

AMENDMENT NO. 1 TO AGREEMENT

This Amendment No. 1 to Agreement (“Amendment 1”) is dated December 6, 2024, and is between KEENAN & ASSOCIATES, a California corporation (“**Consultant**”), and the SAN JOAQUIN VALLEY INSURANCE AUTHORITY, a California joint powers agency (“**SJVIA**”).

Recitals

On December 10, 2021, the SJVIA entered into an agreement with Keenan and Associates to provide health benefits consultation and administration services with specific experience in the public sector, risk-sharing pools, underwriting, self-funded health benefit plans, and the Affordable Care Act (the “Agreement”).

The Contractor represents and warrants to the SJVIA that it is ready, willing, and able to continue providing services to the SJVIA subject to the terms of the Agreement and this Amendment 1, and in cooperation with and under the direction of the SJVIA Board of Directors and SJVIA management.

This Amendment 1 will extend the Agreement for an additional one-year term. The SJVIA currently has a separate agreement with Keenan Pharmacy Services (KPS), a division of Keenan and Associates, to provide pharmacy benefit manager management services, which expires on December 31, 2024. As a matter of efficiency, KPS services will be integrated into this Agreement with the SJVIA.

The Parties therefore agree as follows:

1. **Term:** The term of the Agreement is hereby extended until December 31, 2025 (Year 4), which is the first optional additional one-year term provided by Section 4.1 of the Agreement.

2. **Compensation:** Exhibit B, “Compensation,” in Article 3, Section 3.1 Compensation is hereby modified to read in its entirety as follows:

Health Benefits Consulting Fees

The SJVIA agrees to pay, and the Consultant agrees to receive, the following compensation in the form of a monthly flat fee, as follows:

Year 1	\$22,000 per month (completed)
Year 2	\$22,500 per month (completed)
Year 3	\$23,000 per month (to be completed)
Year 4*	\$23,500 per month
Year 5*	\$24,000 per month

*Consultant is not entitled to compensation for Year 5 unless this Agreement is extended for an additional one-year term as provided in section 4.1 of this Agreement.

Consultant is not entitled to any compensation for Health Benefits Consulting services except for the flat fee described above.

Portion of Fee "At Risk"

Ten percent of the Consultant's total fee for each year is at risk based on service performance under this Agreement. Service performance shall be measured by a satisfaction survey to be completed by each SJVIA Board Director and SJVIA management. The satisfaction survey shall include five categories, as provided in Exhibit C. An average survey result in each category that is below the Minimum Standard, as set forth in Exhibit C, shall result in the forfeiture of a percentage of the Consultant's total fee for the prior year at the rates set forth in Exhibit C. Any forfeited amount shall be, at the SJVIA's sole discretion, either offset against current fees, or payable directly by the Consultant within 15 days of the SJVIA's written notice of election to receive direct payment of the forfeited amount.

Keenan Pharmacy Services Fees

In consideration of the services rendered by Consultant pursuant to this Agreement, Consultant shall receive a monthly administrative services fee (KPS Fee), based upon the Monthly Enrollment of enrolled members of SJVIA and their dependents. The SJVIA's Pharmacy Benefit Manager (PBM) shall report to Consultant and SJVIA the actual Monthly Enrollment for each month.

Consultant shall not receive any commission, rebates, overrides, or any other compensation or benefit from the SJVIA's PBM.

The fees received by Consultant under this Agreement shall not be considered "compensation" or "commission" for the purposes of the Consultant Broker and Consulting, and Pharmacy Management Services Agreement and/or any other agreement executed by and between SJVIA and Consultant. No fees collected by Consultant pursuant to this Agreement shall be considered for the purpose of determining the maximum amount of Consultant's compensation due or permitted under any such agreement(s).

The fees for the one (1) year term of this Agreement are based on Per Member Per Month (PMPM) and are:

- \$0.85 PMPM

2. **Scope of Services:** Exhibit A, "Scope of Services," is hereby modified to include Keenan Pharmacy Services, as follows:

Keenan Pharmacy Services

The Consultant shall provide all the following services:

A. Evaluation of PBM Services

- Conduct annual reviews of PBM services, contract compliance, and performance guarantees
- Assist in developing a plan to rectify any deficiencies
- Perform follow-up activities as necessary to ensure contract compliance, efficient program management and responsive account management
- Update pharmacy rates and effect contract addenda as needed
- Recommend whether a given PBM contract should be renewed, modified or terminated

B. Pharmacy Benefit Consulting Services

- Review pharmacy benefit packages options and assist SJVIA in selecting best option for their business needs
- Evaluate and recommend options for managing specialty pharmacy products
- Analyze the performance of the retail, mail order, and specialty pharmacy benefit option and make recommendations to improve the management of the drug cost trends
- Select clinical and other optional programs of behalf of SJVIA or assist SJVIA in making selections on their own behalf
- Assist SJVIA in securing and interpreting utilization and other key reports
- Provide independent oversight for the formulary
- Provide oversight of performance of rebate agreements between the PBM and drug companies on behalf of SJVIA
- Meet with SJVIA at least once quarterly to review drug plan performance and identify recommended changes going forward before final renewal. This review, with Contractor's recommendations, must occur prior to the Board meeting addressing final renewal.

C. Account Management Services

- Manage the ongoing relationship and communications with the PBM including SJVIA specific eligibility and benefit updates
- Represent and advocate for the SJVIA's needs to the PBM
- Participate in all PBM and SJVIA meetings related to pharmacy benefit and mail order services

D. Underwriting Services

- Project preliminary and final funding/renewal calculations

- Perform financial and utilization analysis of paid claims with quarterly, semi-annual or annual reporting
- Generate drug cost trend analysis based on market, SJVIA group (e.g., coalition), and individual SJVIA basis
- Perform annual risk assessment projecting future value of claims vs. existing claims data
- Develop IBNR (incurred but not reported) claims reserves
- Supply monthly/quarterly reports on premium, claims and lives loss ratio and funding, claims and lives loss ratio
- Perform claims lag analysis
- Provide annual accounting true-up or profit/loss analysis as needed

E. Auditing Services

- Perform quarterly review of all claims paid
- Ensure contract compliance and appropriate rebate administration.
- Keep the KPS members apprised of industry updates and provide recommendations and guidance
- Provide specific oversight on emerging Specialty Rx trends

F. PBM Implementation Services

- Facilitate implementation of the new PBM services including transition of benefit design, formulary, eligibility and pre-existing prior authorization approvals to new PBM

4. When both parties have signed this Amendment 1, the Agreement and this Amendment 1 together shall constitute the Agreement.

5. The Agreement as amended by this Amendment 1 is ratified and continued. All terms of the Agreement not amended by this Amendment 1 remain in full force and effect.

[SIGNATURE PAGE FOLLOWS]

The parties are signing this Amendment 1 to the Agreement on the date stated in the introductory clause.

KEENAN & ASSOCIATES



Laurie LoFranco
Employee Benefits Distribution Leader

SAN JOAQUIN VALLEY INSURANCE
AUTHORITY

Amy Shuklian
President, Board of Directors

Reviewed and recommended for approval.

SJVIA Manager