

**Pharmacy Administrative Services Only “ASO” Agreement
By and Between**

**City of Fort Lauderdale
“Employer” or “City”**

And

**Connecticut General Life Insurance Company
“Connecticut General” or “Contractor”**

Effective Date: January 1, 2012

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THIS AGREEMENT, effective **January 1, 2012** (the “**Effective Date**”) is by and between **City of Fort Lauderdale** (“**Employer**”) and Connecticut General Life Insurance Company (“**Connecticut General**”).

RECITALS:

WHEREAS, Employer, as Plan sponsor, has adopted the benefit for pharmacy claims as described in Exhibit A, as may be amended, (“**Plan**”) for certain of its employees/members and their eligible dependents (collectively “**Members**”); and

WHEREAS, Employer has requested Connecticut General to furnish certain administration services for pharmacy claims in connection with the Plan **3335139**

NOW, THEREFORE, in consideration of the mutual promises and covenants contained herein, it is hereby agreed as follows:

Definitions

Agreement – this entire document including the Schedule of Financial Charges and all Exhibits.

Applicable Law – means the State of Florida and any other state laws applicable to payment of claims to participating providers in such other states, federal laws and regulations that apply. Applicable Law includes but is not limited the Health Insurance Portability and Accountability Act of 1996, as amended, and the rules and regulations thereunder (“**HIPAA**”), the Foreign Corrupt Practices Act (“**FCPA**”) and any other anti-bribery or anti-corruption laws in the countries where the Parties conduct business.

Bank Account – a benefit plan account with a bank designated by Connecticut General; established and maintained by Employer in its name.

ERISA – the Employee Retirement Income Security Act of 1974, as amended and related regulations.

Extra-Contractual Benefits – Payments which Employer has instructed Connecticut General to make for health care services and/or products that Connecticut General has determined are not covered under the Plan.

Member – a person eligible for and enrolled in the Plan.

Participant/Participating Members – Member(s) who is (are) participating in a specific program and/or product available to Members under the Plan.

Participating Providers – providers of health care services and/or products, who/which contract directly or indirectly with Connecticut General to provide services and/or products to Members.

Plan Benefits – Amounts payable for covered health care services and products under the terms of the Plan.

Party/Parties – refers to Employer and Connecticut General, each a “Party” and collectively, the “Parties”.

Plan Year – the twelve (12) month period, beginning on the Effective Date and, thereafter, each subsequent twelve (12) month period.

Run-Out Claims – claims for Plan Benefits relating to health care services and products that are incurred prior to termination of this Agreement, but that are submitted to Connecticut General or are pending at the termination of this Agreement.

Section 1. Term and Termination of Agreement

This Agreement is effective on the Effective Date and shall remain in effect until the earliest of the following dates:

- i. The date which is at least thirty (30) days from the date that either Party provides written notice to the other Party of termination of the Agreement;
- ii. The effective date of any Applicable Law or governmental action which prohibits performance of this Agreement;
- iii. Two (2) business days after Connecticut General notifies Employer of its election to terminate, which shall be triggered by the Employer failing to fund the Bank Account as required by this Agreement pursuant to Section 3.a.i. or fifteen (15) business days after Connecticut General notifies Employer of its election to terminate, which shall be triggered by the Employer failing to fund the Bank Account as required by this Agreement pursuant to Section 3.a.ii.
- iv. Any other date mutually agreed upon by the Parties.

Section 2. Claim Administration and Additional Services

- a. While this Agreement is in effect, Connecticut General shall, consistent with, the claim administration policies and procedures then applicable to its own health care insurance business (i) receive and review claims for Plan Benefits; (ii) determine the Plan Benefits, if any, payable for such claims; (iii) disburse payments of Plan Benefits to claimants; and (iv) provide in the manner and within the time limits required by Applicable Law, notification to claimants of (a) the coverage determination or (b) any anticipated delay in making a coverage determination beyond the time required by Applicable Law.
- b. Following (i) termination of this Agreement, except pursuant to Section 1 (iii); (ii) termination of Plan benefit option or (iii) termination of eligible Members, if the required fees have been paid in full, Connecticut General shall process Run-Out Claims for the applicable Run-Out Period (See Schedule of Financial Charges for applicable fees and Run-Out Period). At the termination of any applicable Run-Out Period, Connecticut General shall cease processing Run-Out Claims and, subject to the requirements of Section 6.b, make all relevant records in its possession relating to such claims available to Employer or Employer's designee.
- c. Employer hereby delegates to Connecticut General the authority and responsibility to (i) determine eligibility and enrollment for coverage under the Plan according to the information provided by the Employer, (ii) make factual determinations and to interpret the provisions of the Plan to make coverage determinations on claims for Plan Benefits, (iii) conduct a full and fair review of each claim which has been denied as set forth in ERISA, (iv) decide level one mandatory appeals for claims and (v) notify the Member or the Member's authorized representative of its decision in accordance with applicable state and federal regulations. Connecticut General shall prepare and deliver Member draft summary plan description materials to Employer that are compliant with applicable state and federal laws and regulations. Employer will ensure that all summary plan description materials provided to Members reflect this delegation.
- d. In addition to the basic claim administrative duties described above, Connecticut General shall also perform the Plan-related administrative duties agreed upon by the Parties and specified in Exhibit B.

