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October 13, 2022

Guy Hine
Risk Manager
City of Fort Lauderdale
100 North Andrews Avenue
Fort Lauderdale, FL 33301

RE: Administrative Services Only Account No. 3335139

Dear Guy Hine:

This letter will serve as an amendment to the Administrative Services Only Agreement between Cigna Health and Life Insurance Company (“**CHLIC**”) and City of Fort Lauderdale (“**Employer**”), effective January 1, 2017, (the “**Agreement**”) and as amended on January 1, 2021 and January 1, 2022.

Effective as of January 1, 2023, the Agreement is hereby amended as set forth below. Any provision or subsection set forth in this amendment shall be deemed to: (a) replace in its entirety the same subsection in the current Agreement; and/or (b) add new provisions or subsections. Only those provisions and subsections set forth in this amendment are deemed amended or added, and all provisions and subsections not identified herein shall be deemed unaffected by this amendment and, accordingly, shall remain in full force and effect.

“Agreement” in “Definitions,” of the Administrative Services Only Agreement is hereby amended in its entirety as follows:

Agreement means this entire document including the Schedule of Financial Charges and all Exhibits and Addenda, as attached hereto, as well as any subsequent amendments.

Section 1.v, “Term and Termination of Agreement,” of the Administrative Services Only Agreement, is hereby amended in its entirety as follows:

- v. Notwithstanding the foregoing, all provisions in this Agreement reasonably related to CHLIC's administration of the Plan's Pharmacy Benefit (as such term is defined in Appendix A) (the "Pharmacy Benefit Provisions"), shall continue in effect for no less than thirty six (36) months commencing on January 1, 2023, except that, if any of the following dates occurs, the Pharmacy Benefit Provisions set forth in the Schedule of Financial Charges and Appendix A will cease being in effect as of such date:
 - a. The effective date of any Applicable Law or governmental action which prohibits performance of the activities in connection with the Pharmacy Benefit required by this Agreement;
 - b. The date upon which Employer fails to fund the Bank Account as required by this Agreement for claims under the Pharmacy Benefit provided CHLIC notifies Employer of its election to terminate the Pharmacy Benefit Provisions;
 - c. The date upon which Employer fails to pay CHLIC any charges in connection with the Pharmacy Benefit identified in this Agreement when due, provided CHLIC notifies Employer of its election to terminate the Pharmacy Benefit Provisions; or

- d. The date that is sixty (60) days after written notice by either Employer or CHLIC (“non-defaulting party”) of the material breach by the other (the “defaulting party”) of a material obligation of the defaulting party related to the Pharmacy Benefit (other than failure to fund the Bank Account or failure to pay any charges when due pursuant to Sections 1.v.b and 1.v.c above) that is not cured to the reasonable satisfaction of the non-defaulting party within a reasonable time following the initial notice of breach.

During such thirty six (36) month period (or shorter period, as applicable under (a), (b), (c) or (d) above), CHLIC will continue to be the exclusive provider of Pharmacy Benefit administration services for the Plan’s Pharmacy Benefit.

In the event that Employer purports to terminate such arrangement or enters into an agreement with another pharmacy benefit manager (“PBM”) or other third party to provide any or all pharmacy benefit management services for Employer’s benefit plan prior to the end of such thirty six (36) month period, then, within thirty (30) days of CHLIC’s written request, Employer shall pay CHLIC the amount of \$1.50 per the average monthly number of Members who were enrolled in the Plan’s Pharmacy Benefit from the beginning of the thirty six (36) month period to the effective date of such purported termination or other agreement multiplied by the number of months remaining until the end of the thirty six (36) month period. However, if Employer terminates its CHLIC medical coverage under this Agreement, no such fee shall apply.

Section 8.a of the Administrative Services Only Agreement is hereby amended in its entirety as follows:

- a. The Medical Administration Charges in effect from January 1, 2023 through and including December 31, 2025, shall be as set forth in the Schedule of Financial Charges attached hereto and CHLIC may revise such Medical Administration Charges only (i) upon any modification or amendment of the benefits under the Plan, (ii) upon any variation of fifteen percent (15%) or more in the number of Members used by CHLIC to calculate its charges under the Agreement, and/or (iii) upon any change in law or regulation that materially impacts CHLIC liabilities and/or responsibilities under this Agreement.

Section 14, “Waivers,” of the Administrative Services Only Agreement is hereby replaced in its entirety with Section 14, “No Waivers,” as follows:

Section 14. No Waivers

No waiver by any party of a breach or default of any provision of this Agreement, failure by any party, on one or more occasions, to enforce any of the provisions of this Agreement, or failure by any party to exercise any right or privilege hereunder shall be construed as a waiver of any subsequent breach or default of a similar nature, or as a waiver of such rights or privileges hereunder, unless and solely to the extent waived by the party against whom the waiver is sought in writing and signed.

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Cigna

Section 20, “Identifying Information and Internet Usage,” of the Administrative Services Only Agreement is hereby replaced in its entirety with Section 20, “Identifying Information, Internet Usage, and Trademark,” as follows:

Section 20. Identifying Information, Internet Usage and Trademark

Each Party reserves all right, title, and interest in and to its respective trademarks, service marks, trade names, trade dress, logos, and other proprietary trade designations, whether presently existing or hereafter authored, developed, established, or acquired (collectively, “Marks”). Except as necessary in the performance of their duties under this Agreement and as otherwise provided by the Florida public records law, or as separately agreed to in writing, no Party shall use the other Party’s Marks in advertising or promotional materials or otherwise. All use of a Party’s Marks shall remain subject to such Party’s reasonable quality control and brand usage guidelines. Additionally, no Party shall establish a link to the other’s World Wide Web site, without the owner’s prior written consent. All goodwill arising from use of a Party’s Marks shall inure exclusively to such Party’s benefit.

The obligations set forth in this Section 20 shall survive termination of this Agreement.

Section 21, “Independent Contractors,” is hereby added to the Administrative Services Only Agreement as follows:

Section 21. Independent Contractors

The Parties’ relationship with respect to each other is that of independent contractors and nothing in this Agreement is intended, and nothing shall be construed to, create an employer/employee, partnership, principal-agent, or joint venture relationship, or to exercise control or direction over the manner or method by which CHLIC performs services hereunder. No Party shall make any statement or take any action that might cause a third party to believe such Party has the authority to transact any business, enter into any agreement, or in any way bind or make any commitment on behalf of the other Party, unless set forth in this Agreement or expressly authorized in writing by a duly authorized officer of the other Party. For the avoidance of doubt, CHLIC is authorized to perform certain services on behalf of Employer under this Agreement and this provision is not intended to in any way diminish that authorization.

Section 22, “Reservation of Intellectual Property Rights,” is hereby added to the Administrative Services Only Agreement as follows:

Section 22. Reservation of Intellectual Property Rights

Each Party reserves all right, title, and interest in and to its respective copyrights, patents, trade secrets, trademarks, and other intellectual property, whether presently existing or hereafter authored, invented, developed, or acquired. Without limiting the foregoing, as between the Parties, CHLIC shall solely and exclusively own the systems, methodologies, and technology used to provide the services, all modifications, enhancements, and improvements thereto, and all associated intellectual property rights. No rights or licenses are granted to Employer other than the limited right to receive and use the services under and in accordance with this Agreement. CHLIC shall be free to use and incorporate without payment or other consideration to Employer any ideas, suggestions, recommendations, or other feedback provided to CHLIC in connection with its provision of the services. Nothing in this Agreement is intended or shall be construed to create any joint authorship, joint inventorship, or similar relationship or endeavor between the Parties.

The obligations set forth in this Section 23 shall survive termination of this Agreement.

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Section 23, “Entire Agreement,” is hereby added to the Administrative Services Only Agreement as follows:

Section 23. Entire Agreement

As of the Effective Date, this Agreement constitutes the entire agreement between the Parties regarding the subject matter herein and supersedes all previous and contemporaneous agreements, understandings, inducements or conditions expressed or implied, oral or written, between the Parties, except as herein contained. Further, this Agreement shall not be modified by any shrink-wrap, click-wrap, browse-wrap, click-through, web-site based, online or use agreements (“Click-Wrap”) that purport to be accepted or deemed accepted by download or online acknowledgment and to the extent of any conflict between this Agreement and the Click-Wrap, this Agreement shall control. Each Party acknowledges that in entering into this Agreement, it is not relying on any statement, representation, or warranty, other than those expressly set forth herein. Except as otherwise provided herein the provisions of this Agreement shall control in the event of a conflict with the terms of any other agreement regarding the subject matter herein.

Section 24, “Public Records,” is hereby added to the Administrative Services Only Agreement as follows:

Section 24. Public Records

IF CHLIC HAS QUESTIONS REGARDING THE APPLICATION OF CHAPTER 119, FLORIDA STATUTES, TO CHLIC’S DUTY TO PROVIDE PUBLIC RECORDS RELATING TO THIS AGREEMENT, CONTACT THE CUSTODIAN OF PUBLIC RECORDS AT CITY CLERK’S OFFICE, 100 NORTH ANDREWS AVENUE, FORT LAUDERDALE, FLORIDA 33301, PHONE: 954-828-5002, EMAIL: PRRCONTRACT@FORTLAUDERDALE.GOV.

Notwithstanding any provision contained in the Agreement, CHLIC shall comply with public records laws, and CHLIC shall:

- a. Keep and maintain public records required by the Employer to perform the service.
- b. Upon request from the Employer’s custodian of public records, provide the Employer with a copy of the requested records or allow the records to be inspected or copied within a reasonable time at a cost that does not exceed the cost provided in Chapter 119, Florida Statutes (2022), as may be amended or revised, or as otherwise provided by law.
- c. Ensure that public records that are exempt or confidential and exempt from public records disclosure requirements are not disclosed except as authorized by law for the duration of the contract term and following completion of the contract if CHLIC does not transfer the records to the Employer.
- d. Upon completion of the Agreement, transfer, at no cost, to the Employer all public records in possession of CHLIC or keep and maintain public records required by the Employer to perform the service. If CHLIC transfers all public records to the Employer upon completion of the Agreement, CHLIC shall destroy any duplicate public records that are exempt or confidential and exempt from public records disclosure requirements. If CHLIC keeps and maintains public records upon completion of the

Agreement, CHLIC shall meet all applicable requirements for retaining public records. All records stored electronically must be provided to the Employer, upon request from the Employer's custodian of public records, in a format that is compatible with the information technology systems of the Employer.

The obligations set forth in this Section 24 shall survive termination of this Agreement.

The "Schedule of Financial Charges" and "Exhibit B", "Services" are hereby deleted in their entirety and replaced with the "Schedule of Financial Charges" and "Exhibit B, "Services," as attached hereto.

The terms of the Administrative Services Only Agreement identified above, as mentioned herein, will be effective as of January 1, 2023.

Schedule of Financial Charges

Certain fees and charges identified in this Schedule of Financial Charges will be billed to Employer monthly in accordance with CHLIC's then standard billing practices. However, CHLIC is authorized to pay all fees and charges from the Bank Account unless otherwise specified in this Agreement.

AMOUNTS OWED TO CHLIC
CHLIC may pay amounts with its own funds on behalf of Employer or the Plan for charges which Employer or the Plan is obligated to pay under the Agreement including Plan Benefits, Bank Account Payments (including fixed per person payments and pay-for-performance payments to Participating Providers), governmental taxes or assessments and those amounts paid by CHLIC shall be the Employer's financial responsibility. CHLIC is authorized to recover all such amounts from the Bank Account.
CIGNA PHARMACY BENEFIT MANAGEMENT SERVICES CHARGES AND RELATED PROVISIONS
PHARMACY ADMINISTRATION FEE
Cigna Pharmacy Product Administration Fee: is separate from the Medical Administration Charge shown above, but included on same billing line as the Medical Administration Charge for billing purposes only: \$2.50/employee/month.
FINANCIAL GUARANTEES FOR DRUGS COVERED UNDER THE PLAN'S PHARMACY BENEFIT
Covered Drugs Dispensed by Cigna Home Delivery Pharmacy: CHLIC will guarantee the following charges for Covered Drugs dispensed by Cigna Home Delivery Pharmacy, subject to the provisions in the section titled "PBM Pricing – Additional Provisions":
Brand Drug Claims: For all Cigna Home Delivery Pharmacy Brand Drug Claims, the Employer's guaranteed annual average discount will be AWP minus 25.00%.
Generic Drug Claims: For all Cigna Home Delivery Pharmacy Generic Drug Claims, the Employer's guaranteed annual average discount will be AWP minus 84.00%.
Dispensing Fees for Drug Claims: For all Cigna Home Delivery Pharmacy Brand Drug Claims and Generic Drug Claims the Employer's guaranteed annual average Dispensing Fee will be \$0.00.

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Covered Drugs Dispensed by Retail Pharmacies in 30-day* supplies: CHLIC will guarantee the following charges for Covered Drugs dispensed by Retail Pharmacies in 30-day supplies, subject to the provisions in the section titled “PBM Pricing – Additional Provisions”:

***A 30-day supply means any Covered Drug dispensed by a Retail Pharmacy in an amount less than an 83-day supply.**

Brand Drug Claims: For all Retail Pharmacy Brand Drug Claims, the Employer’s guaranteed annual average discount will be AWP minus 19.80%.

Generic Drug Claims: For all Retail Pharmacy Generic Drug Claims, the Employer’s guaranteed annual average discount will be AWP minus 81.00%.

Dispensing Fees for Both Brand Drug Claims and Generic Drug Claims: For all Retail Pharmacy Brand Drug Claims and Generic Drug Claims, the Employer’s guaranteed annual average Dispensing Fee will be \$1.00.

Covered Drugs Dispensed by Retail Pharmacies in 90-day supplies:** CHLIC will guarantee the following charges for Covered Drugs dispensed by Retail Pharmacies in 90-day supplies, subject to the provisions in the section titled “PBM Pricing - Additional Provisions”:

****A 90-day supply means any Covered Drug dispensed by a Retail Pharmacy in an amount equal to or greater than an 83-day supply.**

Brand Drug Claims: For all Retail Pharmacy Brand Drug Claims, the Employer’s guaranteed annual average discount will be AWP minus 24.10%.

Generic Drug Claims: For all Retail Pharmacy Generic Drug Claims, the Employer’s guaranteed annual average discount will be AWP minus 82.00%.

Dispensing Fees for Both Brand Drug Claims and Generic Drug Claims: For all Retail Pharmacy Brand Drug Claims and Generic Drug Claims, the Employer’s guaranteed annual average Dispensing Fee will be \$0.00.

AGGREGATE SPECIALTY DRUG DISCOUNT

CHLIC shall guarantee an aggregate annual average discount of AWP minus 18.50% for covered Specialty Drug prescriptions dispensed by Retail Pharmacies and Cigna Home Delivery Pharmacy. CHLIC’s performance will be measured based on analysis of Plan-specific utilization for the contract year.

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RECONCILIATION OF PHARMACY BENEFIT MANAGEMENT FINANCIAL GUARANTEES

Pricing Guarantee Calculation. The following calculation will be performed on an aggregated basis for all paid Claims for Covered Drugs processed during the applicable contract year in order to reconcile against the average annual ingredient cost discount guarantees set forth above:

$$1 - \left[\frac{\text{(the total ingredient cost charged to the Employer prior to application of the Plan's Member cost-share requirements)}}{\text{(the total AWP) for all Covered Drugs}} \right]$$

For the purposes of the pricing guarantee calculation, and notwithstanding anything herein to the contrary, the total ingredient cost shall also include the ingredient cost for a Covered Drug for which a Member pays 100% in the form of cost-share. The application of brand and generic pricing may be subject to certain “dispensed as written” (“DAW”) protocols and Employer defined plan design and coverage policies for adjudication and Member Copayment purposes. For example, DAW 5 (House Generic) claims will be considered a Generic Drug claim for pricing purposes.

Pricing Guarantee Exclusions. The following Claims or products shall be excluded from the calculation of any pricing guarantee set forth in this Agreement:

- Specialty Drugs, unless otherwise noted in this Schedule of Financial Charges.
- Workers' Compensation Claims.
- Claims for Supplies.
- Non-standard facility Claims (Indian Tribal, Veterans Administration, or Dep. of Defense facilities).
- Limited Distribution Drugs and Exclusive Distribution Drugs.
- Subrogation Claims.
- Repackaged products.
- Products filled through Pharmacies not participating in the network accessed by Employer under this Agreement (including a contracted pharmacy that does not participate in a sub-network or preferred network tier).
- Over-the-counter (OTC) products.
- Secondary Payer Claims.
- Direct Member Reimbursement Claims.
- Compound Drugs.
- Claim reversals.
- Outlier Claims.
- Products identified as prescriptions covered under the federal 340B drug pricing program.
- Claims for Covered Drugs paid at the Retail Pharmacy's U&C Charge shall be included in the calculation of any Retail Pharmacy pricing guarantee set forth in this Agreement.

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RECONCILIATION AND OFFSETS REGARDING FINANCIAL GUARANTEES

CHLIC will report on the guaranteed amounts within one-hundred eighty (180) days following the end of each contract year. Upon reconciliation, CHLIC's performance with respect to each ingredient cost discount or Dispensing Fee guarantee offered under this Agreement will be individually measured and then reconciled in the aggregate across all ingredient cost discount or Dispensing Fee guarantees.

PBM PRICING – ADDITIONAL PROVISIONS

- For a specific Claim for a Covered Drug dispensed by a Retail Pharmacy or Cigna Home Delivery Pharmacy, and after application of any Plan cost-share requirements, CHLIC shall charge the Employer the lowest of the following amounts:
 - (1) The Prescription Drug Charge; or
 - (2) The pharmacy's submitted U&C Charge, if any.
- For a specific Claim for a Covered Drug dispensed by a Retail Pharmacy or Cigna Home Delivery Pharmacy, CHLIC shall charge the Member in accordance with the terms of the Pharmacy Benefit. For example, for a Covered Drug subject to a fixed dollar copayment requirement, CHLIC shall charge the Member the lowest of the following amounts:
 - (1) The fixed dollar copayment for the Covered Drug, if any;
 - (2) The Prescription Drug Charge; and
 - (3) The pharmacy's submitted U&C Charge, if any.
- Home Delivery Pharmacy Dispensing Fees and Dispensing Fee Guarantees are inclusive of shipping and handling. If carrier rates (i.e., U.S. mail and/or applicable commercial courier services) increase during the term of this Agreement, the Home Delivery Pharmacy Dispensing Fee and Home Delivery Pharmacy Dispensing Fee Guarantee will be increased to reflect such increase(s).
- Unless specifically noted herein, the discounts to Employer for Covered Drugs set forth in this Agreement are not guaranteed to result in an average aggregate discount off the aggregate AWP of all such Covered Drugs.
- Any pricing guarantees, including any ingredient cost discount or Dispensing Fee guarantee, set forth in this Agreement shall be rendered null and void in the event Employer terminates CHLIC's administration of the Pharmacy Benefit prior to completion of the then-current Plan Year. CHLIC's fees, Rebates (if any), discounts or guarantees (if any) are, among other conditions communicated in this Agreement or otherwise in writing to Employer, contingent on, and assume, adoption by Employer of a specific Formulary, Retail Pharmacy network, and Plan design features (e.g. cost-share structure, utilization/cost management programs).

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- Notwithstanding any other provision of this Agreement, CHLIC may, effective upon written notice to Employer, adjust any or all of the fees, Rebates (if any), discounts or guarantees (if any) in this Agreement to the extent reasonably necessary to preserve the economic value of this Agreement to CHLIC as it existed immediately prior to any of the following events or changes: (a) there are any significant changes in the composition of the CHLIC pharmacy network utilized by Employer hereunder or in such pharmacy network's contract compensation rates, or the structure of the pharmacy stores/chains/vendors that are contracted with CHLIC, including but not limited to disruption in the retail pharmacy delivery model, or bankruptcy of a chain pharmacy; or there is a change in or to the pharmacy network reflected in the pharmacy pricing summary; or (b) there is a change in government laws or regulations which has a significant impact on pharmacy claim costs; or (c) any material manufacturer-rebate contracts with, or for the benefit of, CHLIC are terminated or modified in whole or in part; or (d) there is any legal action or law that materially affects, or could materially affect the manner in which CHLIC's rebate program is administered or an existing law is interpreted so as to materially affect or potentially have a material effect, on CHLIC's administration of the Plan; (e) a major change in market conditions affecting the pharmaceutical or pharmacy benefit management market, a drug shortage in the market, an issue involving the safety of the drug supply, an unexpected introduction of a new drug (e.g. authorized generic), or similar market event occurs; (f) the Pharmacy Benefit enrollment decreases by equal to or greater than ten (10)% from the enrollment on which CHLIC's financial offer is based; or (g) Employer fails to disclose a material feature of the Plan or the Plan's Pharmacy Benefit or there is a change to the Plan's Pharmacy Benefit including but not limited to the Formulary, benefit designs, OTC plans, clinical or trend programs or otherwise that has the effect of lowering the amount of Rebates earned hereunder or materially impacting any guarantee.

DRUG MANUFACTURER-PAYMENT SHARING

Subject to the caveats below, CHLIC will remit to Employer the following portion of Rebates and Manufacturer Administrative Fees that CHLIC collects with respect to utilization of Covered Drugs under the Plan's Pharmacy Benefit:

For All Products:

The greater of: 100.00% of Rebates and Manufacturer Administrative Fees on such utilization dispensed in the full calendar year immediately preceding CHLIC's remittance, or the sum of \$143.59 multiplied by the number of Retail Pharmacy Brand Drug Claims (excluding Specialty Brand Drug Claims) dispensed in 30-day* supplies plus \$450.36 multiplied by the number of Retail Pharmacy Brand Drug Claims (excluding Specialty Brand Drug Claims) dispensed in 90-day** supplies plus \$480.71 multiplied by the number of Cigna Home Delivery Pharmacy Brand Drug Claims (excluding Specialty Brand Drug Claims) plus \$1,856.91 multiplied by the number of Retail Pharmacy Specialty Brand Drug Claims plus \$1,856.91 multiplied by the number of Cigna Home Delivery Pharmacy Specialty Brand Drug Claims processed in such full calendar year.

Caveats:

- (1) CHLIC or its agents contract with drug manufacturers on CHLIC's own behalf, and not as agent of the Employer or the Plan. Rebates are

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paid based on the contractual terms set forth in this Agreement.

- (2) Should Employer terminate this Agreement before completion of the then-current Plan Year, no Rebates shall be due and owing with respect to that Plan Year, and any Rebate minimum or fixed dollar guarantees shall be null and void, as the payment of Rebates is conditioned on CHLIC exclusively administering the Pharmacy Benefits for the entire Plan Year.
- (3) For percentage-based sharing arrangements, Rebate payout amounts may differ slightly from the stated percentage when payout occurs before manufacturers' final reconciliations and payments are made to CHLIC. For purposes of clarity, CHLIC shall reconcile its performance with respect to any Rebate payment guarantees, including, without limitation, any minimum or fixed dollar guarantees, in the aggregate. Moreover, any amount directly or indirectly provided by a manufacturer or other third party that is allocated to reduce and/or wholly or partially satisfy a Member's cost-sharing obligation for a Covered Drug shall not be considered a "Rebate" for the purposes of Rebate payments to Employer but may be included when reconciling CHLIC's performance against any Rebate minimum guarantee set forth in this Agreement.
- (4) For percentage-based sharing arrangements, the percentage share payment of Rebates shall not include the payment of any Rebates received, if any, for Run-Out Claims, 340b Claims, Medical Specialty Claims, Direct Member Reimbursement Claims, Reversed Claims, and Compound Claims.
- (5) CHLIC may use Rebates otherwise payable to Employer to offset payable Bank Account Payments or other payable fees or charges identified in this Agreement.
- (6) The Rebate payment commitments, including any minimum or fixed dollar guarantees, if any, set forth in this Schedule of Financial Charges are, among any other conditions communicated in this Agreement or otherwise in writing to Employer, contingent on the availability of Rebates to CHLIC and Employer's Pharmacy Benefit applying a 90-day supply limit for Specialty Drugs, and standard days' supply limits. In the event that Employer has adopted, or adopts, a 30-day supply limit for Specialty Drugs, or participates in the Clinical Day Supply Program, CHLIC may revise on an equitable basis the stated Rebate minimum or fixed dollar guarantees, if any, to the extent necessary to reflect CHLIC's revised estimate of Rebates it may collect on a plan design having adopted a days' supply limit for Specialty Drug of less than 90 days or the Clinical Day Supply Program.

Timing of Rebate Pay-Out: Remittance will be provided within ninety (90) days after the close of each applicable calendar quarter for the portion of such calendar quarter that coincides with the Plan Year.

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REBATE PAYMENT EXCLUSIONS

The Rebate Guarantee payment obligations set forth in this Schedule of Financial Charges shall exclude the following types of claims and/or products:

- Claims paid pursuant to a Dispense as Written (DAW) 5 code.
- Direct Member Reimbursement Claims.
- Vaccines.
- Compound Drugs.
- Claim reversals.
- Products identified as prescriptions covered under the federal 340B drug pricing program. Employer shall be solely responsible for ensuring that any pharmacy affiliated with or operated by Employer or its affiliate, such as an in-house pharmacy, systematically identifies 340B prescriptions on Claim transactions administered by CHLIC. If such pharmacy fails to systematically identify 340B prescriptions on Claim transactions submitted to CHLIC, then CHLIC may withhold all Rebates, or modify any minimum or fixed dollar Rebate guarantee, otherwise attributable to utilization at such pharmacy.
- Run-Out Claims.

Rebate guarantee reconciliation calculations will not include member-submitted coupon copay assistance.

SAVEONSP PROGRAM PERFORMANCE GUARANTEE

CHLIC shall provide Employer with a “SaveOnSP Guarantee,” as defined below, in the amount of \$2.54 per year for the period from January 1, 2007 to December 31, 2099 (“Guarantee Period”). The SaveOnSP Guarantee requires that Employer meet program requirements for, and enrolls in, the SaveOnSP Program, and participates in the SaveonSP Program for the entire Guarantee Period. Standard program implementation is ninety (90) days. The SaveOnSP Guarantee shall be reconciled as follows: (i) the actual amount of copay assistance dollars applied to Members’ Copayments through the SaveOnSP program (ii) minus the amount of the benefit design copayment prior to Employer’s enrollment in the SaveOnSP Program, (iii) net of SaveOnSP program fees. The SaveOnSP Guarantee applies only for groups enrolled in the SaveOnSP program. In addition to any other pricing conditions included herein, CHLIC reserves the right to adjust the SaveOnSP Guarantee if: (a) manufacturer(s) change or alter their copay assistance program(s), (b) Employer disenrolls from the SaveOn SP program at any time during the Guarantee Period; or (c) CHLIC’s ability to provide the SaveOnSP Guarantee is adversely affected due to (i) Brand Drugs moving off-patent to generic status or introduction of a biosimilar product, (ii) action by a manufacturer, (iii) any industry or market condition, (iv) due to a Change in Law; (v) Employer changes its benefit design or Formulary during the Guarantee Period in a manner that material impacts this Guarantee; or (vi) due to any other action or occurrence that has a material effect on CHLIC’s ability achieve the SaveOnSP Guarantee. CHLIC shall calculate the SaveOnSP Guarantee on an annual basis. CHLIC shall pay to Employer the net shortfall, if any, between the SaveOnSP Guarantee and the actual amount of copay assistance dollars applied to Members’ Copayments through the SaveOnSP program within one-hundred and eighty (180) days after the end of the applicable Guarantee Period. Any over performance will be retained by the Employer. The SaveOnSP Guarantee is an annual guarantee. If this Agreement is terminated prior to the completion of the then current Guarantee Period, then this Guarantee shall be null and void.

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PHARMACY VACCINE PROGRAM

Notwithstanding anything to the contrary in this Agreement or otherwise, the following terms and conditions shall apply to the administration of vaccines by CHLIC under the Cigna Pharmacy Program.

Vaccine Claims will adjudicate at the lower of the U&C Charge or the amounts shown in the Vaccine Pricing Schedule below. For Vaccine Claims, the U&C Charge shall be the retail price charged by an in-network participating retail pharmacy for the particular vaccine, including administration and dispensing fees, in a cash transaction on the date the vaccine is dispensed as reported to CHLIC by the in-network participating pharmacy.

“Vaccine Claim” means a claim for a Covered Drug which is a vaccine.

Notwithstanding anything to the contrary in this Agreement or otherwise, all Vaccine Claims shall be excluded from the calculation, measurement, and payment of any and all financial guarantees, including but not limited to rebate guarantees, ingredient cost guarantees, and dispensing fee guarantees set forth in this Agreement.

CHLIC reserves the right to revise and modify the Vaccine Pricing Schedule below, including but not limited to revising or adding an additional Pharmacy Vaccine Administration Fee or Vaccine Program Fee, based on changing market dynamics, the entrant of new vaccines, or changes in law or interpretation of law.

Vaccine Pricing Schedule

* To the extent, if any, Employer’s Schedule of Financial Charges includes a Pharmacy Administrative Fee charged on a per prescription basis, then such fee shall apply for Vaccine Claims.

	Retail Pharmacy INFLUENZA	Retail Pharmacy ALL OTHER VACCINES	Member Submitted Vaccine Claims
Pharmacy Vaccine Administration Fee	Pass-Through (Capped at \$15 per in-network Vaccine Claim)	Pass-Through (capped at \$20 per in-network Vaccine Claim)	Submitted amount
Ingredient Cost	Retail Pharmacy Ingredient Cost as set forth in this Agreement	Retail Pharmacy Ingredient Cost as set forth in this Agreement	Submitted amount
Dispensing Fee	Retail Pharmacy Dispensing Fee as set forth in this Agreement	Retail Pharmacy Dispensing Fee as set forth in this Agreement	Submitted amount

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Vaccine Program Fee	\$2.50 per vaccine claim	N/A
CIGNA HOME DELIVERY PHARMACY DISCLOSURE		
	Product	Charge
Cigna Home Delivery Pharmacy (a CHLIC affiliated company(ies))	<p>Specialty drugs dispensed by Cigna Home Delivery Pharmacy and administered under the Plan’s medical benefit.</p> <p>“Cigna Home Delivery Pharmacy” means a duly licensed pharmacy operated by CHLIC or its affiliates, where prescriptions are filled and delivered via the mail service. Cigna Home Delivery Pharmacy may maintain product purchase discount arrangements and/or fee-for-service arrangements with pharmaceutical manufacturers and wholesale distributors. Cigna Home Delivery Pharmacy contract for these arrangements on its own account in support of its pharmacy operations. These arrangements relate to services provided outside of this Agreement and other pharmacy benefit management arrangements and may be entered into without regard to whether a specific drug is on one of the formularies that CHLIC offers to entities like Employer that sponsor group health plans. Discounts and fee-for-service payments received by Cigna Home Delivery Pharmacy are not part of the administrative fees or other charges paid to CHLIC in connection with CHLIC's services hereunder.</p> <p>This provision shall survive termination or expiration of the Agreement.</p>	The drug's charge under a national specialty drug discount schedule that generates a 19.00% annual average aggregate discount off AWP across specialty drug claims dispensed at Cigna Home Delivery Pharmacy to CHLIC's self-funded and insured group-client book of business.
FEES FOR PROCESSING RUN-OUT CLAIMS		
Pharmacy	Run-Out Period of three (3) months for all pharmacy claims	No Additional Cost
CHLIC PHARMACY COST CONTAINMENT FEES		
CHLIC administers the following programs to contain costs with respect to charges for health care service/supplies that are covered by the Plan. In administering these programs, CHLIC contracts with vendors to perform program related services. CHLIC's charge for administering these programs is the percentage (indicated below) of the "recovery" (i.e. the amount recovered) as applicable.		
1.	Pharmacy Vendor Recoveries. CHLIC performs periodic audits of contracted pharmacies in order to determine the accuracy of payments to the pharmacy(ies). CHLIC's recovery vendor collects and remits to CHLIC all overpayments to pharmacy(ies), and CHLIC remits to the Bank Account the balance collected from the recovery vendor, less the recovery fee set forth herein.	30.00% of recovery

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2.	Class Action Recoveries. CHLIC identifies, monitors and may (but is not required to) participate, on behalf of Employer, in class action lawsuits or similar legal proceedings against pharmaceutical manufacturers, including, without limitation, lawsuits alleging legal or equitable claims like fraud, anti-trust violations, or unfair trade practices by a manufacturer. As part of this authority, CHLIC may participate in a settlement, exclude Employer from a settlement and/or otherwise represent Employer’s interests outside the settlement. CHLIC collects and retains as a recovery fee set forth herein of any recovery (net of attorneys’ fees) attributable to Employer’s Plan.	35.00% of recovery
3.	SaveOnSP Program. A Member cost share program available when the Employer makes plan design changes to certain, designated covered prescription drugs as non-essential health benefits and establishes Member cost share at amounts that allow for receipt of manufacturer-supported patient copay assistance. The program fee shall be charged to the Bank Account and measured and calculated based on the program’s standard savings methodology. Payment of program fees shall be invoiced on a monthly, incurred basis. Additional terms and conditions of the SaveOnSP program are set forth in the attached SaveOnSP Appendix C.	25.00% of program savings plus any applicable tertiary cost share
EMBARC BENEFIT PROTECTION® A NETWORK SOLUTION FOR CERTAIN HIGH-COST GENE THERAPY DRUGS		
Embarc Benefit Protection	<p>To provide financial protection from the high cost, CHLIC has contracted with an affiliate, eviCore (“eviCore” refers to eviCore healthcare MSI, LLC d/b/a/ eviCore healthcare and certain of its affiliates), to arrange for the provision of the following gene therapy drugs for Members when both drugs are covered by the Plan administered by CHLIC, and medically necessary (as determined by CHLIC) to treat the conditions indicated:</p> <ul style="list-style-type: none"> i. Luxturna® to treat inherited form of progressive blindness ii. Zolgensma® to treat children under 2 years old with spinal muscular dystrophy <p>Additional drugs are continually being evaluated and may be added to the network solution after FDA approval. The complete list of included drugs can be found at Cigna.com.</p> <p>(Luxturna is the registered trademark of Spark Therapeutics, Inc. and Zolgensma is the registered trademark of Novartis, Inc.)</p> <p>As a result of this network contracting arrangement, eviCore is in most cases the exclusive,</p>	<p>\$0.99 per Member/per month.</p> <p>If, across eviCore’s entire Embarc Benefit Protection book of business (Cigna and non-Cigna clients), eviCore’s cost for the two (2) drugs provided in a given calendar year is lower than a predetermined percentage of the PMPM charges received, eviCore will refund the difference pro rata, after</p>

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	<p>in-network Participating Provider of these drugs. eviCore arranges for the provision of these drugs through its network of specialty pharmacies (including its affiliate, Accredo), and certain facilities authorized to administer the gene therapies by the drug manufacturers. eviCore will reimburse these specialty pharmacies and facilities at negotiated reimbursement rates. This network solution is called Embarc Benefit Protection.</p> <p>For arranging for the provision of these drugs, eviCore will be reimbursed by CHLIC on a fixed Per Member Per Month (PMPM) basis. eviCore’s PMPM fee (which is subject to change) will be charged to the Bank Account one month in arrears. (e.g., eviCore’s charges for January will be made in February.) These Bank Account Payments will appear in Employer’s monthly reporting. Embarc Benefit Protection does not provide financial protection from the cost of administering the two drugs. These costs are small in comparison to the drug costs.</p> <p>When covered under the Plan and determined by CHLIC to be medically necessary for the treatment of the specified conditions, Members will not incur any out-of-pocket costs for the two drugs and the Plan will not be required to reimburse any expenses for the two drugs with two exceptions:</p> <p><u>Exceptions:</u></p> <ol style="list-style-type: none"> 1. For Members born before the date that Embarc Benefit Protection is effective for the Plan and receiving Zolgensma,[®] the Plan’s in-network reimbursement and the Member’s in-network cost-sharing apply to either (as applicable): <ul style="list-style-type: none"> • eviCore’s fee-for-service charge for Zolgensma[®] when provided through Accredo: Average Wholesale Price (AWP) minus 15.8% AWP (based on Medispan) = \$2,550,000, or • the reimbursement rate of the participating facility or specialty pharmacy. 2. Members with an HSA must have met the applicable minimum deductible required for a high deductible health plan. <p>eviCore’s Embarc Benefit Protection and PMPM charge do not apply to a plan that:</p>	<p>having fully recovered the outstanding balance created by any prior year deficits. The refund, in any, will be determined on an eviCore Embarc benefit Protection book-of-business basis. The refund will be provided by March 31st of the following year.</p> <p>Assuring Transparency: After the refund is made for a particular calendar year, eviCore will, upon request, provide Embarc Benefit Protection book-of-business information for that calendar year.</p>
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	<ul style="list-style-type: none"> i. does not cover either or both drugs; ii. covers both drugs exclusively under its pharmacy benefits which are not administered by CHLIC, or iii. does not utilize an eviCore participating provider. <p>Upon Employer’s request on or after the Effective Date, CHLIC shall provide to Employer an updated drug list, if applicable.</p> <p>CHLIC may revise charges/fees by giving Employer at least thirty (30) days’ prior written notice.</p>	
OTHER VENDORS AND HEALTH CARE SERVICES PROVIDERS		
	<p>The fixed per person per period and/or fee-for-service charges that CHLIC has directly or indirectly negotiated with Participating Providers for in-network health care services and/or supplies will be charged to the Bank Account and will be used in calculating any applicable Member cost-sharing. In addition, performance-based payments to Participating Providers will be charged to the Bank Account. Such payments will be at the payment rates then in effect, which may be amended from time to time.</p> <p>For certain types of specialty care, including, but not limited to, home health care, durable medical equipment, sleep management, high tech radiology, chiropractic care, acupuncture, physical medicine (such as physical and occupational therapy), speech therapy, orthotics and prosthetics, implants, and hearing, in certain markets CHLIC may contract with various third parties and/or affiliated companies, including eviCore, (“Specialty Vendors”) to arrange for the provision of care through their own networks of health care providers on a fee-for-service basis. In addition to arranging for care through their own networks of providers, these Specialty Vendors may also provide additional services, including utilization management services and case management services designed to (i) improve adherence to coverage guidelines; and (ii) contain overall healthcare costs to the Plan. Specialty Vendors are included within the definition of “Participating Provider” set forth in this Agreement and in any benefit booklet covering the Plan.</p> <p>When care is arranged through a Specialty Vendor’s network of providers, the form of</p>	<p>All Products</p>

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	<p>reimbursement to the Specialty Vendor will be through one of the following methods:</p> <ul style="list-style-type: none">• <u>Fee-For-Service Payment</u>: In certain instances, the Plan will pay the Specialty Vendor rather than the treating provider on a fee-for-service basis as a claim for Plan Benefits. The Specialty Vendors' fee-for-service charges may be higher than the amounts that the Specialty Vendor contracts to pay the provider for the provision of any particular service or supply, and some portion of the Specialty Vendor's charges may be attributable to the services that the Specialty Vendor provides in addition to those services or supplies provided by the Specialty Vendor's network of providers, including any utilization management services and case management services. In such instances, Plan Benefits and member cost-share will be determined based on the Specialty Vendor's charges according to Plan terms.• <u>Administration Capitation Payment</u>: In certain instances, the Plan will pay the Specialty Vendor a fee on a per member/per month basis for arranging care and other services that the Specialty Vendor may render. Such reimbursement will be in addition to the amount that the Plan pays to reimburse the provider through which the Specialty Vendor arranged for the provision of the service or supply, which will be based on the Specialty Vendor's contracted rate with that provider. In such instances, Plan Benefits and member cost-share will be determined based on the rate that the Specialty Vendor contracted to pay the provider for the provision of the service or supply.• <u>All-Inclusive Capitation Payment</u>: In certain instances, the Plan will pay the Specialty Vendor a fee on a per member/per month basis that covers (i) the services that the Specialty Vendor may render, including arranging care, and (ii) the fees charged by the provider through which the Specialty Vendor arranged for the provision of the service or supply. In such instances, Plan Benefits and member cost-share will be determined based on the rate that the Specialty Vendor contracted to pay the provider for the provision of the service or supply. <p>CHLIC's arrangements with Specialty Vendors are subject to change at any time, and upon request, additional information can be provided that identifies current Specialty Vendors, their area of specialty(ies), whether they are CHLIC affiliates, and the form of payment that they currently receive.</p>	
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NOTICE REGARDING PAYMENTS FROM THIRD PARTIES		
<p>Rebate and Other Remuneration Disclosure (Pharmacy)</p>	<p>CHLIC or its affiliates may contract with pharmaceutical manufacturers or other third parties for Rebates, Manufacturer Administrative Fees, and other remuneration on its or their own behalf and for its and their own benefit, and not on behalf of Employer or the Plan. Accordingly, unless otherwise specified in this Schedule of Financial Charges, CHLIC and its affiliates retain all right, title and interest to any and all actual Rebates, Manufacturer Administrative Fees, and other remuneration received from manufacturers or other third parties; neither Employer, its Members, nor Employer’s Plan retains any beneficial or proprietary interest in any such remuneration, which shall be considered part of the general assets of CHLIC and its affiliates. As an example of the remuneration other than Rebates or Manufacturer Administrative Fees that CHLIC or its affiliates may earn, CHLIC or its affiliates may also directly or indirectly earn from pharmaceutical manufacturers remuneration in connection with value payments and/or services that CHLIC provides to Employer (“Value-Based Payments”). Notwithstanding anything in this Agreement to the contrary, any Value-Based Payments earned by CHLIC or its affiliates are separate and apart from any Rebates or Manufacturer Administrative Fees that CHLIC or its affiliates directly or indirectly earn from pharmaceutical manufacturers, and CHLIC and its affiliates may retain any Value-Based Payments it earns. As examples of the value payments and/or services that CHLIC may provide to Employer in connection with Value-Based Payments that CHLIC or its affiliates may earn, CHLIC may provide care management or related services to Employer and/or remit to Employer monetary credits if Members discontinue therapy on certain pharmaceutical products. Information regarding any services, and/or monetary credits or other financial value, for which Employer may be eligible with respect to specific pharmaceutical products or therapeutic classes/conditions, including the products for which monetary credits or other financial value may be available to Employer, the amount of that value, and other payment terms, is available upon request. Any value payments and/or services provided by CHLIC to Employer are subject to change or termination by CHLIC as the value program(s), if any, offered by CHLIC change(s) or terminate(s).</p> <p>Information on the projected aggregate amount of such Rebates with respect to the Plan Pharmacy Benefit will be provided upon request.</p> <p>This provision shall survive termination or expiration of the Agreement.</p>	<p>All Pharmacy Products</p>

