obligations, Anthem Blue Cross Life and Health shall not have an obligation to make its own funds available for the payment of such checks.

Billing and Banking

Anthem Blue Cross Life and Health shall provide the Plan Sponsor:

- An estimate of Claims incurred but not paid within an Agreement Period
- An annual settlement report no later than 4 months following the end of an Agreement Period

If the annual settlement report indicates that Anthem Blue Cross Life and Health owes Plan Sponsor money, Anthem Blue Cross Life and Health shall pay or credit the Plan Sponsor immediately following the reconciliation. If the annual settlement report indicates that Plan Sponsor owes Anthem Blue Cross Life and Health money, Anthem Blue Cross Life and Health shall provide Plan Sponsor with an invoice and Plan Sponsor shall pay any amounts due by the Invoice Due Date.

Banking Fees

Plan Sponsor shall pay Anthem Blue Cross Life and Health the following banking fees:

Change of designated Account \$1,500

Change to check signature, check name, or check logo \$250 for each

Plan Sponsor reinstates Account after such Account has been terminated \$3,000

Election of positive pay file transmission to verify valid checks \$150 per month

Election of positive pay file transmission after Plan Sponsor effective date \$750

Anthem Blue Cross Life and Health Insurance Company

By: 

Title: General Manager, Age Group

Date: 8/26/2011

**ATTACHMENT 1
TO
ADMINISTRATIVE SERVICES AGREEMENT
WITH
SAN JOAQUIN VALLEY INSURANCE AUTHORITY**


This Attachment 1, which lists the Participating Employers under this Agreement, shall supplement the Agreement between the Parties.

County of Fresno

County of Tulare

IN WITNESS WHEREOF, the parties hereto have executed this 2010 Agreement
(Anthem Blue Cross ASO).

COUNTY OF FRESNO



Judy Case, President, SJVIA Board of Directors

DATE: _____

REVIEWED & RECOMMENDED FOR APPROVAL



Paul Nerland, SJVIA Manager