Section 3. Funding and Payment of Claims

- a. Employer shall establish a Bank Account, and maintain in the Bank Account an amount sufficient at all times to fund claims for (i) Plan Benefits based upon checks cleared through the Bank Account; and (ii) those charges and fees identified in the Schedule of Financial Charges as payable through the Bank Account (collectively "**Bank Account Payments**"); or any similar benefit or Plan-related charge or assessment however denominated, which may be imposed on the Employer by any governmental authority. Bank

Account Payments may include without limitation: (i) capitated (i.e. fixed per Member) and pay-for-performance incentive payments to Participating Providers; (ii) amounts owed to Connecticut General; and (iii) amounts paid to Connecticut General's affiliates and/or subcontractors for, among other things, network access or in- and out-of network health care services/products provided to Members. Connecticut General may credit the Bank Account with payments due Employer under its or an affiliate's stop loss policy.

- b. Connecticut General, as agent for the Employer, shall make Bank Account Payments from the Bank Account in the amount that is proper under the Plan and/or under this Agreement.
- c. In the event that sufficient funds are not available in the Bank Account to pay all Bank Account Payments when due, Connecticut General shall notify Employer of the need for additional funding and if these are not received within three business days Connecticut General may cease to process claims for Plan Benefits including Run-Out Claims until such time as sufficient funds are available in the Bank Account to pay all Bank Account Payments when due.
- d. Connecticut General will promptly adjust any underpayment of Plan Benefits by drawing additional funds due the claimant from the Bank Account. In the event Connecticut General overpays a claim for Plan Benefits or pays Plan Benefits to the wrong party, it shall take all reasonable steps to recover the overpayment; however, Connecticut General shall not be required to initiate court, mediation, arbitration or other administrative proceedings to recover any overpayment. Connecticut General shall not be liable to the Employer for unrecovered claim overpayments that are the result of mistakes of judgment or other actions that are reasonable and taken in good faith. However, Connecticut General shall reimburse the Plan for unrecovered overpayments resulting from its failure, in the aggregate, to perform its duties with the degree of skill and judgment possessed by other third party administrators experienced in furnishing claim administration services to plans of similar size and characteristics as the Plan.
- e. Following termination of this Agreement, Employer shall remain liable for payment of all due Bank Account Payments and for all reimbursements due Members under the Plan. Except as otherwise provided in subsection 3.d., Employer shall promptly reimburse Connecticut General for any Bank Account Payments paid by Connecticut General with its own funds and no such payment by Connecticut General shall be construed as an assumption of any of Employer's liability.

This provision shall survive termination of this Agreement.

Section 4. Charges

- a. **Charges.** Connecticut General shall provide to Employer a weekly statement of all administrative (ASO) charges Employer is obligated to provide under this Agreement. ASO payments of all billed charges shall be due on the first day of the month, as indicated on the monthly statement. Payments received after the last day of the month in which they are due, shall be subject to late payment charges, from the due date at a rate calculated in accordance with the Florida Local Government Prompt Payment Act. For purposes of calculating late payment charges, payments received will be applied first to the oldest outstanding amount due.
- b. **Member Changes – Additions and Terminations.** If a Member's effective date is on or before the fifteenth (15th) day of the month, full charges applicable to that Member shall be due for that Member for that month. If coverage does not start or ceases on or before the fifteenth (15th) day of the month for a Member, no charges shall be due for that Member for that month.
- c. **Retroactive Member Changes and Terminations.** Employer shall remain responsible for all charges and Bank Account Payments incurred or charged through the date Employer provides to Connecticut General Employer's notice of a retroactive change or termination of Membership. However, if the change or termination would result in a reduction in charges, Connecticut General shall credit to Employer the reduction in charges charged for the shorter of (a) the sixty (60) day period preceding the date Connecticut General processes the notice, or (b) the period from the date of the change or termination to the date Connecticut General processes the notice. This provision shall survive termination of this Agreement.