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<p>Implementation/Referral Fee Disclosure</p>	<p>From time to time, CHLIC, directly or through its affiliates, arranges with third parties (e.g., service vendors, provider network managers) to provide various services (e.g., cost-containment services or health care services) in connection with the Plan. CHLIC and its affiliates may receive payments from such third parties to help defray CHLIC's expenses associated with its implementation and/or ongoing administration of these arrangements or as a reimbursement for services or network access provided to such parties by CHLIC. CHLIC may also receive compensation from third-party vendors that Employer may retain based upon a referral from CHLIC or that Members may utilize following an introduction facilitated by CHLIC or an affiliate. CHLIC may also receive:</p> <ul style="list-style-type: none"> • network administration fees from some providers participating in its provider network, • credits from banks on balances in accounts utilized to administer claims, • non-material incidental compensation/benefits from other source as a result of administering the Plan. 	<p>All Products</p>
<p>COMPLIANCE ASSISTANCE</p>		
	<p>CHLIC shall provide the following services to assist Employer in meeting its compliance obligations under section 2715 of the Public Health Service Act as added by the Patient Protection and Affordable Care Act and applicable regulations with respect to the provision of the Summary of Benefits and Coverage (“SBC”), translation notice and glossary. Applicable to all medical plans including HRA and FSA which are considered "group health plans" subject to the SBC requirements.</p>	
<p>1.</p>	<p>Preparation of SBC, translation notice. CHLIC will not be responsible for any changes that Employer makes to the SBC.</p>	<p>No charge</p>
<p>2.</p>	<p>Provide SBC, translation notices prepared by CHLIC to Employer electronically as well as any updates or material modifications.</p>	<p>No charge</p>
<p>3.</p>	<p>Include in SBC a summary of benefits administered by carve-out vendor if Employer or carve-out vendor provides CHLIC with necessary carve-out benefit information at least twelve (12) weeks prior to the date the SBCs are to be delivered to Employer.</p>	<p>\$500 for each benefit option under the Plan for which carve-out vendor benefits are included in SBC</p>

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ADDITIONAL SERVICES		
Service	Description	Charge
Pharmacy Clinical Program(s)	<p>inMynd - is a clinically-based Member and provider comprehensive behavioral health program that includes regular retrospective review of pharmacy and medical claim data to identify certain "at risk" (i.e., members with complex psychiatric conditions using multiple psychotropic medications) member utilization patterns to help both members and providers better recognize, treat and support mental and behavioral health conditions.</p> <p>Narcotics Therapy Management - is a clinically-based provider program that consists of a quarterly, retrospective review of pharmacy and medical claims data which helps to identify those individuals with utilization patterns that may be indicative of risk of substance abuse, overdose, or diversion.</p>	Included at No Additional Cost
Pharmacy Utilization Management Program (Opioid medications and Specialty Drugs)	In administering the Pharmacy Benefit, CHLIC shall apply quantity limits, prior authorization and/or step therapy requirements to certain Specialty Drugs, opioid medications, or other products identified for safety/clinical reasons.	For All Products: Included in Pharmacy Administration Fee
Clinical Program	A targeted condition medication therapy management program in which CHLIC provides support for Members using specialty medications for certain chronic conditions and that are obtained or administered at retail pharmacies or outpatient, office or home health care settings. As part of the program, Members are counseled on their condition, medication side effects, and importance of adherence. For the sake of clarity, if a specialty pharmacy affiliate of CHLIC provides therapy management for specialty medications the pharmacy dispenses to Members, then it does so in its capacity as a specialty pharmacy and not on behalf of CHLIC; CHLIC does not exert direction or control over the pharmacists at any specialty pharmacy affiliate.	Included at No Additional Cost

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SafeGuardRx Program	A medication therapy management and cost containment program for select therapeutic conditions such as but not limited to oncology, inflammatory conditions, and multiple sclerosis and select drugs within therapeutic categories. This program seeks to help reduce drug therapy costs through its program offerings. For example, employers may qualify for the payment of discontinuation drug therapy credits and/or the reimbursement of drug therapy through drug cost caps, on select medications and therapeutic conditions. This program may also provide for Member outreach or counseling on select medications. CHLIC reserves the right to revise, modify, or terminate this program, in whole or in part, at any time. Additional and specific program information is available upon request.	Included at No Additional Cost
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Exhibit B – Services

BANKING AND ADMINISTRATION		
Excluding Health Savings Account		
	Furnishing CHLIC’s standard Bank Account activity data reports to Employer as and when agreed upon. CHLIC’s administration of the Plan does not include performing obligations, if any, under state escheat or unclaimed property laws. It is Employer’s responsibility to determine the extent to which these laws may apply to the Plan and to comply with such laws.	All Products
	<p>If Employer has elected, pursuant to section 63 of the New York Health Care Reform Act of 1996 (section 2807-t of the Public Health Law) ("the Act"), to pay the assessment on covered lives set forth in section 63 and has consented to the conditions set forth in section 63, CHLIC shall file such forms and pay such surcharge and assessment on covered lives on behalf of Employer through the Bank Account to the extent set forth in section 63. Such obligation shall end immediately upon Employer's failure to provide any information required by CHLIC to fulfill this obligation, the failure to comply with any requirement imposed upon Employer pursuant to the Act or the failure of Employer to sufficiently fund the Bank Account.</p> <p>In addition, where permitted and agreed to by CHLIC, CHLIC will file applicable forms and pay on behalf of Employer and/or the Plan any assessment, surcharge, tax or other similar charge which is required to be made by Employer and/or the Plan based on covered lives and/or paid claims or otherwise in accordance with and as required by other applicable state and/or federal laws and regulations and the Bank Account will be charged for any such payments made by CHLIC. CHLIC’s obligation to pay on behalf of Employer shall end immediately upon Employer’s failure to sufficiently fund the Bank Account.</p>	All Pharmacy Products
CLAIM ADMINISTRATION		
Excluding Health Savings Account		
	Calculate benefits, check and/or electronic payments disbursed from the Bank Account. Bank Account payments will appear in Employer’s standard Bank Account activity data reports.	All Products
	CHLIC’s generic claim forms are made available to Employer and eligible individuals.	All Products
	CHLIC’s Special Investigations Unit will investigate, pend, recommend denial of claims in whole or in part, and/or reprocess claims, as appropriate.	All Products
	Discuss claims, when appropriate, with providers of health services.	All Products

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	Perform, based on CHLIC’s book of business internal audits of plan benefit payments on a random sample basis.	All Products
	Claim control procedures reported annually in Statement on Standards for Attestation Engagements (SSAE) No. 18 Report (or any applicable successor thereto).	All Products
	Respond to Insurance Department complaints.	All Products
	Designated toll-free telephone line for Member and Provider calls to CHLIC Service Centers.	All Products
	Verify enrollment and eligibility using Member information submitted by Employer and/or its authorized agent.	All Products
PLAN BOOKLET		
	Prepare and make accessible Member benefit booklet drafts to Employer.	All Products
UNDERWRITING SERVICES		
	5500 Schedule C reporting.	All Products
	5500 Schedule A or Annual Reconciliation Disclosure reporting (when applicable)	All Products
	CHLIC’s standard Underwriting services: a) benefit design analysis b) projected cost analysis.	All Products
HIPAA INDIVIDUAL RIGHTS		
	Handling of requests from Members for access to, amendment and accounting of protected health information, and requests for restrictions and alternative communications as required under federal HIPAA law and regulations, as set out in this Agreement and its Exhibits.	All Products
COST CONTAINMENT		
	Pharmacy Cost Containment, as described in the Schedule of Financial Charges.	All Pharmacy Products
REPORTING		
	Summary reports of medical and pharmacy cost and utilization experience (where applicable), upon completion of internal report generation, are available through Cigna's web site, CignaforEmployers.com.	All Pharmacy Products
	CHLIC’s standard pharmacy utilization reports.	Pharmacy Product Only

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	Claim Reporting: CHLIC will provide standard banking and financial report information based upon paid claim data. CHLIC will not provide information on incurred-but-not reported claims, projected claims, pre-certifications of coverage, case management information or information on a Member’s prognosis or course of treatment.	All Pharmacy Products
NETWORK MANAGEMENT SERVICES		
	CHLIC, and/or its affiliates or contracted vendors shall:	
	Provide or arrange access to the applicable network of Participating Providers to furnish health care services/products to Members at negotiated rates and methods of reimbursement (e.g. fee-for service, fixed per person per period, per diem charges, incentive bonuses, case rates, withholds etc.). The amount and type of negotiated reimbursement may vary depending upon the type of plan. For example, a hospital may accept less for patients enrolled in certain types of plans than others. In addition, CHLIC may contract with Participating Providers and other parties (for example Independent Practice Associations) for performance-based incentive payments to promote quality of care, patient safety and cost efficiency.	All Pharmacy Products
	Credential and re-credential Participating Providers in accordance with CHLIC’s credentialing requirements and ensure that third-party network vendors credential/re-credential Participating Providers in accordance with CHLIC’s requirements;	All Pharmacy Products
	Monitor Participating Provider compliance with protocols and procedures for quality, Member satisfaction, and grievance resolution;	All Pharmacy Products
	Facilitate the identification of Participating Providers by Members; and	All Pharmacy Products
	Designated toll-free telephone line for Member and Provider calls to CHLIC Service Centers.	All Pharmacy Products

Appendix A – Pharmacy Benefit Management Services

PHARMACY BENEFIT MANAGEMENT - DEFINITIONS

Definitions

Any capitalized term not defined below shall have the meaning given to such term in the Agreement. Any capitalized term utilized in the Schedule of Financial Charges or Exhibit B shall have the meaning given to such term in the Agreement, including the meanings set forth below.

- "Actuarially Estimated" shall mean that the discount(s) listed in the Schedule of Financial Charges are estimated, but not guaranteed, to result in a particular average discount for Covered Drugs administered by CHLIC under this Agreement. Actuarially estimated discounts are calculated based on evaluation of an expected distribution of drug utilization across CHLIC's aggregate group client book of business. As measured in the aggregate for Employer's Pharmacy Benefit, Employer's average discount results may vary based on the Plan-specific factors such as drug mix utilization.
- "Authorized Generic" shall mean a pharmaceutical product sold, licensed, or marketed under a new drug application (NDA) approved by the Food and Drug Administration (FDA) under section 505(c) of the Federal Food, Drug and Cosmetic Act (FFDCA) that is marketed, sold or distributed under a different labeler code, product code, trade name, trademark, or packaging (other than repackaging the listed drug for use in institutions) than the innovator brand name drug.
- "Average Wholesale Price" or "AWP" shall mean the average wholesale price of a Covered Drug as established and reported by Medi-Span. The applied AWP of a Covered Drug shall be the AWP for the actual eleven (11) digit National Drug Code ("NDC"), Covered Drug specific, quantity appropriate actual package size (or the manufacturer-packaged quantity closest to the dispensed size), submitted by a Retail Pharmacy, Home Delivery Pharmacy, or Specialty Pharmacy at the time that the Covered Drug is adjudicated. Notwithstanding any other provision in this Agreement, in the event of any major change in market conditions affecting the pharmaceutical or pharmacy benefit management market, including, for example, any change in the markup, methodologies, processes or algorithms underlying the published AWP(s), CHLIC may adjust any or all of the Rebates, charges, rates, discounts, guarantees and/or fees in connection with CHLIC's administration of the Pharmacy Benefit hereunder, including any that are based on AWP, as it reasonably deems necessary to preserve the economic value or benefit of this Agreement to CHLIC as it existed immediately prior to such change. Additionally, and notwithstanding any other provision in this Agreement, CHLIC may replace AWP as its pharmaceutical pricing benchmark with an alternative benchmark and/or may replace Medi-Span, or other such publication, as its source for the AWP or alternative benchmark with a different pricing source, provided that CHLIC adjusts any or all such AWP-based charges or such alternative benchmark-based charges as it reasonably deems necessary to preserve the economic value or benefit of this Agreement to CHLIC as it existed immediately prior to such replacement or immediately prior to the event(s) giving rise to such replacement, as the

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case may be.

- "Biosimilar" shall mean a biological product that is licensed by the FDA as a biosimilar pursuant to Section 351(k) of the Public Health Service Act, 42 U.S.C. 262(k), based upon a showing that it is highly similar to a single FDA-licensed biological product, known as a reference product, and has no clinically meaningful differences compared to the reference product in terms of safety, purity, and potency. A biosimilar biological product may be licensed by the FDA as biosimilar or interchangeable, and in either case such biological product is a Biosimilar for the purposes of this Agreement.
- "Brand Drug" shall mean a pharmaceutical product, including a Covered Drug that is a prescription drug, including over-the-counter drugs dispensed pursuant to a prescription, medicine, agent, substance, device, supply or other therapeutic product that is not a Generic Drug. Except if and where the language expressly states otherwise, a Brand Drug does not include a Specialty Brand Drug for ingredient cost discount purposes.
- "Cigna Home Delivery Pharmacy" shall mean a duly licensed pharmacy operated by CHLIC or its affiliates, where prescriptions are filled and delivered via the mail service, which may include, for example, Accredo Health Group, Inc., ESI Mail Pharmacy Service, Inc., Express Scripts Pharmacy Inc., Express Scripts Specialty Distribution Services, Inc. and Lynnfield Drug, Inc. (dba Freedom Fertility Pharmacy).
- "Claim," for purposes of this Appendix A, is a claim or request for coverage under the Pharmacy Benefit.
- "Compound Drug" shall mean a medication that (a) is comprised of two or more gaseous, solid, semi-solid, or liquid ingredients (other than water or flavoring added to any preparation) that are weighed or measured at a pharmacy and then prepared according to the prescriber's order and the pharmacist's art; (b) contains at least one FDA-approved federal legend drug as an active ingredient; (c) is not otherwise generally available in its compound form; and (d) is not a compound preparation administered by infusion or injection.
- "Covered Drugs" shall mean prescription drugs, including over-the-counter drugs dispensed pursuant to a prescription, biologics, medicines, agents, substances, devices, supplies, and other therapeutic products that are prescribed for Members and are covered under the Pharmacy Benefit and shall include all associated standard services usually and customarily rendered by a pharmacy or provider in the normal course of business, including dispensing, administration, counseling and product consultation.
- "Dispensing Fee" means an amount paid to a pharmacy for providing professional services necessary to dispense a Covered Drug to a Member.
- "FDA" shall mean the U.S. Food and Drug Administration.

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- "Formulary" shall mean the list of FDA-approved prescription drugs and supplies developed and managed by CHLIC across its self-funded and insured group book of business and that is selected and adopted by Employer. The drugs and supplies included on the Formulary will be modified by CHLIC from time to time as a result of factors including, but not limited to, economic and clinical factors like clinical appropriateness, manufacturer Rebate arrangements and patent expirations. Any changes CHLIC makes to the Formulary are hereby adopted by Employer, subject to Employer's discretion to elect not to implement any such addition or deletion through the set-up process, any such election shall be considered an Employer change to the Formulary.
- "Generic Drug" means a pharmaceutical product, including a Covered Drug, whether identified by its chemical, proprietary, or non-proprietary name, that is accepted by the FDA as therapeutically equivalent and interchangeable with drugs having an identical amount of the same active ingredient(s), and which is identified as such in CHLIC's master drug file using indicators from First Databank, Medi-Span, or other nationally recognized source as used by CHLIC across its book of business on the basis of a proprietary algorithm, a summary of which may be made available for review by Employer or, subject to CHLIC's consent, its auditor upon request in accordance with the terms set forth in this Appendix A. Employer and, as applicable, its auditor shall sign a confidentiality agreement acceptable to CHLIC relating specifically to such summary. The reference to a drug by its chemical name does not necessarily mean that the product is recognized as a generic for adjudication, pricing or copay purposes. Except if and where the language expressly states otherwise, a Generic Drug does not include a Specialty Generic Drug for ingredient cost discount purposes. For pricing purposes, a Generic Drug excludes a Covered Drug that is either marketed under one (1) Abbreviated New Drug Application pursuant to 21 U.S.C. §355, and its implementing regulations, or cannot be purchased by the pharmaceutical industry at large from more than one (1) pharmaceutical wholesaler. For pricing purposes, a Generic Drug also excludes a Biosimilar.
- "Limited Distribution Drug" or "Exclusive Distribution Drug" shall mean a Specialty Drug that is not generally available from most or all pharmacies but is restricted to select pharmacies as determined by a pharmaceutical manufacturer. The list of Limited Distribution Drugs and Exclusive Distribution Drugs will be maintained by CHLIC.
- "Maximum Allowable Charge" shall mean the maximum unit price for a Covered Drug included on the applicable MAC List as set forth on such MAC List.
- "MAC List" shall mean a then-current list maintained by CHLIC of prescription drugs, devices, supplies and over-the-counter drugs identified as readily available as a Generic Drug or generally equivalent to a Brand Drug (in which case it may also be on a MAC List) and that, in each case, are deemed to require or are otherwise capable of pricing management due to the number of manufacturers, utilization and/or pricing volatility.
- "Manufacturer Administrative Fees" shall mean administrative fees paid by pharmaceutical manufacturers to CHLIC or its affiliate or subcontractor directly in connection with administering, invoicing, allocating and collecting Rebates.

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- "Pharmacy Benefits" shall mean amounts payable for covered pharmacy benefit services and products under the terms of the Plan; Pharmacy Benefits shall be considered Plan Benefits for purposes of this Agreement.
- "P&T Committee" shall mean a committee comprised of clinicians that represent a range of clinical specialties. The committee regularly reviews pharmaceutical products, new pharmaceutical products, for safety and efficacy, the findings of which clinical reviews inform coverage status decisions made by CHLIC. The P&T Committee's review may be based on consideration of, without limitation, FDA-approved labeling, standard medical reference compendia, or scientific studies published in peer-reviewed English-language bio-medical journals.
- "PBM Proprietary Information" shall mean information relating to CHLIC's pharmacy benefit management products and services, including, without limitation, CHLIC's reporting and web-based applications, eligibility and adjudication systems and coding methodologies, system formats and databanks, clinical or formulary management operations or programs, information and agreements relating to Rebates and other financial information, prescription drug evaluation criteria and coverage policies, drug pricing information, including MAC List and Specialty Drug pricing, paid Claims information integrated into CHLIC's adjudication systems, and pharmaceutical manufacturer, vendor or pharmacy network agreements.
- "Prescription Drug Charge" shall mean the amount that, prior to application of the Plan's cost-share requirement(s), Employer is obligated to pay for a Covered Drug dispensed at a Retail Pharmacy or Cigna Home Delivery Pharmacy, including any ingredient cost, applicable Dispensing Fee, service fee, and tax. The ingredient cost charged to Employer may be expressed as, for example, a discount off of AWP or other benchmark price, or a MAC.
- "Rebate" shall mean retrospective formulary rebates received by CHLIC pursuant to the terms of a formulary rebate contract negotiated independently and directly attributable to or arising from the utilization by Members of certain Covered Drugs manufactured, sold, marketed, or distributed by a manufacturer.

However, "Rebates" shall exclude: (i) pricing adjustments, payments and credits made in the ordinary course by any manufacturer on account of product returns, delivery errors or shipping damage or losses arising from drugs and other products purchased from such manufacturer by or on behalf of CHLIC (ii) pricing discounts paid or credited by a manufacturer to pharmacies affiliated with CHLIC for prescription drugs and other products purchased from such manufacturer; (iii) any fees or other compensation paid by any manufacturer in consideration of any services, products, activities or programs performed, provided or implemented by CHLIC or any of its affiliates for such manufacturer; (iv) Manufacturer Administrative Fees; (v) Value-Based Payments; (vi) any rebates or other amounts that are allocated to reduce and/or partially or wholly satisfy a Member's cost-sharing obligation for a Covered Drug; and (vii) rebates or other amounts paid to CHLIC for prescription drugs that are administered or otherwise provided to Members in providers' offices, home health care settings, or outpatient clinics.

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- "Retail Pharmacy" shall mean any licensed retail pharmacy with which CHLIC has contracted directly or indirectly with a third party, to provide Covered Drugs to Members, and is not a mail order pharmacy. A mail order pharmacy is a pharmacy that primarily fills and delivers pharmaceutical products via the mail service. The term "Retail", when immediately preceding the term "Brand Drug Claim", "Generic Drug Claim", "Specialty Drug Claim", "Specialty Brand Drug Claim", or "Specialty Generic Drug Claim" means that the resulting term (e.g., "Retail Brand Drug Claim") refers to such claim as dispensed by a Retail Pharmacy.
- "Specialty Drug" shall mean a pharmaceutical product, including a Covered Drug, considered by CHLIC to be a Specialty Drug based on consideration of the following factors: (i) whether the pharmaceutical product is prescribed and used for the treatment of a complex, chronic or rare condition; (ii) whether the pharmaceutical product has a high acquisition cost; and, (iii) whether the pharmaceutical product is subject to limited or restricted distribution, requires special handling and/or requires enhanced patient education, provider coordination or clinical oversight. A Specialty Drug may not possess all or most of the foregoing characteristics, and the presence of any one such characteristic does not guarantee that a pharmaceutical product will be considered a Specialty Drug. The term "Specialty," when immediately preceding the terms "Generic Drug" or "Brand Drug", means that the resulting term (e.g. "Specialty Generic Drug") refers to a Generic Drug or Brand Drug that is considered a Specialty Drug, respectively.
- "Specialty Pharmacy" shall mean a duly licensed pharmacy designated by or operated by CHLIC or its affiliates that primarily dispenses Specialty Drugs or provides services related thereto; provided, however, that when the Cigna Home Delivery Pharmacy dispenses a Specialty Drug, it shall be considered a Specialty Pharmacy hereunder.
- "U&C Charge" shall mean the price the applicable Retail Pharmacy would charge a regular cash-paying customer for a Covered Drug (and any services related to the dispensing thereof) on the day on which the Covered Drug is dispensed.

PHARMACY BENEFIT MANAGEMENT - SERVICES TO BE PROVIDED

1. Retail Pharmacy Network.

- (a) General. CHLIC shall maintain a Retail Pharmacy network. Retail Pharmacies included in the network shall provide Covered Drugs to which the Retail Pharmacies have access to Members during their normal business hours. A list of the Retail Pharmacies included in the network, as updated from time to time, shall be made available to Members online. CHLIC maintains multiple networks and/or sub-networks and may periodically consolidate networks and/or migrate clients, including Employer, between networks and sub-networks. CHLIC shall require each Retail Pharmacy included in the network to meet its requirements for participation in the Retail Pharmacy network, which include, but are not limited to, satisfaction of licensing and insurance requirements.
- (b) Retail Pharmacy Audits and Overpayments. CHLIC shall review 100% of all claims, with each claim to be reviewed by either desk audit or field audit as determined through the use of random risk based predictive model to ensure that each Retail Pharmacy

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is complying with the terms of its contract with CHLIC. In the event that CHLIC discovers that an overpayment has been made to a Retail Pharmacy, CHLIC shall take reasonable steps to recover the overpayment pursuant to the terms of this Agreement.

- (c) Independent Contractors. The Retail Pharmacies are independent contractors, and as such CHLIC does not direct or exercise any control over the pharmacists at Retail Pharmacies or the professional judgement exercised by any pharmacies in the dispensing or filling of prescriptions or performing other pharmaceutical services. Neither CHLIC nor any CHLIC affiliate shall have any liability to Employer, any Member or any other person or entity for any act or omission of any Retail Pharmacy or its agents or employees.
- (d) Collection of Cost Sharing. CHLIC shall require Retail Pharmacies to collect all applicable Plan cost-shares from Members.

2. Cigna Home Delivery Pharmacy.

- (a) General. Members may submit new or refill prescription orders for fulfillment through Cigna Home Delivery Pharmacy or such other mail service pharmacy that CHLIC in its sole discretion may select from time to time. Such orders may be placed via mail, telephone, or electronic means. Subject to Applicable Law, Employer shall permit communication with Members regarding the availability and use of the Cigna Home Delivery Pharmacy, and potential cost savings associated therewith, and the provision of supporting services (e.g. pharmacist consultation) in connection with any prescription dispensed by the Cigna Home Delivery Pharmacy. Cigna Home Delivery Pharmacy shall deliver all drugs to Members in accordance with its standard procedures. For the purposes of clarity, CHLIC does not exert direction or control over the pharmacists at Cigna Home Delivery Pharmacy in filling prescriptions or performing other pharmaceutical services.
- (b) Cost Sharing. Members are responsible for the payment of the applicable cost sharing to Cigna Home Delivery Pharmacy for each prescription or prescription refill. Employer acknowledges that Cigna Home Delivery Pharmacy may suspend services to a Member who is in default of any cost-sharing obligations, in accordance with Cigna Home Delivery Pharmacy's standard credit policy. If payment of such cost-sharing has not been received from the Member within one hundred twenty (120) days of dispensing of the product, the Plan will be billed for the outstanding amount following the one hundred twenty (120) day collection period.
- (b) Affiliation with CHLIC. Accredo Health Group, Inc., ESI Mail Pharmacy Service, Inc., Express Scripts Pharmacy Inc., Express Scripts Specialty Distribution Services, Inc. and Lynnfield Drug, Inc. (dba Freedom Fertility Pharmacy) are licensed pharmacy affiliates of CHLIC that fill and deliver Covered Drugs via the mail service.

3. Claims Processing.

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- (a) General. CHLIC, in accordance with Section 2 of the Agreement, shall perform claims processing services for Covered Drugs dispensed by Retail Pharmacies or Cigna Home Delivery Pharmacy. In-network Claims shall be submitted via paper or electronically. Members using out-of-network covered services are required to submit a paper claim form. A separate charge may apply for the submission of any paper claim form, whether in-network or out-of-network. CHLIC is not required to provide coordination of benefits (COB) services for Claims for drugs dispensed, and electronically processed, at a pharmacy; Claims may be processed without consideration of a Member's coverage under another plan.
 - (b) Drug Utilization Review. CHLIC shall perform a concurrent Drug Utilization Review (“DUR”) analysis of each prescription submitted for processing. Such DUR Analysis may include, for example: (1) prescribed dosage within a safe range; (2) drug-to-drug interaction; (3) drug-to-allergy interaction; (4) age-to-drug interaction; (5) duplicate therapy; (6) quantity limitations; and (7) days' supply. DUR processes shall not override the prescriber's, the pharmacist's or other health care provider's professional judgment.
4. Utilization Management Program. CHLIC shall, in accordance with Section 2 of the Agreement administer the Pharmacy Benefit utilization management program(s) identified in this Agreement. Employer acknowledges that CHLIC's coverage policies and claims administration procedures, which are utilized across CHLIC's self-funded and insured book-of-business to adjudicate claims and administer appeals, may change periodically. As an example of the coverage criteria that may apply to a pharmaceutical product, a Member may have to try one or more preferred pharmaceutical products, or demonstrate why trying the preferred pharmaceutical product(s) would be clinically inappropriate, in order to obtain coverage under the Plan for a given pharmaceutical product Employer further authorizes CHLIC to allow coverage for a use that would otherwise be excluded in the event of co-morbidities, complications and other factors not expressly addressed by the coverage policies utilized by CHLIC in reviewing Claims for coverage. CHLIC may rely wholly upon information about the Member and the prescriber’s diagnosis of the Member’s condition. CHLIC shall not substitute its judgment for the judgment of the prescribing physician, nor shall it determine medical necessity or make other medical determinations other than for coverage purposes.
5. Rebate Management. CHLIC shall pay Employer amounts equal to the Rebate amounts specified in the Schedule of Financial Charges.
6. Drug-Related Services.
- (a) Specialty Drugs. CHLIC shall process Claims regarding Specialty Drugs subject to the following provisions:
 - (1) The Specialty Pharmacy shall fill prescriptions for Specialty Drugs based on the professional judgment of the dispensing pharmacist, accepted pharmacy practices and product guidelines.

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- (2) A list of Specialty Drugs available via the Specialty Pharmacy and the pricing for those Specialty Drugs shall be made available as in effect on the Effective Date, as set forth in Appendix B. After the Effective Date, Employer may request that CHLIC provide it with an updated list of Specialty Drugs available via the Specialty Pharmacy and the pricing with respect thereto.
- (3) To the extent acting in the capacity as a mail order pharmacy, the Specialty Pharmacy shall ship Specialty Drugs to Members in accordance with its standard procedures.
- (4) Members are responsible for the payment of the applicable cost sharing to the Specialty Pharmacy for each prescription or prescription refill. Employer acknowledges that the Specialty Pharmacy may suspend services to a Member who is in default of any cost-sharing obligations, in accordance with the Specialty Pharmacy's standard credit policy. If payment has not been received from the Member within one hundred twenty (120) days of dispensing, the Plan will be billed following the one hundred twenty (120) day collection period.
- (5) For the purposes of clarity, CHLIC does not exert direction or control over the pharmacists at the Specialty Pharmacy in filling prescriptions or performing other pharmaceutical services.

- (b) Compound Drugs. CHLIC shall process prescribed Compound Drugs to the extent covered under the Plan. CHLIC shall treat as Covered Drugs only those components of a Compound Drug that would otherwise be treated as Covered Drugs were they not part of a Compound Drug.

7. Member Communications and Services

- (a) Member Communication. CHLIC shall provide to Members an ID card and instructions to access Member materials online, including the Formulary, the Retail Pharmacy directory, Cigna Home Delivery Pharmacy information, and an out-of-network Claim reimbursement form.
- (b) Rx Savings Messenger. CHLIC may send personalized mailings to Members regarding the Generic Drugs and preferred Brand Drugs and savings available from Cigna Home Delivery Pharmacy.
- (c) Call Center. CHLIC shall maintain toll-free customer service lines twenty-four (24) hours per day, seven (7) days per week for the purpose of responding to inquiries from Members regarding Retail Pharmacy, Cigna Home Delivery Pharmacy or Claims issues.

8. Formulary Management; Clinical Programs; Other Services

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CHLIC shall provide Formulary management services, which shall include implementing Formulary placement decisions and determinations to apply utilization management requirements made by CHLIC. CHLIC makes Formulary determinations based on consideration of clinical and economic factors. Clinical factors may include, but are not limited to, the CHLIC P&T Committee's evaluation of the place in therapy, relative safety or relative efficacy of the drug, as well as whether certain supply limits or other utilization management requirements should apply. Economic factors may include, but are not limited to, the drug's acquisition cost including, but not limited to, assessments on the cost effectiveness of the drug and available Rebates. Employer acknowledges that the Formulary, utilization management requirements, and coverage policies used by CHLIC to perform coverage reviews, including any changes made thereto, are adopted by Employer. When considering a drug for Formulary placement or other coverage conditions, CHLIC reviews clinical and economic factors regarding enrollees as a general population across its relevant book-of-business. CHLIC may also provide the clinical, safety and/or trend programs, or other programs and services to Employer, some of which may require payment of additional fees by Employer. If additional fees are required for such a program or service, CHLIC shall include the fee in the Schedule of Financial Charges or otherwise communicate the same in writing to by Employer.

PHARMACY BENEFIT MANAGEMENT - PROGRAM OPERATIONS

1. Implementation of Agreement.

- (a) Project Plan. Employer and CHLIC shall develop an agreed upon implementation project plan with respect to the Agreement prior to the Effective Date or prior to the implementation with respect to any new Pharmacy Benefit under this Agreement following the Effective Date.
- (b) Initial Data and Commencement of Pharmacy Benefit Management Services. Prior to the Effective Date, Employer shall provide CHLIC with all data and/or documentation necessary for CHLIC to provide the services specified in this Agreement. Such data and/or documentation shall include, but is not necessarily limited to, claims history and Member prior authorization history. Assuming all data specified in the preceding sentence is received sufficiently in advance of the Effective Date, CHLIC shall commence providing services under this Agreement as of the Effective Date.

2. Timely Provision of Data by Employer. Employer acknowledges that CHLIC shall not be held responsible for, and shall be released from, fulfilling any obligation or performing any service under this Agreement if Employer or its designee does not provide accurate information in a timely manner.

3. Reporting. CHLIC shall make available to Employer CHLIC's standard reporting applications, subject to Applicable Law and Exhibit D, including, without limitation, HIPAA and state privacy laws.

4. Claims Data.

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- (a) Retention. CHLIC shall retain data with respect to Claims for at least ten (10) years from the date the prescription is filled. Following the close of such retention period, CHLIC shall retain and dispose of such Claims data pursuant to its then-current standard policies and procedures, Applicable Law and the Business Associate Agreement described in the Agreement.
- (b) Disclosure to Vendor. Upon Employer's written request and subject to execution of a non-disclosure agreement acceptable to CHLIC, CHLIC shall provide prescription Claims data in its standard format to a vendor contracted with Employer and otherwise acceptable to CHLIC solely for the purposes of such vendor's support of Plan administration functions. Employer agrees that its vendors may not utilize Claims data for any other purpose, including, without limitation, developing products and services, analyzing the Claims data against market benchmarks or CHLIC competitors or adding to a normative database (even if de-identified and/or blinded as to Member and PBM/carrier) for the Employer's or vendor's commercial use. Employer shall be responsible for any use or disclosure of Claims data, or any services provided, by the vendor. Notwithstanding the foregoing, all audits of any pricing guarantees, Rebate-sharing obligations or Claims processing accuracy shall be conducted in accordance with the terms in this Agreement specifically relating to such audits.
- (c) De-Identified Data. During and after the term of this Agreement, CHLIC may use Claims, drug, and medical data that has been de-identified in accordance with HIPAA for research, provider evaluation, database maintenance, and other commercial purposes.

This provision shall survive termination or expiration of the Agreement.

5. Pharmacy Claims Processing Audits.

- (a) Employer may, to the extent specified below and at no additional charge, conduct a claims processing audit of CHLIC's administration of Plan Benefits, once every Plan Year provided that the Agreement has been duly executed by Employer and Employer is current in the payment of all pharmacy claims under the Agreement. New audits shall not be initiated until all parties have agreed that any and all prior pharmacy-related audits are closed. In order to balance the need to adequately support the audit process for all CHLIC clients, with an efficient allocation of resources, employers who choose to audit one or more components of the pharmacy arrangement must do so through a single annual audit.
- (b) Claims processing audits shall be subject to the following conditions: (1) the audit may take place while the Agreement is in effect or within one (1) year after the termination or expiration of the Agreement; (2) the initial audit period for a retrospective claims audit shall not exceed the twenty-four (24) months period immediately preceding CHLIC's receipt of the request to audit; (3) Employer shall be responsible for its incurred costs regarding the audit; (4) Employer shall designate, with CHLIC's consent, such consent not to be unreasonably withheld, an independent, third party auditor to conduct the audit (the "Auditor") so long as such Auditor is not engaged in providing services for Employer (including, but not limited to the Auditor's engagement as an expert witness in litigation against CHLIC or its affiliates), or otherwise, that conflict with the scope or independent nature of the

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audit (as determined by CHLIC acting reasonably and in good faith), and provided that Employer's Auditor executes a mutually acceptable confidentiality agreement; (5) Employer shall provide to CHLIC at least thirty (30) days prior written notice of its intent to audit, and any request by Employer to permit an Auditor to perform an audit will constitute Employer's direction and authorization to CHLIC to disclose PHI to the Auditor; (6) CHLIC will provide all data as reasonably necessary for Auditor to perform the claims processing audit within thirty (30) days following the latter of the audit kick-off call and the Audit Agreement being fully executed or, when applicable, as otherwise agreed upon by the Parties; (7) following Auditor's initial review of the claims, Auditor will provide CHLIC in writing with all suspected categories of claim errors, if any, together with an electronic data file, in a mutually agreed upon format, containing up to three-hundred (300) claims, so that CHLIC may evaluate and investigate Auditor's suspected errors; (8) CHLIC will use best efforts to respond to the suspected errors within thirty (30) days from CHLIC's receipt of such written findings, but no later than sixty (60) days; (9) upon receipt and review of CHLIC's responses, Auditor will provide CHLIC with a written report of Auditor's findings and recommendations before or at the same time such audit report is provided to Employer; (10) CHLIC will respond to the audit report within thirty (30) days of the issuance of Auditor's report; (11) once both Parties have accepted the audit results, the audit shall be considered closed and final; (12) to the extent the mutually accepted audit results demonstrate claims errors, CHLIC will reprocess the claims and make corresponding adjustments to Employer; (13) CHLIC's obligations to respond within the designated periods above is conditioned upon a good faith and cooperative working relationship between Employer and/or its Auditor and CHLIC, including but not limited to no new or additional issues that appear in the final report that were not otherwise provided to CHLIC during the preliminary review of suspected errors.

This provision shall survive termination or expiration of the Agreement.

6. Pharmacy Rebate Audits.

- (a) Employer may, to the extent specified below, in accordance with the following requirements, and at no additional charge, audit CHLIC's payment of Rebates provided that the Agreement has been duly executed by Employer and Employer is current in the payment of all pharmacy claims under the Agreement. Any Rebate audit shall occur following CHLIC's issuance of the annual financial reconciliation to Employer once in each twelve (12) month period. New audits shall not be initiated until all parties have agreed that all prior pharmacy-related audits are closed. In order to balance the need to adequately support the audit process for all CHLIC clients, with an efficient allocation of resources, employers who desire to audit one or more components of the pharmacy arrangement must do so through a single annual audit.
- (b) Rebate audits shall be subject to the following conditions: (1) Employer and CHLIC shall agree on a mutually acceptable, independent, third-party auditor to conduct the audit, including the individual(s) employed or contracted to perform the audit to ensure that they shall not have a conflict of interest that could reasonably diminish their impartiality (the "Auditor"); (2) Employer shall be responsible for its incurred costs regarding the audit; (3) Employer shall provide CHLIC with at least forty-five

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(45) days prior written notice of its intent to audit; (4) a mutually agreed upon nondisclosure/nonuse agreement for rebate audits shall be executed by Employer, the Auditor and CHLIC; (5) the scope of records to be audited as being necessary to determine CHLIC's compliance with its contractual Rebate payment obligations under the Agreement shall be as mutually agreed upon by the Auditor and CHLIC; (6) the Auditor may select for audit purposes the records of up to five (5) manufacturers for two (2) calendar quarters from the last reconciled plan year immediately preceding the written request to audit; (7) the audit shall be conducted at a mutually acceptable time during regular business hours at CHLIC's offices where such records are located; (8) records shall not be removed or photocopied without CHLIC's express written consent; (9) for the sole purpose of confirming compliance with the audit Confidentiality Agreement, Auditor will first submit in draft to CHLIC, and prior to submission to Employer, its Rebate audit report, so that CHLIC can confirm that no terms of the applicable rebate agreements which are confidential, are disclosed in the audit report; (10) the Auditor shall provide its final audit report to CHLIC and Employer at the same time; and (11) the Auditor may disclose the aggregate amount of Rebates due Employer but no other details of CHLIC's rebate contracts of which the Auditor is apprised, if any.