Section 5. Enrollment and Determination of Eligibility

- a. **Eligibility Determinations and Information.** Employer is responsible for administering Plan enrollment. In determining any person's right to benefits under the Plan, Connecticut General shall rely upon enrollment and eligibility information provided by the Employer. Such information shall identify the effective date of eligibility and the termination date of eligibility and shall be provided promptly to Connecticut General in a form and with such other information as reasonably may be required by Connecticut General for the proper administration of the Plan.
- b. **Release of Liability.** Notwithstanding any inconsistent provision of this Agreement to the contrary, if Employer, fails to provide Connecticut General with accurate enrollment and eligibility information, benefit design requirements, or other agreed-upon information in accordance with this Agreement, Connecticut General shall have no liability under this Agreement for any act or omission by Connecticut General, or its employees, affiliates, subcontractors, agents or representatives, directly caused by such failure.
- c. **Reconciliation of Eligibility and Information and Default Terminations.** Connecticut General will periodically (at least monthly) share potential discrepancies in eligibility information with Employer. Connecticut General will review and reconcile any discrepancies within five (5) days of Connecticut General's receipt. Connecticut General will terminate coverage for any Member not listed as eligible in Employer's submitted eligibility information.

Section 6. Claim Audit and Confidentiality

- a. **Claim Audit.** Employer may, in accordance with the following requirements and at no additional charge while this Agreement is in effect, audit Connecticut General's payment of Plan Benefits:
 - i. Employer shall provide Connecticut General forty-five (45) days advance written request for audit from the latter of (i) receipt by Connecticut General of the audit scope letter or (ii) the fully executed Claim Audit Agreement attached hereto as Exhibit C. Employer will designate with Connecticut General's consent, such consent not to be unreasonably withheld, an independent, third party auditor to conduct the audit (the "**Auditor**"). In addition, Employer and Connecticut General will agree upon the date for the audit during regular business hours at Connecticut General's office(s). Employer shall be responsible for its Auditor's costs. Except as otherwise agreed to by the parties in writing prior to the commencement of the audit, the audit shall be conducted in accordance with the terms of Connecticut General's Claim Audit Agreement attached hereto as Exhibit C, which is hereby agreed to by Employer and which shall be signed by the Auditor prior to the start of the audit.
 - ii. If Employer has four thousand (4,000) Members, Employer may conduct one such audit every Plan Year (but not within six (6) months of a prior audit); otherwise, Employer may conduct one such audit every two (2) Plan Years (but not within eighteen (18) months of a prior audit).
 - iii. Auditor will review payment documents relating to a random, statistically valid sample of two-hundred twenty-five (225) claims paid during the two prior Plan years and not previously audited (the "**Audit**") subject to any contrary terms in Participating Provider agreements. With respect to the Audit, the scope may include types of claims prone to overpayments provided the types of claims prone to underpayments are equally included and will exclude electronic analysis. Any claim adjustments will be based upon the actual claims reviewed and not upon statistical projections or extrapolations. .
 - iv. Should Employer or its designee need access to information or records that are held by a subcontractor of Connecticut General, Connecticut General shall cooperate with Employer or its designee to obtain such information or records in a timely manner.

b. Confidentiality

- i. Subject to the requirements of Applicable Law, the terms of this Agreement and the, a signed Business Associate Agreement between Employer and designee, Connecticut General shall release copies of confidential claims and Plan Benefit payment information in Connecticut General's claims system ("**Confidential Information**") and may release copies of proprietary information relating to the Plan in Connecticut General's claims system ("**Proprietary Information**") to the Employer and/or its designees. Except as otherwise provided by Applicable Law, Employer agrees that Employer will keep Confidential Information and Proprietary Information confidential and will use Confidential Information and Proprietary Information solely for the purpose of administering the Plan or as otherwise required by law. If Employer directs Connecticut General to release any Confidential Information or Proprietary Information Connecticut General is not responsible to the Employer for the consequences of any use, misuse, or disclosure of Confidential Information provided by Connecticut General pursuant to this paragraph b-
- ii. Connecticut General will maintain the confidentiality of all Protected Health Information in its possession in accordance with the Business Associate Agreement between Employer and Connecticut General pursuant to the Health Insurance Portability and Accountability Act and any Applicable Laws.
- iii. This Agreement and all documents generated pursuant to this Agreement, except to the extent they are exempt from disclosure or confidential pursuant to Florida law, are public records that are open to inspection and copying pursuant to Florida law.
- iv. Notwithstanding any provision contained in this Agreement to the contrary, Contractor shall:
 - (a) Keep and maintain public records that ordinarily and necessarily would be required by the City in order to perform the service.
 - (b) Provide the public with access to public records on the same terms and conditions that the City would provide the records and at a cost that does not exceed the cost provided in Chapter 119, Florida Statutes (2014), 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.
 - (d) Meet all requirements for retaining public records and transfer, at no cost, to the City, all public records in possession of the contractor upon termination of this contract and destroy any duplicate public records that are exempt or confidential and exempt from public records disclosure requirements. All records stored electronically must be provided to the City in a format that is compatible with the information technology systems of the City.
- c. Upon termination of this Agreement and subject to the provisions of Section 6.b above, Connecticut General shall make information available to any subsequent administrator to the extent administratively feasible. The Parties will agree upon the charge to be paid by Employer at such time of transition.

The obligations set forth in this section, shall survive termination of the Agreement.

Section 7. Plan Benefit Liability

- a. Employer Liability for Plan Benefits. Employer is responsible for all Plan Benefits including any Plan Benefits paid as a result of any legal action. Connecticut General shall reasonably cooperate with Employer in its defense of such actions.

If Connecticut General pays a claim for Extra-Contractual Benefits at Employer's direction, Employer is responsible for funding the payment.

- b. Employer Liability for Plan Related Expenses. Employer shall reimburse Connecticut General for any amounts Connecticut General may be required to pay (i) as state premium tax or any similar Plan-related tax, charge, surcharge or assessment, or (ii) under any unclaimed or abandoned property law, or escheat law, with respect to Plan Benefits and any penalties and/or interest thereon.
- c. Standard of Care/Indemnity: In performing its obligations under this Agreement, Connecticut General shall use reasonable diligence and that degree of skill and judgment possessed by one experienced in furnishing claim administration services to plans of similar size and characteristics as the Plan. Connecticut General shall not be liable to the Employer for mistakes of judgment or other actions taken in good faith (including benefits erroneously overpaid) but shall be liable to and indemnify the Employer for any non-benefit loss, cost or expense (including reasonable attorneys' fees and court costs) for which Employer may become liable in consequence of any acts or omissions of Connecticut General which, in the aggregate, constitute a failure on the part of Connecticut General to perform its claim administration obligations under this Agreement in accordance with the standard set forth above.

These reimbursement obligations shall survive termination of this Agreement.

Section 8. Modification of Plan and Charges

- a. The Pharmacy Administration Charges in effect from January 1, 2012 through and including December 31, 2014, shall be as set forth in the Schedule of Financial Charges attached hereto and Connecticut General may revise such Pharmacy 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 Connecticut General to calculate its charges under the Agreement, and/or (iii) upon any change in law or regulation that materially impacts Connecticut General liabilities and/or responsibilities under this Agreement.
- b. Employer shall provide Connecticut General written notice of any modification or amendment to the Plan sufficiently in advance of any such change as to allow Connecticut General to implement the modification or amendment. Employer and Connecticut General shall agree upon the manner and timing of the implementation subject to Connecticut General's system and operational capabilities.

Section 9. Modification of Agreement

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Section 10. Laws Governing Contract

- a. This Agreement shall be construed in accordance with the laws of the State of Florida without regard to conflict of law rules, and both Parties consent to the venue and jurisdiction of its courts. Venue for any lawsuit by one party against the other party or otherwise arising out of this Agreement, and for any other legal proceeding, shall be in Broward County, Florida, or in the event of federal jurisdiction, in the Southern District of Florida, Fort Lauderdale Division.
- b. The Parties shall perform their obligations under this Agreement in conformance with all Applicable Laws and regulatory requirements.

Section 11. Information in Connecticut General's Processing Systems

Connecticut General may retain and use all Plan-related claim and Plan Benefit payment information recorded for or otherwise integrated into Connecticut General's business records including claim processing systems during the ordinary course of business (provided, however, that claim or payment information will be available to Employer pursuant to Section 6). Connecticut General will retain claim and payment information as required by Applicable

Law and the Florida public records law and related public records retention schedules.

Section 12. Resolution of Disputes

Any dispute between the Parties arising from or relating to the performance or interpretation of this Agreement (“**Controversy**”) may be addressed pursuant to the following mandatory dispute resolution procedures:

- a. Any Controversy shall first be referred to an executive level employee of each Party who shall meet and confer with his/her counterpart to attempt to resolve the dispute (“**Executive Review**”) as follows: The disputing Party shall give the other Party written notice of the Controversy and request Executive Review. Within twenty (20) days of such written request, the receiving Party shall respond to the other in writing. The notice and the response shall each include a summary of and support for the Party’s position. Within thirty (30) days of the request for Executive Review, an employee of each Party, shall meet and attempt to resolve the dispute. Resolution of disputes is subject to Section 2-151, Code of Ordinances of the City of Fort Lauderdale, Florida, as may be amended or revised, which provides, in pertinent part, as follows:

Claims or demands, including workers' compensation claims, brought against or on behalf of the city may be settled, adjusted and otherwise compromised without the approval of the city commission upon the following terms and conditions and when in the judgment of the risk manager, the director of finance, city manager and the city attorney or their designees such would be in the best interests of the city to do so:

- (1) For all claims or demands which do not exceed one thousand dollars (\$1,000.00), such claims or demands may be settled, adjusted or otherwise compromised by the risk manager.
- (2) For all claims or demands which exceed one thousand dollars (\$1,000.00) but do not exceed three thousand dollars (\$3,000.00), such claims or demands may be settled, adjusted or otherwise compromised by the joint approval of the risk manager and the director of finance.
- (3) For all claims and demands which exceed three thousand dollars (\$3,000.00), but do not exceed twenty thousand dollars (\$20,000.00), such claims or demands may be settled by joint approval of the risk manager, director of finance, the city manager and the city attorney.
- (4) ...
- (5) For all claims or demands which exceed twenty thousand dollars (\$20,000.00), such claims shall be submitted for settlement, adjustment or compromise to the city commission for approval.

- b. If the Controversy has not been resolved within thirty-five (35) calendar days of the request of Executive Review under Section 12.a, above, the Parties agree to mediate the Controversy in accordance with the Florida Supreme Court Mediation Rules (“**Mediation**”). The mediation shall be conducted in Broward County, Florida. Each Party shall assume its own costs and attorneys’ fees. The mediator’s compensation and expenses and any administrative fees or costs associated with the mediation proceeding shall be borne equally by the Parties.

Section 13. Third Party Beneficiaries

This Agreement is solely for the benefit of Employer and Connecticut General. It shall not be construed to create any legal relationship between Connecticut General and any other party.

Section 14. Waivers

No course of dealing or failure of either Party to strictly enforce any term, right or condition of this Agreement shall be construed as a waiver of such term, right or condition. Waiver by either Party of any default shall not be deemed a waiver of any other default.

Section 15. Headings

Article, section, or paragraph headings contained in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement.

Section 16. Severability

If any provision or any part of a provision of this Agreement is held invalid or unenforceable, such invalidity or unenforceability shall not invalidate or render unenforceable any other portion of this Agreement.

Section 17. Force Majeure

Neither Party shall be liable for any failure to meet any of the obligations required under this Agreement where such failure to perform is due to any contingency beyond the reasonable control of such Party, its employees, officers, or directors. Such contingencies include, but are not limited to, acts of God, fires, wars, accidents, labor disputes or, governmental laws, ordinances, rules or regulations. Notwithstanding the foregoing, this section shall not in any way alter or release the Employer from its obligations to pay for Plan benefits.

Section 18. Assignment and Subcontracting

Neither Party may assign any right, interest, or obligation hereunder without the express written consent of the other Party; provided, however that Connecticut General may subcontract specific obligations under the Agreement to an affiliate owned and controlled by Connecticut General provided that Connecticut General shall not be relieved of its obligations under the Agreement when doing so.

Section 19. Notices

Except as otherwise provided, all notices or other communications hereunder shall be in writing and shall be deemed to have been duly made when (a) delivered in person, (b) delivered to an agent, such as an overnight or similar delivery service, (c) delivered electronically, or (d) deposited in the United States mail, postage prepaid, and addressed as follows:

To Connecticut General:
Connecticut General Life Insurance Company
401 Chestnut Street, Suite 110
Chattanooga, TN 37402
Attention: Jenny Wilson, Underwriting Director

To Employer:
City of Fort Lauderdale
100 N. Andrews Avenue, Third Floor
Fort Lauderdale, FL 33301
Attention: Averill Doresett, Director of Human Resources

The address to which notices or communications may be given by either Party may be changed by written notice given by one Party to the other pursuant to this Section.

Section 20. Identifying Information and Internet Usage

Except, as necessary in the performance of their duties under this Agreement, and except as otherwise provided by the Florida public records law, neither Party may use the other's name, logo, service marks, trademarks or other identifying information or to establish a link to the other's World Wide Web site without its prior written approval.