This provision shall survive termination or expiration of the Agreement.

7. Pharmacy Financial Guarantee Reconciliation Audits.

- (a) Employer may, to the extent specified below and at no additional charge, conduct a Financial Guarantee Reconciliation audit once every Plan Year following CHLIC's issuance of the annual financial reconciliation to Employer, provided that the Agreement has been duly executed by Employer and Employer is current in the payment of all pharmacy claims under the Agreement. New audits shall not be initiated until all parties have agreed that all prior pharmacy-related audits are closed. In order to balance the need to adequately support the audit process for all CHLIC clients, with an efficient allocation of resources, employers who choose to audit one or more components of the pharmacy arrangement must do so through a single annual audit.
- (b) Financial Guarantee audits shall be subject to the following conditions: (1) the audit may take place while the Agreement is in effect or within one (1) year after the termination or expiration of the Agreement; (2) such audit may cover up to two prior contract years to the extent such prior contract years have not previously been audited; (3) Employer shall be responsible for its incurred costs regarding the audit; (4) Employer shall designate with CHLIC's consent, such consent not to be unreasonably withheld, an independent, third party auditor to conduct the audit (the "Auditor") so long as such Auditor is not engaged in providing services for Employer (including, but not limited to the Auditor's engagement as an expert witness in litigation against CHLIC or its affiliates), or otherwise, that conflict with the scope or independent nature of the audit (as determined by CHLIC acting reasonably and in good faith), and provided that Employer's Auditor executes a mutually acceptable confidentiality agreement; (5) Employer shall provide CHLIC with at least thirty (30) days' prior written request for the audit, and any request by Employer to permit an Auditor to perform an audit will constitute Employer's direction and authorization to CHLIC to disclose

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PHI to the Auditor; (6) CHLIC will provide all data as reasonably necessary for Auditor to determine that CHLIC has performed in accordance with its contractual obligations regarding the financial guarantees, and CHLIC will provide such data within thirty (30) days following the latter of the audit kick-off call and the confidentiality agreement being fully executed or, when applicable, as otherwise agreed upon by the Parties; (7) any adjustments resulting from the audit will be based upon the actual Claims reviewed and not upon statistical projections or extrapolations, as the Auditor will be furnished with 100% of the paid Claims processed during the applicable contract period for purposes of the audit; (8) following Auditor’s initial review and prior to the submission of its written audit report, the Auditor will provide CHLIC in writing with all of the suspected errors, if any, and CHLIC will respond to such suspected errors within sixty (60) days from CHLIC’s receipt of such preliminary findings; (9) CHLIC will respond to any audit report issued by the Auditor within thirty (30) days of the issuance of same; and (10) CHLIC will reconcile mutually agreed upon amounts due to Employer within a reasonable period of time following mutual agreement regarding any amount due to the Employer. CHLIC’s obligations to respond within the designated periods above is conditioned upon a good faith and cooperative working relationship between Employer and/or its Auditor and CHLIC, including but not limited to no new or additional issues that appear in the final report that were not otherwise provided to CHLIC during the preliminary review of suspected errors.

This provision shall survive termination or expiration of the Agreement.

PHARMACY BENEFIT MANAGEMENT - FUNDING AND PAYMENT OF CLAIMS; CHARGES

- 1. Funding and Payment of Claims.** With respect to Pharmacy Benefits, (1) CHLIC may withdraw funds from the Bank Account for the purposes specified in Section 3 of the Agreement five times per month, and (2) any recovered overpayments shall be credited to Employer via a line item on its invoice, less the fee set forth on the Schedule of Financial Charges.
- 2. Retroactive Member Changes and Terminations.** Notwithstanding anything in the Agreement to the contrary, Employer shall remain responsible for all charges and Bank Account Payments incurred or charged through the date CHLIC processed Employer's notice of a retroactive change or termination of a Member’s enrollment in the Plan. Notwithstanding anything to the contrary in Section 4.c. of the Agreement, with respect to Pharmacy Benefits, CHLIC generally will implement eligibility updates received from Employer that adhere to CHLIC's standard electronic format as soon as reasonably practicable following receipt of such updates.

PHARMACY BENEFIT MANAGEMENT - FIDUCIARY ACKNOWLEDGMENTS

CHLIC offers pharmacy benefit management services for consideration by Employer and other entities. The general parameters of such services and the supporting systems have been developed by CHLIC as part of CHLIC's administration of its general business as a pharmacy benefit manager for entities that sponsor group health plans. The Parties have negotiated the terms of this Agreement in an arm’s-length fashion. Except to the extent CHLIC conducts the final level of internal appeal as set forth in Section 2.c of the Agreement, the Parties assert that neither Party intends that CHLIC shall be a fiduciary with respect to Pharmacy Benefits for either ERISA (if applicable) or state law purposes, and neither Party shall name CHLIC or any of its affiliates as a “plan fiduciary” with respect to its management of Pharmacy Benefits. Employer

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acknowledges and agrees that CHLIC (i) does not have discretionary authority or control respecting management of the Pharmacy Benefits, and (ii) does not exercise any authority or control respecting management or disposition of the assets relating to Pharmacy Benefits or of Employer. Rather, Employer retains all such authority and control. The Parties agree that, upon reasonable notice, CHLIC shall have the right to terminate its Pharmacy Benefit services under this Agreement to any Plan and/or Members located in a state that requires a pharmacy benefit manager to be a fiduciary to Employer, the Plan or a Member.

This provision shall survive termination or expiration of the Agreement.

PHARMACY BENEFIT MANAGEMENT - FINANCIAL ARRANGEMENTS

- 1. General.** CHLIC contracts with its PBM affiliate for the provision of pharmacy benefit services and financial arrangements. As such, CHLIC or its PBM affiliate, directly or indirectly contract on their own accounts with Retail Pharmacies and Cigna Home Delivery Pharmacy to dispense covered pharmaceutical products to Employer's Members, and not on behalf of, or for the benefit of, Employer or the Plan; accordingly, any discounts or other remuneration CHLIC or its PBM affiliate earns under an arrangement with a Retail Pharmacy or Cigna Home Delivery Pharmacy are obtained for, and inure to, the sole and exclusive benefit of CHLIC or its PBM affiliate, and not the Employer or the Plan. Amounts paid by CHLIC or its PBM affiliate or by the PBM affiliate for Retail Pharmacy or Cigna Home Delivery Pharmacy for Brand Drug, Generic Drug, or Specialty Drug Claims may or may not be equal to the amount charged to Employer and/or Member. If the amount paid by Employer and/or Member does not equal the amount paid by CHLIC or its PBM affiliate or by the PBM affiliate to a particular pharmacy, CHLIC and its PBM affiliate will absorb or retain such difference. CHLIC may directly or indirectly contract for Rebates, Manufacturer Administrative Fees, and other remuneration on its own behalf and for its own benefit, and not on behalf of Employer or the Plan. As an example of other remuneration other than Rebates or Manufacturer Administrative Fees that CHLIC may earn, CHLIC may also directly or indirectly earn from pharmaceutical manufacturers remuneration in connection with value payments and/or services that CHLIC provides to Employer ("Value-Based Payments"). Notwithstanding anything in this Agreement to the contrary, any Value-Based Payments earned by CHLIC are separate and apart from any Rebates or Manufacturer Administrative Fees that CHLIC directly or indirectly earns from pharmaceutical manufacturers, and CHLIC may retain any Value-Based Payments it earns. As examples of the value payments and/or services that CHLIC may provide to Employer in connection with Value-Based Payments that CHLIC may earn, CHLIC may provide care management or other services to Employer and/or remit to Employer monetary credits if Members discontinue therapy on certain pharmaceutical products. Information regarding any services, and/or monetary credits or other financial value, for which Employer may be eligible with respect to specific pharmaceutical products or therapeutic classes/conditions, including the products for which monetary credits or other financial value may be available to Employer, the amount of that value, and other payment terms, is available upon request. Any value payments and/or services provided by CHLIC to Employer are subject to change or termination by CHLIC as the value program(s), if any, offered by CHLIC change(s) or terminate(s). Accordingly, CHLIC retains all right, title and interest to any and all actual Rebates, Manufacturer Administrative Fees, Value-Based Payments, and other remuneration directly or indirectly received from manufacturers. CHLIC may provide Employer amounts equal to all or some portion of the Rebate and Manufacturer Administrative Fee amounts, or other financial

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value generated in connection with any value program(s), allocated to Employer, if any, and as specified on the Schedule of Financial Charges, from CHLIC's general assets (neither Employer, its Members, nor Employer's Plan retains any beneficial or proprietary interest in CHLIC's general assets). Rebate and Manufacturer Administrative Fee amounts received vary based on factors including, without limitation, Employer-specific utilization, the volume of utilization as well as Formulary position applicable to the drug or supplies, and adherence to various formulary management controls, benefit design requirements, and Claims volume. Employer acknowledges and agrees that neither it, its Members nor its Plan will have a right to interest on, or the time value of, any Claim payments charged by CHLIC to Employer or any Rebate, Manufacturer Administrative Fee or other payments received by CHLIC during the collection period of moneys payable under this section, if any, and that CHLIC shall retain any such remuneration. For purposes of this provision, the term CHLIC shall also include and mean CHLIC's PBM affiliate, Express Scripts, Inc.

2. **Affiliates.** Cigna Home Delivery Pharmacy may maintain product purchase discount arrangements and/or fee-for-service arrangements with pharmaceutical manufacturers and wholesale distributors in its capacity as a mail service and/or specialty pharmacy. Cigna Home Delivery Pharmacy may contract for these arrangements on its own account in support of its pharmacy operations, and not on behalf of, or for the benefit of, Employer or the Plan. Accordingly, Cigna Home Delivery Pharmacy retains the sole and exclusive benefit of any difference between its acquisition cost for a pharmaceutical product and the amount charged to Employer under this Agreement. Further these arrangements relate to services provided outside of this Agreement and other pharmacy benefit management arrangements and may be entered into without regard to whether a specific drug is on one of the formularies that CHLIC offers to entities that sponsor group health plans. Discounts and fee-for-service payments received by Cigna Home Delivery Pharmacy are not part of the pharmacy benefit management formulary rebates or associated administrative fees or charges paid to CHLIC in connection with CHLIC's pharmacy benefit management formulary rebate programs.

This provision shall survive termination or expiration of the Agreement.

PHARMACY BENEFIT MANAGEMENT - OBLIGATIONS UPON TERMINATION

Upon notice of termination of this Agreement, the following provisions shall apply with respect to Pharmacy Benefits:

- a) Employer shall notify Members at least thirty (30) days prior to the termination of the Agreement becoming effective of any transition to a successor pharmacy benefit manager.
- b) If mutually agreed upon by CHLIC and Employer, CHLIC shall provide services following termination of the Agreement at CHLIC's then-prevailing rate. Such services, if any, shall be determined by mutual agreement of CHLIC and Employer in advance of the termination of the Agreement becoming effective.
- c) Upon request by Employer and subject to execution of a nondisclosure agreement acceptable to CHLIC, CHLIC shall transition Claims files and/or history to the pharmacy benefit manager or other third party specified by Employer and otherwise acceptable

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to CHLIC. Any disclosure of Claims files and/or history shall be limited to the information the successor pharmacy benefit manager or other third party needs to implement or administer Employer's pharmacy benefits. CHLIC shall not be required to directly or indirectly release, and Employer shall not release, except as otherwise provided by Florida law, PBM Proprietary Information to any such third party.

- d) Upon termination of the Agreement for any reason, the Parties shall handle Confidential Information, PBM Proprietary Information and Protected Health Information (as defined in the Business Associate Agreement attached as Exhibit D) pursuant to the terms of the Agreement and in accordance with Florida law.
- e) In the event that CHLIC terminates the Agreement pursuant to Section 1.v of the Agreement, CHLIC shall have no further obligation following the date of such termination to pay Employer any Rebates, or any other amount that may otherwise be payable by CHLIC to Employer.

This provision shall survive termination or expiration of the Agreement.

PHARMACY BENEFIT MANAGEMENT - CONFIDENTIALITY

1. **General.** Employer acknowledges and agrees that CHLIC's PBM Proprietary Information may constitute competitively sensitive trade secrets, and that its misuse or mis-disclosure could result in material financial and legal loss or liability to CHLIC, its affiliates and their respective subcontractors. CHLIC shall not be required to disclose PBM Proprietary Information to Employer except to the extent necessary for Employer to exercise any audit rights expressly provided hereunder or perform other Plan administration functions. Employer agrees that it may not utilize PBM Proprietary Information for any purpose other than performing Plan administration functions, including, without limitation, developing products and services, de-identifying, blinding or analyzing the PBM Proprietary Information against market benchmarks or CHLIC competitors or adding to a normative database for the Employer's, or vendor's or designee's, commercial use. For the purposes of clarity, information shall not cease to qualify as PBM Proprietary Information if Employer or its vendor or designee de-identifies and/or blinds the PBM Proprietary Information such that the information cannot be traced or identified to a Member or CHLIC, its affiliates or their respective subcontractors. Notwithstanding anything herein to the contrary, in no event will CHLIC be required to disclose to Employer, or its vendor or designee, information related to, or including, its pharmacy network agreements, vendor agreements or pharmaceutical manufacturer agreements.
2. **Compelled Disclosures.** If at any time Employer, or its vendor or designee, is required by law, court order or other valid legal process to disclose any Confidential Information, it will promptly notify CHLIC prior to any such compelled disclosure.
3. **Return or Destruction of Information.** At any time upon CHLIC's request or upon expiration or termination of this Appendix A or the Agreement, whichever occurs first, Employer will, at CHLIC's option, except as otherwise provided by Florida law, promptly deliver, or, as the case may be, compel its vendor or designee to deliver, to CHLIC all PBM Proprietary Information or other Confidential

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Information (or such portion thereof as requested) and not retain any copies in whole or in part of such PBM Proprietary Information or other Confidential Information, or securely destroy or dispose, or, as the case may be, compel its vendor or designee to destroy or dispose, of those portions of documents and other materials in any form, including electronic form, prepared by or received by the Employer or its vendor or designee, that contain or reflect such PBM Proprietary Information or other Confidential Information. Employer, or its vendor or designee, shall certify such return and destruction, as the case may be, to CHLIC.

Appendix B - Cigna Home Delivery Pharmacy Specialty Drug List

THIS SPECIALTY DRUG LIST IS CONFIDENTIAL, PROPRIETARY INFORMATION OF CHLIC. IT IS PROVIDED SOLELY FOR EMPLOYER'S PLAN ADMINISTRATION PURPOSES. RE-DISCLOSURE IS STRICTLY PROHIBITED EXCEPT AS OTHERWISE PROVIDED BY APPLICABLE LAW. CHLIC RESERVES ALL LEGAL RIGHTS AND REMEDIES TO ENFORCE THESE PROHIBITIONS ON USE AND DISCLOSURE.

The Specialty Drug List shall be provided separately to Employer, and is hereby incorporated into the Agreement by reference, inclusive of any changes made subsequent to CHLIC's initial issuance of the Specialty Drug List to Employer to the pharmaceutical products included on the Specialty Drug List or the discounts pertaining to such pharmaceutical products. Upon Employer's request on or after the Effective Date, CHLIC shall provide to Employer an updated Specialty Drug List.

Currently Marketed Specialty Drugs on this Specialty Drug List. The discounts in this Specialty Drug List are the discounts that will be adjudicated in CHLIC's claim processing system for the drug indicated when dispensed by Cigna Home Delivery Pharmacy, subject to all of the following.

- The discounts in this Specialty Drug List are based on the terms and design of the Pharmacy Benefit that Employer has adopted and disclosed to CHLIC. Accordingly, if Employer fails to disclose to CHLIC, for example, that it uses or intends to use a consumer-driven health plan, a major cost-sharing program, or a utilization management program promoting generic or OTC drugs over brand drugs, CHLIC may adjust the discounts as it reasonably deems necessary to preserve the economic value or benefit of this Agreement as CHLIC anticipated based on the terms and design of the Pharmacy Benefit previously disclosed to CHLIC and prior to CHLIC's discovery of the Pharmacy Benefit design feature that materially impacts CHLIC's discounts in this Specialty Drug List.
- The discounts in this Specialty Drug List shall not apply to Compound Drug claims, Claims that process at U&C, direct member reimbursement (DMR) Claims, and drugs adjudicated under the medical benefit.
- Any or all of the discounts in this Specialty Drug List may be adjusted by CHLIC to the extent reasonably necessary to preserve the economic value of this Agreement as it existed immediately prior to the occurrence of any of the following events: (a) there are any significant changes in the composition of CHLIC's pharmacy network or in CHLIC's pharmacy network contract compensation rates, or the structure of the pharmacy stores/chains/vendors that are contracted with CHLIC, including but not limited to disruption in the retail pharmacy delivery model, or bankruptcy of a chain pharmacy; or (b) there is a change in government laws or regulations which has a significant impact on pharmacy claim costs; or (c) any material manufacturer-rebate contracts with or for the benefit of CHLIC are terminated or modified in whole or in part; or (d) there is any legal action or Law that materially affects or could materially affect the manner in which CHLIC's rebate program is administered or an existing Law is interpreted so as to materially affect or potentially have a material effect on CHLIC's administration of the Pharmacy Benefit; (e) there is a material change in the Plan or the Plan's Pharmacy Benefit that is initiated by Employer which impacts CHLIC's costs or (f) a major change in market conditions affecting the pharmaceutical or pharmacy benefit management market, a drug shortage in the market, an issue involving the safety of the drug supply, or similar market situation.

New-to-Market Specialty Products. Specialty Drug Claims, excluding Limited Distribution Drugs and

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Exclusive Distribution Drugs, that are for new-to-market drugs will have a minimum market-introduction guaranteed discount of 11.45% off the drug's AWP.

“Limited Distribution Drug” or “Exclusive Distribution Drug” shall mean a Specialty Drug that is not generally available from most or all pharmacies and is restricted to select pharmacies as determined by a pharmaceutical manufacturer. The list of Limited Distribution Drugs and Exclusive Distribution Drugs will be maintained by CHLIC.

Appendix C - SaveonSP Program

1. The SaveOnSP Program is a Member cost share assistance program available when the Employer makes certain pharmacy benefit plan design changes such that program specialty prescription drugs are designated as non-essential health benefits with respect to federal PPACA essential health benefit requirements, and Employer establishes Member cost share at amounts that allow the receipt of manufacturer-supported patient copay assistance in accordance with Program parameters (“Program”). Designated specialty drugs under the Program may be revised twice on a calendar year basis.
2. Employer will be responsible for the payment of Program Fees which shall be 25% of program savings and for any applicable tertiary and residual cost share. The Program fees shall be measured and calculated based on the Program’s standard savings and fee calculating methodology. Payment of program fees shall be charged to the Bank Account and invoiced on a monthly, incurred basis.
3. In order to make available Program services, CHLIC is providing Employer’s claims data to CHLIC’s approved third-party vendor (“Vendor”) on a periodic basis to facilitate such Vendor’s provision of the Services. Members’ claims data is being provided under an applicable business associate agreement with such Vendor and in accordance with HIPAA including, but not limited to, the minimum necessary standards. Vendor may communicate with Employer’s Member in order to provide Program services.
4. Employer acknowledges and agrees that CHLIC and Vendor is not a legal advisor and does not render any legal counseling or advice regarding the provision of Program services. Neither CHLIC nor Vendor is responsible for ensuring that Employer or Employer’s employee benefit plans independent from or in conjunction with the Program comply with any applicable law including but not limited to laws, regulations, rules, ordinances and/or other guidance related to HSA-eligible high deductible health plans (including but not limited to Code Section 223) notwithstanding anything to the contrary. Neither CHLIC nor Vendor shall be liable to Employer or any person if any plan fails to comply with any such requirement. CHLIC hereby advises Employer to seek legal advice and Employer acknowledges that it will consult with its own legal counsel regarding the operation, administration, and establishment of its plans and the appropriateness of the Program. Employer is solely responsible for determining whether to implement the Program for its HSA-eligible high deductible health plan and addressing any compliance issues related to such implementation.
5. In addition to other provisions set forth in this Agreement, it is understood and agreed that for purposes of the Program, Employer (or the relevant plan sponsor and/or plan administrator) have full and final authority and responsibility for the plans, plan assets, and plan operation. Neither CHLIC nor Vendor is a fiduciary (as defined under ERISA or state law) of CHLIC clients’ plans. CHLIC, CHLIC Affiliates and Vendor do not: (a) have any discretionary authority or control respecting management of CHLIC clients’ plans’ prescription benefit programs or (b) exercise any authority or control respecting management or disposition of the assets of CHLIC clients’ plans. All such discretionary authority and control with respect to the management of CHLIC clients’ plans and plans’ assets are retained by CHLIC clients and/or CHLIC clients’ plans.
6. If Employer fails to timely pay in full all applicable Program fees, CHLIC reserves the right to suspend or terminate the services under the Program, in addition to any other rights and remedies

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available to CHLIC under this Agreement and Applicable Law.

7. CHLIC reserves the right to modify, revise, or terminate the Program due to market conditions that have a material impact on the Program at any time.



Victoria A. Sirica
Operations Senior Manager
Cigna

Routing W122A
900 Cottage Grove Road
Hartford, CT 06152
Telephone 860.226.2785
Facsimile 860.730.3944
Victoria.sirica@cigna.com

February 20, 2020

Guy Hine
Risk Manager
City of Fort Lauderdale
100 North Andrews Avenue
Fort Lauderdale, FL 33301

RE: Pharmacy Administrative Services Only Account No. 3335139

Dear Guy Hine:

This letter will serve as an amendment to the Pharmacy Administrative Services Only Agreement between Cigna Health and Life Insurance Company (“**CHLIC**” or “Contractor”) and City of Fort Lauderdale (“**Employer**” or “City”), effective January 1, 2017, (the “Agreement”).

Effective as of January 1, 2020, the Agreement is hereby amended as set forth below. Any provision or subsection set forth in this Amendment shall be deemed to: (a) replace in its entirety the same subsection in the current Agreement; and/or (b) add new provisions or subsections. Only those provisions and subsections set forth in this Amendment are deemed amended or added, and all provisions and subsections not identified herein shall be deemed unaffected by this Amendment and, accordingly, shall remain in full force and effect.

Section 1, “Term and Termination of Agreement,” of the Pharmacy Administrative Services Only Agreement, is hereby amended to add provision v. to the existing language as follows:

- v. Notwithstanding the foregoing, all provisions in this Agreement reasonably related to CHLIC's administration of the Plan's Pharmacy Benefit (as such term is defined in Appendix A) (the "Pharmacy Benefit Provisions"), shall continue in effect for no less than thirty six (36) months commencing on January 1, 2020, except that, if any of the following dates occurs, the Pharmacy Benefit Provisions set forth in the Schedule of Financial Charges and Appendix A will cease being in effect as of such date:
 - a. The effective date of any Applicable Law or governmental action which prohibits performance of the activities in connection with the Pharmacy Benefit required by this Agreement;
 - b. The date upon which Employer fails to fund the Bank Account as required by this Agreement for claims under the Pharmacy Benefit provided CHLIC notifies Employer of its election to terminate the Pharmacy Benefit Provisions;
 - c. The date upon which Employer fails to pay CHLIC any charges in connection with the Pharmacy Benefit identified in this Agreement when due, provided CHLIC notifies Employer of its election to terminate the Pharmacy Benefit Provisions; or
 - d. The date that is sixty (60) days after notice by either Employer or CHLIC (“non-defaulting party”) of the material breach by the other (the “defaulting party”) of a material obligation of the defaulting party related to the Pharmacy Benefit (other than failure to fund the Bank Account or failure to pay any charges when due pursuant to Sections 1.v.b and 1.v.c above) that is not cured to the reasonable satisfaction of the non-defaulting party within a reasonable time following the initial notice of breach.

“Cigna” is a registered service mark and the “Tree of Life” logo is a service mark of Cigna Intellectual Property, Inc., licensed for use by Cigna Corporation and its operating subsidiaries. All products and services are provided by or through such operating subsidiaries and not by Cigna Corporation. Such operating subsidiaries include Cigna Health and Life Insurance Company, Cigna Health and Life Insurance Company, Cigna Behavioral Health, Inc., Cigna Health Management, Inc., and HMO or service company subsidiaries of Cigna Health Corporation and Cigna Dental Health, Inc.

During such thirty six (36) month period (or shorter period, as applicable under (a), (b), (c) or (d) above), CHLIC will continue to be the exclusive provider of Pharmacy Benefit administration services for the Plan's Pharmacy Benefit.

In the event that Employer purports to terminate such arrangement or enters into an agreement with another pharmacy benefit manager ("PBM") or other third party to provide any or all pharmacy benefit management services for Employer's benefit plan prior to the end of such thirty six (36) month period, then, within thirty (30) days of CHLIC's written request, Employer shall pay CHLIC the amount of \$1.50 per the average monthly number of Members who were enrolled in the Plan's Pharmacy Benefit from the beginning of the thirty six (36) month period to the effective date of such purported termination or other agreement multiplied by the number of months remaining until the end of the thirty six (36) month period.

Section 2, "Claim Administration and Additional Services," of the Pharmacy Administrative Services Only Agreement is hereby amended to add provision e. to the existing language as follows:

- e. As part of the Plan Benefits provided under this Agreement, CHLIC and Employer agree that CHLIC will provide the Pharmacy Benefit (as defined in Appendix A) services described in the Schedule of Financial Charges and Appendix A as attached hereto, if any (the "Pharmacy Benefit Provisions"). In the event of any conflict between the terms set forth in the Pharmacy Benefit Provisions and any other terms set forth in this Agreement, including Exhibits hereto, the Pharmacy Benefit Provisions shall control solely with respect to the Pharmacy Benefit services.

The Schedule of Financial Charges is hereby deleted in its entirety and replaced with the Schedule of Financial Charges as attached hereto.

Exhibit C2, "Pharmacy Financial Guarantee Audit Agreement (Sample)," of the Pharmacy Administrative Services Only Agreement is hereby added to the Pharmacy Administrative Services Only Agreement as attached hereto.

The terms of the Pharmacy Administrative Services Only Agreement identified above, as mentioned herein, will be effective as of January 1, 2020. Please indicate your agreement to the amendment by signing the enclosed copy of this letter where indicated and returning it to me. Alternatively, this amendment shall become effective on the effective date indicated unless Employer notifies CHLIC either electronically or in writing (at the address indicated above) within sixty (60) days of the date of this letter that it does not accept all the terms of this amendment notwithstanding any provision to the contrary in the Pharmacy Administrative Services Only Agreement. In that case, CHLIC shall cooperate to negotiate mutually agreeable terms with Employer. Once agreement with respect to the terms of the amendment is reached, the amendment will apply retroactively to the effective date.

Sincerely,



Victoria A. Sirica
Its Operations Senior Manager
Duly Authorized
Cigna Health and Life Insurance Company

Accepted by: **City of Fort Lauderdale**

By: _____

Name: _____

Title: _____

Executed this ____ day of _____, in the year _____

Schedule of Financial Charges

Certain fees and charges identified in this Schedule of Financial Charges will be billed to Employer monthly in accordance with CHLIC's then standard billing practices. However, CHLIC is authorized to pay all fees and charges from the Bank Account unless otherwise specified in this Agreement.

AMOUNTS OWED TO CHLIC
Amounts paid by CHLIC with its own funds on behalf of Employer or the Plan with respect to charges for which Employer or the Plan is obligated to pay under this Agreement including Plan Benefits, Bank Account Payments (including fixed per person payments and pay-for-performance payments to Participating Providers), governmental taxes or assessments.
CIGNA PHARMACY BENEFIT MANAGEMENT SERVICES CHARGES AND RELATED PROVISIONS
PHARMACY ADMINISTRATION FEE
Cigna Pharmacy Product Administration Fee: \$2.50/employee/month
CHARGES FOR COVERED DRUGS
Specialty Drugs Dispensed by Retail Pharmacies or Cigna Home Delivery Pharmacy: CHLIC will charge Employer for covered Specialty Drug dispensed by, as applicable, a Retail Pharmacy or Cigna Home Delivery Pharmacy based on the following charges, subject to the "PBM Pricing - Additional Provisions" section:
Retail Specialty Generic Drug Claims: The Specialty Generic Drug's charge discounted as shown in the Specialty Drug List, attached as Appendix B hereto.
Cigna Home Delivery Pharmacy Specialty Drug Claims: The Specialty Drug's charge discounted as shown in the Specialty Drug List, attached as Appendix B hereto.
FINANCIAL GUARANTEES FOR DRUGS COVERED UNDER THE PLAN'S PHARMACY BENEFIT
Covered Drugs Dispensed by Cigna Home Delivery Pharmacy: CHLIC will guarantee the following charges for Covered Drugs dispensed by Cigna Home Delivery Pharmacy, subject to the provisions in the section titled "PBM Pricing – Additional Provisions":
Brand Drug Claims: For all Cigna Home Delivery Pharmacy Brand Drug Claims, the Employer's guaranteed average annual discount will be AWP minus 25.00%.

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<p>Generic Drug Claims: For all Cigna Home Delivery Pharmacy Generic Drug Claims, the Employer’s guaranteed average annual discount will be AWP minus an average discount of 83.00%.</p>
<p>Dispensing Fees for Drug Claims: For all Cigna Home Delivery Pharmacy Brand Drug Claims and Generic Drug Claims the Employer’s guaranteed average annual Dispensing Fee will be \$0.00.</p>
<p>Covered Drugs Dispensed by Retail Pharmacies: CHLIC will guarantee the following charges for Covered Drugs dispensed by Retail Pharmacies regardless of days’ supply, subject to the provisions in the section titled “PBM Pricing – Additional Provisions”:</p>
<p>Specialty Brand Drug Claims: For all Retail Pharmacy Specialty Brand Drug Claims, the Employer’s guaranteed average annual discount will be AWP minus 11.50%.</p>
<p>Covered Drugs Dispensed by Retail Pharmacies in 30-day* supplies: CHLIC will guarantee the following charges for Covered Drugs dispensed by Retail Pharmacies in 30-day supplies, subject to the provisions in the section titled “PBM Pricing – Additional Provisions”:</p>
<p>*A 30-day supply means any Covered Drug dispensed by a Retail Pharmacy in an amount less than an 83-day supply.</p>
<p>Brand Drug Claims: For all Retail Pharmacy Brand Drug Claims, the Employer’s guaranteed average annual discount will be AWP minus 18.59%.</p>
<p>Generic Drug Claims: For all Retail Pharmacy Generic Drug Claims, the Employer’s guaranteed average annual discount will be AWP minus an average discount of 78.25%.</p>
<p>Dispensing Fees for Both Brand Drug Claims and Generic Drug Claims: For all Retail Pharmacy Brand Drug Claims and Generic Drug Claims, the Employer’s guaranteed average annual Dispensing Fee will be \$1.00.</p>
<p>Covered Drugs Dispensed by Retail Pharmacies in 90-day** supplies: CHLIC will guarantee the following charges for Covered Drugs dispensed by Retail Pharmacies in 90-day supplies, subject to the provisions in the section titled “PBM Pricing - Additional Provisions”:</p>
<p>**A 90-day supply means any Covered Drug dispensed by a Retail Pharmacy in an amount equal to or greater than an 83-day supply.</p>
<p>Brand Drug Claims: For all Retail Pharmacy Brand Drug Claims, the Employer’s guaranteed average annual discount will be AWP minus 24.04%.</p>
<p>Generic Drug Claims: For all Retail Pharmacy Generic Drug Claims, the Employer’s guaranteed average annual discount will be AWP minus an average discount of 81.00%.</p>

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Dispensing Fees for Both Brand Drug Claims and Generic Drug Claims: For all Retail Pharmacy Brand Drug Claims and Generic Drug Claims, the Employer's guaranteed average annual Dispensing Fee will be \$0.00.

RECONCILIATION OF PHARMACY BENEFIT MANAGEMENT FINANCIAL GUARANTEES

Pricing Guarantee Calculation. The following calculation will be performed on an aggregated basis for all paid Claims for Covered Drugs processed during the applicable contract year in order to reconcile against the average annual ingredient cost discount guarantees set forth above:

- 1 – [(the total ingredient cost charged to the Employer prior to application of the Plan's Member cost-share requirements)/ (the total AWP) for all Covered Drugs]

For the purposes of the pricing guarantee calculation, and notwithstanding anything herein to the contrary, the total ingredient cost shall also include the ingredient cost for a Covered Drug for which a Member pays 100% in the form of cost-share.

Pricing Guarantee Exclusions. The following Claims or products shall be excluded from the calculation of any pricing guarantee set forth in this Agreement:

- Specialty Drugs, unless otherwise noted in the Schedule of Financial Charges.
- Workers' Compensation Claims.
- Non-standard facility Claims (Indian Tribal, Veterans Administration, or Dep. of Defense facilities).
- Limited distribution drugs.
- Subrogation Claims.
- Repackaged products.
- Products filled through Pharmacies not participating in the network accessed by Employer under this Agreement (including a contracted pharmacy that does not participate in a sub-network or preferred network tier).
- Over-the-counter (OTC) products.
- Secondary Payer Claims.
- Direct Member Reimbursement Claims.
- Compound Drugs.
- Claim reversals.
- Products identified as prescriptions covered under the federal 340B drug pricing program.
- Claims for Covered Drugs paid at the Retail Pharmacy's U&C Charge shall be included in the calculation of any Retail Pharmacy pricing guarantee set forth in this Agreement. Provided, however, that Claims for Covered Drugs at a U&C Charge shall not be included in the calculation of any Dispensing Fee guarantee, as no separate Dispensing Fee is charged for such Claims.

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RECONCILIATION AND OFFSETS REGARDING FINANCIAL GUARANTEES

CHLIC will report on the guaranteed amounts within 180 days following the end of each contract year. Upon reconciliation, CHLIC's performance with respect to each ingredient cost discount or Dispensing Fee offered under this Agreement will be individually measured and reconciled. CHLIC's performance with respect to ingredient cost discount or Dispensing Fee shall not be reconciled in the aggregate.

PBM PRICING – ADDITIONAL PROVISIONS

- For a specific Claim for a Covered Drug dispensed by a Retail Pharmacy or Cigna Home Delivery Pharmacy, and after application of any Plan cost-share requirements, CHLIC shall charge the Employer the lowest of the following amounts:
 - (1) The Prescription Drug Charge; or
 - (2) The pharmacy's submitted U&C Charge, if any.
- For a specific Claim for a Covered Drug dispensed by a Retail Pharmacy or Cigna Home Delivery Pharmacy, CHLIC shall charge the Member in accordance with the terms of the Pharmacy Benefit. For example, for a Covered Drug subject to a fixed dollar copayment requirement, CHLIC shall charge the Member the lowest of the following amounts:
 - (1) The fixed dollar copayment for the Covered Drug, if any;
 - (2) The Prescription Drug Charge; and
 - (3) The pharmacy's submitted U&C Charge, if any.
- Unless specifically noted herein, the discounts to Employer for Covered Drugs set forth in this Agreement are not guaranteed to result in an average aggregate discount off the aggregate AWP of all such Covered Drugs.
- Any pricing guarantees, including any ingredient cost discount or Dispensing Fee guarantee, set forth in this Agreement shall be rendered null and void in the event Employer terminates CHLIC's administration of the Pharmacy Benefit prior to completion of the then-current Plan Year. CHLIC's fees, Rebates (if any), discounts or guarantees (if any) are, among other conditions communicated in this Agreement or otherwise in writing to Employer, contingent on, and assume, adoption by Employer of a specific Formulary, Retail Pharmacy network, and Plan design features (e.g. cost-share structure, utilization/cost management programs).
- Notwithstanding any other provision of this Agreement, CHLIC may, effective upon written notice to Employer, adjust any or all of the fees, Rebates (if any), discounts or guarantees (if any) in this Agreement to the extent reasonably necessary to preserve the economic value of this Agreement to CHLIC as it existed immediately prior to any of the following events or changes: (a) there are any significant changes

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in the composition of the CHLIC pharmacy network utilized by Employer hereunder or in such pharmacy network's contract compensation rates, or the structure of the pharmacy stores/chains/vendors that are contracted with CHLIC, including but not limited to disruption in the retail pharmacy delivery model, or bankruptcy of a chain pharmacy; or (b) there is a change in government laws or regulations which has a significant impact on pharmacy claim costs; or (c) any material manufacturer-rebate contracts with, or for the benefit of, CHLIC are terminated or modified in whole or in part; or (d) there is any legal action or law that materially affects, or could materially affect the manner in which CHLIC's rebate program is administered or an existing law is interpreted so as to materially affect or potentially have a material effect, on CHLIC's administration of the Plan; (e) a major change in market conditions affecting the pharmaceutical or pharmacy benefit management market, a drug shortage in the market, an issue involving the safety of the drug supply, an unexpected introduction of a new drug (e.g. authorized generic), or similar market event occurs; (f) the Pharmacy Benefit enrollment decreases by equal to or greater than 15% from the enrollment on which CHLIC's financial offer is based; or (g) there is material change in the Plan that is initiated by Employer (and which CHLIC agrees to administer) such as a change in Formulary selection or network, or Employer fails to disclose a material feature of the Plan or the Plan's Pharmacy Benefit.

DRUG MANUFACTURER-PAYMENT SHARING

Subject to the caveats below, CHLIC will remit to Employer the following portion of Rebates that CHLIC collects with respect to utilization of Covered Drugs under the Plan's Pharmacy Benefit:

For All Products:

The greater of: 100.00% of Rebates on such utilization dispensed in the full calendar year immediately preceding CHLIC's remittance, or the sum of \$78.64 multiplied by the number of Retail Pharmacy Brand Claims dispensed in 30-day* supplies plus \$369.61 multiplied by the number of Retail Pharmacy Brand Claims dispensed in 90-day** supplies plus \$793.47 multiplied by the number of Cigna Home Delivery Pharmacy Brand Claims processed in such full calendar year.

Caveats:

- (1) Upon termination of this Agreement, CHLIC may use Rebates otherwise payable to Employer to offset payable Bank Account Payments or other payable fees or charges identified in this Agreement. CHLIC may also use Rebates otherwise payable to Employer to offset any stop-loss reimbursement payments payable by CHLIC or its affiliate to Employer under a stop-loss policy issued to Employer.

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- (2) Should Employer terminate this Agreement before completion of the then-current Plan Year, no Rebates shall be due with respect to that Plan Year, and any Rebate minimum or fixed dollar guarantees shall be null and void, as payments of Rebates is conditioned on CHLIC exclusively administering the Pharmacy Benefits for the entire Plan Year.
 - (3) For percentage-based sharing arrangements, payout amount may differ slightly from the stated percentage when payout occurs before manufacturers' final reconciliations and payments are made to CHLIC. For the purposes of clarity, CHLIC shall reconcile its performance with respect to any Rebate payment guarantees, including, without limitation, any minimum or fixed dollar guarantees, in the aggregate. Moreover, any amount directly or indirectly earned by CHLIC from a manufacturer or other third party that is allocated to reduce and/or wholly or partially satisfy a Member's cost-sharing obligation for a Covered Drug shall not be considered a "Rebate" for the purposes of Rebate payments to Employer but may be included when reconciling CHLIC's performance against any Rebate minimum guarantee set forth in this Agreement.
 - (4) CHLIC or its agent contracts with drug manufacturers on CHLIC's own behalf, and not as agent of the Employer or the Plan.
 - (5) The Rebate payment commitments, including any minimum or fixed dollar guarantees, if any, set forth in this Schedule of Financial Charges are, among any other conditions communicated in this Agreement or otherwise in writing to Employer, contingent on the availability of Rebates to CHLIC and Employer's Pharmacy Benefit applying a 90-day supply limit for Specialty Drugs. For example, in the event that Employer has adopted, or adopts, a 30-day supply limit for Specialty Drugs, CHLIC shall revise the stated Rebate minimum or fixed dollar guarantees, if any, to the extent necessary to reflect CHLIC's revised estimate of Rebates it may collect on Specialty Drugs utilized under the Pharmacy Benefit.
- Timing of Rebate Pay-Out: Remittance will be provided within ninety (90) days after the close of each applicable calendar quarter for the portion of such calendar quarter that coincides with the Plan Year.

REBATE PAYMENT EXCLUSIONS

Any rebate or other drug manufacturer payment obligations set forth in this Schedule of Financial Charges exclude the following types of claims and/or products:

- Compound Drugs.
- Claim reversals.
- Products identified as prescriptions covered under the federal 340B drug pricing program. Employer shall be solely responsible for ensuring that any pharmacy affiliated with or operated by Employer or its affiliate, such as an in-house pharmacy, systematically identifies 340B prescriptions on Claim transactions administered by CHLIC. If such pharmacy fails to systematically identify 340B prescriptions on Claim transactions submitted to CHLIC, then CHLIC may withhold all Rebates, or modify any minimum or fixed dollar Rebate guarantee, otherwise attributable to utilization at such pharmacy.
- Run-Out Claims.