Schedule of Financial Charges

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

CIGNA PHARMACY BENEFIT MANAGEMENT SERVICES CHARGES AND RELATED PROVISIONS		
Definitions		
<ul style="list-style-type: none"> • “Average Wholesale Price” or “AWP” is the Average Wholesale Price for a given pharmaceutical product in effect on the dispense date for the actual package size dispensed as published by Medi-Span or other alternative publication or benchmark reasonably designated by Connecticut General. • “Brand Drug Claim” is a claim for a pharmaceutical product that is adjudicated as a brand drug as indicated on the claim record generated by the claim processing system used by Connecticut General. For application of discounts and dispensing fees, a “Brand Drug Claim” includes a claim for a generic drug within its exclusivity period or other period of limited competition, as Connecticut General reasonably determines under its standard policies. • “Generic Drug Claim” is a claim for a pharmaceutical product that is adjudicated as a generic drug as indicated on the claim record generated by the claim processing system used by Connecticut General. For application of discounts and dispensing fees, a “Generic Drug Claim” does not include a claim for a generic drug within its exclusivity period or other period of limited competition, as Connecticut General reasonably determines under its standard policies. • “Mail Service Pharmacy” or “CIGNA Tel-Drug” or “CIGNA Home Delivery Pharmacy” is a pharmacy that is owned or operated by Connecticut General or an affiliated company(ies) (currently, Tel-Drug, Inc. and Tel-Drug of Pennsylvania, LLC), which dispenses drugs covered under the Plan’s Pharmacy Benefit by mail, and is not a Retail Pharmacy. • “Pharmacy Benefit” means the terms of the Plan that govern coverage and care/utilization management of drugs and related supplies dispensed to Members and charged to the Plan by the Mail Service Pharmacy or Retail Pharmacies through Connecticut General’s pharmacy claim processing system. • “Rebates” or “Manufacturer Formulary Payments” means amounts that Connecticut General collects under contracts it enters into with drug manufacturers that are based on utilization of certain of the manufacturers’ brand drugs under the Plan’s Pharmacy Benefit and the drug’s status on the CIGNA drug formulary. • “Retail Pharmacy” is a pharmacy that is entitled to payment under the Plan for drugs it dispenses that are covered under the Plan’s Pharmacy Benefit, and is not a Mail Service Pharmacy. • “Specialty Drug Claim” is a claim for a pharmaceutical product that is reasonably determined by Connecticut General to be a specialty drug in accordance with industry practice. Specialty drugs generally are (i) injected or infused and derived from living cells, or are oral non-protein compounds (e.g., oral chemotherapy drugs); (ii) target the underlying condition, which is usually one of a relatively rare, chronic and costly nature; and/or (iii) require restricted access and/or close monitoring. 		
PHARMACY ADMINISTRATION FEE		
<ul style="list-style-type: none"> • CIGNA Pharmacy Product administration fee: At No Additional Cost 		

**Customer Name: City of Fort Lauderdale
Pharmacy Administrative Services Only Agreement**

CHARGES FOR DRUGS COVERED UNDER THE PLAN'S PHARMACY BENEFIT	
<p>Drug Dispensed by Mail Service Pharmacy: Connecticut General will charge Employer the following for claims covered under the Plan's Pharmacy Benefit and dispensed by the Mail Service Pharmacy:</p>	
<p>Brand Drug Claims: AWP minus an average discount of 24% plus an average dispensing fee of \$0.00.</p> <p>Generic Drug Claims: The drug's charge on a Connecticut General generic Maximum Allowable Charge schedule that generates an annual average aggregate discount across Generic Drug Claims dispensed at CIGNA Home Delivery Pharmacy to Connecticut General's group-client book of business of AWP minus 75.5% plus an average dispensing fee across such Generic Drug Claims of not more than \$0.00.</p> <p>Specialty Drug Claims: The drug's charge under a national specialty drug discount schedule that generates a 12.5% annual average aggregate discount off AWP across Specialty Drug Claims dispensed at CIGNA Home Delivery Pharmacy to Connecticut General's group-client book of business.</p>	
<p>Drugs Dispensed by Retail Pharmacies: Connecticut General will charge Employer the following for drugs covered under the Plan's Pharmacy Benefit and dispensed by a Retail Pharmacy to the Plan Members, subject to the "Drug Charges – Additional Provisions" section:</p>	
<p>Retail Brand Drug Claims: The lesser of (i) AWP minus the contracted discount plus the contracted dispensing fee charged by the Retail Pharmacy for the Brand Drug Claim; or (ii) the Retail Pharmacy's usual and customary charge.</p> <p>Retail Generic Drug Claims (other than those to which the above brand discount applies): The lesser of: (i) the drug's charge on a Connecticut General generic Maximum Allowable Charge schedule that generates an annual average aggregate discount across Generic Drug Claims dispensed at Retail Pharmacies to Connecticut General's group-client book of business of AWP minus 73.5% (Plan-specific results may vary based on drug mix), plus an average dispensing fee across such Generic Drug Claims of no more than \$1.90; or (ii) the Retail Pharmacy's usual and customary charge.</p> <p>Retail Specialty Drug Claims: The lesser of (i) AWP minus an annual average aggregate discount of 10.5%, plus an average dispensing fee of no more than \$1.80; or (ii) the Retail Pharmacy's usual and customary charge.</p>	

DRUG CHARGES – ADDITIONAL PROVISIONS	
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| <ul style="list-style-type: none">• CIGNA Home Delivery Pharmacy’s discounts are applied to the manufacturer average wholesale price (AWP) for the dispensed size (or to the AWP for the manufacturer-packaged quantity closest to the dispensed size, if there is no AWP for the dispensed size).• CIGNA Home Delivery Pharmacy will be reimbursed through the Bank Account for the price (discounted as per this Schedule) for replacement prescriptions shipped by CIGNA Home Delivery Pharmacy which are reported as lost or damaged despite CIGNA Home Delivery Pharmacy’s shipment to the Participant’s correct name and address.• The amount paid to the Retail Pharmacy for Brand, Generic, or Specialty Drug Claims may or may not be equal to the amount charged to Employer, and Connecticut General will absorb or retain any difference.• An excess achieved in any Plan-specific discount floor or dispensing fee cap offered under this Agreement will be used to offset a shortfall in any other Plan-specific discount floor or dispensing fee cap offered under this Agreement.• Industry Changes to or Replacement of Average Wholesale Price (AWP). Notwithstanding any other provision in this Agreement, including in this Exhibit, 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), Connecticut General may adjust any or all of the charges, rates, discounts, guarantees and/or fees in connection with Connecticut General’s administration of the Plan’s 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 as it existed immediately prior to such change. Additionally, and notwithstanding any other provision in this Agreement, including in this Exhibit, Connecticut General 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 Connecticut General 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 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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DRUG MANUFACTURER-PAYMENT SHARING

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

\$16.00 per Retail Pharmacy Brand Drug Claim and \$56.00 per Mail Service Pharmacy Brand Drug Claim.

Caveats:

- (1) Upon termination of this Agreement, Connecticut General may apply Rebates otherwise payable to offset Bank Account or other deficits of charges identified in this Agreement.
- (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.
- (3) All applicable caveats communicated in writing by Connecticut General in connection with its proposal made in connection with this Agreement.
- (4) 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 Connecticut General.
- (5) Rebates are not paid out on single source generic drug claims or Run-Out Claims.
- (6) Connecticut General contracts with drug manufacturers on its own behalf, and not as agent of the Employer or the Plan.

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

AUDIT RIGHTS RELATED TO MANUFACTURER PAYMENTS

Employer's third party auditor may audit records directly related to Connecticut General's performance of its obligations hereunder regarding sharing of manufacturer formulary payments (a/k/a "rebates") once in each twelve-month period upon the following conditions: Employer shall provide at least forty-five (45) days written notice to Connecticut General; the auditor (including its individual auditors conducting the audit) shall be agreeable to Employer and Connecticut General; a mutually agreed upon non-disclosure/non-use contract shall be executed by Employer, the auditor and Connecticut General; the records to be audited shall be no more than two years old as of the date of the audit; the scope of records to be audited shall be as mutually agreed upon by Employer's third party auditor and Connecticut General as those which are necessary to determine compliance with the rebate-sharing obligations under this Agreement; the audit shall be conducted at a mutually acceptable time during regular business hours at Connecticut General's office where such records are located; records shall not be removed or photocopied without Connecticut General's express written consent; the auditor shall provide its audit report to Connecticut General and Employer at the same time; and the auditor may disclose the aggregate amount of manufacturer formulary payments due Employer but no other details of Connecticut General's manufacturer contracts of which the auditor is apprised, if any.