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FEES FOR PROCESSING RUN-OUT CLAIMS	
Pharmacy	No Additional Cost
Run-Out Period of three (3) months for all pharmacy claims	
CHLIC PHARMACY COST CONTAINMENT FEES	
CHLIC administers the following programs to contain costs with respect to charges for health care service/supplies that are covered by the Plan. In administering these programs, CHLIC contracts with vendors to perform program related services. CHLIC's charge for administering these programs is the percentage (indicated below) of the "recovery" (i.e. the amount recovered) as applicable.	
1.	Pharmacy Vendor Recoveries. CHLIC performs periodic audits of contracted pharmacies in order to determine the accuracy of payments to the pharmacy(ies). CHLIC's recovery vendor collects and remits to CHLIC all overpayments to pharmacy(ies), and CHLIC remits to Employer's Bank Account the balance collected from the recovery vendor, less the recovery fee set forth herein. 30% of recovery
2.	Class Action Recoveries. CHLIC identifies, monitors and may (but is not required to) participate, on behalf of Employer, in class action lawsuits or similar legal proceedings against pharmaceutical manufacturers, including, without limitation, lawsuits alleging legal or equitable claims like fraud, anti-trust violations, or unfair trade practices by a manufacturer. As part of this authority, CHLIC may participate in a settlement, exclude Employer from a settlement and/or otherwise represent Employer's interests outside the settlement. CHLIC collects and retains as a recovery fee set forth herein of any recovery (net of attorneys' fees) attributable to Employer's Plan. 35% of recovery
OTHER VENDORS AND HEALTH CARE SERVICES PROVIDERS	
The fixed per person per period and/or fee-for-service charges that CHLIC has directly or indirectly negotiated with Participating Providers for in-network health care services and/or supplies will be paid as claims for Plan Benefits and will be used in calculating any applicable Member cost-sharing. In addition, performance-based payments to Participating Providers will be charged to the Bank Account. Such payments will be at the payment rates then in effect, which may be amended from time to time. The fixed per person per period and/or fee-for-service charges that CHLIC has directly or indirectly negotiated with various vendors that arrange for the provision of in-network health care services and/or supplies through their contracted networks of providers may be paid as claims for Plan Benefits and used in calculating any applicable Member cost-sharing. Additional details regarding charges and the identity of the parties arranging for the provision of in-network health care services and/or supplies will be made available upon request. All Products	

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NOTICE REGARDING PAYMENTS FROM THIRD PARTIES	
	<p>All Pharmacy Products</p> <p>CHLIC contracts with pharmaceutical manufacturers or other third parties for Rebates, Manufacturer Administrative Fees, and other remuneration on its own behalf and for its own benefit, and not on behalf of Employer or the Plan. Accordingly, unless otherwise specified in this Schedule of Financial Charges, CHLIC retains all right, title and interest to any and all actual Rebates, Manufacturer Administrative Fees, and other remuneration received from manufacturers or other third parties; neither Employer, its Members, nor Employer’s Plan retains any beneficial or proprietary interest in any such remuneration, which shall be considered part of the general assets of CHLIC. As an example of the remuneration other than Rebates or Manufacturer Administrative Fees that CHLIC may earn, CHLIC may also directly or indirectly earn from pharmaceutical manufacturers remuneration in connection with value payments and/or services that CHLIC provides to Employer (“Value-Based Payments”). Notwithstanding anything in this Agreement to the contrary, any Value-Based Payments earned by CHLIC are separate and apart from any Rebates or Manufacturer Administrative Fees that CHLIC directly or indirectly earns from pharmaceutical manufacturers, and CHLIC may retain any Value-Based Payments it earns. As examples of the value payments and/or services that CHLIC may provide to Employer in connection with Value-Based Payments that CHLIC may earn, CHLIC may provide care management or related services to Employer and/or remit to Employer monetary credits if Members discontinue therapy on certain pharmaceutical products. Information regarding any services, and/or monetary credits or other financial value, for which Employer may be eligible with respect to specific pharmaceutical products or therapeutic classes/conditions, including the products for which monetary credits or other financial value may be available to Employer, the amount of that value, and other payment terms, is available upon request. Any value payments and/or services provided by CHLIC to Employer are subject to change or termination by CHLIC as the value program(s), if any, offered by CHLIC change(s) or terminate(s).</p> <p>Information on the projected aggregate amount of such Rebates with respect to the Plan Pharmacy Benefit will be provided upon request.</p> <p>This provision shall survive termination or expiration of the Agreement.</p>

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	<p>From time to time, CHLIC, directly or through its affiliates, arranges with third parties (e.g., service vendors, provider network managers) to provide various services (e.g., cost-containment services or health care services) in connection with the Plan. CHLIC and its affiliates may receive payments from such third parties to help defray CHLIC's expenses associated with its implementation and/or ongoing administration of these arrangements or as a reimbursement for services or network access provided to such parties by CHLIC. CHLIC may also receive compensation from third-party vendors that Employer may retain based upon a referral from CHLIC or that Members may utilize following an introduction facilitated by CHLIC or an affiliate. CHLIC may also receive:</p> <ul style="list-style-type: none"> • network administration fees from some providers participating in its provider network, • credits from banks on balances in accounts utilized to administer claims, • non-material incidental compensation/benefits from other source as a result of administering the Plan. 	<p>All Products</p>
COMPLIANCE ASSISTANCE		
	<p>CHLIC shall provide the following services to assist Employer in meeting its compliance obligations under section 2715 of the Public Health Service Act as added by the Patient Protection and Affordable Care Act and applicable regulations with respect to the provision of the Summary of Benefits and Coverage ("SBC"), translation notice and glossary. Applicable to all medical plans including HRA and FSA which are considered "group health plans" subject to the SBC requirements.</p>	
1.	Preparation of SBC, translation notice. CHLIC will not be responsible for any changes that Employer makes to the SBC.	No charge
2.	Provide SBC, translation notices prepared by CHLIC to Employer electronically as well as any updates or material modifications.	No charge
3.	Include in SBC a summary of benefits administered by carve-out vendor if Employer or carve-out vendor provides CHLIC with necessary carve-out benefit information at least twelve (12) weeks prior to the date the SBCs are to be delivered to Employer.	\$500 for each benefit option under the Plan for which carve-out vendor benefits are included in SBC

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ADDITIONAL SERVICES		
Service	Description	Charge
Pharmacy Utilization Management Program	Custom/Non-Standard Package - In administering the Pharmacy Benefit, CHLIC shall administer the standard utilization management package elected by Employer, with custom removals, additions, or modifications of prior authorization, step therapy or quantity limit edits from certain therapeutic classes or pharmaceutical products that are identified by Employer and which CHLIC has agreed to administer.	For All Products: Included in Pharmacy Administration Fee
Clinical Program	A targeted condition medication therapy management program in which CHLIC provides support for Members using specialty medications for certain chronic conditions and that are obtained or administered at retail pharmacies or outpatient, office or home health care settings. As part of the program, Members are counseled on their condition, medication side effects, and importance of adherence. For the sake of clarity, if a specialty pharmacy affiliate of CHLIC provides therapy management for specialty medications the pharmacy dispenses to Members, then it does so in its capacity as a specialty pharmacy and not on behalf of CHLIC; CHLIC does not exert direction or control over the pharmacists at any specialty pharmacy affiliate.	For All Products: Included at No Additional Cost

Exhibit C2 – Pharmacy Financial Guarantee Audit Agreement (Sample)

- A. WHEREAS, CIGNA HEALTH AND LIFE INSURANCE COMPANY ("CHLIC") desires to cooperate with requests by _____ ("Employer") to permit a financial guarantee reconciliation audit for the purposes set forth below;
- B. WHEREAS, _____ ("Auditor") has been retained by Employer for the purpose of performing an audit ("Audit") of claims administered by CHLIC;
- C. WHEREAS, the Auditor and the Employer recognize CHLIC's legitimate interests in maintaining the confidentiality of its claim information, protecting its business reputation, avoiding unnecessary disruption of its claim administration, and protecting itself from legal liability;

NOW THEREFORE, IN CONSIDERATION of the premises and the mutual promises contained herein, CHLIC, the Employer and the Auditor hereby agree as follows:

1. Audit Specifications

The Auditor will specify to CHLIC in writing at least forty-five (45) days prior to the commencement of the Audit the following "Audit Specifications":

- a. the name, title and professional qualifications of individual Auditors;
- b. the Audit's targeted objectives (which must be consistent with the overall objective to determine whether CHLIC has met its contractual obligations related to claims' payment);
- c. the date-of-service range for claims subject to the Audit;
- d. the data elements required to be audited for purposes of the Audit objective; and
- e. the records/information required by the Auditor for purposes of the Audit; and
- f. the length of time contemplated as necessary to complete the Audit.

2. Review of Specifications

CHLIC will have the right to review the Audit Specifications and make modifications to them as reasonably necessary to protect CHLIC's legal and business interests in maintaining the confidentiality of claim information, protecting its business reputation, avoiding unnecessary disruption, and protecting itself from legal liability.

3. Audit Report

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The Auditor will provide CHLIC with a true copy of the Audit's findings, as well as the Audit Report, if any, that is submitted to the Employer. Such copies will be provided to CHLIC at the same time that the Audit findings and the Audit Report are submitted to the Employer.

4. Comment on Audit Report

CHLIC reserves the right to provide the Auditor and the Employer with its comments on the Audit findings and, if applicable, the Audit Report.

5. Confidentiality of Individually Identifiable Information.

The Auditor will ensure that all information pertaining to individual claimants will be kept confidential in accordance with all applicable laws and/or regulations. Without limiting the generality of the foregoing, the Auditor will not:

- a. make photocopies or remove any of the audited information without the express written consent of CHLIC; or
- b. include any individually identifiable information in its Audit Report or any other summary prepared in connection with the Audit.

6. Confidentiality and Restricted Use of the Audit Information

With respect to persons other than the Employer, the Auditor will hold and treat information obtained from CHLIC during the Audit with the same degree and standard of confidentiality owed by the Auditor to its clients in accordance with all applicable legal and professional standards. The Auditor shall not, without the express written consent of CHLIC executed by an officer of CHLIC, disclose in any manner whatsoever, the results, conclusions, reports or information of whatever nature which it acquires or prepares in connection with the Audit to any party other than the Employer except as required by applicable law. The Auditor shall not use such results, conclusions, reports or information of whatever nature which it acquires or prepares for any purpose other than to develop and report to Employer its Audit findings and Audit Report.

7. Indemnification and Hold Harmless

The Employer and Auditor agree to indemnify and to hold harmless CHLIC for any and all claims, costs, expenses and damages which may result from any breaches of the Auditor's obligations under paragraphs 5 and 6 of this Agreement or from CHLIC's provision of information to the Auditor. The Employer authorizes CHLIC to provide to the designated Auditor the necessary information to perform the audit in a manner consistent with all Health Insurance Portability and Accountability Act of 1996 ("HIPAA"), Privacy Standards and in compliance with the signed Business Associate Agreement ("BAA").

8. Termination

CHLIC may terminate this Agreement with prior written notice. The obligations set forth in Sections 5 through 7 shall survive termination of this Agreement.

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CIGNA HEALTH AND LIFE INSURANCE COMPANY

By: TO BE SIGNED AT TIME OF AUDIT

Duly Authorized

Print Name: _____

Title: _____

Date: _____

Employer: _____

By: TO BE SIGNED AT TIME OF AUDIT

Duly Authorized

Print Name: _____

Title: _____

Date: _____

Auditor:

By: TO BE SIGNED AT TIME OF AUDIT

Duly Authorized

Print Name: _____

Title: _____

Date: _____

Appendix A – Pharmacy Benefit Management Services

PHARMACY BENEFIT MANAGEMENT - DEFINITIONS

Definitions

Any capitalized term not defined below shall have the meaning given to such term in the Agreement. Any capitalized term utilized in the Schedule of Financial Charges or Exhibit B shall have the meaning given to such term in the Agreement, including the meanings set forth below.

- "Actuarially Estimated" shall mean that the discount(s) listed in the Schedule of Financial Charges are estimated, but not guaranteed, to result in a particular average discount for Covered Drugs administered by CHLIC under this Agreement. Actuarially estimated discounts are calculated based on an evaluation of an expected distribution of drug utilization across CHLIC's aggregate group client book of business. As measured in the aggregate for Employer's Pharmacy Benefit, Employer's average discount results may vary based on the Plan-specific factors such as drug mix utilization.
- "Authorized Generic" shall mean a pharmaceutical product sold, licensed, or marketed under a new drug application (NDA) approved by the Food and Drug Administration (FDA) under section 505(c) of the Federal Food, Drug and Cosmetic Act (FFDCA) that is marketed, sold or distributed under a different labeler code, product code, trade name, trademark, or packaging (other than repackaging the listed drug for use in institutions) than the innovator brand name drug.
- "Average Wholesale Price" or "AWP" shall mean the average wholesale price of a Covered Drug as established and reported by Medi-Span. The applied AWP of a Covered Drug shall be the AWP for the actual eleven (11) digit National Drug Code ("NDC"), Covered Drug specific, quantity appropriate actual package size (or the manufacturer-packaged quantity closest to the dispensed size), submitted by a Retail Pharmacy, Home Delivery Pharmacy, or Specialty Pharmacy at the time that the Covered Drug is adjudicated. Notwithstanding any other provision in this Agreement, in the event of any major change in market conditions affecting the pharmaceutical or pharmacy benefit management market, including, for example, any change in the markup, methodologies, processes or algorithms underlying the published AWP(s), CHLIC may adjust any or all of the Rebates, charges, rates, discounts, guarantees and/or fees in connection with CHLIC's administration of the Pharmacy Benefit hereunder, including any that are based on AWP, as it reasonably deems necessary to preserve the economic value or benefit of this Agreement to CHLIC as it existed immediately prior to such change. Additionally, and notwithstanding any other provision in this Agreement, CHLIC may replace AWP as its pharmaceutical pricing benchmark with an alternative benchmark and/or may replace Medi-Span, or other such publication, as its source for the AWP or alternative benchmark with a different pricing source, provided that CHLIC adjusts any or all such AWP-based charges or such alternative benchmark-based charges as it reasonably deems necessary to preserve the economic value or benefit of this Agreement to CHLIC as it existed immediately prior to such replacement or immediately prior to the event(s) giving rise to such replacement, as the case may be.

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- "Biosimilar" shall mean a biological product that is licensed by the FDA as a biosimilar pursuant to Section 351(k) of the Public Health Service Act, 42 U.S.C. 262(k), based upon a showing that it is highly similar to a single FDA-licensed biological product, known as a reference product, and has no clinically meaningful differences compared to the reference product in terms of safety, purity, and potency. A biosimilar biological product may be licensed by the FDA as biosimilar or interchangeable, and in either case such biological product is a Biosimilar for the purposes of this Agreement.
- "Brand Drug" shall mean a pharmaceutical product, including a Covered Drug that is a prescription drug, including over-the-counter drugs dispensed pursuant to a prescription, medicine, agent, substance, device, supply or other therapeutic product that is not a Generic Drug. Except if and where the language expressly states otherwise, a Brand Drug does not include a Specialty Brand Drug for ingredient cost discount purposes.
- "Business Decision Team" shall mean a committee comprised of voting and non-voting representatives across various Cigna business units such as clinical, medical and business leadership that is duly authorized by Cigna to make decisions regarding coverage treatment of pharmaceutical products based on clinical findings provided by the P&T Committee, including, but not limited to, decisions regarding tier placement and application of utilization management to pharmaceutical products.
- "Cigna Home Delivery Pharmacy" shall mean a duly licensed pharmacy operated by CHLIC or its affiliates, where prescriptions are filled and delivered via the mail service, which may include, for example, Accredo Health Group, Inc., ESI Mail Pharmacy Service, Inc., Express Scripts Pharmacy Inc., Tel-Drug of Pennsylvania LLC and Tel-Drug, Inc.
- "Claim," for purposes of this Appendix A, is a claim or request for coverage under the Pharmacy Benefit.
- "Compound Drug" shall mean a medication that (a) is comprised of two or more gaseous, solid, semi-solid, or liquid ingredients (other than water or flavoring added to any preparation) that are weighed or measured at a pharmacy and then prepared according to the prescriber's order and the pharmacist's art; (b) contains at least one FDA-approved federal legend drug as an active ingredient; (c) is not otherwise generally available in its compound form; and (d) is not a compound preparation administered by infusion or injection.
- "Covered Drugs" shall mean prescription drugs, including over-the-counter drugs dispensed pursuant to a prescription, biologics, medicines, agents, substances, devices, supplies, and other therapeutic products that are prescribed for Members and are covered under the Pharmacy Benefit and shall include all associated standard services usually and customarily rendered by a pharmacy or provider in the normal course of business, including dispensing, administration, counseling and product consultation.

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- "Dispensing Fee" means an amount paid to a pharmacy for providing professional services necessary to dispense a Covered Drug to a Member.
- "FDA" shall mean the U.S. Food and Drug Administration.
- "Formulary" shall mean the list of FDA-approved prescription drugs and supplies developed and managed by CHLIC across its self-funded and insured group book of business and that is selected and adopted by Employer. The drugs and supplies included on the Formulary will be modified by CHLIC from time to time as a result of factors including, but not limited to, economic and clinical factors like clinical appropriateness, manufacturer Rebate arrangements and patent expirations. Any changes CHLIC makes to the Formulary are hereby adopted by Employer.
- "Generic Drug" means a pharmaceutical product, including a Covered Drug, whether identified by its chemical, proprietary, or non-proprietary name, that is accepted by the FDA as therapeutically equivalent and interchangeable with drugs having an identical amount of the same active ingredient(s), and which is identified as such in CHLIC's master drug file using indicators from First Databank, Medi-Span, or other nationally recognized source as used by CHLIC across its book of business on the basis of a proprietary algorithm, a summary of which may be made available for review by Employer or, subject to CHLIC's consent, its auditor upon request in accordance with the terms set forth in this Appendix A. Employer and, as applicable, its auditor shall sign a confidentiality agreement acceptable to CHLIC relating specifically to such summary. The reference to a drug by its chemical name does not necessarily mean that the product is recognized as a generic for adjudication, pricing or copay purposes. Except if and where the language expressly states otherwise, a Generic Drug does not include a Specialty Generic Drug for ingredient cost discount purposes. For pricing purposes, a Generic Drug excludes a Covered Drug that is either marketed under one (1) Abbreviated New Drug Application pursuant to 21 U.S.C. §355, and its implementing regulations, or cannot be purchased by the pharmaceutical industry at large from more than one (1) pharmaceutical wholesaler.
- "Maximum Allowable Charge" shall mean the maximum unit price for a Covered Drug included on the applicable MAC List as set forth on such MAC List.
- "MAC List" shall mean a then-current list maintained by CHLIC of prescription drugs, devices, supplies and over-the-counter drugs identified as readily available as a Generic Drug or generally equivalent to a Brand Drug (in which case it may also be on a MAC List) and that, in each case, are deemed to require or are otherwise capable of pricing management due to the number of manufacturers, utilization and/or pricing volatility.

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- "Manufacturer Administrative Fees" shall mean administrative fees paid by pharmaceutical manufacturers to CHLIC or its affiliate or subcontractor directly in connection with administering, invoicing, allocating and collecting Rebates.
- "Pharmacy Benefits" shall mean amounts payable for covered pharmacy benefit services and products under the terms of the Plan; Pharmacy Benefits shall be considered Plan Benefits for purposes of this Agreement.
- "P&T Committee" shall mean a committee comprised of clinicians that represent a range of clinical specialties. The committee regularly reviews pharmaceutical products, new pharmaceutical products, for safety and efficacy, the findings of which clinical reviews inform coverage status decisions made by the Business Decision Team. The P&T Committee's review may be based on consideration of, without limitation, FDA-approved labeling, standard medical reference compendia, or scientific studies published in peer-reviewed English-language bio-medical journals.
- "PBM Proprietary Information" shall mean information relating to CHLIC's pharmacy benefit management products and services, including, without limitation, CHLIC's reporting and web-based applications, eligibility and adjudication systems and coding methodologies, system formats and databanks, clinical or formulary management operations or programs, information and agreements relating to Rebates and other financial information, prescription drug evaluation criteria and coverage policies, drug pricing information, including MAC List and Specialty Drug pricing, paid Claims information integrated into CHLIC's adjudication systems, and pharmaceutical manufacturer, vendor or pharmacy network agreements.
- "Prescription Drug Charge" shall mean the amount that, prior to application of the Plan's cost-share requirement(s), Employer is obligated to pay for a Covered Drug dispensed at a Retail Pharmacy or Cigna Home Delivery Pharmacy, including any ingredient cost, applicable Dispensing Fee, service fee, and tax. The ingredient cost charged to Employer may be expressed as, for example, a discount off of AWP or other benchmark price, or a MAC.
- "Rebate" shall mean the following payments or other consideration paid or payable to CHLIC from manufacturers to the extent arising from or as a result of Covered Drugs dispensed to Members and/or the performance of any pharmacy benefit management services provided under the Agreement.
 - (a) Payments, rebates and other consideration paid to CHLIC from any manufacturer arising from or as a result of the inclusion or exclusion on any Formulary of Covered Drugs manufactured, sold, marketed, or distributed by any manufacturer;

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- (b) Rebates, discounts, service fees and other consideration paid to CHLIC from any manufacturer arising from or as a result of any arrangements, commitments, programs or activities involving or relating to utilization (e.g., market share, growth, etc.) of certain prescription drugs within their respective therapeutic categories; and
- (c) Rebates, discounts, service fees and other consideration paid to CHLIC from any manufacturer arising from or as a result of any arrangements, commitments, programs or activities involving or relating to services performed by CHLIC where CHLIC is paid or is entitled to fees or other compensation on the basis of the volume or value of prescription drugs or other products that are prescribed or dispensed to CHLIC customers.

However, "Rebates" shall exclude: (i) pricing adjustments, payments and credits made in the ordinary course by any manufacturer on account of product returns, delivery errors or shipping damage or losses arising from drugs and other products purchased from such manufacturer by or on behalf of CHLIC (ii) pricing discounts paid or credited by a manufacturer to pharmacies affiliated with CHLIC for prescription drugs and other products purchased from such manufacturer; (iii) any fees or other compensation paid by any manufacturer in consideration of any services, products, activities or programs performed, provided or implemented by CHLIC or any of its affiliates for such manufacturer; (iv) Manufacturer Administrative Fees; (v) Value-Based Payments; (vi) any rebates or other amounts that are allocated to reduce and/or partially or wholly satisfy a Member's cost-sharing obligation for a Covered Drug; and (vii) rebates or other amounts paid to CHLIC for prescription drugs that are administered or otherwise provided to Members in providers' offices, home health care settings, or outpatient clinics.

- "Retail Pharmacy" shall mean any licensed retail pharmacy with which CHLIC has contracted directly or indirectly with a third party, to provide Covered Drugs to Members, and is not a mail order pharmacy. A mail order pharmacy is a pharmacy that primarily fills and delivers pharmaceutical products via the mail service. The term "Retail", when immediately preceding the term "Brand Drug Claim", "Generic Drug Claim", "Specialty Drug Claim", "Specialty Brand Drug Claim", or "Specialty Generic Drug Claim" means that the resulting term (e.g., "Retail Brand Drug Claim") refers to such claim as dispensed by a Retail Pharmacy.
- "Specialty Drug" shall mean a pharmaceutical product, including a Covered Drug, considered by CHLIC to be a Specialty Drug based on consideration of the following factors: (i) whether the pharmaceutical product is prescribed and used for the treatment of a complex, chronic or rare condition; (ii) whether the pharmaceutical product has a high acquisition cost; and, (iii) whether the pharmaceutical product is subject to limited or restricted distribution, requires special handling and/or requires enhanced patient education, provider coordination or clinical oversight. A Specialty Drug may not possess all or most of the foregoing characteristics, and the presence of any one such characteristic does not guarantee that a pharmaceutical product will be considered a Specialty Drug. The term "Specialty," when immediately preceding the terms "Generic Drug" or "Brand Drug", means that the resulting term (e.g. "Specialty Generic Drug") refers to a Generic Drug or Brand Drug that is considered a Specialty Drug, respectively.

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- "Specialty Pharmacy" shall mean a duly licensed pharmacy designated by or operated by CHLIC or its affiliates that primarily dispenses Specialty Drugs or provides services related thereto; provided, however, that when the Cigna Home Delivery Pharmacy dispenses a Specialty Drug, it shall be considered a Specialty Pharmacy hereunder.
- "U&C Charge" shall mean the price the applicable Retail Pharmacy would charge a regular cash-paying customer for a Covered Drug (and any services related to the dispensing thereof) on the day on which the Covered Drug is dispensed.

PHARMACY BENEFIT MANAGEMENT - SERVICES TO BE PROVIDED

1. Retail Pharmacy Network.

- (a) General. CHLIC shall maintain a Retail Pharmacy network. Retail Pharmacies included in the network shall provide Covered Drugs to which the Retail Pharmacies have access to Members during their normal business hours in all applicable locations. A list of the Retail Pharmacies included in the network, as updated from time to time, shall be made available to Members online. CHLIC maintains multiple networks and/or sub-networks and may periodically consolidate networks and/or migrate clients, including Employer, between networks and sub-networks. CHLIC shall require each Retail Pharmacy included in the network to meet its requirements for participation in the Retail Pharmacy network, which include, but are not limited to, satisfaction of licensing and insurance requirements.
- (b) Retail Pharmacy Audits and Overpayments. CHLIC shall perform desktop and on-site audits of each Retail Pharmacy to ensure that each Retail Pharmacy is complying with the terms of its contract with CHLIC. In the event that CHLIC discovers that an overpayment has been made to a Retail Pharmacy, CHLIC shall take reasonable steps to recover the overpayment pursuant to the terms of this Agreement.
- (c) Independent Contractors. The Retail Pharmacies are independent contractors, and CHLIC does not exert direction or control over the pharmacists at Retail Pharmacies in filling prescriptions or performing other pharmaceutical services.
- (d) Collection of Cost Sharing. CHLIC shall require Retail Pharmacies to collect all applicable Plan cost-shares from Members.

2. Cigna Home Delivery Pharmacy.

- (a) General. Members may submit new or refill prescription orders for fulfillment through Cigna Home Delivery Pharmacy or such other mail service pharmacy that CHLIC in its sole discretion may select from time to time. Such orders may be placed via mail, telephone, or electronic means. Subject to Applicable Law, Employer shall permit CHLIC to communicate with Members regarding availability and use of the Cigna Home Delivery Pharmacy and potential cost savings associated therewith. In addition, CHLIC

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may provide supporting services with respect to the Cigna Home Delivery Pharmacy. Cigna Home Delivery Pharmacy shall deliver all drugs to Members in accordance with its standard procedures. For the purposes of clarity, CHLIC does not exert direction or control over the pharmacists at Cigna Home Delivery Pharmacy in filling prescriptions or performing other pharmaceutical services.

- (b) Cost Sharing. Members are responsible for payment of the applicable cost sharing to Cigna Home Delivery Pharmacy for each prescription or prescription refill. Employer acknowledges that Cigna Home Delivery Pharmacy may suspend services to a Member who is in default of any cost-sharing obligations, in accordance with Cigna Home Delivery Pharmacy's standard credit policy. If payment of such cost-sharing has not been received from the Member within one hundred twenty (120) days of dispensing of the product, the Plan will be billed for the outstanding amount following the one hundred twenty (120) day collection period.
- (c) Affiliation with CHLIC. Accredo Health Group, Inc., ESI Mail Pharmacy Service, Inc., Express Scripts Pharmacy Inc., Tel-Drug of Pennsylvania LLC and Tel-Drug, Inc. are licensed pharmacy affiliates of CHLIC that fill and deliver Covered Drugs via the mail service.

3. Claims Processing.

- (a) General. CHLIC, in accordance with Section 2 of the Agreement, shall perform claims processing services for Covered Drugs dispensed by Retail Pharmacies or Cigna Home Delivery Pharmacy. In-network Claims shall be submitted via paper or electronically. Members using out-of-network covered services are required to submit a paper claim form. A separate charge shall apply for submission of any paper claim form, whether in-network or out-of-network. CHLIC is not required to provide coordination of benefits (COB) services for Claims for drugs dispensed, and electronically processed, at a pharmacy; Claims may be processed without consideration of a Member's coverage under another plan.
- (b) Drug Utilization Review. CHLIC shall perform a concurrent Drug Utilization Review ("DUR") analysis of each prescription submitted for processing, which may include, for example: (1) prescribed dosage within a safe range; (2) drug-to-drug interaction; (3) drug-to-allergy interaction; (4) age-to-drug interaction; (5) duplicate therapy; (6) quantity limitations; and (7) days' supply. CHLIC's DUR processes shall not override or substitute for the prescriber's, the pharmacist's or other health care provider's professional judgment.

- 4. **Utilization Management Program.** CHLIC shall, in accordance with Section 2 of the Agreement, administer the Pharmacy Benefit utilization management program(s) identified in this Agreement. Employer acknowledges that CHLIC's coverage policies and claims administration procedures, which are utilized across CHLIC's self-funded and insured book-of-business to adjudicate claims and administer appeals, may change periodically. As an example of the coverage criteria that may apply to a pharmaceutical product, a Member may have to try one or more preferred pharmaceutical products, or demonstrate why trying the preferred pharmaceutical product(s) would

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be clinically inappropriate, in order to obtain coverage under the Plan for a given pharmaceutical product Employer further authorizes CHLIC to allow coverage for a use that would be otherwise excluded in the event of co-morbidities, complications and other factors not expressly addressed by the coverage policies utilized by CHLIC in reviewing Claims for coverage. CHLIC may rely wholly upon information about the Member and the prescriber's diagnosis of the Member's condition. CHLIC shall not substitute its judgment for the judgment of the prescribing physician, nor shall it determine medical necessity or make other medical determinations other than for coverage purposes.

5. Rebate Management. CHLIC shall pay Employer amounts equal to the Rebate amounts specified in the Schedule of Financial Charges.

6. Drug-Related Services.

(a) Specialty Drugs. CHLIC shall process Claims regarding Specialty Drugs subject to the following provisions:

- (1) The Specialty Pharmacy shall fill prescriptions for Specialty Drugs based on the professional judgment of the dispensing pharmacist, accepted pharmacy practices and product guidelines.
- (2) A list of Specialty Drugs available via the Specialty Pharmacy and pricing with respect thereto shall be made available as in effect on the Effective Date, are set forth in Appendix B. After the Effective Date, Employer may request that CHLIC provide it with an updated list of Specialty Drugs available via the Specialty Pharmacy and pricing with respect thereto.
- (3) To the extent acting in the capacity as a mail order pharmacy, the Specialty Pharmacy shall ship Specialty Drugs to Members in accordance with its standard procedures.
- (4) Members are responsible for payment of the applicable cost sharing to the Specialty Pharmacy for each prescription or prescription refill. Employer acknowledges that the Specialty Pharmacy may suspend services to a Member who is in default of any cost-sharing obligations, in accordance with the Specialty Pharmacy's standard credit policy. If payment has not been received from the Member within one hundred twenty (120) days of dispensing, the Plan will be billed following the one hundred twenty (120) day collection period.
- (5) For the purposes of clarity, CHLIC does not exert direction or control over the pharmacists at the Specialty Pharmacy in filling prescriptions or performing other pharmaceutical services.

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(b) Compound Drugs. CHLIC shall process prescribed Compound Drugs to the extent covered under the Plan. CHLIC shall treat as Covered Drugs only those components of a Compound Drug that would otherwise be treated as Covered Drugs were they not part of a Compound Drug.

7. Member Communications and Services.

- (a) Member Communication. CHLIC shall provide to Members an ID card and instructions to access Member materials online, including the Formulary, the Retail Pharmacy directory, Cigna Home Delivery Pharmacy information, and an out-of-network Claim reimbursement form.
- (b) Rx Savings Messenger. CHLIC may send personalized mailings to Members regarding the Generic Drugs and preferred Brand Drugs and savings available from Cigna Home Delivery Pharmacy.
- (c) Call Center. CHLIC shall maintain toll-free customer service lines twenty-four (24) hours per day, seven (7) days per week for the purpose of responding to inquiries from Members regarding Retail Pharmacy, Cigna Home Delivery Pharmacy or Claims issues.

8. Formulary Management; Clinical Programs; Other Services.

CHLIC shall provide Formulary management services, which shall include implementing Formulary placement decisions and determinations to apply utilization management requirements made by CHLIC's Business Decision Team. The Business Decision Team makes Formulary determinations based on consideration of clinical and economic factors. Clinical factors may include, but are not limited to, the CHLIC P&T Committee's evaluation of the place in therapy, relative safety or relative efficacy of the drug, as well as whether certain supply limits or other utilization management requirements should apply. Economic factors may include, but are not limited to, the drug's acquisition cost including, but not limited to, assessments on the cost effectiveness of the drug and available Rebates. Employer acknowledges that the Formulary, utilization management requirements, and coverage policies used by CHLIC to perform coverage reviews, including any changes made thereto, are adopted by Employer. When considering a drug for Formulary placement or other coverage conditions, CHLIC's Business Decision Team reviews clinical and economic factors regarding enrollees as a general population across its relevant book-of-business. CHLIC may also provide the clinical, safety and/or trend programs, or other programs and services to Employer, some of which may require payment of additional fees by Employer. If additional fees are required for such a program or service, CHLIC shall include the fee in the Schedule of Financial Charges or otherwise communicate the same in writing to by Employer.

PHARMACY BENEFIT MANAGEMENT - PROGRAM OPERATIONS

1. Implementation of Agreement.

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- (a) Project Plan. Employer and CHLIC shall develop an agreed upon implementation project plan with respect to the Agreement prior to the Effective Date or prior to the implementation with respect to any new Pharmacy Benefit under this Agreement following the Effective Date.
 - (b) Initial Data and Commencement of Pharmacy Benefit Management Services. Prior to the Effective Date, Employer shall provide CHLIC with all data and/or documentation necessary for CHLIC to provide the services specified in this Agreement. Such data and/or documentation shall include, but is not necessarily limited to, claims history and Member prior authorization history. Assuming all data specified in the preceding sentence is received sufficiently in advance of the Effective Date, CHLIC shall commence providing services under this Agreement as of the Effective Date.
- 2. Timely Provision of Data by Employer.** Employer acknowledges that CHLIC shall not be held responsible for, and shall be released from, fulfilling any obligation or performing any service under this Agreement if Employer or its designee does not provide accurate information in a timely manner.
- 3. Reporting.** CHLIC shall make available to Employer CHLIC's standard reporting applications, subject to Applicable Law and Exhibit D, including, without limitation, HIPAA and state privacy laws.
- 4. Claims Data.**
- (a) Retention. CHLIC shall retain data with respect to Claims for at least seven (7) years from the date the prescription is filled. Following the close of such retention period, CHLIC shall retain and dispose of such Claims data pursuant to its then-current standard policies and procedures, Applicable Law and the Business Associate Agreement described in the Agreement.
 - (b) Disclosure to Vendor. Upon Employer's written request and subject to execution of a non-disclosure agreement acceptable to CHLIC, CHLIC shall provide prescription Claims data in its standard format to a vendor contracted with Employer and otherwise acceptable to CHLIC solely for the purposes of such vendor's support of Plan administration functions. Employer agrees that its vendors may not utilize Claims data for any other purpose, including, without limitation, developing products and services, analyzing the Claims data against market benchmarks or CHLIC competitors or adding to a normative database (even if de-identified and/or blinded as to Member and PBM/carrier) for the Employer's or vendor's commercial use. Employer shall be responsible for any use or disclosure of Claims data, or any services provided, by the vendor. Notwithstanding the foregoing, all audits of any pricing guarantees, Rebate-sharing obligations or Claims processing accuracy shall be conducted in accordance with the terms in this Agreement specifically relating to such audits.

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- (c) De-Identified Data. During and after the term of this Agreement, CHLIC may use Claims, drug, and medical data that has been de-identified in accordance with HIPAA for research, provider evaluation, database maintenance, and other commercial purposes.

This provision shall survive termination or expiration of the Agreement.

- 5. Claims Processing Audits.** Employer may, in accordance with the requirements set forth in Section 6 of the Agreement and at no additional charge while this Agreement is in effect, audit CHLIC's payment of Plan Benefits subject to the conditions set forth in Section 6 of the Agreement.

- 6. Rebate Audits.** Employer may, to the extent specified below, in accordance with the following requirements, and at no additional charge while this Agreement is in effect, audit CHLIC's Rebate payments subject to the following conditions:

- (a) Employer shall designate with CHLIC's consent, such consent not to be unreasonably withheld, an independent, third party auditor to conduct the audit (the "Auditor").
- (b) The Auditor may audit records directly related to CHLIC's performance of its obligations hereunder regarding Rebates once in each 12-month period upon the following conditions: (1) Employer shall provide at least 45 days written notice to CHLIC; (2) the Auditor (including each auditor conducting the audit) shall be agreeable to Employer and CHLIC; (3) a mutually agreed upon nondisclosure/nonuse contract shall be executed by Employer, the Auditor and CHLIC; (4) the records to be audited shall be no more than two years old as of the date of the audit; (5) the scope of records to be audited shall be as mutually agreed upon by the Auditor and CHLIC as those which are necessary to determine compliance with the Rebate-sharing obligations under this Agreement; (6) the audit shall be conducted at a mutually acceptable time during regular business hours at CHLIC's office where such records are located; (7) records shall not be removed or photocopied without CHLIC's express written consent; (8) the Auditor shall provide its audit report to CHLIC and Employer at the same time; and (9) the Auditor may disclose the aggregate amount of Rebates due Employer but no other details of CHLIC's manufacturer contracts of which the Auditor is apprised, if any.

This provision shall survive termination or expiration of the Agreement.

- 7. Financial Guarantee Reconciliation Audits.**

- (a) Employer may, to the extent specified below and at no additional charge, audit such information that is related to CHLIC's pricing guarantees to determine whether CHLIC has met its contractual obligations hereunder once every Plan year (but not within six (6) months of a prior audit).

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(b) Any such audit shall be subject to the following conditions: (1) the audit may take place while this Agreement is in effect or within one (1) year after the termination or expiration of this Agreement; (2) such audit may cover up to two prior contract years to the extent such prior contract years have not previously been audited; (3) Employer shall provide CHLIC with 45 days' advance written request for the audit; (4) Employer and CHLIC shall agree on a mutually acceptable, independent, third party auditor to conduct the audit (the "Auditor"), and the individuals(s) employed or contracted to perform the audit shall not have a conflict of interest that could reasonably diminish their impartiality; (5) Employer shall be responsible for its Auditor's costs, and CHLIC will be responsible for its costs in connection with the audit; (6) the audit shall be conducted in accordance with the terms hereof and a Pharmacy Financial Guarantee Audit Agreement, a sample of which is attached hereto as Exhibit C2, which shall be signed by CHLIC, Employer, and the Auditor prior to the start of such audit; (7) any adjustments resulting from the audit will be based upon the actual Claims reviewed and not upon statistical projections or extrapolations, as the Auditor will be furnished with 100% of the paid Claims processed during the applicable contract period for purposes of the audit; (8) the Auditor shall provide the audit report to the Employer and CHLIC simultaneously; (9) CHLIC will respond to any audit report issued by the Auditor within thirty (30) days of the issuance of same; and (10) CHLIC will reconcile mutually agreed upon amounts due to Employer within a reasonable period of time following mutual agreement regarding any amount due to the Employer.

This provision shall survive termination or expiration of the Agreement.

PHARMACY BENEFIT MANAGEMENT - FUNDING AND PAYMENT OF CLAIMS; CHARGES

- 1. Funding and Payment of Claims.** With respect to Pharmacy Benefits, (1) CHLIC may withdraw funds from the Bank Account for the purposes specified in Section 3 of the Agreement five times per month, and (2) any recovered overpayments shall be credited to Employer via a line item on its invoice, less the fee set forth on the Schedule of Financial Charges.
- 2. Retroactive Member Changes and Terminations.** Notwithstanding anything in the Agreement to the contrary, Employer shall remain responsible for all charges and Bank Account Payments incurred or charged through the date CHLIC processed Employer's notice of a retroactive change or termination of a Member's enrollment in the Plan. Notwithstanding anything to the contrary in Section 4.c. of the Agreement, with respect to Pharmacy Benefits, CHLIC generally will implement eligibility updates received from Employer that adhere to CHLIC's standard electronic format as soon as reasonably practicable following receipt of such updates.

PHARMACY BENEFIT MANAGEMENT - FIDUCIARY ACKNOWLEDGMENTS

CHLIC offers pharmacy benefit management services for consideration by Employer and other entities. The general parameters of such services and the supporting systems have been developed by CHLIC as part of CHLIC's administration of its general business as a pharmacy benefit manager for entities that sponsor group health plans. The Parties have negotiated the terms of this Agreement in an arm's-length fashion. Except to the extent CHLIC conducts the final level of internal appeal as set forth in Section 2.c of the Agreement, the Parties assert that neither Party intends that CHLIC shall be a fiduciary with respect to Pharmacy Benefits for either ERISA (if applicable) or state law purposes, and neither

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Party shall name CHLIC as a “plan fiduciary” with respect to its management of Pharmacy Benefits. Employer acknowledges and agrees that CHLIC (i) does not have discretionary authority or control respecting management of the Pharmacy Benefits, and (ii) does not exercise any authority or control respecting management or disposition of the assets relating to Pharmacy Benefits or of Employer. Rather, Employer retains all such authority and control. The Parties agree that, upon reasonable notice, CHLIC shall have the right to terminate its Pharmacy Benefit services under this Agreement to any Plan and/or Members located in a state that requires a pharmacy benefit manager to be a fiduciary to Employer, the Plan or a Member.

This provision shall survive termination or expiration of the Agreement.

PHARMACY BENEFIT MANAGEMENT - FINANCIAL ARRANGEMENTS

1. General. CHLIC directly or indirectly contracts on its own account with Retail Pharmacies and Cigna Home Delivery Pharmacy to dispense covered pharmaceutical products to Employer’s Members, and not on behalf of, or for the benefit of, Employer or the Plan; accordingly, any discounts or other remuneration CHLIC earns under an arrangement with a Retail Pharmacy or Cigna Home Delivery Pharmacy are obtained for, and inure to, the sole and exclusive benefit of CHLIC, and not the Employer or the Plan. Amounts paid to the Retail Pharmacy or Cigna Home Delivery Pharmacy for Brand Drug, Generic Drug, or Specialty Drug Claims may or may not be equal to the amount charged to Employer and/or Member. If the amount paid by Employer and/or Member does not equal the amount paid by CHLIC to a particular pharmacy, CHLIC will absorb or retain such difference. CHLIC directly or indirectly contracts with pharmaceutical manufacturers for Rebates, Manufacturer Administrative Fees, and other remuneration on its own behalf and for its own benefit, and not on behalf of Employer or the Plan. As an example of other remuneration other than Rebates or Manufacturer Administrative Fees that CHLIC may earn, CHLIC may also directly or indirectly earn from pharmaceutical manufacturers remuneration in connection with value payments and/or services that CHLIC provides to Employer (“Value-Based Payments”). Notwithstanding anything in this Agreement to the contrary, any Value-Based Payments earned by CHLIC are separate and apart from any Rebates or Manufacturer Administrative Fees that CHLIC directly or indirectly earns from pharmaceutical manufacturers, and CHLIC may retain any Value-Based Payments it earns. As examples of the value payments and/or services that CHLIC may provide to Employer in connection with Value-Based Payments that CHLIC may earn, CHLIC may provide care management or related services to Employer and/or remit to Employer monetary credits if Members discontinue therapy on certain pharmaceutical products. Information regarding any services, and/or monetary credits or other financial value, for which Employer may be eligible with respect to specific pharmaceutical products or therapeutic classes/conditions, including the products for which monetary credits or other financial value may be available to Employer, the amount of that value, and other payment terms, is available upon request. Any value payments and/or services provided by CHLIC to Employer are subject to change or termination by CHLIC as the value program(s), if any, offered by CHLIC change(s) or terminate(s). Accordingly, CHLIC retains all right, title and interest to any and all actual Rebates, Manufacturer Administrative Fees, Value-Based Payments, and other remuneration received from manufacturers. CHLIC will pay Employer amounts equal to all or some portion of the Rebate and Manufacturer Administrative Fee amounts, or other financial value generated in connection with any value program(s), allocated to Employer, if any,

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and as specified on the Schedule of Financial Charges, from CHLIC's general assets (neither Employer, its Members, nor Employer's Plan retains any beneficial or proprietary interest in CHLIC's general assets). Rebate and Manufacturer Administrative Fee amounts received vary based on factors including, without limitation, Employer-specific utilization, the volume of utilization as well as Formulary position applicable to the drug or supplies, and adherence to various formulary management controls, benefit design requirements, and Claims volume. Employer acknowledges and agrees that neither it, its Members nor its Plan will have a right to interest on, or the time value of, any Claim payments charged by CHLIC to Employer or any Rebate, Manufacturer Administrative Fee or other payments received by CHLIC during the collection period of moneys payable under this section, if any, and that CHLIC shall retain any such remuneration.

2. Affiliates. Cigna Home Delivery Pharmacy may maintain product purchase discount arrangements and/or fee-for-service arrangements with pharmaceutical manufacturers and wholesale distributors in its capacity as a mail service and/or specialty pharmacy. Cigna Home Delivery Pharmacy may contract for these arrangements on its own account in support of its pharmacy operations, and not on behalf of, or for the benefit of, Employer or the Plan. Accordingly, Cigna Home Delivery Pharmacy retains the sole and exclusive benefit of any difference between its acquisition cost for a pharmaceutical product and the amount charged to Employer under this Agreement. Further these arrangements relate to services provided outside of this Agreement and other pharmacy benefit management arrangements and may be entered into without regard to whether a specific drug is on one of the formularies that CHLIC offers to entities that sponsor group health plans. Discounts and fee-for-service payments received by Cigna Home Delivery Pharmacy are not part of the pharmacy benefit management formulary rebates or associated administrative fees or charges paid to CHLIC in connection with CHLIC's pharmacy benefit management formulary rebate programs.

This provision shall survive termination or expiration of the Agreement.

PHARMACY BENEFIT MANAGEMENT - OBLIGATIONS UPON TERMINATION

Upon notice of termination of this Agreement, the following provisions shall apply with respect to Pharmacy Benefits:

- a) Employer shall notify Members at least thirty (30) days prior to the termination of the Agreement becoming effective of any transition to a successor pharmacy benefit manager.
- b) If mutually agreed upon by CHLIC and Employer, CHLIC shall provide services following termination of the Agreement at CHLIC's then-prevailing rate. Such services, if any, shall be determined by mutual agreement of CHLIC and Employer in advance of the termination of the Agreement becoming effective.
- c) Upon request by Employer and subject to execution of a nondisclosure agreement acceptable to CHLIC, CHLIC shall transition Claims files and/or history to the pharmacy benefit manager or other third party specified by Employer and otherwise acceptable to CHLIC. Any disclosure of Claims files and/or history shall be limited to the information the successor pharmacy benefit manager

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or other third party needs to implement or administer Employer's pharmacy benefits. CHLIC shall not be required to directly or indirectly release, and Employer shall not release, PBM Proprietary Information to any such third party.

- d) Upon termination of the Agreement for any reason, the Parties shall handle Confidential Information, PBM Proprietary Information and Protected Health Information (as defined in the Business Associate Agreement attached as Exhibit D) pursuant to the terms of the Agreement.
- e) In the event that CHLIC terminates the Agreement pursuant to Section 1.v of the Agreement, CHLIC shall have no further obligation following the date of such termination to pay Employer any Rebates, or any other amount that may otherwise be payable by CHLIC to Employer.

This provision shall survive termination or expiration of the Agreement.

PHARMACY BENEFIT MANAGEMENT - CONFIDENTIALITY

1. General. Employer acknowledges and agrees that CHLIC's PBM Proprietary Information constitutes competitively sensitive trade secrets, and that its misuse or mis-disclosure could result in material financial and legal loss or liability to CHLIC, its affiliates and their respective subcontractors. CHLIC shall not be required to disclose PBM Proprietary Information to Employer except to the extent necessary for Employer to exercise any audit rights expressly provided hereunder or perform other Plan administration functions. If CHLIC discloses PBM Proprietary Information to Employer, or, if CHLIC consents, to the Employer's vendor or designee, CHLIC may require Employer, or its vendor or designee, to execute a non-disclosure agreement specifically relating to the requested PBM Proprietary Information. Employer agrees that it and its vendors may not utilize PBM Proprietary Information for any purpose other than performing Plan administration functions, including, without limitation, developing products and services, de-identifying, blinding or analyzing the PBM Proprietary Information against market benchmarks or CHLIC competitors or adding to a normative database for the Employer's, or vendor's or designee's, commercial use. For the purposes of clarity, information shall not cease to qualify as PBM Proprietary Information if Employer or its vendor or designee de-identifies and/or blinds the PBM Proprietary Information such that the information cannot be traced or identified to a Member or CHLIC, its affiliates or their respective subcontractors. Employer shall be solely responsible for any disclosure of PBM Proprietary Information by CHLIC to Employer or its vendor or designee, or any subsequent use or disclosure by Employer or its vendor or designee, or services provided by the same. Notwithstanding anything herein to the contrary, in no event will CHLIC be required to disclose to Employer, or its vendor or designee, information related to, or including, its pharmacy network agreements, vendor agreements or pharmaceutical manufacturer agreements.

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- 2. Compelled Disclosures.** If at any time Employer, or its vendor or designee, is required by law, court order or other valid legal process to disclose any Confidential Information, it will promptly notify CHLIC prior to any such compelled disclosure and, upon request, cooperate with CHLIC in seeking a protective order or other available relief to contest or limit the scope of such compelled disclosure.
- 3. Return or Destruction of Information.** At any time upon CHLIC's request or upon expiration or termination of this Appendix A or the Agreement, whichever occurs first, Employer will, at CHLIC's option, promptly deliver, or, as the case may be, compel its vendor or designee to deliver, to CHLIC all PBM Proprietary Information or other Confidential Information (or such portion thereof as requested) and not retain any copies in whole or in part of such PBM Proprietary Information or other Confidential Information, or securely destroy or dispose, or, as the case may be, compel its vendor or designee to destroy or dispose, of those portions of documents and other materials in any form, including electronic form, prepared by or received by the Employer or its vendor or designee, that contain or reflect such PBM Proprietary Information or other Confidential Information. Employer, or its vendor or designee, shall certify such return and destruction, as the case may be, to CHLIC.

Appendix B - Cigna Home Delivery Pharmacy Specialty Drug List

TO THE EXTENT IT IS A TRADE SECRET PURSUANT TO FLORIDA STATE LAW, THIS SPECIALTY DRUG LIST IS CONFIDENTIAL, PROPRIETARY INFORMATION OF CHLIC. IT IS PROVIDED SOLELY FOR EMPLOYER'S PLAN ADMINISTRATION PURPOSES. TO THE EXTENT THE SPECIALTY DRUG LIST IS A TRADE SECRET PURSUANT TO FLORIDA LAW, RE-DISCLOSURE IS STRICTLY PROHIBITED EXCEPT AS OTHERWISE PROVIDED BY APPLICABLE LAW. CHLIC RESERVES ALL LEGAL RIGHTS AND REMEDIES TO ENFORCE THESE PROHIBITIONS ON USE AND DISCLOSURE.

THE FULL LISTING IS AVAILABLE TO EMPLOYER UNDER SEPARATE COVER.

Currently Marketed Specialty Drugs on this Specialty Drug List. The discounts in this Specialty Drug List are the discounts that will be adjudicated in CHLIC's claim processing system for the drug indicated when dispensed by Cigna Home Delivery Pharmacy, subject to all of the following.

- Any or all of the discounts in this Specialty Drug List may be adjusted by CHLIC to the extent reasonably necessary to preserve the economic value of this Agreement as it existed immediately prior to the occurrence of any of the following events: a major change in market conditions affecting the pharmaceutical or pharmacy benefit management market, a drug shortage in the market, an issue involving the safety of the drug supply, or similar market situation.
- The discounts in this Specialty Drug List are based on the terms and design of the Pharmacy Benefit that Employer has adopted and disclosed to CHLIC. Accordingly, if Employer fails to disclose to CHLIC, for example, that it uses or intends to use a consumer-driven health plan, a major cost-sharing program, or a utilization management program promoting generic or OTC drugs over brand drugs, CHLIC may adjust the discounts as it reasonably deems necessary to preserve the economic value or benefit of this Agreement as CHLIC anticipated based on the terms and design of the Pharmacy Benefit previously disclosed to CHLIC and prior to CHLIC's discovery of the Pharmacy Benefit design feature that materially impacts CHLIC's discounts in this Specialty Drug List.
- The discounts in this Specialty Drug List shall not apply to Compound Drug claims, Claims that process at U&C, and direct member reimbursement (DMR) Claims.
- Any or all of the discounts in this Specialty Drug List may be adjusted by CHLIC to the extent reasonably necessary to preserve the economic value of this Agreement as it existed immediately prior to the occurrence of any of the following events: (a) there are any significant changes in the composition of CHLIC's pharmacy network or in CHLIC's pharmacy network contract compensation rates, or the structure of the pharmacy stores/chains/vendors that are contracted with CHLIC, including but not limited to disruption in the retail pharmacy delivery model, or bankruptcy of a chain pharmacy; or (b) there is a change in government laws or regulations which has a significant impact on pharmacy claim costs; or (c) any material manufacturer-rebate contracts with or for the benefit of CHLIC are terminated or modified in whole or in part; or (d) there is any legal action or Law that materially affects or could materially affect the manner in which CHLIC's rebate program is administered or an existing Law is interpreted so as to materially affect or potentially have a material effect on CHLIC's administration of the Pharmacy Benefit; or (e) there is a material change in the Plan or the Plan's Pharmacy Benefit that is initiated by Employer which impacts CHLIC's costs.

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New-to-Market Specialty Products. Specialty Drug Claims that are for new-to-market drugs will have a minimum market-introduction guaranteed discount of 11.45% off the drug's AWP.

Contractual Agreements Unit
Underwriting
Cigna



December 28, 2020

Guy Hine
Risk Manager
City of Fort Lauderdale
100 North Andrews Avenue
Fort Lauderdale, FL 33301

Routing W122A
900 Cottage Grove Road
Hartford, CT 06152
Telephone 860.226.2785
Facsimile 860.730.3944
Victoria.sirica@cigna.com

RE: 2021 Plan Year Services and Charges (Effective January 1, 2021)

Account Name: City of Fort Lauderdale

Account Number(s): 3335139

Dear Guy Hine:

Cigna Health and Life Insurance Company (“**CHLIC**”) wants you to be aware of the services provided and charges that may be made by CHLIC and its affiliates in connection with the administration of your plan. Enclosed is a summary of the services for which you may be charged in connection with your Administrative Service Agreement with CHLIC.

The summary identifies the services that may apply to plans administered by CHLIC. Some specific services may not apply to your plan. Where a specific charge is identified, it is the charge in effect currently. Most charges are subject to change. To determine the current charge for any particular services in the future or for prior periods, and any other questions, please contact your Cigna sales representative.

Underwriting Contractual Agreements Unit

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Schedule of Financial Charges

Certain fees and charges identified in this Schedule of Financial Charges will be billed to Employer monthly in accordance with CHLIC's then standard billing practices. However, CHLIC is authorized to pay all fees and charges from the Bank Account unless otherwise specified in this Agreement.

AMOUNTS OWED TO CHLIC
Amounts paid by CHLIC with its own funds on behalf of Employer or the Plan with respect to charges for which Employer or the Plan is obligated to pay under this Agreement including Plan Benefits, Bank Account Payments (including fixed per person payments and pay-for-performance payments to Participating Providers), governmental taxes or assessments will be billed to Employer and CHLIC is authorized to pay all such amounts from the Bank Account.
CIGNA PHARMACY BENEFIT MANAGEMENT SERVICES CHARGES AND RELATED PROVISIONS
PHARMACY ADMINISTRATION FEE
Cigna Pharmacy Product Administration Fee: \$2.50/employee/month
CHARGES FOR COVERED DRUGS
Specialty Drugs Dispensed by Retail Pharmacies or Cigna Home Delivery Pharmacy: CHLIC will charge Employer for covered Specialty Drug dispensed by, as applicable, a Retail Pharmacy or Cigna Home Delivery Pharmacy based on the following charges, subject to the "PBM Pricing - Additional Provisions" section:
Retail Specialty Generic Drug Claims: The Specialty Generic Drug's charge will be the lower of (i) the Specialty Generic Drug charge on a CHLIC retail pharmacy MAC List or (ii) the Retail Pharmacy's U&C charge.
Cigna Home Delivery Pharmacy Specialty Drug Claims: The Specialty Drug's charge discounted as shown in the Specialty Drug List, attached as Appendix B hereto.
FINANCIAL GUARANTEES FOR DRUGS COVERED UNDER THE PLAN'S PHARMACY BENEFIT
Covered Drugs Dispensed by Cigna Home Delivery Pharmacy: CHLIC will guarantee the following charges for Covered Drugs dispensed by Cigna Home Delivery Pharmacy, subject to the provisions in the section titled "PBM Pricing – Additional Provisions":
Brand Drug Claims: For all Cigna Home Delivery Pharmacy Brand Drug Claims, the Employer's guaranteed average annual discount will be AWP minus 25.00%.

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<p>Generic Drug Claims: For all Cigna Home Delivery Pharmacy Generic Drug Claims, the Employer’s guaranteed average annual discount will be AWP minus an average discount of 83.00%.</p>
<p>Dispensing Fees for Drug Claims: For all Cigna Home Delivery Pharmacy Brand Drug Claims and Generic Drug Claims the Employer’s guaranteed average annual Dispensing Fee will be \$0.00.</p>
<p>Covered Drugs Dispensed by Retail Pharmacies: CHLIC will guarantee the following charges for Covered Drugs dispensed by Retail Pharmacies regardless of days’ supply, subject to the provisions in the section titled “PBM Pricing – Additional Provisions”:</p>
<p>Specialty Brand Drug Claims: For all Retail Pharmacy Specialty Brand Drug Claims, the Employer’s guaranteed average annual discount will be AWP minus 11.50%.</p>
<p>Covered Drugs Dispensed by Retail Pharmacies in 30-day* supplies: CHLIC will guarantee the following charges for Covered Drugs dispensed by Retail Pharmacies in 30-day supplies, subject to the provisions in the section titled “PBM Pricing – Additional Provisions”:</p>
<p>*A 30-day supply means any Covered Drug dispensed by a Retail Pharmacy in an amount less than an 83-day supply.</p>
<p>Brand Drug Claims: For all Retail Pharmacy Brand Drug Claims, the Employer’s guaranteed average annual discount will be AWP minus 18.59%.</p>
<p>Generic Drug Claims: For all Retail Pharmacy Generic Drug Claims, the Employer’s guaranteed average annual discount will be AWP minus an average discount of 78.25%.</p>
<p>Dispensing Fees for Both Brand Drug Claims and Generic Drug Claims: For all Retail Pharmacy Brand Drug Claims and Generic Drug Claims, the Employer’s guaranteed average annual Dispensing Fee will be \$1.00.</p>
<p>Covered Drugs Dispensed by Retail Pharmacies in 90-day** supplies: CHLIC will guarantee the following charges for Covered Drugs dispensed by Retail Pharmacies in 90-day supplies, subject to the provisions in the section titled “PBM Pricing - Additional Provisions”:</p>
<p>**A 90-day supply means any Covered Drug dispensed by a Retail Pharmacy in an amount equal to or greater than an 83-day supply.</p>
<p>Brand Drug Claims: For all Retail Pharmacy Brand Drug Claims, the Employer’s guaranteed average annual discount will be AWP minus 24.04%.</p>
<p>Generic Drug Claims: For all Retail Pharmacy Generic Drug Claims, the Employer’s guaranteed average annual discount will be AWP minus an</p>

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average discount of 81.00%.

Dispensing Fees for Both Brand Drug Claims and Generic Drug Claims: For all Retail Pharmacy Brand Drug Claims and Generic Drug Claims, the Employer's guaranteed average annual Dispensing Fee will be \$0.00.

RECONCILIATION OF PHARMACY BENEFIT MANAGEMENT FINANCIAL GUARANTEES

Pricing Guarantee Calculation. The following calculation will be performed on an aggregated basis for all paid Claims for Covered Drugs processed during the applicable contract year in order to reconcile against the average annual ingredient cost discount guarantees set forth above:

- 1 – [(the total ingredient cost charged to the Employer prior to application of the Plan's Member cost-share requirements)/
(the total AWP) for all Covered Drugs]

For the purposes of the pricing guarantee calculation, and notwithstanding anything herein to the contrary, the total ingredient cost shall also include the ingredient cost for a Covered Drug for which a Member pays 100% in the form of cost-share. The application of brand and generic pricing may be subject to certain "dispensed as written" ("DAW") protocols and Employer defined plan design and coverage policies for adjudication and Member Copayment purposes. For example, DAW 5 (House Generic) claims will be considered a Generic Drug claim for pricing purposes.

Pricing Guarantee Exclusions. The following Claims or products shall be excluded from the calculation of any pricing guarantee set forth in this Agreement:

- Specialty Drugs, unless otherwise noted in the Schedule of Financial Charges.
- Workers' Compensation Claims.
- Non-standard facility Claims (Indian Tribal, Veterans Administration, or Dep. of Defense facilities).
- Limited distribution drugs.
- Subrogation Claims.
- Repackaged products.
- Products filled through Pharmacies not participating in the network accessed by Employer under this Agreement (including a contracted pharmacy that does not participate in a sub-network or preferred network tier).
- Over-the-counter (OTC) products.
- Secondary Payer Claims.
- Direct Member Reimbursement Claims.
- Compound Drugs.

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- Claim reversals.
- Products identified as prescriptions covered under the federal 340B drug pricing program.
- Claims for Covered Drugs paid at the Retail Pharmacy's U&C Charge shall be included in the calculation of any Retail Pharmacy pricing guarantee set forth in this Agreement. Provided, however, that Claims for Covered Drugs at a U&C Charge shall not be included in the calculation of any Dispensing Fee guarantee, as no separate Dispensing Fee is charged for such Claims.

RECONCILIATION AND OFFSETS REGARDING FINANCIAL GUARANTEES

CHLIC will report on the guaranteed amounts within one-hundred eighty (180) days following the end of each contract year. Upon reconciliation, CHLIC's performance with respect to each ingredient cost discount or Dispensing Fee guarantee offered under this Agreement will be individually measured and then reconciled in the aggregate across all ingredient cost discount or Dispensing Fee guarantees.

PBM PRICING – ADDITIONAL PROVISIONS

- For a specific Claim for a Covered Drug dispensed by a Retail Pharmacy or Cigna Home Delivery Pharmacy, and after application of any Plan cost-share requirements, CHLIC shall charge the Employer the lowest of the following amounts:
 - (1) The Prescription Drug Charge; or
 - (2) The pharmacy's submitted U&C Charge, if any.
- For a specific Claim for a Covered Drug dispensed by a Retail Pharmacy or Cigna Home Delivery Pharmacy, CHLIC shall charge the Member in accordance with the terms of the Pharmacy Benefit. For example, for a Covered Drug subject to a fixed dollar copayment requirement, CHLIC shall charge the Member the lowest of the following amounts:
 - (1) The fixed dollar copayment for the Covered Drug, if any;
 - (2) The Prescription Drug Charge; and
 - (3) The pharmacy's submitted U&C Charge, if any.
- Home Delivery Pharmacy Dispensing Fees and Dispensing Fee Guarantees are inclusive of shipping and handling. If carrier rates (i.e., U.S. mail and/or applicable commercial courier services) increase during the term of this Agreement, the Home Delivery Pharmacy Dispensing Fee and Home Delivery Pharmacy Dispensing Fee Guarantee will be increased to reflect such increase(s).
- Unless specifically noted herein, the discounts to Employer for Covered Drugs set forth in this Agreement are not guaranteed to result in an

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average aggregate discount off the aggregate AWP of all such Covered Drugs.

- Any pricing guarantees, including any ingredient cost discount or Dispensing Fee guarantee, set forth in this Agreement shall be rendered null and void in the event Employer terminates CHLIC's administration of the Pharmacy Benefit prior to completion of the then-current Plan Year. CHLIC's fees, Rebates (if any), discounts or guarantees (if any) are, among other conditions communicated in this Agreement or otherwise in writing to Employer, contingent on, and assume, adoption by Employer of a specific Formulary, Retail Pharmacy network, and Plan design features (e.g. cost-share structure, utilization/cost management programs).
- Notwithstanding any other provision of this Agreement, CHLIC may, effective upon written notice to Employer, adjust any or all of the fees, Rebates (if any), discounts or guarantees (if any) in this Agreement to the extent reasonably necessary to preserve the economic value of this Agreement to CHLIC as it existed immediately prior to any of the following events or changes: (a) there are any significant changes in the composition of the CHLIC pharmacy network utilized by Employer hereunder or in such pharmacy network's contract compensation rates, or the structure of the pharmacy stores/chains/vendors that are contracted with CHLIC, including but not limited to disruption in the retail pharmacy delivery model, or bankruptcy of a chain pharmacy; or (b) there is a change in government laws or regulations which has a significant impact on pharmacy claim costs; or (c) any material manufacturer-rebate contracts with, or for the benefit of, CHLIC are terminated or modified in whole or in part; or (d) there is any legal action or law that materially affects, or could materially affect the manner in which CHLIC's rebate program is administered or an existing law is interpreted so as to materially affect or potentially have a material effect, on CHLIC's administration of the Plan; (e) a major change in market conditions affecting the pharmaceutical or pharmacy benefit management market, a drug shortage in the market, an issue involving the safety of the drug supply, an unexpected introduction of a new drug (e.g. authorized generic), or similar market event occurs; (f) the Pharmacy Benefit enrollment decreases by equal to or greater than 15% from the enrollment on which CHLIC's financial offer is based; or (g) there is material change in the Plan that is initiated by Employer (and which CHLIC agrees to administer) such as a change in Formulary selection or network, or Employer fails to disclose a material feature of the Plan or the Plan's Pharmacy Benefit.

DRUG MANUFACTURER-PAYMENT SHARING

Subject to the caveats below, CHLIC will remit to Employer the following portion of Rebates and Manufacturer Administrative Fees that CHLIC collects with respect to utilization of Covered Drugs under the Plan's Pharmacy Benefit:

For All Products:

The greater of: 100.00% of Rebates and Manufacturer Administrative Fees on such utilization dispensed in the full calendar year immediately preceding CHLIC's remittance, or the sum of \$87.61 multiplied by the number of Retail Pharmacy Brand Claims dispensed in 30-day* supplies plus \$399.70 multiplied by the number of Retail Pharmacy Brand Claims dispensed in 90-day** supplies plus \$907.33 multiplied by the number

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of Cigna Home Delivery Pharmacy Brand Claims processed in such full calendar year.

Caveats:

- (1) Upon termination of this Agreement, CHLIC may use Rebates otherwise payable to Employer to offset payable Bank Account Payments or other payable fees or charges identified in this Agreement. CHLIC may also use Rebate attributable to claims for which CHLIC has the financial responsibility under any applicable stop loss policy issued to Employer for purposes of paying or offsetting any stop loss reimbursement payments owed by CHLIC or its affiliates to Employer or otherwise to reconcile stop loss reimbursements.
- (2) Should Employer terminate this Agreement before completion of the then-current Plan Year, no Rebates shall be due with respect to that Plan Year, and any Rebate minimum or fixed dollar guarantees shall be null and void, as payments of Rebates is conditioned on CHLIC exclusively administering the Pharmacy Benefits for the entire Plan Year.
- (3) For percentage-based sharing arrangements, payout amount may differ slightly from the stated percentage when payout occurs before manufacturers' final reconciliations and payments are made to CHLIC. For the purposes of clarity, CHLIC shall reconcile its performance with respect to any Rebate payment guarantees, including, without limitation, any minimum or fixed dollar guarantees, in the aggregate. Moreover, any amount directly or indirectly provided by a manufacturer or other third party that is allocated to reduce and/or wholly or partially satisfy a Member's cost-sharing obligation for a Covered Drug shall not be considered a "Rebate" for the purposes of Rebate payments to Employer but may be included when reconciling CHLIC's performance against any Rebate minimum guarantee set forth in this Agreement.
- (4) For percentage-based sharing arrangements, the percentage share payment of Rebates shall not include the payment of any Rebates received, if any, for Run-Out Claims, 340b Claims, Medical Specialty Claims, Direct Member Reimbursement Claims, Reversed Claims, and Compound Claims.
- (5) CHLIC or its agent contracts with drug manufacturers on CHLIC's own behalf, and not as agent of the Employer or the Plan.
- (6) The Rebate payment commitments, including any minimum or fixed dollar guarantees, if any, set forth in this Schedule of Financial Charges are, among any other conditions communicated in this Agreement or otherwise in writing to Employer, contingent on the availability of Rebates to CHLIC and Employer's Pharmacy Benefit applying a 90-day supply limit for Specialty Drugs. For example, in the event that Employer has adopted, or adopts, a 30-day supply limit for Specialty Drugs, CHLIC shall revise the stated Rebate minimum or fixed dollar guarantees, if any, to the extent necessary to reflect CHLIC's revised estimate of Rebates it may collect on Specialty Drugs

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utilized under the Pharmacy Benefit.

Timing of Rebate Pay-Out: Remittance will be provided within ninety (90) days after the close of each applicable calendar quarter for the portion of such calendar quarter that coincides with the Plan Year.

REBATE PAYMENT EXCLUSIONS

The Rebate Guarantee payment obligations set forth in this Schedule of Financial Charges shall exclude the following types of claims and/or products:

- Claims paid pursuant to a Dispense as Written (DAW) 5 code.
- Direct Member Reimbursement Claims.
- Vaccines.
- Compound Drugs.
- Claim reversals.
- Products identified as prescriptions covered under the federal 340B drug pricing program. Employer shall be solely responsible for ensuring that any pharmacy affiliated with or operated by Employer or its affiliate, such as an in-house pharmacy, systematically identifies 340B prescriptions on Claim transactions administered by CHLIC. If such pharmacy fails to systematically identify 340B prescriptions on Claim transactions submitted to CHLIC, then CHLIC may withhold all Rebates, or modify any minimum or fixed dollar Rebate guarantee, otherwise attributable to utilization at such pharmacy.
- Run-Out Claims.

PHARMACY VACCINE PROGRAM

Notwithstanding anything to the contrary in this Agreement or otherwise, the following terms and conditions shall apply to the administration of vaccines by CHLIC under the Cigna Pharmacy Program.

Vaccine Claims will adjudicate at the lower of the U&C Charge or the amounts shown in the Vaccine Pricing Schedule below. For Vaccine Claims, the U&C Charge shall be the retail price charged by an in-network participating retail pharmacy for the particular vaccine, including administration and dispensing fees, in a cash transaction on the date the vaccine is dispensed as reported to CHLIC by the in-network participating pharmacy.

“Vaccine Claim” means a claim for a Covered Drug which is a vaccine. “Pass Through Pricing” means the actual ingredient cost and dispensing fee amount paid by CHLIC for the Vaccine Claim when the Vaccine Claim is adjudicated by an in-network participating pharmacy, as set forth in the specific in-network participating pharmacy remittances related to the Vaccine Claim. Notwithstanding anything to the contrary in this Agreement or otherwise, all Vaccine Claims shall be excluded from the calculation, measurement, and payment of any and all financial

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guarantees, including but not limited to rebate guarantees, ingredient cost guarantees, and dispensing fee guarantees set forth in this Agreement.

Vaccine Pricing Schedule

	Retail Pharmacy INFLUENZA	Retail Pharmacy ALL OTHER VACCINES	Member Submitted Vaccine Claims
Vaccine Administration Fee	Pass-Through Pricing (Capped at \$15 per in-network Vaccine Claim)	Pass-Through Pricing (capped at \$20 per in-network Vaccine Claim)	Submitted amount
Ingredient Cost	Retail Pharmacy Ingredient Cost as set forth in this Agreement	Retail Pharmacy Ingredient Cost as set forth in this Agreement	Submitted amount
Dispensing Fee	Retail Pharmacy Dispensing Fee as set forth in this Agreement	Retail Pharmacy Dispensing Fee as set forth in this Agreement	Submitted amount
FEES FOR PROCESSING RUN-OUT CLAIMS			
Pharmacy	Run-Out Period of three (3) months for all pharmacy claims		No Additional Cost
CHLIC PHARMACY COST CONTAINMENT FEES			
CHLIC administers the following programs to contain costs with respect to charges for health care service/supplies that are covered by the Plan. In administering these programs, CHLIC contracts with vendors to perform program related services. CHLIC's charge for administering these programs is the percentage (indicated below) of the "recovery" (i.e. the amount recovered) as applicable.			
1.	Pharmacy Vendor Recoveries. CHLIC performs periodic audits of contracted pharmacies in order to determine the accuracy of payments to the pharmacy(ies). CHLIC's recovery vendor collects and remits to CHLIC all overpayments to pharmacy(ies), and CHLIC remits to Employer's Bank Account the balance collected from the recovery vendor, less the recovery fee set forth herein.		30% of recovery
2.	Class Action Recoveries. CHLIC identifies, monitors and may (but is not required to) participate, on behalf of Employer, in class action lawsuits or similar legal proceedings against pharmaceutical manufacturers, including, without limitation, lawsuits alleging legal or equitable claims like fraud, anti-trust violations, or unfair trade practices by a		35% of recovery

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	<p>manufacturer. As part of this authority, CHLIC may participate in a settlement, exclude Employer from a settlement and/or otherwise represent Employer's interests outside the settlement. CHLIC collects and retains as a recovery fee set forth herein of any recovery (net of attorneys' fees) attributable to Employer's Plan.</p>	
OTHER VENDORS AND HEALTH CARE SERVICES PROVIDERS		
	<p>The fixed per person per period and/or fee-for-service charges that CHLIC has directly or indirectly negotiated with Participating Providers for in-network health care services and/or supplies will be charged to the Bank Account and will be used in calculating any applicable Member cost-sharing. In addition, performance-based payments to Participating Providers will be charged to the Bank Account. Such payments will be at the payment rates then in effect, which may be amended from time to time.</p> <p>For certain types of specialty care, including, but not limited to, home health care, durable medical equipment, sleep management, high tech radiology, chiropractic care, physical medicine (such as physical and occupational therapy), speech therapy, orthotics and prosthetics, implants, and hearing, in certain markets CHLIC may contract with various third parties and/or affiliated companies, including eviCore, ("Specialty Vendors") to arrange for the provision of care through their own networks of health care providers on a fee-for-service basis. In addition to arranging for care through their own networks of providers, these Specialty Vendors may also provide additional services, including utilization management services and case management services designed to (i) improve adherence to coverage guidelines; and (ii) contain overall healthcare costs to the Plan. Specialty Vendors are included within the definition of "Participating Provider" set forth in this Agreement and in any benefit booklet covering the Plan.</p> <p>When care is arranged through a Specialty Vendor's network of providers, the form of reimbursement to the Specialty Vendor will be through one of the following methods:</p> <ul style="list-style-type: none"> • Fee-For-Service Payment: In certain instances, the Plan will pay the Specialty Vendor rather than the treating provider on a fee-for-service basis as a claim for Plan Benefits. The Specialty Vendors' fee-for-service charges may be higher than the amounts that the Specialty Vendor contracts to pay the provider for the provision of any particular service or supply, and some portion of the Specialty Vendor's charges may be attributable to the 	<p>All Products</p>

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	<p>services that the Specialty Vendor provides in addition to those services or supplies provided by the Specialty Vendor's network of providers, including any utilization management services and case management services. In such instances, Plan Benefits and member cost-share will be determined based on the Specialty Vendor's charges according to Plan terms.</p> <ul style="list-style-type: none"> • <u>Administration Capitation Payment:</u> In certain instances, the Plan will pay the Specialty Vendor a fee on a per member/per month basis for arranging care and other services that the Specialty Vendor may render. Such reimbursement will be in addition to the amount that the Plan pays to reimburse the provider through which the Specialty Vendor arranged for the provision of the service or supply, which will be based on the Specialty Vendor's contracted rate with that provider. In such instances, Plan Benefits and member cost-share will be determined based on the rate that the Specialty Vendor contracted to pay the provider for the provision of the service or supply. • <u>All-Inclusive Capitation Payment:</u> In certain instances, the Plan will pay the Specialty Vendor a fee on a per member/per month basis that covers (i) the services that the Specialty Vendor may render, including arranging care, and (ii) the fees charged by the provider through which the Specialty Vendor arranged for the provision of the service or supply. In such instances, Plan Benefits and member cost-share will be determined based on the rate that the Specialty Vendor contracted to pay the provider for the provision of the service or supply. <p>CHLIC's arrangements with Specialty Vendors are subject to change at any time, and upon request, additional information can be provided that identifies current Specialty Vendors, their area of specialty(ies), whether they are CHLIC affiliates, and the form of payment that they currently receive.</p>	
NOTICE REGARDING PAYMENTS FROM THIRD PARTIES		
	<p>CHLIC contracts with pharmaceutical manufacturers or other third parties for Rebates, Manufacturer Administrative Fees, and other remuneration on its own behalf and for its own benefit, and not on behalf of Employer or the Plan. Accordingly, unless otherwise specified in this Schedule of Financial Charges, CHLIC retains all right, title and interest to any and all actual Rebates, Manufacturer Administrative Fees, and other remuneration received from</p>	All Pharmacy Products

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	<p>manufacturers or other third parties; neither Employer, its Members, nor Employer’s Plan retains any beneficial or proprietary interest in any such remuneration, which shall be considered part of the general assets of CHLIC. As an example of the remuneration other than Rebates or Manufacturer Administrative Fees that CHLIC may earn, CHLIC may also directly or indirectly earn from pharmaceutical manufacturers remuneration in connection with value payments and/or services that CHLIC provides to Employer (“Value-Based Payments”). Notwithstanding anything in this Agreement to the contrary, any Value-Based Payments earned by CHLIC are separate and apart from any Rebates or Manufacturer Administrative Fees that CHLIC directly or indirectly earns from pharmaceutical manufacturers, and CHLIC may retain any Value-Based Payments it earns. As examples of the value payments and/or services that CHLIC may provide to Employer in connection with Value-Based Payments that CHLIC may earn, CHLIC may provide care management or related services to Employer and/or remit to Employer monetary credits if Members discontinue therapy on certain pharmaceutical products. Information regarding any services, and/or monetary credits or other financial value, for which Employer may be eligible with respect to specific pharmaceutical products or therapeutic classes/conditions, including the products for which monetary credits or other financial value may be available to Employer, the amount of that value, and other payment terms, is available upon request. Any value payments and/or services provided by CHLIC to Employer are subject to change or termination by CHLIC as the value program(s), if any, offered by CHLIC change(s) or terminate(s).</p> <p>Information on the projected aggregate amount of such Rebates with respect to the Plan Pharmacy Benefit will be provided upon request.</p>	
	<p>This provision shall survive termination or expiration of the Agreement.</p> <p>From time to time, CHLIC, directly or through its affiliates, arranges with third parties (e.g., service vendors, provider network managers) to provide various services (e.g., cost-containment services or health care services) in connection with the Plan. CHLIC and its affiliates may receive payments from such third parties to help defray CHLIC’s expenses associated with its implementation and/or ongoing administration of these arrangements or as a reimbursement for services or network access provided to such parties by CHLIC.</p>	<p>All Products</p>

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	<p>CHLIC may also receive compensation from third-party vendors that Employer may retain based upon a referral from CHLIC or that Members may utilize following an introduction facilitated by CHLIC or an affiliate. CHLIC may also receive:</p> <ul style="list-style-type: none"> • network administration fees from some providers participating in its provider network, • credits from banks on balances in accounts utilized to administer claims, • non-material incidental compensation/benefits from other source as a result of administering the Plan. 	
COMPLIANCE ASSISTANCE		
	<p>CHLIC shall provide the following services to assist Employer in meeting its compliance obligations under section 2715 of the Public Health Service Act as added by the Patient Protection and Affordable Care Act and applicable regulations with respect to the provision of the Summary of Benefits and Coverage (“SBC”), translation notice and glossary. Applicable to all medical plans including HRA and FSA which are considered "group health plans" subject to the SBC requirements.</p>	
1.	Preparation of SBC, translation notice. CHLIC will not be responsible for any changes that Employer makes to the SBC.	No charge
2.	Provide SBC, translation notices prepared by CHLIC to Employer electronically as well as any updates or material modifications.	No charge
3.	Include in SBC a summary of benefits administered by carve-out vendor if Employer or carve-out vendor provides CHLIC with necessary carve-out benefit information at least twelve (12) weeks prior to the date the SBCs are to be delivered to Employer.	\$500 for each benefit option under the Plan for which carve-out vendor benefits are included in SBC

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ADDITIONAL SERVICES		
Service	Description	Charge
Pharmacy Utilization Management Program	<p>Custom/Non-Standard Package - In administering the Pharmacy Benefit, CHLIC shall administer the standard utilization management package elected by Employer, with custom removals, additions, or modifications of prior authorization, step therapy or quantity limit edits from certain therapeutic classes or pharmaceutical products that are identified by Employer and which CHLIC has agreed to administer.</p>	Included in Pharmacy Administration Fee
Clinical Program	<p>A targeted condition medication therapy management program in which CHLIC provides support for Members using specialty medications for certain chronic conditions and that are obtained or administered at retail pharmacies or outpatient, office or home health care settings. As part of the program, Members are counseled on their condition, medication side effects, and importance of adherence. For the sake of clarity, if a specialty pharmacy affiliate of CHLIC provides therapy management for specialty medications the pharmacy dispenses to Members, then it does so in its capacity as a specialty pharmacy and not on behalf of CHLIC; CHLIC does not exert direction or control over the pharmacists at any specialty pharmacy affiliate.</p>	Included at No Additional Cost

Appendix A – Pharmacy Benefit Management Services

PHARMACY BENEFIT MANAGEMENT - DEFINITIONS

Definitions

Any capitalized term not defined below shall have the meaning given to such term in the Agreement. Any capitalized term utilized in the Schedule of Financial Charges or Exhibit B shall have the meaning given to such term in the Agreement, including the meanings set forth below.

- "Actuarially Estimated" shall mean that the discount(s) listed in the Schedule of Financial Charges are estimated, but not guaranteed, to result in a particular average discount for Covered Drugs administered by CHLIC under this Agreement. Actuarially estimated discounts are calculated based on evaluation of an expected distribution of drug utilization across CHLIC's aggregate group client book of business. As measured in the aggregate for Employer's Pharmacy Benefit, Employer's average discount results may vary based on the Plan-specific factors such as drug mix utilization.
- "Authorized Generic" shall mean a pharmaceutical product sold, licensed, or marketed under a new drug application (NDA) approved by the Food and Drug Administration (FDA) under section 505(c) of the Federal Food, Drug and Cosmetic Act (FFDCA) that is marketed, sold or distributed under a different labeler code, product code, trade name, trademark, or packaging (other than repackaging the listed drug for use in institutions) than the innovator brand name drug.
- "Average Wholesale Price" or "AWP" shall mean the average wholesale price of a Covered Drug as established and reported by Medi-Span. The applied AWP of a Covered Drug shall be the AWP for the actual eleven (11) digit National Drug Code ("NDC"), Covered Drug specific, quantity appropriate actual package size (or the manufacturer-packaged quantity closest to the dispensed size), submitted by a Retail Pharmacy, Home Delivery Pharmacy, or Specialty Pharmacy at the time that the Covered Drug is adjudicated. Notwithstanding any other provision in this Agreement, in the event of any major change in market conditions affecting the pharmaceutical or pharmacy benefit management market, including, for example, any change in the markup, methodologies, processes or algorithms underlying the published AWP(s), CHLIC may adjust any or all of the Rebates, charges, rates, discounts, guarantees and/or fees in connection with CHLIC's administration of the Pharmacy Benefit hereunder, including any that are based on AWP, as it reasonably deems necessary to preserve the economic value or benefit of this Agreement to CHLIC as it existed immediately prior to such change. Additionally, and notwithstanding any other provision in this Agreement, CHLIC may replace AWP as its pharmaceutical pricing benchmark with an alternative benchmark and/or may replace Medi-Span, or other such publication, as its source for the AWP or alternative benchmark with a different pricing source, provided that CHLIC adjusts any or all such AWP-based charges or such alternative benchmark-based charges as it reasonably deems necessary to preserve the economic value or benefit of this Agreement to

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CHLIC as it existed immediately prior to such replacement or immediately prior to the event(s) giving rise to such replacement, as the case may be.

- "Biosimilar" shall mean a biological product that is licensed by the FDA as a biosimilar pursuant to Section 351(k) of the Public Health Service Act, 42 U.S.C. 262(k), based upon a showing that it is highly similar to a single FDA-licensed biological product, known as a reference product, and has no clinically meaningful differences compared to the reference product in terms of safety, purity, and potency. A biosimilar biological product may be licensed by the FDA as biosimilar or interchangeable, and in either case such biological product is a Biosimilar for the purposes of this Agreement.
- "Brand Drug" shall mean a pharmaceutical product, including a Covered Drug that is a prescription drug, including over-the-counter drugs dispensed pursuant to a prescription, medicine, agent, substance, device, supply or other therapeutic product that is not a Generic Drug. Except if and where the language expressly states otherwise, a Brand Drug does not include a Specialty Brand Drug for ingredient cost discount purposes.
- "Business Decision Team" shall mean a committee comprised of voting and non-voting representatives across various Cigna business units such as clinical, medical and business leadership that is duly authorized by Cigna to make decisions regarding coverage treatment of pharmaceutical products based on clinical findings provided by the P&T Committee, including, but not limited to, decisions regarding tier placement and application of utilization management to pharmaceutical products.
- "Cigna Home Delivery Pharmacy" shall mean a duly licensed pharmacy operated by CHLIC or its affiliates, where prescriptions are filled and delivered via the mail service, which may include, for example, Accredo Health Group, Inc., ESI Mail Pharmacy Service, Inc., Express Scripts Pharmacy Inc., Tel-Drug of Pennsylvania LLC and Tel-Drug, Inc.
- "Claim," for purposes of this Appendix A, is a claim or request for coverage under the Pharmacy Benefit.
- "Compound Drug" shall mean a medication that (a) is comprised of two or more gaseous, solid, semi-solid, or liquid ingredients (other than water or flavoring added to any preparation) that are weighed or measured at a pharmacy and then prepared according to the prescriber's order and the pharmacist's art; (b) contains at least one FDA-approved federal legend drug as an active ingredient; (c) is not otherwise generally available in its compound form; and (d) is not a compound preparation administered by infusion or injection.
- "Covered Drugs" shall mean prescription drugs, including over-the-counter drugs dispensed pursuant to a prescription, biologics, medicines, agents, substances, devices, supplies, and other therapeutic products that are prescribed for Members and are covered under the Pharmacy Benefit and shall include all associated standard services usually and customarily rendered by a pharmacy or provider in

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- the normal course of business, including dispensing, administration, counseling and product consultation.
- "Dispensing Fee" means an amount paid to a pharmacy for providing professional services necessary to dispense a Covered Drug to a Member.
 - "FDA" shall mean the U.S. Food and Drug Administration.
 - "Formulary" shall mean the list of FDA-approved prescription drugs and supplies developed and managed by CHLIC across its self-funded and insured group book of business and that is selected and adopted by Employer. The drugs and supplies included on the Formulary will be modified by CHLIC from time to time as a result of factors including, but not limited to, economic and clinical factors like clinical appropriateness, manufacturer Rebate arrangements and patent expirations. Any changes CHLIC makes to the Formulary are hereby adopted by Employer.
 - "Generic Drug" means a pharmaceutical product, including a Covered Drug, whether identified by its chemical, proprietary, or non-proprietary name, that is accepted by the FDA as therapeutically equivalent and interchangeable with drugs having an identical amount of the same active ingredient(s), and which is identified as such in CHLIC's master drug file using indicators from First Databank, Medi-Span, or other nationally recognized source as used by CHLIC across its book of business on the basis of a proprietary algorithm, a summary of which may be made available for review by Employer or, subject to CHLIC's consent, its auditor upon request in accordance with the terms set forth in this Appendix A. Employer and, as applicable, its auditor shall sign a confidentiality agreement acceptable to CHLIC relating specifically to such summary. The reference to a drug by its chemical name does not necessarily mean that the product is recognized as a generic for adjudication, pricing or copy purposes. Except if and where the language expressly states otherwise, a Generic Drug does not include a Specialty Generic Drug for ingredient cost discount purposes. For pricing purposes, a Generic Drug excludes a Covered Drug that is either marketed under one (1) Abbreviated New Drug Application pursuant to 21 U.S.C. §355, and its implementing regulations, or cannot be purchased by the pharmaceutical industry at large from more than one (1) pharmaceutical wholesaler. For pricing purposes, a Generic Drug also excludes a Biosimilar.
 - "Maximum Allowable Charge" shall mean the maximum unit price for a Covered Drug included on the applicable MAC List as set forth on such MAC List.
 - "MAC List" shall mean a then-current list maintained by CHLIC of prescription drugs, devices, supplies and over-the-counter drugs identified as readily available as a Generic Drug or generally equivalent to a Brand Drug (in which case it may also be on a MAC List) and that, in each case, are deemed to require or are otherwise capable of pricing management due to the number of manufacturers,

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utilization and/or pricing volatility.

- "Manufacturer Administrative Fees" shall mean administrative fees paid by pharmaceutical manufacturers to CHLIC or its affiliate or subcontractor directly in connection with administering, invoicing, allocating and collecting Rebates.
- "Pharmacy Benefits" shall mean amounts payable for covered pharmacy benefit services and products under the terms of the Plan; Pharmacy Benefits shall be considered Plan Benefits for purposes of this Agreement.
- "P&T Committee" shall mean a committee comprised of clinicians that represent a range of clinical specialties. The committee regularly reviews pharmaceutical products, new pharmaceutical products, for safety and efficacy, the findings of which clinical reviews inform coverage status decisions made by the Business Decision Team. The P&T Committee's review may be based on consideration of, without limitation, FDA-approved labeling, standard medical reference compendia, or scientific studies published in peer-reviewed English-language bio-medical journals.
- "PBM Proprietary Information" shall mean information relating to CHLIC's pharmacy benefit management products and services, including, without limitation, CHLIC's reporting and web-based applications, eligibility and adjudication systems and coding methodologies, system formats and databanks, clinical or formulary management operations or programs, information and agreements relating to Rebates and other financial information, prescription drug evaluation criteria and coverage policies, drug pricing information, including MAC List and Specialty Drug pricing, paid Claims information integrated into CHLIC's adjudication systems, and pharmaceutical manufacturer, vendor or pharmacy network agreements.
- "Prescription Drug Charge" shall mean the amount that, prior to application of the Plan's cost-share requirement(s), Employer is obligated to pay for a Covered Drug dispensed at a Retail Pharmacy or Cigna Home Delivery Pharmacy, including any ingredient cost, applicable Dispensing Fee, service fee, and tax. The ingredient cost charged to Employer may be expressed as, for example, a discount off of AWP or other benchmark price, or a MAC.
- "Rebate" shall mean retrospective formulary rebates received by CHLIC pursuant to the terms of a formulary rebate contract negotiated independently and directly attributable to or arising from the utilization by Members of certain Covered Drugs manufactured, sold, marketed, or distributed by a manufacturer.
However, "Rebates" shall exclude: (i) pricing adjustments, payments and credits made in the ordinary course by any manufacturer on account of product returns, delivery errors or shipping damage or losses arising from drugs and other products purchased from such manufacturer by or on behalf of CHLIC (ii) pricing discounts paid or credited by a manufacturer to pharmacies affiliated with CHLIC for

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prescription drugs and other products purchased from such manufacturer; (iii) any fees or other compensation paid by any manufacturer in consideration of any services, products, activities or programs performed, provided or implemented by CHLIC or any of its affiliates for such manufacturer; (iv) Manufacturer Administrative Fees; (v) Value-Based Payments; (vi) any rebates or other amounts that are allocated to reduce and/or partially or wholly satisfy a Member's cost-sharing obligation for a Covered Drug; and (vii) rebates or other amounts paid to CHLIC for prescription drugs that are administered or otherwise provided to Members in providers' offices, home health care settings, or outpatient clinics.

- "Retail Pharmacy" shall mean any licensed retail pharmacy with which CHLIC has contracted directly or indirectly with a third party, to provide Covered Drugs to Members, and is not a mail order pharmacy. A mail order pharmacy is a pharmacy that primarily fills and delivers pharmaceutical products via the mail service. The term "Retail", when immediately preceding the term "Brand Drug Claim", "Generic Drug Claim", "Specialty Drug Claim", or "Specialty Generic Drug Claim" means that the resulting term (e.g., "Retail Brand Drug Claim") refers to such claim as dispensed by a Retail Pharmacy.
- "Specialty Drug" shall mean a pharmaceutical product, including a Covered Drug, considered by CHLIC to be a Specialty Drug based on consideration of the following factors: (i) whether the pharmaceutical product is prescribed and used for the treatment of a complex, chronic or rare condition; (ii) whether the pharmaceutical product has a high acquisition cost; and, (iii) whether the pharmaceutical product is subject to limited or restricted distribution, requires special handling and/or requires enhanced patient education, provider coordination or clinical oversight. A Specialty Drug may not possess all or most of the foregoing characteristics, and the presence of any one such characteristic does not guarantee that a pharmaceutical product will be considered a Specialty Drug. The term "Specialty," when immediately preceding the terms "Generic Drug" or "Brand Drug", means that the resulting term (e.g. "Specialty Generic Drug") refers to a Generic Drug or Brand Drug that is considered a Specialty Drug, respectively.
- "Specialty Pharmacy" shall mean a duly licensed pharmacy designated by or operated by CHLIC or its affiliates that primarily dispenses Specialty Drugs or provides services related thereto; provided, however, that when the Cigna Home Delivery Pharmacy dispenses a Specialty Drug, it shall be considered a Specialty Pharmacy hereunder.
- "U&C Charge" shall mean the price the applicable Retail Pharmacy would charge a regular cash-paying customer for a Covered Drug (and any services related to the dispensing thereof) on the day on which the Covered Drug is dispensed.

PHARMACY BENEFIT MANAGEMENT - SERVICES TO BE PROVIDED

1. Retail Pharmacy Network

- (a) General. CHLIC shall maintain a Retail Pharmacy network. Retail Pharmacies included in the network shall provide Covered Drugs to which the Retail Pharmacies have access to Members during their normal business hours. A list of the Retail Pharmacies included in the network, as updated from time to time, shall be made available to Members online. CHLIC maintains multiple networks and/or sub-networks and may periodically consolidate networks and/or migrate clients, including Employer, between networks and sub-networks. CHLIC shall require each Retail Pharmacy included in the network to meet its requirements for participation in the Retail Pharmacy network, which include, but are not limited to, satisfaction of licensing and insurance requirements.
- (b) Retail Pharmacy Audits and Overpayments. CHLIC shall perform desktop and on-site audits of each Retail Pharmacy to ensure that each Retail Pharmacy is complying with the terms of its contract with CHLIC. In the event that CHLIC discovers that an overpayment has been made to a Retail Pharmacy, CHLIC shall take reasonable steps to recover the overpayment pursuant to the terms of this Agreement.
- (c) Independent Contractors. The Retail Pharmacies are independent contractors, and as such CHLIC does not direct or exercise any control over the pharmacists at Retail Pharmacies or the professional judgement exercised by any pharmacies in the dispensing or filling of prescriptions or performing other pharmaceutical services. Neither CHLIC nor any CHLIC affiliate shall have any liability to Employer, any Member or any other person or entity for any act or omission of any Retail Pharmacy or its agents or employees.
- (d) Collection of Cost Sharing. CHLIC shall require Retail Pharmacies to collect all applicable Plan cost-shares from Members.

2. Cigna Home Delivery Pharmacy

- (a) General. Members may submit new or refill prescription orders for fulfillment through Cigna Home Delivery Pharmacy or such other mail service pharmacy that CHLIC in its sole discretion may select from time to time. Such orders may be placed via mail, telephone, or electronic means. Subject to Applicable Law, Employer shall permit communication with Members regarding the availability and use of the Cigna Home Delivery Pharmacy potential cost savings associated therewith, and the provision of supporting services (e.g. pharmacist consultation) in connection with any prescription dispensed by the Cigna Home Delivery Pharmacy. Cigna Home Delivery Pharmacy shall deliver all drugs to Members in accordance with its standard procedures. For the

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purposes of clarity, CHLIC does not exert direction or control over the pharmacists at Cigna Home Delivery Pharmacy in filling prescriptions or performing other pharmaceutical services.

- (b) Cost Sharing. Members are responsible for the payment of the applicable cost sharing to Cigna Home Delivery Pharmacy for each prescription or prescription refill. Employer acknowledges that Cigna Home Delivery Pharmacy may suspend services to a Member who is in default of any cost-sharing obligations, in accordance with Cigna Home Delivery Pharmacy's standard credit policy. If payment of such cost-sharing has not been received from the Member within one hundred twenty (120) days of dispensing of the product, the Plan will be billed for the outstanding amount following the one hundred twenty (120) day collection period.
- (c) Affiliation with CHLIC. Accredo Health Group, Inc., ESI Mail Pharmacy Service, Inc., Express Scripts Pharmacy Inc., Tel-Drug of Pennsylvania LLC and Tel-Drug, Inc. are licensed pharmacy affiliates of CHLIC that fill and deliver Covered Drugs via the mail service.

3. Claims Processing

- (a) General. CHLIC, in accordance with Section 2 of the Agreement, shall perform claims processing services for Covered Drugs dispensed by Retail Pharmacies or Cigna Home Delivery Pharmacy. In-network Claims shall be submitted via paper or electronically. Members using out-of-network covered services are required to submit a paper claim form. A separate charge shall apply for the submission of any paper claim form, whether in-network or out-of-network. CHLIC is not required to provide coordination of benefits (COB) services for Claims for drugs dispensed, and electronically processed, at a pharmacy; Claims may be processed without consideration of a Member's coverage under another plan.

- (b) Drug Utilization Review. CHLIC shall perform a concurrent Drug Utilization Review ("DUR") analysis of each prescription submitted for processing. Such DUR Analysis may include, for example: (1) prescribed dosage within a safe range; (2) drug-to-drug interaction; (3) drug-to-allergy interaction; (4) age-to-drug interaction; (5) duplicate therapy; (6) quantity limitations; and (7) days' supply. DUR processes shall not override the prescriber's, the pharmacist's or other health care provider's professional judgment.

- 4. **Utilization Management Program**. CHLIC shall, in accordance with Section 2 of the Agreement, administer the Pharmacy Benefit utilization management program(s) identified in this Agreement. Employer acknowledges that CHLIC's coverage policies and claims administration procedures, which are utilized across CHLIC's self-funded and insured book-of-business to adjudicate claims and administer appeals, may change periodically. As an example of the coverage criteria that may apply to a pharmaceutical product, a

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Member may have to try one or more preferred pharmaceutical products, or demonstrate why trying the preferred pharmaceutical product(s) would be clinically inappropriate, in order to obtain coverage under the Plan for a given pharmaceutical product Employer further authorizes CHLIC to allow coverage for a use that otherwise would be excluded in the event of co-morbidities, complications and other factors not expressly addressed by the coverage policies utilized by CHLIC in reviewing Claims for coverage. CHLIC may rely wholly upon information about the Member and the prescriber's diagnosis of the Member's condition. CHLIC shall not substitute its judgment for the judgment of the prescribing physician, nor shall it determine medical necessity or make other medical determinations other than for coverage purposes.

5. Rebate Management. CHLIC shall pay Employer amounts equal to the Rebate amounts specified in the Schedule of Financial Charges.

6. Drug-Related Services.

(a) Specialty Drugs. CHLIC shall process Claims regarding Specialty Drugs subject to the following provisions:

- (1) The Specialty Pharmacy shall fill prescriptions for Specialty Drugs based on the professional judgment of the dispensing pharmacist, accepted pharmacy practices and product guidelines.
- (2) A list of Specialty Drugs available via the Specialty Pharmacy and the pricing for those Specialty Drugs shall be made available as in effect on the Effective Date, as set forth in Appendix B. After the Effective Date, Employer may request that CHLIC provide it with an updated list of Specialty Drugs available via the Specialty Pharmacy and the pricing with respect thereto.
- (3) To the extent acting in the capacity as a mail order pharmacy, the Specialty Pharmacy shall ship Specialty Drugs to Members in accordance with its standard procedures.
- (4) Members are responsible for the payment of the applicable cost sharing to the Specialty Pharmacy for each prescription or prescription refill. Employer acknowledges that the Specialty Pharmacy may suspend services to a Member who is in default of any cost-sharing obligations, in accordance with the Specialty Pharmacy's standard credit policy. If payment has not been received from the Member within one hundred twenty (120) days of dispensing, the Plan will be billed following the one hundred twenty (120) day collection period.
- (5) For the purposes of clarity, CHLIC does not exert direction or control over the pharmacists at the Specialty Pharmacy in filling prescriptions or performing other pharmaceutical services.

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(b) Compound Drugs. CHLIC shall process prescribed Compound Drugs to the extent covered under the Plan. CHLIC shall treat as Covered Drugs only those components of a Compound Drug that would otherwise be treated as Covered Drugs were they not part of a Compound Drug.

7. Member Communications and Services.

- (a) Member Communication. CHLIC shall provide to Members an ID card and instructions to access Member materials online, including the Formulary, the Retail Pharmacy directory, Cigna Home Delivery Pharmacy information, and an out-of-network Claim reimbursement form.
- (b) Rx Savings Messenger. CHLIC may send personalized mailings to Members regarding the Generic Drugs and preferred Brand Drugs and savings available from Cigna Home Delivery Pharmacy.
- (c) Call Center. CHLIC shall maintain toll-free customer service lines twenty-four (24) hours per day, seven (7) days per week for the purpose of responding to inquiries from Members regarding Retail Pharmacy, Cigna Home Delivery Pharmacy or Claims issues.

8. Formulary Management; Clinical Programs; Other Services.

CHLIC shall provide Formulary management services, which shall include implementing Formulary placement decisions and determinations to apply utilization management requirements made by CHLIC's Business Decision Team. The Business Decision Team makes Formulary determinations based on consideration of clinical and economic factors. Clinical factors may include, but are not limited to, the CHLIC P&T Committee's evaluation of the place in therapy, relative safety or relative efficacy of the drug, as well as whether certain supply limits or other utilization management requirements should apply. Economic factors may include, but are not limited to, the drug's acquisition cost including, but not limited to, assessments on the cost effectiveness of the drug and available Rebates. Employer acknowledges that the Formulary, utilization management requirements, and coverage policies used by CHLIC to perform coverage reviews, including any changes made thereto, are adopted by Employer. When considering a drug for Formulary placement or other coverage conditions, CHLIC's Business Decision Team reviews clinical and economic factors regarding enrollees as a general population across its relevant book-of-business. CHLIC may also provide the clinical, safety and/or trend programs, or other programs and services to Employer, some of which may require payment of additional fees by Employer. If additional fees are required for such a program or service, CHLIC shall include the fee in the Schedule of Financial Charges or otherwise communicate the same in writing to by Employer.

PHARMACY BENEFIT MANAGEMENT - PROGRAM OPERATIONS

1. Implementation of Agreement.

- (a) Project Plan. Employer and CHLIC shall develop an agreed upon implementation project plan with respect to the Agreement prior to the Effective Date or prior to the implementation with respect to any new Pharmacy Benefit under this Agreement following the Effective Date.
- (b) Initial Data and Commencement of Pharmacy Benefit Management Services. Prior to the Effective Date, Employer shall provide CHLIC with all data and/or documentation necessary for CHLIC to provide the services specified in this Agreement. Such data and/or documentation shall include, but is not necessarily limited to, claims history and Member prior authorization history. Assuming all data specified in the preceding sentence is received sufficiently in advance of the Effective Date, CHLIC shall commence providing services under this Agreement as of the Effective Date.

2. Timely Provision of Data by Employer. Employer acknowledges that CHLIC shall not be held responsible for, and shall be released from, fulfilling any obligation or performing any service under this Agreement if Employer or its designee does not provide accurate information in a timely manner.

3. Reporting. CHLIC shall make available to Employer CHLIC's standard reporting applications, subject to Applicable Law and Exhibit D, including, without limitation, HIPAA and state privacy laws.

4. Claims Data.

(a) Retention. CHLIC shall retain data with respect to Claims for at least seven (7) years from the date the prescription is filled. Following the close of such retention period, CHLIC shall retain and dispose of such Claims data pursuant to its then-current standard policies and procedures, Applicable Law and the Business Associate Agreement described in the Agreement.

(b) Disclosure to Vendor. Upon Employer's written request and subject to execution of a non-disclosure agreement acceptable to CHLIC, CHLIC shall provide prescription Claims data in its standard format to a vendor contracted with Employer and otherwise acceptable to CHLIC solely for the purposes of such vendor's support of Plan administration functions. Employer agrees that its vendors may not utilize Claims data for any other purpose, including, without limitation, developing products and services, analyzing the Claims data against market benchmarks or CHLIC competitors or adding to a normative database (even if de-identified and/or blinded as to Member and PBM/carrier) for the Employer's or vendor's commercial use. Employer shall be responsible for any use or disclosure of Claims data, or any services provided, by the vendor. Notwithstanding the foregoing, all

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audits of any pricing guarantees, Rebate-sharing obligations or Claims processing accuracy shall be conducted in accordance with the terms in this Agreement specifically relating to such audits.

- (c) De-Identified Data. During and after the term of this Agreement, CHLIC may use Claims, drug, and medical data that has been de-identified in accordance with HIPAA for research, provider evaluation, database maintenance, and other commercial purposes.

This provision shall survive termination or expiration of the Agreement.

5. Claims Processing Audits. Employer may, in accordance with the requirements set forth in Section 6 of the Agreement and at no additional charge while this Agreement is in effect, audit CHLIC's payment of Plan Benefits subject to the conditions set forth in Section 6 of the Agreement.

6. Rebate Audits. Employer may, to the extent specified below, in accordance with the following requirements, and at no additional charge while this Agreement is in effect, audit CHLIC's Rebate payments. Any Rebate audit shall occur following CHLIC's issuance of the annual financial reconciliation to Employer and no new Rebate audit shall be initiated until such time that each party agrees that any prior audit is closed. In order to balance the need to adequately support the audit process for all CHLIC clients, with an efficient allocation of resources, Employers who desire to audit one or more components of the pharmacy arrangement must do so through a single annual audit. Rebate audits are subject to the following conditions:

- (a) Employer shall designate with CHLIC's consent, such consent not to be unreasonably withheld, an independent, third party auditor to conduct the audit (the "Auditor").
- (b) The Auditor may audit records directly related to CHLIC's performance of its obligations hereunder regarding Rebates once in each 12-month period upon the following conditions: (1) Employer shall provide at least forty-five (45) days written notice to CHLIC; (2) the Auditor (including each auditor conducting the audit) shall be agreeable to Employer and CHLIC; (3) a mutually agreed upon nondisclosure/nonuse contract shall be executed by Employer, the Auditor and CHLIC; (4) the records to be audited shall be no more than two years old as of the date of the audit; (5) the scope of records to be audited shall be as mutually agreed upon by the Auditor and CHLIC as those which are necessary to determine compliance with the Rebate-sharing obligations under this Agreement; (6) the audit shall be conducted at a mutually acceptable time during regular business hours at CHLIC's office where such records are located; (7) records shall not be removed or photocopied without CHLIC's express written consent; (8) for the sole purpose of confirming compliance with the audit Confidentiality Agreement, Auditor will first submit in draft to CHLIC, prior to submission to Employer, its Rebate audit report so that CHLIC may confirm that no terms of the applicable agreements with manufacturers, which are confidential, are disclosed in the audit report; (9) the Auditor shall provide its final audit report to

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CHLIC and Employer at the same time; and (10) the Auditor may disclose the aggregate amount of Rebates due Employer but no other details of CHLIC's manufacturer contracts of which the Auditor is apprised, if any.

This provision shall survive termination or expiration of the Agreement.

7. Financial Guarantee Reconciliation Audits.

(a) Employer may, to the extent specified below and at no additional charge, audit such information that is related to CHLIC's pricing guarantees to determine whether CHLIC has met its contractual obligations hereunder once every Plan year following CHLIC's issuance of the annual reconciliation to Employer. No new audits shall be initiated until such time that all parties have agreed that any prior audit is closed. In order to balance the need to adequately support the audit process for all CHLIC clients, with an efficient allocation of resources, Employers who choose to audit one or more components of the pharmacy arrangement must do so through a single annual audit.

(b) Any such audit shall be subject to the following conditions: (1) the audit may take place while this Agreement is in effect or within one (1) year after the termination or expiration of this Agreement; (2) such audit may cover up to two prior contract years to the extent such prior contract years have not previously been audited; (3) Employer shall provide CHLIC with forty-five (45) days' advance written request for the audit; (4) Employer and CHLIC shall agree on a mutually acceptable, independent, third party auditor to conduct the audit (the "Auditor"), and the individual(s) employed or contracted to perform the audit shall not have a conflict of interest that could reasonably diminish their impartiality; (5) Employer shall be responsible for its Auditor's costs, and CHLIC will be responsible for its costs in connection with the audit; (6) the audit shall be conducted in accordance with the terms hereof and a Pharmacy Financial Guarantee Audit Agreement, a sample of which is attached hereto as Exhibit C2, which shall be signed by CHLIC, Employer, and the Auditor prior to the start of such audit; (7) any adjustments resulting from the audit will be based upon the actual Claims reviewed and not upon statistical projections or extrapolations, as the Auditor will be furnished with 100% of the paid Claims processed during the applicable contract period for purposes of the audit; (8) the Auditor shall provide the audit report to the Employer and CHLIC simultaneously; (9) CHLIC will respond to any audit report issued by the Auditor within thirty (30) days of the issuance of same; and (10) CHLIC will reconcile mutually agreed upon amounts due to Employer within a reasonable period of time following mutual agreement regarding any amount due to the Employer.

This provision shall survive termination or expiration of the Agreement.

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PHARMACY BENEFIT MANAGEMENT - FUNDING AND PAYMENT OF CLAIMS; CHARGES

- 1. Funding and Payment of Claims.** With respect to Pharmacy Benefits, (1) CHLIC may withdraw funds from the Bank Account for the purposes specified in Section 3 of the Agreement five times per month, and (2) any recovered overpayments shall be credited to Employer via a line item on its invoice, less the fee set forth on the Schedule of Financial Charges.
- 2. Retroactive Member Changes and Terminations.** Notwithstanding anything in the Agreement to the contrary, Employer shall remain responsible for all charges and Bank Account Payments incurred or charged through the date CHLIC processed Employer's notice of a retroactive change or termination of a Member's enrollment in the Plan. Notwithstanding anything to the contrary in Section 4.c. of the Agreement, with respect to Pharmacy Benefits, CHLIC generally will implement eligibility updates received from Employer that adhere to CHLIC's standard electronic format as soon as reasonably practicable following receipt of such updates.

PHARMACY BENEFIT MANAGEMENT - FIDUCIARY ACKNOWLEDGMENTS

CHLIC offers pharmacy benefit management services for consideration by Employer and other entities. The general parameters of such services and the supporting systems have been developed by CHLIC as part of CHLIC's administration of its general business as a pharmacy benefit manager for entities that sponsor group health plans. The Parties have negotiated the terms of this Agreement in an arm's-length fashion. Except to the extent CHLIC conducts the final level of internal appeal as set forth in Section 2.c of the Agreement, the Parties assert that neither Party intends that CHLIC shall be a fiduciary with respect to Pharmacy Benefits for either ERISA (if applicable) or state law purposes, and neither Party shall name CHLIC or any of its affiliates as a "plan fiduciary" with respect to its management of Pharmacy Benefits. Employer acknowledges and agrees that CHLIC (i) does not have discretionary authority or control respecting management of the Pharmacy Benefits, and (ii) does not exercise any authority or control respecting management or disposition of the assets relating to Pharmacy Benefits or of Employer. Rather, Employer retains all such authority and control. The Parties agree that, upon reasonable notice, CHLIC shall have the right to terminate its Pharmacy Benefit services under this Agreement to any Plan and/or Members located in a state that requires a pharmacy benefit manager to be a fiduciary to Employer, the Plan or a Member.

This provision shall survive termination or expiration of the Agreement.

PHARMACY BENEFIT MANAGEMENT - FINANCIAL ARRANGEMENTS

1. **General.** CHLIC contracts with its PBM affiliate for the provision of pharmacy benefit services and financial arrangements. As such, CHLIC or its PBM affiliate, directly or indirectly contract on their own accounts with Retail Pharmacies and Cigna Home Delivery Pharmacy to dispense covered pharmaceutical products to Employer's Members, and not on behalf of, or for the benefit of, Employer or the Plan; accordingly, any discounts or other remuneration CHLIC or its PBM affiliate earns under an arrangement with a Retail Pharmacy or Cigna Home Delivery Pharmacy are obtained for, and inure to, the sole and exclusive benefit of CHLIC or its PBM affiliate, and not the Employer or the Plan. Amounts paid by CHLIC or its PBM affiliate or by the PBM affiliate for Retail Pharmacy or Cigna Home Delivery Pharmacy for Brand Drug, Generic Drug, or Specialty Drug Claims may or may not be equal to the amount charged to Employer and/or Member. If the amount paid by Employer and/or Member does not equal the amount paid by CHLIC to its PBM affiliate or by the PBM affiliate to a particular pharmacy, CHLIC and its PBM affiliate will absorb or retain such difference. CHLIC may directly or indirectly contract for Rebates, Manufacturer Administrative Fees, and other remuneration on its own behalf and for its own benefit, and not on behalf of Employer or the Plan. As an example of other remuneration other than Rebates or Manufacturer Administrative Fees that CHLIC may earn, CHLIC may also directly or indirectly from pharmaceutical manufacturers remuneration in connection with value payments and/or services that CHLIC provides to Employer ("Value-Based Payments"). Notwithstanding anything in this Agreement to the contrary, any Value-Based Payments earned by CHLIC are separate and apart from any Rebates or Manufacturer Administrative Fees that CHLIC directly or indirectly earns from pharmaceutical manufacturers, and CHLIC may retain any Value-Based Payments it earns. As examples of the value payments and/or services that CHLIC may provide to Employer in connection with Value-Based Payments that CHLIC may earn, CHLIC may provide care management or other services to Employer and/or remit to Employer monetary credits if Members discontinue therapy on certain pharmaceutical products. Information regarding any services, and/or monetary credits or other financial value, for which Employer may be eligible with respect to specific pharmaceutical products or therapeutic classes/conditions, including the products for which monetary credits or other financial value may be available to Employer, the amount of that value, and other payment terms, is available upon request. Any value payments and/or services provided by CHLIC to Employer are subject to change or termination by CHLIC as the value program(s), if any, offered by CHLIC change(s) or terminate(s). Accordingly, CHLIC retains all right, title and interest to any and all actual Rebates, Manufacturer Administrative Fees, Value-Based Payments, and other remuneration directly or indirectly received from manufacturers. CHLIC may provide Employer amounts equal to all or some portion of the Rebate and Manufacturer Administrative Fee amounts, or other financial value generated in connection with any value program(s), allocated to Employer, if any, and as specified on the Schedule of Financial Charges, from CHLIC's general assets (neither Employer, its Members, nor Employer's Plan retains any beneficial or proprietary interest in CHLIC's general assets). Rebate and Manufacturer Administrative Fee amounts received vary based on factors including, without limitation, Employer-specific utilization, the volume of utilization as well as Formulary position applicable to the drug or supplies, and adherence to various formulary management controls, benefit design requirements, and Claims volume. Employer acknowledges and

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agrees that neither it, its Members nor its Plan will have a right to interest on, or the time value of, any Claim payments charged by CHLIC to Employer or any Rebate, Manufacturer Administrative Fee or other payments received by CHLIC during the collection period of moneys payable under this section, if any, and that CHLIC shall retain any such remuneration. For purposes of this provision, the term CHLIC shall also include and mean CHLIC's PBM affiliate, Express Scripts, Inc.

2. Affiliates. Cigna Home Delivery Pharmacy may maintain product purchase discount arrangements and/or fee-for-service arrangements with pharmaceutical manufacturers and wholesale distributors in its capacity as a mail service and/or specialty pharmacy. Cigna Home Delivery Pharmacy may contract for these arrangements on its own account in support of its pharmacy operations, and not on behalf of, or for the benefit of, Employer or the Plan. Accordingly, Cigna Home Delivery Pharmacy retains the sole and exclusive benefit of any difference between its acquisition cost for a pharmaceutical product and the amount charged to Employer under this Agreement. Further these arrangements relate to services provided outside of this Agreement and other pharmacy benefit management arrangements and may be entered into without regard to whether a specific drug is on one of the formularies that CHLIC offers to entities that sponsor group health plans. Discounts and fee-for-service payments received by Cigna Home Delivery Pharmacy are not part of the pharmacy benefit management formulary rebates or associated administrative fees or charges paid to CHLIC in connection with CHLIC's pharmacy benefit management formulary rebate programs.

This provision shall survive termination or expiration of the Agreement.

PHARMACY BENEFIT MANAGEMENT - OBLIGATIONS UPON TERMINATION

Upon notice of termination of this Agreement, the following provisions shall apply with respect to Pharmacy Benefits:

- a) Employer shall notify Members at least thirty (30) days prior to the termination of the Agreement becoming effective of any transition to a successor pharmacy benefit manager.
- b) If mutually agreed upon by CHLIC and Employer, CHLIC shall provide services following termination of the Agreement at CHLIC's then-prevailing rate. Such services, if any, shall be determined by mutual agreement of CHLIC and Employer in advance of the termination of the Agreement becoming effective.
- c) Upon request by Employer and subject to execution of a nondisclosure agreement acceptable to CHLIC, CHLIC shall transition Claims files and/or history to the pharmacy benefit manager or other third party specified by Employer and otherwise acceptable to CHLIC. Any disclosure of Claims files and/or history shall be limited to the information the successor pharmacy benefit manager or other third party needs to implement or administer Employer's pharmacy benefits. CHLIC shall not be required to

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directly or indirectly release, and Employer shall not release, PBM Proprietary Information to any such third party.

d) Upon termination of the Agreement for any reason, the Parties shall handle Confidential Information, PBM Proprietary Information and Protected Health Information (as defined in the Business Associate Agreement attached as Exhibit D) pursuant to the terms of the Agreement.

e) In the event that CHLIC terminates the Agreement pursuant to Section 1.v of the Agreement, CHLIC shall have no further obligation following the date of such termination to pay Employer any Rebates, or any other amount that may otherwise be payable by CHLIC to Employer.

This provision shall survive termination or expiration of the Agreement.

PHARMACY BENEFIT MANAGEMENT - CONFIDENTIALITY

1. General. Employer acknowledges and agrees that CHLIC's PBM Proprietary Information constitutes competitively sensitive trade secrets, and that its misuse or mis-disclosure could result in material financial and legal loss or liability to CHLIC, its affiliates and their respective subcontractors. CHLIC shall not be required to disclose PBM Proprietary Information to Employer except to the extent necessary for Employer to exercise any audit rights expressly provided hereunder or perform other Plan administration functions. If CHLIC discloses PBM Proprietary Information to Employer, or, if CHLIC consents, to the Employer's vendor or designee, CHLIC may require Employer, or its vendor or designee, to execute a non-disclosure agreement specifically relating to the requested PBM Proprietary Information. Employer agrees that it and its vendors may not utilize PBM Proprietary Information for any purpose other than performing Plan administration functions, including, without limitation, developing products and services, de-identifying, blinding or analyzing the PBM Proprietary Information against market benchmarks or CHLIC competitors or adding to a normative database for the Employer's, or vendor's or designee's, commercial use. For the purposes of clarity, information shall not cease to qualify as PBM Proprietary Information if Employer or its vendor or designee de-identifies and/or blinds the PBM Proprietary Information such that the information cannot be traced or identified to a Member or CHLIC, its affiliates or their respective subcontractors. Employer shall be solely responsible for any disclosure of PBM Proprietary Information by CHLIC to Employer or its vendor or designee, or any subsequent use or disclosure by Employer or its vendor or designee, or services provided by the same. Notwithstanding anything herein to the contrary, in no event will CHLIC be required to disclose to Employer, or its vendor or designee, information related to, or including, its pharmacy network agreements, vendor agreements or pharmaceutical manufacturer agreements.

2. Compelled Disclosures. If at any time Employer, or its vendor or designee, is required by law, court order or other valid legal process to disclose any Confidential Information, it will promptly notify CHLIC prior to any such compelled disclosure and, upon request,

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cooperate with CHLIC in seeking a protective order or other available relief to contest or limit the scope of such compelled disclosure.

3. Return or Destruction of Information. At any time upon CHLIC's request or upon expiration or termination of this Appendix A or the Agreement, whichever occurs first, Employer will, at CHLIC's option, promptly deliver, or, as the case may be, compel its vendor or designee to deliver, to CHLIC all PBM Proprietary Information or other Confidential Information (or such portion thereof as requested) and not retain any copies in whole or in part of such PBM Proprietary Information or other Confidential Information, or securely destroy or dispose, or, as the case may be, compel its vendor or designee to destroy or dispose, of those portions of documents and other materials in any form, including electronic form, prepared by or received by the Employer or its vendor or designee, that contain or reflect such PBM Proprietary Information or other Confidential Information. Employer, or its vendor or designee, shall certify such return and destruction, as the case may be, to CHLIC.

Appendix B - Cigna Home Delivery Pharmacy Specialty Drug List

THIS SPECIALTY DRUG LIST IS CONFIDENTIAL, PROPRIETARY INFORMATION OF CHLIC. IT IS PROVIDED SOLELY FOR EMPLOYER'S PLAN ADMINISTRATION PURPOSES. RE-DISCLOSURE IS STRICTLY PROHIBITED EXCEPT AS OTHERWISE PROVIDED BY APPLICABLE LAW. CHLIC RESERVES ALL LEGAL RIGHTS AND REMEDIES TO ENFORCE THESE PROHIBITIONS ON USE AND DISCLOSURE.

The Specialty Drug List shall be provided separately to Employer, and is hereby incorporated into the Agreement by reference, inclusive of any changes made subsequent to CHLIC's initial issuance of the Specialty Drug List to Employer to the pharmaceutical products included on the Specialty Drug List or the discounts pertaining to such pharmaceutical products. Upon Employer's request on or after the Effective Date, CHLIC shall provide to Employer an updated Specialty Drug List.

Currently Marketed Specialty Drugs on this Specialty Drug List. The discounts in this Specialty Drug List are the discounts that will be adjudicated in CHLIC's claim processing system for the drug indicated when dispensed by Cigna Home Delivery Pharmacy, subject to all of the following.

- Any or all of the discounts in this Specialty Drug List may be adjusted by CHLIC to the extent reasonably necessary to preserve the economic value of this Agreement as it existed immediately prior to the occurrence of any of the following events: a major change in market conditions affecting the pharmaceutical or pharmacy benefit management market, a drug shortage in the market, an issue involving the safety of the drug supply, or similar market situation.
- The discounts in this Specialty Drug List are based on the terms and design of the Pharmacy Benefit that Employer has adopted and disclosed to CHLIC. Accordingly, if Employer fails to disclose to CHLIC, for example, that it uses or intends to use a consumer-driven health plan, a major cost-sharing program, or a utilization management program promoting generic or OTC drugs over brand drugs, CHLIC may adjust the discounts as it reasonably deems necessary to preserve the economic value or benefit of this Agreement as CHLIC anticipated based on the terms and design of the Pharmacy Benefit previously disclosed to CHLIC and prior to CHLIC's discovery of the Pharmacy Benefit design feature that materially impacts CHLIC's discounts in this Specialty Drug List.
- The discounts in this Specialty Drug List shall not apply to Compound Drug claims, Claims that process at U&C, direct member reimbursement (DMR) Claims, and drugs adjudicated under the medical benefit.
- Any or all of the discounts in this Specialty Drug List may be adjusted by CHLIC to the extent reasonably necessary to preserve the economic value of this Agreement as it existed immediately prior to the occurrence of any of the following events: (a) there are any significant changes in the composition of CHLIC's pharmacy network or in CHLIC's pharmacy network contract compensation rates, or the structure of the pharmacy stores/chains/vendors that are contracted with CHLIC, including but not limited to disruption in the retail pharmacy delivery model, or bankruptcy of a chain pharmacy; or (b) there is a change in government laws or regulations which has a significant impact on pharmacy claim costs; or (c) any material manufacturer-rebate contracts with or for the benefit of CHLIC are terminated or modified in whole or in part; or (d) there is any legal action or Law that materially affects or could materially affect the manner in which CHLIC's rebate

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program is administered or an existing Law is interpreted so as to materially affect or potentially have a material effect on CHLIC's administration of the Pharmacy Benefit; or (e) there is a material change in the Plan or the Plan's Pharmacy Benefit that is initiated by Employer which impacts CHLIC's costs.

New-to-Market Specialty Products. Specialty Drug Claims, excluding limited distribution drugs, that are for new-to-market drugs will have a minimum market-introduction guaranteed discount of 11.45% off the drug's AWP.

Contractual Agreements Unit
Underwriting
Cigna



January 6, 2022

Guy Hine
Risk Manager
City of Fort Lauderdale
100 North Andrews Avenue
Fort Lauderdale, FL 33301

Routing W122A
900 Cottage Grove Road
Hartford, CT 06152
Telephone 860.226.4422
Facsimile 860.730.3944
Aimee.Burnham@cigna.com

RE: 2022 Plan Year Services and Charges (Effective January 1, 2022)

Account Name: City of Fort Lauderdale

Account Number(s): 3335139

Dear Guy Hine:

Pursuant to the terms of the Administrative Service Agreement with Cigna Health and Life Insurance Company ("CHLIC"), the enclosed disclosure identifies the updated charges for the products and services provided under the Administrative Service Agreement effective January 1, 2022.

This summary identifies the services that may apply to plans administered by CHLIC. Some specific services may not apply to the plan. Where a specific charge is identified, it is the charge in effect currently. Most charges are subject to change. To determine the current charge for any particular services in the future or for prior periods, and any other questions, please contact your Cigna sales representative.

Underwriting Contractual Agreements Unit

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Schedule of Financial Charges

Certain fees and charges identified in this Schedule of Financial Charges will be billed to Employer monthly in accordance with CHLIC's then standard billing practices. However, CHLIC is authorized to pay all fees and charges from the Bank Account unless otherwise specified in this Agreement.

AMOUNTS OWED TO CHLIC
Amounts paid by CHLIC with its own funds on behalf of Employer or the Plan with respect to charges for which Employer or the Plan is obligated to pay under this Agreement including Plan Benefits, Bank Account Payments (including fixed per person payments and pay-for-performance payments to Participating Providers), governmental taxes or assessments will be billed to Employer and CHLIC is authorized to pay all such amounts from the Bank Account.
CIGNA PHARMACY BENEFIT MANAGEMENT SERVICES CHARGES AND RELATED PROVISIONS
PHARMACY ADMINISTRATION FEE
Cigna Pharmacy Product Administration Fee: is separate from the Medical Administration Charge shown above, but included on same billing line as the Medical Administration Charge for billing purposes only: \$2.50/employee/month .
FINANCIAL GUARANTEES FOR DRUGS COVERED UNDER THE PLAN'S PHARMACY BENEFIT
Covered Drugs Dispensed by Cigna Home Delivery Pharmacy: CHLIC will guarantee the following charges for Covered Drugs dispensed by Cigna Home Delivery Pharmacy, subject to the provisions in the section titled "PBM Pricing – Additional Provisions":
Brand Drug Claims: For all Cigna Home Delivery Pharmacy Brand Drug Claims, the Employer's guaranteed annual average discount will be AWP minus 25.00%.
Generic Drug Claims: For all Cigna Home Delivery Pharmacy Generic Drug Claims, the Employer's guaranteed annual average discount will be AWP minus 83.00%.
Dispensing Fees for Drug Claims: For all Cigna Home Delivery Pharmacy Brand Drug Claims and Generic Drug Claims the Employer's guaranteed annual average Dispensing Fee will be \$0.00.
Covered Drugs Dispensed by Retail Pharmacies: CHLIC will guarantee the following charges for Covered Drugs dispensed by Retail Pharmacies regardless of days' supply, subject to the provisions in the section titled "PBM Pricing – Additional Provisions":
Specialty Brand Drug Claims: For all Retail Pharmacy Specialty Brand Drug Claims, the Employer's guaranteed annual average discount will

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<p>be AWP minus 11.50%.</p>
<p>Covered Drugs Dispensed by Retail Pharmacies in 30-day* supplies: CHLIC will guarantee the following charges for Covered Drugs dispensed by Retail Pharmacies in 30-day supplies, subject to the provisions in the section titled "PBM Pricing – Additional Provisions":</p>
<p>*A 30-day supply means any Covered Drug dispensed by a Retail Pharmacy in an amount less than an 83-day supply.</p>
<p>Brand Drug Claims: For all Retail Pharmacy Brand Drug Claims, the Employer's guaranteed annual average discount will be AWP minus 18.59%.</p>
<p>Generic Drug Claims: For all Retail Pharmacy Generic Drug Claims, the Employer's guaranteed annual average discount will be AWP minus 78.25%.</p>
<p>Dispensing Fees for Both Brand Drug Claims and Generic Drug Claims: For all Retail Pharmacy Brand Drug Claims and Generic Drug Claims, the Employer's guaranteed annual average Dispensing Fee will be \$1.00.</p>
<p>Covered Drugs Dispensed by Retail Pharmacies in 90-day** supplies: CHLIC will guarantee the following charges for Covered Drugs dispensed by Retail Pharmacies in 90-day supplies, subject to the provisions in the section titled "PBM Pricing - Additional Provisions":</p>
<p>**A 90-day supply means any Covered Drug dispensed by a Retail Pharmacy in an amount equal to or greater than an 83-day supply.</p>
<p>Brand Drug Claims: For all Retail Pharmacy Brand Drug Claims, the Employer's guaranteed annual average discount will be AWP minus 24.04%.</p>
<p>Generic Drug Claims: For all Retail Pharmacy Generic Drug Claims, the Employer's guaranteed annual average discount will be AWP minus 81.00%.</p>
<p>Dispensing Fees for Both Brand Drug Claims and Generic Drug Claims: For all Retail Pharmacy Brand Drug Claims and Generic Drug Claims, the Employer's guaranteed annual average Dispensing Fee will be \$0.00.</p>
<p style="text-align: center;">RECONCILIATION OF PHARMACY BENEFIT MANAGEMENT FINANCIAL GUARANTEES</p>
<p>Pricing Guarantee Calculation. The following calculation will be performed on an aggregated basis for all paid Claims for Covered Drugs processed during the applicable contract year in order to reconcile against the average annual ingredient cost discount guarantees set forth above:</p>
<p>1 – [(the total ingredient cost charged to the Employer prior to application of the Plan's Member cost-share requirements)/</p>

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(the total AWP) for all Covered Drugs]

For the purposes of the pricing guarantee calculation, and notwithstanding anything herein to the contrary, the total ingredient cost shall also include the ingredient cost for a Covered Drug for which a Member pays 100% in the form of cost-share. The application of brand and generic pricing may be subject to certain “dispensed as written” (“DAW”) protocols and Employer defined plan design and coverage policies for adjudication and Member Copayment purposes. For example, DAW 5 (House Generic) claims will be considered a Generic Drug claim for pricing purposes.

Pricing Guarantee Exclusions. The following Claims or products shall be excluded from the calculation of any pricing guarantee set forth in this Agreement:

- Specialty Drugs, unless otherwise noted in this Schedule of Financial Charges.
- Workers’ Compensation Claims.
- Non-standard facility Claims (Indian Tribal, Veterans Administration, or Dep. of Defense facilities).
- Limited Distribution Drugs and Exclusive Distribution Drugs.
- Subrogation Claims.
- Repackaged products.
- Products filled through Pharmacies not participating in the network accessed by Employer under this Agreement (including a contracted pharmacy that does not participate in a sub-network or preferred network tier).
- Over-the-counter (OTC) products.
- Secondary Payer Claims.
- Direct Member Reimbursement Claims.
- Compound Drugs.
- Claim reversals.
- Products identified as prescriptions covered under the federal 340B drug pricing program.
- Claims for Covered Drugs paid at the Retail Pharmacy’s U&C Charge shall be included in the calculation of any Retail Pharmacy pricing guarantee set forth in this Agreement. Provided, however, that Claims for Covered Drugs at a U&C Charge shall not be included in the calculation of any Dispensing Fee guarantee, as no separate Dispensing Fee is charged for such Claims.

RECONCILIATION AND OFFSETS REGARDING FINANCIAL GUARANTEES

CHLIC will report on the guaranteed amounts within one-hundred eighty (180) days following the end of each contract year. Upon reconciliation, CHLIC’s performance with respect to each ingredient cost discount or Dispensing Fee guarantee offered under this Agreement will be individually measured and then reconciled in the aggregate across all ingredient cost discount or Dispensing Fee guarantees.

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PBM PRICING – ADDITIONAL PROVISIONS

- For a specific Claim for a Covered Drug dispensed by a Retail Pharmacy or Cigna Home Delivery Pharmacy, and after application of any Plan cost-share requirements, CHLIC shall charge the Employer the lowest of the following amounts:
 - (1) The Prescription Drug Charge; or
 - (2) The pharmacy's submitted U&C Charge, if any.
- For a specific Claim for a Covered Drug dispensed by a Retail Pharmacy or Cigna Home Delivery Pharmacy, CHLIC shall charge the Member in accordance with the terms of the Pharmacy Benefit. For example, for a Covered Drug subject to a fixed dollar copayment requirement, CHLIC shall charge the Member the lowest of the following amounts:
 - (1) The fixed dollar copayment for the Covered Drug, if any;
 - (2) The Prescription Drug Charge; and
 - (3) The pharmacy's submitted U&C Charge, if any.
- Home Delivery Pharmacy Dispensing Fees and Dispensing Fee Guarantees are inclusive of shipping and handling. If carrier rates (i.e., U.S. mail and/or applicable commercial courier services) increase during the term of this Agreement, the Home Delivery Pharmacy Dispensing Fee and Home Delivery Pharmacy Dispensing Fee Guarantee will be increased to reflect such increase(s).
- Unless specifically noted herein, the discounts to Employer for Covered Drugs set forth in this Agreement are not guaranteed to result in an average aggregate discount off the aggregate AWP of all such Covered Drugs.
- Any pricing guarantees, including any ingredient cost discount or Dispensing Fee guarantee, set forth in this Agreement shall be rendered null and void in the event Employer terminates CHLIC's administration of the Pharmacy Benefit prior to completion of the then-current Plan Year. CHLIC's fees, Rebates (if any), discounts or guarantees (if any) are, among other conditions communicated in this Agreement or otherwise in writing to Employer, contingent on, and assume, adoption by Employer of a specific Formulary, Retail Pharmacy network, and Plan design features (e.g. cost-share structure, utilization/cost management programs).
- Notwithstanding any other provision of this Agreement, CHLIC may, effective upon written notice to Employer, adjust any or all of the fees, Rebates (if any), discounts or guarantees (if any) in this Agreement to the extent reasonably necessary to preserve the economic value of this Agreement to CHLIC as it existed immediately prior to any of the following events or changes: (a) there are any significant changes

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in the composition of the CHLIC pharmacy network utilized by Employer hereunder or in such pharmacy network's contract compensation rates, or the structure of the pharmacy stores/chains/vendors that are contracted with CHLIC, including but not limited to disruption in the retail pharmacy delivery model, or bankruptcy of a chain pharmacy; or there is a change in or to the pharmacy network reflected in the pharmacy pricing summary; or (b) there is a change in government laws or regulations which has a significant impact on pharmacy claim costs; or (c) any material manufacturer-rebate contracts with, or for the benefit of, CHLIC are terminated or modified in whole or in part; or (d) there is any legal action or law that materially affects, or could materially affect the manner in which CHLIC's rebate program is administered or an existing law is interpreted so as to materially affect or potentially have a material effect, on CHLIC's administration of the Plan; (e) a major change in market conditions affecting the pharmaceutical or pharmacy benefit management market, a drug shortage in the market, an issue involving the safety of the drug supply, an unexpected introduction of a new drug (e.g. authorized generic), or similar market event occurs; (f) the Pharmacy Benefit enrollment decreases by equal to or greater than 15% from the enrollment on which CHLIC's financial offer is based; or (g) there is material change in the Plan that is initiated by Employer (and which CHLIC agrees to administer) such as a change in Formulary selection or pharmacy network, or Employer fails to disclose a material feature of the Plan or the Plan's Pharmacy Benefit.

DRUG MANUFACTURER-PAYMENT SHARING

Subject to the caveats below, CHLIC will remit to Employer the following portion of Rebates and Manufacturer Administrative Fees that CHLIC collects with respect to utilization of Covered Drugs under the Plan's Pharmacy Benefit:

For All Products:

The greater of: 100.00% of Rebates and Manufacturer Administrative Fees on such utilization dispensed in the full calendar year immediately preceding CHLIC's remittance, or the sum of \$96.92 multiplied by the number of Retail Pharmacy Brand Claims dispensed in 30-day* supplies plus \$434.72 multiplied by the number of Retail Pharmacy Brand Claims dispensed in 90-day** supplies plus \$1,034.74 multiplied by the number of Cigna Home Delivery Pharmacy Brand Claims processed in such full calendar year.

Caveats:

- (1) Upon termination of this Agreement, CHLIC may use Rebates otherwise payable to Employer to offset payable Bank Account Payments or other payable fees or charges identified in this Agreement. CHLIC may also use Rebate attributable to claims for which CHLIC has the financial responsibility under any applicable stop loss policy issued to Employer for purposes of paying or offsetting any stop loss reimbursement payments owed by CHLIC or its affiliates to Employer or otherwise to reconcile stop loss reimbursements.

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- (2) Should Employer terminate this Agreement before completion of the then-current Plan Year, no Rebates shall be due with respect to that Plan Year, and any Rebate minimum or fixed dollar guarantees shall be null and void, as payments of Rebates is conditioned on CHLIC exclusively administering the Pharmacy Benefits for the entire Plan Year.
- (3) For percentage-based sharing arrangements, payout amount may differ slightly from the stated percentage when payout occurs before manufacturers' final reconciliations and payments are made to CHLIC. For the purposes of clarity, CHLIC shall reconcile its performance with respect to any Rebate payment guarantees, including, without limitation, any minimum or fixed dollar guarantees, in the aggregate. Moreover, any amount directly or indirectly provided by a manufacturer or other third party that is allocated to reduce and/or wholly or partially satisfy a Member's cost-sharing obligation for a Covered Drug shall not be considered a "Rebate" for the purposes of Rebate payments to Employer but may be included when reconciling CHLIC's performance against any Rebate minimum guarantee set forth in this Agreement.
- (4) For percentage-based sharing arrangements, the percentage share payment of Rebates shall not include the payment of any Rebates received, if any, for Run-Out Claims, 340b Claims, Medical Specialty Claims, Direct Member Reimbursement Claims, Reversed Claims, and Compound Claims.
- (5) CHLIC or its agent contracts with drug manufacturers on CHLIC's own behalf, and not as agent of the Employer or the Plan.
- (6) The Rebate payment commitments, including any minimum or fixed dollar guarantees, if any, set forth in this Schedule of Financial Charges are, among any other conditions communicated in this Agreement or otherwise in writing to Employer, contingent on the availability of Rebates to CHLIC and Employer's Pharmacy Benefit applying a 90-day supply limit for Specialty Drugs, and standard days' supply limits. In the event that Employer has adopted, or adopts, a 30-day supply limit for Specialty Drugs, or participates in the Clinical Day Supply Program, CHLIC may revise on an equitable basis the stated Rebate minimum or fixed dollar guarantees, if any, to the extent necessary to reflect CHLIC's revised estimate of Rebates it may collect on a plan design having adopted a days' supply limit for Specialty Drug of less than 90 days or the Clinical Day Supply Program.

Timing of Rebate Pay-Out: Remittance will be provided within ninety (90) days after the close of each applicable calendar quarter for the portion of such calendar quarter that coincides with the Plan Year.

REBATE PAYMENT EXCLUSIONS

The Rebate Guarantee payment obligations set forth in this Schedule of Financial Charges shall exclude the following types of claims and/or

- products:
- Claims paid pursuant to a Dispense as Written (DAW) 5 code.
- Direct Member Reimbursement Claims.

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- Vaccines.
 - Compound Drugs.
 - Claim reversals.
 - Products identified as prescriptions covered under the federal 340B drug pricing program. Employer shall be solely responsible for ensuring that any pharmacy affiliated with or operated by Employer or its affiliate, such as an in-house pharmacy, systematically identifies 340B prescriptions on Claim transactions administered by CHLIC. If such pharmacy fails to systematically identify 340B prescriptions on Claim transactions submitted to CHLIC, then CHLIC may withhold all Rebates, or modify any minimum or fixed dollar Rebate guarantee, otherwise attributable to utilization at such pharmacy.
 - Run-Out Claims.
- Rebate guarantee reconciliation calculations will not include member-submitted coupon copay assistance.

PHARMACY VACCINE PROGRAM

Notwithstanding anything to the contrary in this Agreement or otherwise, the following terms and conditions shall apply to the administration of vaccines by CHLIC under the Cigna Pharmacy Program.

Vaccine Claims will adjudicate at the lower of the U&C Charge or the amounts shown in the Vaccine Pricing Schedule below. For Vaccine Claims, the U&C Charge shall be the retail price charged by an in-network participating retail pharmacy for the particular vaccine, including administration and dispensing fees, in a cash transaction on the date the vaccine is dispensed as reported to CHLIC by the in-network participating pharmacy.

“Vaccine Claim” means a claim for a Covered Drug which is a vaccine. “Pass Through Pricing” means the actual ingredient cost and dispensing fee amount paid by CHLIC for the Vaccine Claim when the Vaccine Claim is adjudicated by an in-network participating pharmacy, as set forth in the specific in-network participating pharmacy remittances related to the Vaccine Claim. Notwithstanding anything to the contrary in this Agreement or otherwise, all Vaccine Claims shall be excluded from the calculation, measurement, and payment of any and all financial guarantees, including but not limited to rebate guarantees, ingredient cost guarantees, and dispensing fee guarantees set forth in this Agreement.

Vaccine Pricing Schedule

	Retail Pharmacy INFLUENZA	Retail Pharmacy ALL OTHER VACCINES	Member Submitted Vaccine Claims
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Vaccine Administration Fee	Pass-Through Pricing (Capped at \$15 per in-network Vaccine Claim)	Pass-Through Pricing (capped at \$20 per in-network Vaccine Claim)	Submitted amount
Ingredient Cost	Retail Pharmacy Ingredient Cost as set forth in this Agreement	Retail Pharmacy Ingredient Cost as set forth in this Agreement	Submitted amount
Dispensing Fee	Retail Pharmacy Dispensing Fee as set forth in this Agreement	Retail Pharmacy Dispensing Fee as set forth in this Agreement	Submitted amount
CIGNA HOME DELIVERY PHARMACY DISCLOSURE			
Product			
Cigna Home Delivery Pharmacy (a CHLIC affiliated company(ies))	Specialty drugs dispensed by Cigna Home Delivery Pharmacy and administered under the Plan's medical benefit. "Cigna Home Delivery Pharmacy" means a duly licensed pharmacy operated by CHLIC or its affiliates, where prescriptions are filled and delivered via the mail service. Cigna Home Delivery Pharmacy may maintain product purchase discount arrangements and/or fee-for-service arrangements with pharmaceutical manufacturers and wholesale distributors. Cigna Home Delivery Pharmacy contract for these arrangements on its own account in support of its pharmacy operations. These arrangements relate to services provided outside of this Agreement and other pharmacy benefit management arrangements and may be entered into without regard to whether a specific drug is on one of the formularies that CHLIC offers to entities like Employer that sponsor group health plans. Discounts and fee-for-service payments received by Cigna Home Delivery Pharmacy are not part of the administrative fees or other charges paid to CHLIC in connection with CHLIC's services hereunder.		The drug's charge under a national specialty drug discount schedule that generates a 19.00% annual average aggregate discount off AWP across specialty drug claims dispensed at Cigna Home Delivery Pharmacy to CHLIC's self-funded and insured group-client book of business.
This provision shall survive termination or expiration of the Agreement.			
FEES FOR PROCESSING RUN-OUT CLAIMS			
Pharmacy Product	Run-Out Period of three (3) months for all pharmacy claims		No Additional Cost
CHLIC PHARMACY COST CONTAINMENT FEES			
CHLIC administers the following programs to contain costs with respect to charges for health care service/supplies that are covered by the Plan. In			

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<p>administering these programs, CHLIC contracts with vendors to perform program related services. CHLIC's charge for administering these programs is the percentage (indicated below) of the "recovery" (i.e. the amount recovered) as applicable.</p>	
1.	<p>Pharmacy Vendor Recoveries. CHLIC performs periodic audits of contracted pharmacies in order to determine the accuracy of payments to the pharmacy(ies). CHLIC's recovery vendor collects and remits to CHLIC all overpayments to pharmacy(ies), and CHLIC remits to the Bank Account the balance collected from the recovery vendor, less the recovery fee set forth herein.</p> <p>30% of recovery</p>
2.	<p>Class Action Recoveries. CHLIC identifies, monitors and may (but is not required to) participate, on behalf of Employer, in class action lawsuits or similar legal proceedings against pharmaceutical manufacturers, including, without limitation, lawsuits alleging legal or equitable claims like fraud, anti-trust violations, or unfair trade practices by a manufacturer. As part of this authority, CHLIC may participate in a settlement, exclude Employer from a settlement and/or otherwise represent Employer's interests outside the settlement. CHLIC collects and retains as a recovery fee set forth herein of any recovery (net of attorneys' fees) attributable to Employer's Plan.</p> <p>35% of recovery</p>
<p>OTHER VENDORS AND HEALTH CARE SERVICES PROVIDERS</p>	
1.	<p>The fixed per person per period and/or fee-for-service charges that CHLIC has directly or indirectly negotiated with Participating Providers for in-network health care services and/or supplies will be charged to the Bank Account and will be used in calculating any applicable Member cost-sharing. In addition, performance-based payments to Participating Providers will be charged to the Bank Account. Such payments will be at the payment rates then in effect, which may be amended from time to time.</p> <p>For certain types of specialty care, including, but not limited to, home health care, durable medical equipment, sleep management, high tech radiology, chiropractic care, acupuncture, physical medicine (such as physical and occupational therapy), speech therapy, orthotics and prosthetics, implants, and hearing, in certain markets CHLIC may contract with various third parties and/or affiliated companies, including eviCore, ("Specialty Vendors") to arrange for the provision of care through their own networks of health care providers on a fee-for-service basis. In addition to arranging for care through their own networks of providers, these Specialty Vendors may also provide additional services, including utilization management services and case management services designed to (i) improve adherence to coverage</p>
	<p>All Products</p>

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	<p>guidelines; and (ii) contain overall healthcare costs to the Plan. Specialty Vendors are included within the definition of "Participating Provider" set forth in this Agreement and in any benefit booklet covering the Plan.</p> <p>When care is arranged through a Specialty Vendor's network of providers, the form of reimbursement to the Specialty Vendor will be through one of the following methods:</p> <ul style="list-style-type: none"> • <u>Fee-For-Service Payment</u>: In certain instances, the Plan will pay the Specialty Vendor rather than the treating provider on a fee-for-service basis as a claim for Plan Benefits. The Specialty Vendors' fee-for-service charges may be higher than the amounts that the Specialty Vendor contracts to pay the provider for the provision of any particular service or supply, and some portion of the Specialty Vendor's charges may be attributable to the services that the Specialty Vendor provides in addition to those services or supplies provided by the Specialty Vendor's network of providers, including any utilization management services and case management services. In such instances, Plan Benefits and member cost-share will be determined based on the Specialty Vendor's charges according to Plan terms. • <u>Administration Capitation Payment</u>: In certain instances, the Plan will pay the Specialty Vendor a fee on a per member/per month basis for arranging care and other services that the Specialty Vendor may render. Such reimbursement will be in addition to the amount that the Plan pays to reimburse the provider through which the Specialty Vendor arranged for the provision of the service or supply, which will be based on the Specialty Vendor's contracted rate with that provider. In such instances, Plan Benefits and member cost-share will be determined based on the rate that the Specialty Vendor contracted to pay the provider for the provision of the service or supply. • <u>All-Inclusive Capitation Payment</u>: In certain instances, the Plan will pay the Specialty Vendor a fee on a per member/per month basis that covers (i) the services that the Specialty Vendor may render, including arranging care, and (ii) the fees charged by the provider through which the Specialty Vendor arranged for the provision of the service or supply. In such instances, Plan Benefits and member cost-share will be determined based on the rate that the Specialty Vendor contracted to pay the provider for the provision of the service or supply.
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	<p>CHLIC's arrangements with Specialty Vendors are subject to change at any time, and upon request, additional information can be provided that identifies current Specialty Vendors, their area of specialty(ies), whether they are CHLIC affiliates, and the form of payment that they currently receive.</p>	
<p>NOTICE REGARDING PAYMENTS FROM THIRD PARTIES</p>		
<p>Rebate and Other Remuneration Disclosure (Pharmacy)</p>	<p>CHLIC or its affiliates may contract with pharmaceutical manufacturers or other third parties for Rebates, Manufacturer Administrative Fees, and other remuneration on its or their own behalf and for its and their own benefit, and not on behalf of Employer or the Plan. Accordingly, unless otherwise specified in this Schedule of Financial Charges, CHLIC and its affiliates retain all right, title and interest to any and all actual Rebates, Manufacturer Administrative Fees, and other remuneration received from manufacturers or other third parties; neither Employer, its Members, nor Employer's Plan retains any beneficial or proprietary interest in any such remuneration, which shall be considered part of the general assets of CHLIC and its affiliates. As an example of the remuneration other than Rebates or Manufacturer Administrative Fees that CHLIC or its affiliates may earn, CHLIC or its affiliates may also directly or indirectly earn from pharmaceutical manufacturers remuneration in connection with value payments and/or services that CHLIC provides to Employer ("Value-Based Payments"). Notwithstanding anything in this Agreement to the contrary, any Value-Based Payments earned by CHLIC or its affiliates are separate and apart from any Rebates or Manufacturer Administrative Fees that CHLIC or its affiliates directly or indirectly earn from pharmaceutical manufacturers, and CHLIC and its affiliates may retain any Value-Based Payments it earns. As examples of the value payments and/or services that CHLIC may provide to Employer in connection with Value-Based Payments that CHLIC or its affiliates may earn, CHLIC may provide care management or related services to Employer and/or remit to Employer monetary credits if Members discontinue therapy on certain pharmaceutical products. Information regarding any services, and/or monetary credits or other financial value, for which Employer may be eligible with respect to specific pharmaceutical products or therapeutic classes/conditions, including the products for which monetary credits or other financial value may be available to Employer, the amount of that value, and other payment terms, is available upon request. Any value payments and/or services provided by CHLIC to Employer are subject to change</p>	<p>All Pharmacy Products</p>

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	<p>or termination by CHLIC as the value program(s), if any, offered by CHLIC change(s) or terminate(s).</p> <p>Information on the projected aggregate amount of such Rebates with respect to the Plan Pharmacy Benefit will be provided upon request.</p>	
<p>Implementation/Referral Fee Disclosure</p>	<p>This provision shall survive termination or expiration of the Agreement.</p> <p>From time to time, CHLIC, directly or through its affiliates, arranges with third parties (e.g., service vendors, provider network managers) to provide various services (e.g., cost-containment services or health care services) in connection with the Plan. CHLIC and its affiliates may receive payments from such third parties to help defray CHLIC's expenses associated with its implementation and/or ongoing administration of these arrangements or as a reimbursement for services or network access provided to such parties by CHLIC. CHLIC may also receive compensation from third-party vendors that Employer may retain based upon a referral from CHLIC or that Members may utilize following an introduction facilitated by CHLIC or an affiliate. CHLIC may also receive:</p> <ul style="list-style-type: none"> • network administration fees from some providers participating in its provider network, • credits from banks on balances in accounts utilized to administer claims, • non-material incidental compensation/benefits from other source as a result of administering the Plan. 	<p>All Products</p>
<p>COMPLIANCE ASSISTANCE</p>		
	<p>CHLIC shall provide the following services to assist Employer in meeting its compliance obligations under section 2715 of the Public Health Service Act as added by the Patient Protection and Affordable Care Act and applicable regulations with respect to the provision of the Summary of Benefits and Coverage ("SBC"), translation notice and glossary. Applicable to all medical plans including HRA and FSA which are considered "group health plans" subject to the SBC requirements.</p>	
<p>1.</p>	<p>Preparation of SBC, translation notice. CHLIC will not be responsible for any changes that</p>	<p>No charge</p>

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	Employer makes to the SBC.		
2.	Provide SBC, translation notices prepared by CHLIC to Employer electronically as well as any updates or material modifications.	No charge	
3.	Include in SBC a summary of benefits administered by carve-out vendor if Employer or carve-out vendor provides CHLIC with necessary carve-out benefit information at least twelve (12) weeks prior to the date the SBCs are to be delivered to Employer.	\$500 for each benefit option under the Plan for which carve-out vendor benefits are included in SBC	
ADDITIONAL SERVICES			
	Service	Description	Charge
	Pharmacy Utilization Management Program	Custom/Non-Standard Package - In administering the Pharmacy Benefit, CHLIC shall administer the standard utilization management package elected by Employer, with custom removals, additions, or modifications of prior authorization, step therapy or quantity limit edits from certain therapeutic classes or pharmaceutical products that are identified by Employer and which CHLIC has agreed to administer.	Included in Pharmacy Administration Fee
	Clinical Program	A targeted condition medication therapy management program in which CHLIC provides support for Members using specialty medications for certain chronic conditions and that are obtained or administered at retail pharmacies or outpatient, office or home health care settings. As part of the program, Members are counseled on their condition, medication side effects, and importance of adherence. For the sake of clarity, if a specialty pharmacy affiliate of CHLIC provides therapy management for specialty medications the pharmacy dispenses to Members, then it does so in its capacity as a specialty pharmacy and not on behalf of CHLIC; CHLIC does not exert direction or control over the pharmacists at any specialty pharmacy affiliate.	Included at No Additional Cost
	SafeGuardRx Program	A medication therapy management and cost containment program for select therapeutic conditions such as but not limited to oncology, inflammatory conditions, and multiple sclerosis and select drugs within therapeutic categories. This program seeks to help reduce drug therapy costs through its program offerings. For example, Employers may qualify for the payment of discontinuation drug therapy credits and/or the reimbursement of drug therapy through drug cost caps, on select medications and therapeutic conditions. This program may also provide for Member outreach or counseling on select medications.	Included at No Additional Cost

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	CHLIC reserves the right to revise, modify, or terminate this program, in whole or in part, at any time. Additional and specific program information is available upon request.	
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Appendix A – Pharmacy Benefit Management Services

PHARMACY BENEFIT MANAGEMENT - DEFINITIONS

Definitions

Any capitalized term not defined below shall have the meaning given to such term in the Agreement. Any capitalized term utilized in the Schedule of Financial Charges or Exhibit B shall have the meaning given to such term in the Agreement, including the meanings set forth below.

- "Actuarially Estimated" shall mean that the discount(s) listed in the Schedule of Financial Charges are estimated, but not guaranteed, to result in a particular average discount for Covered Drugs administered by CHLIC under this Agreement. Actuarially estimated discounts are calculated based on evaluation of an expected distribution of drug utilization across CHLIC's aggregate group client book of business. As measured in the aggregate for Employer's Pharmacy Benefit, Employer's average discount results may vary based on the Plan-specific factors such as drug mix utilization.
- "Authorized Generic" shall mean a pharmaceutical product sold, licensed, or marketed under a new drug application (NDA) approved by the Food and Drug Administration (FDA) under section 505(c) of the Federal Food, Drug and Cosmetic Act (FFDCA) that is marketed, sold or distributed under a different labeler code, product code, trade name, trademark, or packaging (other than repackaging the listed drug for use in institutions) than the innovator brand name drug.
- "Average Wholesale Price" or "AWP" shall mean the average wholesale price of a Covered Drug as established and reported by Medi-Span. The applied AWP of a Covered Drug shall be the AWP for the actual eleven (11) digit National Drug Code ("NDC"), Covered Drug specific, quantity appropriate actual package size (or the manufacturer-packaged quantity closest to the dispensed size), submitted by a Retail Pharmacy, Home Delivery Pharmacy, or Specialty Pharmacy at the time that the Covered Drug is adjudicated. Notwithstanding any other provision in this Agreement, in the event of any major change in market conditions affecting the pharmaceutical or pharmacy benefit management market, including, for example, any change in the markup, methodologies, processes or algorithms underlying the published AWP(s), CHLIC may adjust any or all of the Rebates, charges, rates, discounts, guarantees and/or fees in connection with CHLIC's administration of the Pharmacy Benefit hereunder, including any that are based on AWP, as it reasonably deems necessary to preserve the economic value or benefit of this Agreement to CHLIC as it existed immediately prior to such change. Additionally, and notwithstanding any other provision in this Agreement, CHLIC may replace AWP as its pharmaceutical pricing benchmark with an alternative benchmark and/or may replace Medi-Span, or other such publication, as its source for the AWP or alternative benchmark with a different pricing source, provided that CHLIC adjusts any or all such AWP-based charges or such alternative benchmark-based charges as it reasonably deems necessary to preserve the economic value or benefit of this Agreement to

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CHLIC as it existed immediately prior to such replacement or immediately prior to the event(s) giving rise to such replacement, as the case may be.

- "Biosimilar" shall mean a biological product that is licensed by the FDA as a biosimilar pursuant to Section 351(k) of the Public Health Service Act, 42 U.S.C. 262(k), based upon a showing that it is highly similar to a single FDA-licensed biological product, known as a reference product, and has no clinically meaningful differences compared to the reference product in terms of safety, purity, and potency. A biosimilar biological product may be licensed by the FDA as biosimilar or interchangeable, and in either case such biological product is a Biosimilar for the purposes of this Agreement.
- "Brand Drug" shall mean a pharmaceutical product, including a Covered Drug that is a prescription drug, including over-the-counter drugs dispensed pursuant to a prescription, medicine, agent, substance, device, supply or other therapeutic product that is not a Generic Drug. Except if and where the language expressly states otherwise, a Brand Drug does not include a Specialty Brand Drug for ingredient cost discount purposes.
- "Business Decision Team" shall mean a committee comprised of voting and non-voting representatives across various Cigna business units such as clinical, medical and business leadership that is duly authorized by Cigna to make decisions regarding coverage treatment of pharmaceutical products based on clinical findings provided by the P&T Committee, including, but not limited to, decisions regarding tier placement and application of utilization management to pharmaceutical products.
- "Cigna Home Delivery Pharmacy" shall mean a duly licensed pharmacy operated by CHLIC or its affiliates, where prescriptions are filled and delivered via the mail service, which may include, for example, Accredo Health Group, Inc., ESI Mail Pharmacy Service, Inc., Express Scripts Pharmacy Inc., Tel-Drug of Pennsylvania LLC and Tel-Drug, Inc.
- "Claim," for purposes of this Appendix A, is a claim or request for coverage under the Pharmacy Benefit.
- "Compound Drug" shall mean a medication that (a) is comprised of two or more gaseous, solid, semi-solid, or liquid ingredients (other than water or flavoring added to any preparation) that are weighed or measured at a pharmacy and then prepared according to the prescriber's order and the pharmacist's art; (b) contains at least one FDA-approved federal legend drug as an active ingredient; (c) is not otherwise generally available in its compound form; and (d) is not a compound preparation administered by infusion or injection.
- "Covered Drugs" shall mean prescription drugs, including over-the-counter drugs dispensed pursuant to a prescription, biologics, medicines, agents, substances, devices, supplies, and other therapeutic products that are prescribed for Members and are covered under the Pharmacy Benefit and shall include all associated standard services usually and customarily rendered by a pharmacy or provider in

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- the normal course of business, including dispensing, administration, counseling and product consultation.
- "Dispensing Fee" means an amount paid to a pharmacy for providing professional services necessary to dispense a Covered Drug to a Member.
 - "FDA" shall mean the U.S. Food and Drug Administration.
 - "Formulary" shall mean the list of FDA-approved prescription drugs and supplies developed and managed by CHLIC across its self-funded and insured group book of business and that is selected and adopted by Employer. The drugs and supplies included on the Formulary will be modified by CHLIC from time to time as a result of factors including, but not limited to, economic and clinical factors like clinical appropriateness, manufacturer Rebate arrangements and patent expirations. Any changes CHLIC makes to the Formulary are hereby adopted by Employer.
 - "Generic Drug" means a pharmaceutical product, including a Covered Drug, whether identified by its chemical, proprietary, or non-proprietary name, that is accepted by the FDA as therapeutically equivalent and interchangeable with drugs having an identical amount of the same active ingredient(s), and which is identified as such in CHLIC's master drug file using indicators from First Databank, Medi-Span, or other nationally recognized source as used by CHLIC across its book of business on the basis of a proprietary algorithm, a summary of which may be made available for review by Employer or, subject to CHLIC's consent, its auditor upon request in accordance with the terms set forth in this Appendix A. Employer and, as applicable, its auditor shall sign a confidentiality agreement acceptable to CHLIC relating specifically to such summary. The reference to a drug by its chemical name does not necessarily mean that the product is recognized as a generic for adjudication, pricing or copay purposes. Except if and where the language expressly states otherwise, a Generic Drug does not include a Specialty Generic Drug for ingredient cost discount purposes. For pricing purposes, a Generic Drug excludes a Covered Drug that is either marketed under one (1) Abbreviated New Drug Application pursuant to 21 U.S.C. §355, and its implementing regulations, or cannot be purchased by the pharmaceutical industry at large from more than one (1) pharmaceutical wholesaler. For pricing purposes, a Generic Drug also excludes a Biosimilar.
 - "Limited Distribution Drug" or "Exclusive Distribution Drug" shall mean a Specialty Drug that is not generally available from most or all pharmacies but is restricted to select pharmacies as determined by a pharmaceutical manufacturer. The list of Limited Distribution Drugs and Exclusive Distribution Drugs will be maintained by CHLIC.
 - "Maximum Allowable Charge" shall mean the maximum unit price for a Covered Drug included on the applicable MAC List as set forth on such MAC List.

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- "MAC List" shall mean a then-current list maintained by CHLIC of prescription drugs, devices, supplies and over-the-counter drugs identified as readily available as a Generic Drug or generally equivalent to a Brand Drug (in which case it may also be on a MAC List) and that, in each case, are deemed to require or are otherwise capable of pricing management due to the number of manufacturers, utilization and/or pricing volatility.
- "Manufacturer Administrative Fees" shall mean administrative fees paid by pharmaceutical manufacturers to CHLIC or its affiliate or subcontractor directly in connection with administering, invoicing, allocating and collecting Rebates.
- "Pharmacy Benefits" shall mean amounts payable for covered pharmacy benefit services and products under the terms of the Plan; Pharmacy Benefits shall be considered Plan Benefits for purposes of this Agreement.
- "P&T Committee" shall mean a committee comprised of clinicians that represent a range of clinical specialties. The committee regularly reviews pharmaceutical products, new pharmaceutical products, for safety and efficacy, the findings of which clinical reviews inform coverage status decisions made by the Business Decision Team. The P&T Committee's review may be based on consideration of, without limitation, FDA-approved labeling, standard medical reference compendia, or scientific studies published in peer-reviewed English-language bio-medical journals.
- "PBM Proprietary Information" shall mean information relating to CHLIC's pharmacy benefit management products and services, including, without limitation, CHLIC's reporting and web-based applications, eligibility and adjudication systems and coding methodologies, system formats and databanks, clinical or formulary management operations or programs, information and agreements relating to Rebates and other financial information, prescription drug evaluation criteria and coverage policies, drug pricing information, including MAC List and Specialty Drug pricing, paid Claims information integrated into CHLIC's adjudication systems, and pharmaceutical manufacturer, vendor or pharmacy network agreements.
- "Prescription Drug Charge" shall mean the amount that, prior to application of the Plan's cost-share requirement(s), Employer is obligated to pay for a Covered Drug dispensed at a Retail Pharmacy or Cigna Home Delivery Pharmacy, including any ingredient cost, applicable Dispensing Fee, service fee, and tax. The ingredient cost charged to Employer may be expressed as, for example, a discount off of AWP or other benchmark price, or a MAC.
- "Rebate" shall mean retrospective formulary rebates received by CHLIC pursuant to the terms of a formulary rebate contract negotiated independently and directly attributable to or arising from the utilization by Members of certain Covered Drugs manufactured, sold, marketed, or distributed by a manufacturer.

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However, "Rebates" shall exclude: (i) pricing adjustments, payments and credits made in the ordinary course by any manufacturer on account of product returns, delivery errors or shipping damage or losses arising from drugs and other products purchased from such manufacturer by or on behalf of CHLIC (ii) pricing discounts paid or credited by a manufacturer to pharmacies affiliated with CHLIC for prescription drugs and other products purchased from such manufacturer; (iii) any fees or other compensation paid by any manufacturer in consideration of any services, products, activities or programs performed, provided or implemented by CHLIC or any of its affiliates for such manufacturer; (iv) Manufacturer Administrative Fees; (v) Value-Based Payments; (vi) any rebates or other amounts that are allocated to reduce and/or partially or wholly satisfy a Member's cost-sharing obligation for a Covered Drug; and (vii) rebates or other amounts paid to CHLIC for prescription drugs that are administered or otherwise provided to Members in providers' offices, home health care settings, or outpatient clinics.

- "Retail Pharmacy" shall mean any licensed retail pharmacy with which CHLIC has contracted directly or indirectly with a third party, to provide Covered Drugs to Members, and is not a mail order pharmacy. A mail order pharmacy is a pharmacy that primarily fills and delivers pharmaceutical products via the mail service. The term "Retail", when immediately preceding the term "Brand Drug Claim", "Generic Drug Claim", "Specialty Drug Claim", or "Specialty Brand Drug Claim", or "Specialty Generic Drug Claim" means that the resulting term (e.g., "Retail Brand Drug Claim") refers to such claim as dispensed by a Retail Pharmacy.
- "Specialty Drug" shall mean a pharmaceutical product, including a Covered Drug, considered by CHLIC to be a Specialty Drug based on consideration of the following factors: (i) whether the pharmaceutical product is prescribed and used for the treatment of a complex, chronic or rare condition; (ii) whether the pharmaceutical product has a high acquisition cost; and, (iii) whether the pharmaceutical product is subject to limited or restricted distribution, requires special handling and/or requires enhanced patient education, provider coordination or clinical oversight. A Specialty Drug may not possess all or most of the foregoing characteristics, and the presence of any one such characteristic does not guarantee that a pharmaceutical product will be considered a Specialty Drug. The term "Specialty," when immediately preceding the terms "Generic Drug" or "Brand Drug", means that the resulting term (e.g. "Specialty Generic Drug") refers to a Generic Drug or Brand Drug that is considered a Specialty Drug, respectively.
- "Specialty Pharmacy" shall mean a duly licensed pharmacy designated by or operated by CHLIC or its affiliates that primarily dispenses Specialty Drugs or provides services related thereto; provided, however, that when the Cigna Home Delivery Pharmacy dispenses a Specialty Drug, it shall be considered a Specialty Pharmacy hereunder.
- "U&C Charge" shall mean the price the applicable Retail Pharmacy would charge a regular cash-paying customer for a Covered Drug (and any services related to the dispensing thereof) on the day on which the Covered Drug is dispensed.

PHARMACY BENEFIT MANAGEMENT - SERVICES TO BE PROVIDED

1. Retail Pharmacy Network.

(a) General. CHLIC shall maintain a Retail Pharmacy network. Retail Pharmacies included in the network shall provide Covered Drugs to which the Retail Pharmacies have access to Members during their normal business hours. A list of the Retail Pharmacies included in the network, as updated from time to time, shall be made available to Members online. CHLIC maintains multiple networks and/or sub-networks and may periodically consolidate networks and/or migrate clients, including Employer, between networks and sub-networks. CHLIC shall require each Retail Pharmacy included in the network to meet its requirements for participation in the Retail Pharmacy network, which include, but are not limited to, satisfaction of licensing and insurance requirements.

(b) Retail Pharmacy Audits and Overpayments. CHLIC shall review 100% of all claims, with each claim to be reviewed by either desk audit or field audit as determined through the use of random risk based predictive model to ensure that each Retail Pharmacy is complying with the terms of its contract with CHLIC. In the event that CHLIC discovers that an overpayment has been made to a Retail Pharmacy, CHLIC shall take reasonable steps to recover the overpayment pursuant to the terms of this Agreement.

(c) Independent Contractors. The Retail Pharmacies are independent contractors, and as such CHLIC does not direct or exercise any control over the pharmacists at Retail Pharmacies or the professional judgement exercised by any pharmacies in the dispensing or filling of prescriptions or performing other pharmaceutical services. Neither CHLIC nor any CHLIC affiliate shall have any liability to Employer, any Member or any other person or entity for any act or omission of any Retail Pharmacy or its agents or employees.

(d) Collection of Cost Sharing. CHLIC shall require Retail Pharmacies to collect all applicable Plan cost-shares from Members.

2. Cigna Home Delivery Pharmacy.

(a) General. Members may submit new or refill prescription orders for fulfillment through Cigna Home Delivery Pharmacy or such other mail service pharmacy that CHLIC in its sole discretion may select from time to time. Such orders may be placed via mail, telephone, or electronic means. Subject to Applicable Law, Employer shall permit communication with Members regarding the availability and use of the Cigna Home Delivery Pharmacy potential cost savings associated therewith, and the provision of supporting services (e.g. pharmacist consultation) in connection with any prescription dispensed by the Cigna Home Delivery Pharmacy. Cigna Home Delivery Pharmacy shall deliver all drugs to Members in accordance with its standard procedures. For the purposes of clarity, CHLIC does not exert direction or control over the pharmacists at Cigna Home Delivery Pharmacy in filling

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prescriptions or performing other pharmaceutical services.

- (b) Cost Sharing. Members are responsible for the payment of the applicable cost sharing to Cigna Home Delivery Pharmacy for each prescription or prescription refill. Employer acknowledges that Cigna Home Delivery Pharmacy may suspend services to a Member who is in default of any cost-sharing obligations, in accordance with Cigna Home Delivery Pharmacy's standard credit policy. If payment of such cost-sharing has not been received from the Member within one hundred twenty (120) days of dispensing of the product, the Plan will be billed for the outstanding amount following the one hundred twenty (120) day collection period.
- (c) Affiliation with CHLIC. Accredo Health Group, Inc., ESI Mail Pharmacy Service, Inc., Express Scripts Pharmacy Inc., Tel-Drug of Pennsylvania LLC and Tel-Drug, Inc. are licensed pharmacy affiliates of CHLIC that fill and deliver Covered Drugs via the mail service.

3. Claims Processing

- (a) General. CHLIC, in accordance with Section 2 of the Agreement, shall perform claims processing services for Covered Drugs dispensed by Retail Pharmacies or Cigna Home Delivery Pharmacy. In-network Claims shall be submitted via paper or electronically. Members using out-of-network covered services are required to submit a paper claim form. A separate charge shall apply for the submission of any paper claim form, whether in-network or out-of-network. CHLIC is not required to provide coordination of benefits (COB) services for Claims for drugs dispensed, and electronically processed, at a pharmacy; Claims may be processed without consideration of a Member's coverage under another plan.

- (b) Drug Utilization Review. CHLIC shall perform a concurrent Drug Utilization Review ("DUR") analysis of each prescription submitted for processing. Such DUR Analysis may include, for example: (1) prescribed dosage within a safe range; (2) drug-to-drug interaction; (3) drug-to-allergy interaction; (4) age-to-drug interaction; (5) duplicate therapy; (6) quantity limitations; and (7) days' supply. DUR processes shall not override the prescriber's, the pharmacist's or other health care provider's professional judgment.

- 4. **Utilization Management Program**. CHLIC shall, in accordance with Section 2 of the Agreement, administer the Pharmacy Benefit utilization management program(s) identified in this Agreement. Employer acknowledges that CHLIC's coverage policies and claims administration procedures, which are utilized across CHLIC's self-funded and insured book-of-business to adjudicate claims and administer appeals, may change periodically. As an example of the coverage criteria that may apply to a pharmaceutical product, a Member may have to try one or more preferred pharmaceutical products, or demonstrate why trying the preferred pharmaceutical

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product(s) would be clinically inappropriate, in order to obtain coverage under the Plan for a given pharmaceutical product Employer further authorizes CHLIC to allow coverage for a use that otherwise would be excluded in the event of co-morbidities, complications and other factors not expressly addressed by the coverage policies utilized by CHLIC in reviewing Claims for coverage. CHLIC may rely wholly upon information about the Member and the prescriber's diagnosis of the Member's condition. CHLIC shall not substitute its judgment for the judgment of the prescribing physician, nor shall it determine medical necessity or make other medical determinations other than for coverage purposes.

5. Rebate Management. CHLIC shall pay Employer amounts equal to the Rebate amounts specified in the Schedule of Financial Charges.

6. Drug-Related Services.

(a) Specialty Drugs. CHLIC shall process Claims regarding Specialty Drugs subject to the following provisions:

- (1) The Specialty Pharmacy shall fill prescriptions for Specialty Drugs based on the professional judgment of the dispensing pharmacist, accepted pharmacy practices and product guidelines.
- (2) A list of Specialty Drugs available via the Specialty Pharmacy and the pricing for those Specialty Drugs shall be made available as in effect on the Effective Date, as set forth in Appendix B. After the Effective Date, Employer may request that CHLIC provide it with an updated list of Specialty Drugs available via the Specialty Pharmacy and the pricing with respect thereto.
- (3) To the extent acting in the capacity as a mail order pharmacy, the Specialty Pharmacy shall ship Specialty Drugs to Members in accordance with its standard procedures.
- (4) Members are responsible for the payment of the applicable cost sharing to the Specialty Pharmacy for each prescription or prescription refill. Employer acknowledges that the Specialty Pharmacy may suspend services to a Member who is in default of any cost-sharing obligations, in accordance with the Specialty Pharmacy's standard credit policy. If payment has not been received from the Member within one hundred twenty (120) days of dispensing, the Plan will be billed following the one hundred twenty (120) day collection period.
- (5) For the purposes of clarity, CHLIC does not exert direction or control over the pharmacists at the Specialty Pharmacy in filling prescriptions or performing other pharmaceutical services.

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(b) Compound Drugs. CHLIC shall process prescribed Compound Drugs to the extent covered under the Plan. CHLIC shall treat as Covered Drugs only those components of a Compound Drug that would otherwise be treated as Covered Drugs were they not part of a Compound Drug.

7. Member Communications and Services.

- (a) Member Communication. CHLIC shall provide to Members an ID card and instructions to access Member materials online, including the Formulary, the Retail Pharmacy directory, Cigna Home Delivery Pharmacy information, and an out-of-network Claim reimbursement form.
- (b) Rx Savings Messenger. CHLIC may send personalized mailings to Members regarding the Generic Drugs and preferred Brand Drugs and savings available from Cigna Home Delivery Pharmacy.
- (c) Call Center. CHLIC shall maintain toll-free customer service lines twenty-four (24) hours per day, seven (7) days per week for the purpose of responding to inquiries from Members regarding Retail Pharmacy, Cigna Home Delivery Pharmacy or Claims issues.

8. Formulary Management; Clinical Programs; Other Services.

CHLIC shall provide Formulary management services, which shall include implementing Formulary placement decisions and determinations to apply utilization management requirements made by CHLIC's Business Decision Team. The Business Decision Team makes Formulary determinations based on consideration of clinical and economic factors. Clinical factors may include, but are not limited to, the CHLIC P&T Committee's evaluation of the place in therapy, relative safety or relative efficacy of the drug, as well as whether certain supply limits or other utilization management requirements should apply. Economic factors may include, but are not limited to, the drug's acquisition cost including, but not limited to, assessments on the cost effectiveness of the drug and available Rebates. Employer acknowledges that the Formulary, utilization management requirements, and coverage policies used by CHLIC to perform coverage reviews, including any changes made thereto, are adopted by Employer. When considering a drug for Formulary placement or other coverage conditions, CHLIC's Business Decision Team reviews clinical and economic factors regarding enrollees as a general population across its relevant book-of-business. CHLIC may also provide the clinical, safety and/or trend programs, or other programs and services to Employer, some of which may require payment of additional fees by Employer. If additional fees are required for such a program or service, CHLIC shall include the fee in the Schedule of Financial Charges or otherwise communicate the same in writing to by Employer.

PHARMACY BENEFIT MANAGEMENT - PROGRAM OPERATIONS

1. Implementation of Agreement.

- (a) Project Plan. Employer and CHLIC shall develop an agreed upon implementation project plan with respect to the Agreement prior to the Effective Date or prior to the implementation with respect to any new Pharmacy Benefit under this Agreement following the Effective Date.
- (b) Initial Data and Commencement of Pharmacy Benefit Management Services. Prior to the Effective Date, Employer shall provide CHLIC with all data and/or documentation necessary for CHLIC to provide the services specified in this Agreement. Such data and/or documentation shall include, but is not necessarily limited to, claims history and Member prior authorization history. Assuming all data specified in the preceding sentence is received sufficiently in advance of the Effective Date, CHLIC shall commence providing services under this Agreement as of the Effective Date.

2. Timely Provision of Data by Employer. Employer acknowledges that CHLIC shall not be held responsible for, and shall be released from, fulfilling any obligation or performing any service under this Agreement if Employer or its designee does not provide accurate information in a timely manner.

3. Reporting. CHLIC shall make available to Employer CHLIC's standard reporting applications, subject to Applicable Law and Exhibit D, including, without limitation, HIPAA and state privacy laws.

4. Claims Data.

- (a) Retention. CHLIC shall retain data with respect to Claims for at least seven (7) years from the date the prescription is filled. Following the close of such retention period, CHLIC shall retain and dispose of such Claims data pursuant to its then-current standard policies and procedures, Applicable Law and the Business Associate Agreement described in the Agreement.
- (b) Disclosure to Vendor. Upon Employer's written request and subject to execution of a non-disclosure agreement acceptable to CHLIC, CHLIC shall provide prescription Claims data in its standard format to a vendor contracted with Employer and otherwise acceptable to CHLIC solely for the purposes of such vendor's support of Plan administration functions. Employer agrees that its vendors may not utilize Claims data for any other purpose, including, without limitation, developing products and services, analyzing the Claims data against market benchmarks or CHLIC competitors or adding to a normative database (even if de-identified and/or blinded as to Member and PBM/carrier) for the Employer's or vendor's commercial use. Employer shall be responsible for any use or disclosure of Claims data, or any services provided, by the vendor. Notwithstanding the foregoing, all

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audits of any pricing guarantees, Rebate-sharing obligations or Claims processing accuracy shall be conducted in accordance with the terms in this Agreement specifically relating to such audits.

- (c) De-Identified Data. During and after the term of this Agreement, CHLIC may use Claims, drug, and medical data that has been de-identified in accordance with HIPAA for research, provider evaluation, database maintenance, and other commercial purposes.

This provision shall survive termination or expiration of the Agreement.

5. Pharmacy Claims Processing Audits

- (a) Employer may, to the extent specified below and at no additional charge, conduct a claims processing audit of CHLIC's administration of Plan Benefits, once every Plan Year. New audits shall not be initiated until all parties have agreed that any and all prior pharmacy-related audits are closed. In order to balance the need to adequately support the audit process for all CHLIC clients, with an efficient allocation of resources, Employer's who choose to audit one or more components of the pharmacy arrangement must do so through a single annual audit.
- (b) Claims processing audits shall be subject to the following conditions: (1) the audit may take place while the Agreement is in effect or within one (1) year after the termination or expiration of the Agreement; (2) the initial audit period for a retrospective claims audit shall not exceed the twenty-four (24) months period immediately preceding CHLIC's receipt of the request to audit; (3) Employer shall provide to CHLIC at least forty-five (45) days prior written notice of its intent to audit; (4) Employer shall designate, with CHLIC's consent, such consent not to be unreasonably withheld, an independent, third party auditor to conduct the audit (the "Auditor"); (5) Employer shall be responsible for its incurred costs regarding the audit; (6) except as otherwise may be agreed to by the parties, in writing, and prior to the commencement of the audit, the audit shall be conducted in accordance with the terms of CHLIC's Audit Agreement attached hereto as Exhibit C2 which is hereby agreed to by Employer and which shall be signed by the Auditor prior to the start of the audit; (7) CHLIC will provide all data as reasonably necessary for Auditor to perform the claims processing audit within thirty (30) days following the letter of the audit kick-off call and the Audit Agreement being fully executed or, when applicable, as otherwise agreed upon by the Parties; (8) following Auditor's initial review of the claims, Auditor will provide CHLIC in writing with all suspected categories of claim errors, if any, together with an electronic data file, in a mutually agreed upon format, containing up to three-hundred (300) claims, so that CHLIC may evaluate and investigate Auditor's suspected errors; (9) CHLIC will respond to the suspected errors within sixty (60) days from CHLIC's receipt of such written findings; (10) upon receipt and review of CHLIC's responses, Auditor will provide CHLIC with a written report of Auditor's findings and recommendations before or at the same time such audit report is provided to Employer; (11) CHLIC will respond to the audit report within thirty (30) days of the issuance of Auditor's report; (12) once both Parties have

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accepted the audit results, the audit shall be considered closed and final; (13) to the extent the mutually accepted audit results demonstrate claims errors, CHLIC will reprocess the claims and make corresponding adjustments to Employer; (14) CHLIC's obligations to respond within the designated periods above is conditioned upon a good faith and cooperative working relationship between Employer and/or its Auditor and CHLIC, including but not limited to no new or additional issues that appear in the final report that were not otherwise provided to CHLIC during the preliminary review of suspected errors.

This provision shall survive termination or expiration of the Agreement.

6. Pharmacy Rebate Audits.

- (a) Employer may, to the extent specified below, in accordance with the following requirements, and at no additional charge while this Agreement is in effect, audit CHLIC's payment of Rebates. Any Rebate audit shall occur following CHLIC's issuance of the annual financial reconciliation to Employer once in each twelve (12) month period. New audits shall not be initiated until all parties have agreed that all prior pharmacy-related audits are closed. In order to balance the need to adequately support the audit process for all CHLIC clients, with an efficient allocation of resources, Employers who desire to audit one or more components of the pharmacy arrangement must do so through a single annual audit.
- (b) Rebate audits shall be subject to the following conditions: (1) Employer and CHLIC shall agree on a mutually acceptable, independent, third-party auditor to conduct the audit, including the individual(s) employed or contracted to perform the audit to ensure that they shall not have a conflict of interest that could reasonably diminish their impartiality (the "Auditor"); (2) Employer shall be responsible for its incurred costs regarding the audit; (3) Employer shall provide CHLIC with at least forty-five (45) days prior written notice of its intent to audit; (4) a mutually agreed upon nondisclosure/nonuse agreement for rebate audits shall be executed by Employer, the Auditor and CHLIC; (5) the scope of records to be audited as being necessary to determine CHLIC's compliance with its contractual Rebate payment obligations under the Agreement shall be as mutually agreed upon by the Auditor and CHLIC; (6) the Auditor may select for audit purposes the records of up to five (5) manufacturers for two (2) calendar quarters from the last reconciled plan year immediately preceding the written request to audit; (7) the audit shall be conducted at a mutually acceptable time during regular business hours at CHLIC's offices where such records are located; (8) records shall not be removed or photocopied without CHLIC's express written consent; (9) for the sole purpose of confirming compliance with the audit Confidentiality Agreement, Auditor will first submit in draft to CHLIC, and prior to submission to Employer, its Rebate audit report, so that CHLIC can confirm that no terms of the applicable rebate agreements which are confidential, are disclosed in the audit report; (10) the Auditor shall provide its final audit report to CHLIC and Employer at the same time; and (11) the Auditor may disclose the aggregate amount of Rebates due Employer but no other details of CHLIC's

rebate contracts of which the Auditor is apprised, if any.

This provision shall survive termination or expiration of the Agreement.

7. Pharmacy Financial Guarantee Reconciliation Audits.

- (a) Employer may, to the extent specified below and at no additional charge, conduct a Financial Guarantee Reconciliation audit once every Plan Year following CHLIC's issuance of the annual financial reconciliation to Employer. New audits shall not be initiated until all parties have agreed that all prior pharmacy-related audits are closed. In order to balance the need to adequately support the audit process for all CHLIC clients, with an efficient allocation of resources, Employers who choose to audit one or more components of the pharmacy arrangement must do so through a single annual audit
- (b) Financial Guarantee audits shall be subject to the following conditions: (1) the audit may take place while the Agreement is in effect or within one (1) year after the termination or expiration of the Agreement; (2) such audit may cover up to two prior contract years to the extent such prior contract years have not previously been audited; (3) Employer shall provide CHLIC with at least forty-five (45) days' prior written request for the audit; (4) Employer and CHLIC shall agree on a mutually acceptable, independent, third party auditor to conduct the audit (the "Auditor"), and the individual(s) employed or contracted to perform the audit shall not have a conflict of interest that could reasonably diminish their impartiality; (5) Employer shall be responsible for its incurred costs regarding the audit; (6) CHLIC will provide all data as reasonably necessary for Auditor to determine that CHLIC has performed in accordance with its contractual obligations regarding the financial guarantees, and CHLIC will provide such data within thirty (30) days following the latter of the audit kick-off call and the Audit Agreement being fully executed or, when applicable, as otherwise agreed upon by the Parties; (7) except as otherwise agreed to by the parties prior to the commencement of the audit, the audit shall be conducted in accordance with the terms hereof and a Pharmacy Financial Guarantee Audit Agreement, a sample of which is attached hereto as Exhibit C2, which shall be signed by CHLIC and the Auditor, and together with written authorization from the Employer prior to the start of such audit; (8) any adjustments resulting from the audit will be based upon the actual Claims reviewed and not upon statistical projections or extrapolations, as the Auditor will be furnished with 100% of the paid Claims processed during the applicable contract period for purposes of the audit; (9) following Auditor's initial review and prior to the submission of its written audit report, the Auditor will provide CHLIC in writing with all of the suspected errors, if any, and CHLIC will respond to such suspected errors within sixty (60) days from CHLIC's receipt of such preliminary findings; (10) CHLIC will respond to any audit report issued by the Auditor within thirty (30) days of the issuance of same; and (11) CHLIC will reconcile mutually agreed upon amounts due to Employer within a reasonable period of time following mutual agreement regarding any amount due to the Employer. CHLIC's obligations to

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respond within the designated periods above is conditioned upon a good faith and cooperative working relationship between Employer and/or its Auditor and CHLIC, including but not limited to no new or additional issues that appear in the final report that were not otherwise provided to CHLIC during the preliminary review of suspected errors.

This provision shall survive termination or expiration of the Agreement.

PHARMACY BENEFIT MANAGEMENT - FUNDING AND PAYMENT OF CLAIMS; CHARGES

- 1. Funding and Payment of Claims.** With respect to Pharmacy Benefits, (1) CHLIC may withdraw funds from the Bank Account for the purposes specified in Section 3 of the Agreement five times per month, and (2) any recovered overpayments shall be credited to Employer via a line item on its invoice, less the fee set forth on the Schedule of Financial Charges.
- 2. Retroactive Member Changes and Terminations.** Notwithstanding anything in the Agreement to the contrary, Employer shall remain responsible for all charges and Bank Account Payments incurred or charged through the date CHLIC processed Employer's notice of a retroactive change or termination of a Member's enrollment in the Plan. Notwithstanding anything to the contrary in Section 4.c. of the Agreement, with respect to Pharmacy Benefits, CHLIC generally will implement eligibility updates received from Employer that adhere to CHLIC's standard electronic format as soon as reasonably practicable following receipt of such updates.

PHARMACY BENEFIT MANAGEMENT - FIDUCIARY ACKNOWLEDGMENTS

CHLIC offers pharmacy benefit management services for consideration by Employer and other entities. The general parameters of such services and the supporting systems have been developed by CHLIC as part of CHLIC's administration of its general business as a pharmacy benefit manager for entities that sponsor group health plans. The Parties have negotiated the terms of this Agreement in an arm's-length fashion. Except to the extent CHLIC conducts the final level of internal appeal as set forth in Section 2.c of the Agreement, the Parties assert that neither Party intends that CHLIC shall be a fiduciary with respect to Pharmacy Benefits for either ERISA (if applicable) or state law purposes, and neither Party shall name CHLIC or any of its affiliates as a "plan fiduciary" with respect to its management of Pharmacy Benefits. Employer acknowledges and agrees that CHLIC (i) does not have discretionary authority or control respecting management of the Pharmacy Benefits, and (ii) does not exercise any authority or control respecting management or disposition of the assets relating to Pharmacy Benefits or of Employer. Rather, Employer retains all such authority and control. The Parties agree that, upon reasonable notice, CHLIC shall have the right to terminate its Pharmacy Benefit services under this Agreement to any Plan and/or Members located in a state that requires a pharmacy benefit manager to be a fiduciary to Employer, the Plan or a Member.

This provision shall survive termination or expiration of the Agreement.

PHARMACY BENEFIT MANAGEMENT - FINANCIAL ARRANGEMENTS

1. General. CHLIC contracts with its PBM affiliate for the provision of pharmacy benefit services and financial arrangements. As such, CHLIC or its PBM affiliate, directly or indirectly contract on their own accounts with Retail Pharmacies and Cigna Home Delivery Pharmacy to dispense covered pharmaceutical products to Employer's Members, and not on behalf of, or for the benefit of, Employer or the Plan; accordingly, any discounts or other remuneration CHLIC or its PBM affiliate earns under an arrangement with a Retail Pharmacy or Cigna Home Delivery Pharmacy are obtained for, and inure to, the sole and exclusive benefit of CHLIC or its PBM affiliate, and not the Employer or the Plan. Amounts paid by CHLIC or its PBM affiliate or by the PBM affiliate for Retail Pharmacy or Cigna Home Delivery Pharmacy for Brand Drug, Generic Drug, or Specialty Drug Claims may or may not be equal to the amount charged to Employer and/or Member. If the amount paid by Employer and/or Member does not equal the amount paid by CHLIC or its PBM affiliate or by the PBM affiliate to a particular pharmacy, CHLIC and its PBM affiliate will absorb or retain such difference. CHLIC may directly or indirectly contract for Rebates, Manufacturer Administrative Fees, and other remuneration on its own behalf and for its own benefit, and not on behalf of Employer or the Plan. As an example of other remuneration other than Rebates or Manufacturer Administrative Fees that CHLIC may earn, CHLIC may also directly or indirectly from pharmaceutical manufacturers remuneration in connection with value payments and/or services that CHLIC provides to Employer ("Value-Based Payments"). Notwithstanding anything in this Agreement to the contrary, any Value-Based Payments earned by CHLIC are separate and apart from any Rebates or Manufacturer Administrative Fees that CHLIC directly or indirectly earns from pharmaceutical manufacturers, and CHLIC may retain any Value-Based Payments it earns. As examples of the value payments and/or services that CHLIC may provide to Employer in connection with Value-Based Payments that CHLIC may earn, CHLIC may provide care management or other services to Employer and/or remit to Employer monetary credits if Members discontinue therapy on certain pharmaceutical products. Information regarding any services, and/or monetary credits or other financial value, for which Employer may be eligible with respect to specific pharmaceutical products or therapeutic classes/conditions, including the products for which monetary credits or other financial value may be available to Employer, the amount of that value, and other payment terms, is available upon request. Any value payments and/or services provided by CHLIC to Employer are subject to change or termination by CHLIC as the value program(s), if any, offered by CHLIC change(s) or terminate(s). Accordingly, CHLIC retains all right, title and interest to any and all actual Rebates, Manufacturer Administrative Fees, Value-Based Payments, and other remuneration directly or indirectly received from manufacturers. CHLIC may provide Employer amounts equal to all or some portion of the Rebate and Manufacturer Administrative Fee amounts, or other financial value generated in connection with any value program(s), allocated to Employer, if any, and as specified on the Schedule of Financial Charges, from CHLIC's general assets (neither Employer, its Members, nor Employer's Plan retains any beneficial or proprietary interest in CHLIC's general assets). Rebate and Manufacturer Administrative Fee amounts received vary based on factors including, without limitation, Employer-specific utilization, the volume of utilization as well as Formulary position applicable to the drug or supplies, and adherence to various formulary management controls, benefit design requirements, and Claims volume. Employer acknowledges and agrees that neither it, its Members nor its Plan will have a right to interest on, or the time value of, any Claim payments charged by

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CHLIC to Employer or any Rebate, Manufacturer Administrative Fee or other payments received by CHLIC during the collection period of moneys payable under this section, if any, and that CHLIC shall retain any such remuneration. For purposes of this provision, the term CHLIC shall also include and mean CHLIC's PBM affiliate, Express Scripts, Inc.

- 2. Affiliates.** Cigna Home Delivery Pharmacy may maintain product purchase discount arrangements and/or fee-for-service arrangements with pharmaceutical manufacturers and wholesale distributors in its capacity as a mail service and/or specialty pharmacy. Cigna Home Delivery Pharmacy may contract for these arrangements on its own account in support of its pharmacy operations, and not on behalf of, or for the benefit of, Employer or the Plan. Accordingly, Cigna Home Delivery Pharmacy retains the sole and exclusive benefit of any difference between its acquisition cost for a pharmaceutical product and the amount charged to Employer under this Agreement. Further these arrangements relate to services provided outside of this Agreement and other pharmacy benefit management arrangements and may be entered into without regard to whether a specific drug is on one of the formularies that CHLIC offers to entities that sponsor group health plans. Discounts and fee-for-service payments received by Cigna Home Delivery Pharmacy are not part of the pharmacy benefit management formulary rebates or associated administrative fees or charges paid to CHLIC in connection with CHLIC's pharmacy benefit management formulary rebate programs.

This provision shall survive termination or expiration of the Agreement.

PHARMACY BENEFIT MANAGEMENT - OBLIGATIONS UPON TERMINATION

Upon notice of termination of this Agreement, the following provisions shall apply with respect to Pharmacy Benefits:

- a) Employer shall notify Members at least thirty (30) days prior to the termination of the Agreement becoming effective of any transition to a successor pharmacy benefit manager.
- b) If mutually agreed upon by CHLIC and Employer, CHLIC shall provide services following termination of the Agreement at CHLIC's then-prevailing rate. Such services, if any, shall be determined by mutual agreement of CHLIC and Employer in advance of the termination of the Agreement becoming effective.
- c) Upon request by Employer and subject to execution of a nondisclosure agreement acceptable to CHLIC, CHLIC shall transition Claims files and/or history to the pharmacy benefit manager or other third party specified by Employer and otherwise acceptable to CHLIC. Any disclosure of Claims files and/or history shall be limited to the information the successor pharmacy benefit manager or other third party needs to implement or administer Employer's pharmacy benefits. CHLIC shall not be required to directly or indirectly release, and Employer shall not release, PBM Proprietary Information to any such third party.

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- d) Upon termination of the Agreement for any reason, the Parties shall handle Confidential Information, PBM Proprietary Information and Protected Health Information (as defined in the Business Associate Agreement attached as Exhibit D) pursuant to the terms of the Agreement.
- e) In the event that CHLIC terminates the Agreement pursuant to Section 1.v of the Agreement, CHLIC shall have no further obligation following the date of such termination to pay Employer any Rebates, or any other amount that may otherwise be payable by CHLIC to Employer.

This provision shall survive termination or expiration of the Agreement.

PHARMACY BENEFIT MANAGEMENT - CONFIDENTIALITY

1. General. Employer acknowledges and agrees that CHLIC's PBM Proprietary Information constitutes competitively sensitive trade secrets, and that its misuse or mis-disclosure could result in material financial and legal loss or liability to CHLIC, its affiliates and their respective subcontractors. CHLIC shall not be required to disclose PBM Proprietary Information to Employer except to the extent necessary for Employer to exercise any audit rights expressly provided hereunder or perform other Plan administration functions. If CHLIC discloses PBM Proprietary Information to Employer, or, if CHLIC consents, to the Employer's vendor or designee, CHLIC may require Employer, or its vendor or designee, to execute a non-disclosure agreement specifically relating to the requested PBM Proprietary Information. Employer agrees that it and its vendors may not utilize PBM Proprietary Information for any purpose other than performing Plan administration functions, including, without limitation, developing products and services, de-identifying, blinding or analyzing the PBM Proprietary Information against market benchmarks or CHLIC competitors or adding to a normative database for the Employer's, or vendor's or designee's, commercial use. For the purposes of clarity, information shall not cease to qualify as PBM Proprietary Information if Employer or its vendor or designee de-identifies and/or blinds the PBM Proprietary Information such that the information cannot be traced or identified to a Member or CHLIC, its affiliates or their respective subcontractors. Employer shall be solely responsible for any disclosure of PBM Proprietary Information by CHLIC to Employer or its vendor or designee, or any subsequent use or disclosure by Employer or its vendor or designee, or services provided by the same. Notwithstanding anything herein to the contrary, in no event will CHLIC be required to disclose to Employer, or its vendor or designee, information related to, or including, its pharmacy network agreements, vendor agreements or pharmaceutical manufacturer agreements.

2. Compelled Disclosures. If at any time Employer, or its vendor or designee, is required by law, court order or other valid legal process to disclose any Confidential Information, it will promptly notify CHLIC prior to any such compelled disclosure and, upon request, cooperate with CHLIC in seeking a protective order or other available relief to contest or limit the scope of such compelled disclosure.

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3. Return or Destruction of Information. At any time upon CHLIC's request or upon expiration or termination of this Appendix A or the Agreement, whichever occurs first, Employer will, at CHLIC's option, promptly deliver, or, as the case may be, compel its vendor or designee to deliver, to CHLIC all PBM Proprietary Information or other Confidential Information (or such portion thereof as requested) and not retain any copies in whole or in part of such PBM Proprietary Information or other Confidential Information, or securely destroy or dispose, or, as the case may be, compel its vendor or designee to destroy or dispose, of those portions of documents and other materials in any form, including electronic form, prepared by or received by the Employer or its vendor or designee, that contain or reflect such PBM Proprietary Information or other Confidential Information. Employer, or its vendor or designee, shall certify such return and destruction, as the case may be, to CHLIC.

Appendix B - Cigna Home Delivery Pharmacy Specialty Drug List

THIS SPECIALTY DRUG LIST IS CONFIDENTIAL, PROPRIETARY INFORMATION OF CHLIC. IT IS PROVIDED SOLELY FOR EMPLOYER'S PLAN ADMINISTRATION PURPOSES. RE-DISCLOSURE IS STRICTLY PROHIBITED EXCEPT AS OTHERWISE PROVIDED BY APPLICABLE LAW. CHLIC RESERVES ALL LEGAL RIGHTS AND REMEDIES TO ENFORCE THESE PROHIBITIONS ON USE AND DISCLOSURE.

The Specialty Drug List shall be provided separately to Employer, and is hereby incorporated into the Agreement by reference, inclusive of any changes made subsequent to CHLIC's initial issuance of the Specialty Drug List to Employer to the pharmaceutical products included on the Specialty Drug List or the discounts pertaining to such pharmaceutical products. Upon Employer's request on or after the Effective Date, CHLIC shall provide to Employer an updated Specialty Drug List.

Currently Marketed Specialty Drugs on this Specialty Drug List. The discounts in this Specialty Drug List are the discounts that will be adjudicated in CHLIC's claim processing system for the drug indicated when dispensed by Cigna Home Delivery Pharmacy, subject to all of the following.

- The discounts in this Specialty Drug List are based on the terms and design of the Pharmacy Benefit that Employer has adopted and disclosed to CHLIC. Accordingly, if Employer fails to disclose to CHLIC, for example, that it uses or intends to use a consumer-driven health plan, a major cost-sharing program, or a utilization management program promoting generic or OTC drugs over brand drugs, CHLIC may adjust the discounts as it reasonably deems necessary to preserve the economic value or benefit of this Agreement as CHLIC anticipated based on the terms and design of the Pharmacy Benefit previously disclosed to CHLIC and prior to CHLIC's discovery of the Pharmacy Benefit design feature that materially impacts CHLIC's discounts in this Specialty Drug List.
- The discounts in this Specialty Drug List shall not apply to Compound Drug claims, Claims that process at U&C, direct member reimbursement (DMR) Claims, and drugs adjudicated under the medical benefit.
- Any or all of the discounts in this Specialty Drug List may be adjusted by CHLIC to the extent reasonably necessary to preserve the economic value of this Agreement as it existed immediately prior to the occurrence of any of the following events: (a) there are any significant changes in the composition of CHLIC's pharmacy network or in CHLIC's pharmacy network contract compensation rates, or the structure of the pharmacy stores/chains/vendors that are contracted with CHLIC, including but not limited to disruption in the retail pharmacy delivery model, or bankruptcy of a chain pharmacy; or (b) there is a change in government laws or regulations which has a significant impact on pharmacy claim costs; or (c) any material manufacturer-rebate contracts with or for the benefit of CHLIC are terminated or modified in whole or in part; or (d) there is any legal action or Law that materially affects or could materially affect the manner in which CHLIC's rebate program is administered or an existing Law is interpreted so as to materially affect or potentially have a material effect on CHLIC's administration of the Pharmacy Benefit; (e) there is a material change in the Plan or the Plan's Pharmacy Benefit that is initiated by Employer which impacts CHLIC's costs or (f) a major change in market conditions affecting the pharmaceutical or pharmacy benefit management market, a drug shortage in the market, an issue involving the safety of the drug

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supply, or similar market situation.

New-to-Market Specialty Products. Specialty Drug Claims, excluding Limited Distribution Drugs and Exclusive Distribution Drugs, that are for new-to-market drugs will have a minimum market-introduction guaranteed discount of 11.45% off the drug's AWP.

“Limited Distribution Drug” or “Exclusive Distribution Drug” shall mean a Specialty Drug that is not generally available from most or all pharmacies and is restricted to select pharmacies as determined by a pharmaceutical manufacturer. The list of Limited Distribution Drugs and Exclusive Distribution Drugs will be maintained by CHLIC.