FEES FOR PROCESSING RUN-OUT CLAIMS		
Pharmacy	<p>Run-Out Period of three (3) months for all pharmacy claims.</p> <p>Connecticut General shall not be required to process Run-Out Claims until it has received full payment of the required fees.</p>	The sum of the last three (3) months of billed fees applicable to the terminated (i) Agreement, (ii) Plan benefit option or (iii) Members.
CONNECTICUT GENERAL COST CONTAINMENT FEES		
<p>Connecticut General, a Cigna company, 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, Connecticut General contracts with vendors to perform program related services. Specific vendor fees are available upon request. Connecticut General's charge for administering these programs is the percentage (indicated below) of either (1) the "net savings" (i.e. the difference between the charge that the provider would have made absent the program savings and the charge made as a result of the program savings, less the applicable vendor fee which generally ranges from 7-11% of the program savings) or (2) the "gross savings" (i.e. the difference between the charge that the provider would have made absent the program savings and the charge made as a result of the program savings; Connecticut General pays the applicable vendor fee) or (3) the "recovery" (i.e. the amount recovered) as applicable.</p> <p>For covered services received from non-Participating Providers, Connecticut General may apply discounts available under agreements with third parties or through negotiation of the billed charges. These programs are identified below as the Network Savings Program, Supplemental Network & Medical Bill Review (pre-payment). This is consistent with the claim administration practices applicable to Connecticut General's own health care insurance business when these programs are implemented. Connecticut General charges the percentage shown for administering these programs. Applying these discounts may result in higher payments than if the maximum reimbursable charge is applied. Whereas application of the maximum reimbursable charge may result in the patient being balance billed for the entire unreimbursed amount, applying these discounts avoids balance billing and substantially reduces the patient's out-of pocket cost.</p>		
PHARMACY COST CONTAINMENT		
1.	High Cost Specialty Pharmaceutical Audits	29% of recovery
2.	Pharmacy Vendor Recoveries	30% of recovery
3.	Class Action Recoveries	35% of recovery

**Customer Name: City of Fort Lauderdale
Pharmacy Administrative Services Only Agreement**

OTHER VENDORS AND HEALTH CARE SERVICES PROVIDERS		
	Capitation and fee-for-service charges for various vendors and other providers/arrangers of health care services and/or supplies will be paid as claims for Plan Benefits and will appear in Employer's standard Bank Account activity data reports. Such payments will be at Connecticut General's applicable capitation or fee-for-service charges then in effect, which may be amended from time to time. Additional details regarding charges and the identity of the vendor or provider of health care services will be made available upon request.	All Products
NOTICE REGARDING PAYMENTS FROM THIRD PARTIES		
	Unless indicated otherwise in the Schedule of Financial Charges, Connecticut General retains all payments it may receive from manufacturers of pharmaceutical products covered under the Plan. Information on the amount of such payments with respect to the Plan will be provided upon request.	All Pharmacy Products
ADDITIONAL SERVICES		
Service	Description	Charge
Pharmacy Clinical Program	<ul style="list-style-type: none"> Cigna TheraCare® Program – a targeted condition drug therapy management program that targets individuals using specialty medications for certain chronic conditions and helps them better understand their condition, medication side effects and importance of adherence. 	Included at No Additional Cost

Exhibit A - Plan Document

A “Summary Plan Document” or “Plan Booklet” that includes Plan Benefits and Members’ rights and responsibilities under the Plan will be provided by Employer to Connecticut General. If Employer has not provided Connecticut General with a copy of its finalized Plan Booklet by the time this Agreement is effective, Connecticut General will administer the Plan in accordance with the medical management and claims administration policies and procedures and/or practices then applicable to its own health insurance business and the definitions and other language contained in the draft version of the Plan Booklet provided by Connecticut General to Employer. Connecticut General will continue to administer the Plan in this manner until Connecticut General receives the finalized Plan Booklet and follows its preparation and review process. After that time Connecticut General will use the finalized Plan Booklet to administer Plan.

Exhibit B – Services

BANKING AND ADMINISTRATION		
Products excluding Health Savings Account		
1.	Furnishing Connecticut General’s standard Bank Account activity data reports to Employer as and when agreed upon. Connecticut General’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
2.	Report to Employer the claim payment information required in connection with Section 6041 of the Internal Revenue Code.	All Products
CLAIM ADMINISTRATION		
Products excluding Health Savings Account		
1.	Calculate benefits, check and/or electronic payments disbursed from Employer’s Bank Account. Bank Account payments will appear in Employer’s standard Bank Account activity data reports.	All Products
2.	Prepare and make available Connecticut General’s standard claim forms.	All Products
3.	Investigate claims, as necessary, by Connecticut General’s Special Investigations Unit.	All Products
4.	Discuss claims, when appropriate, with providers of health services.	All Products
5.	Perform internal audits of Plan Benefit payments on a random sample basis.	All Products
6.	Claim control procedures reported annually in Statement on Standards for Attestation Engagements (SSAE) No. 16 Report (SAS70 successor report).	All Products (excluding Vision)
7.	Respond to Insurance Department complaints.	All Products
8.	Dedicated toll-free telephone line for Member and Provider calls to Connecticut General Service Centers.	All Products
9.	Member Explanation of Benefit (“EOB”) statements including, when applicable, notice of denied claims, denial reason(s) and appeal rights.	All Products
10.	Verify enrollment and eligibility using Member information submitted by Employer and/or its authorized agent.	All Products
PHARMACY ONLY		
1.	Connecticut General’s standard ID cards with toll-free telephone number are prepared and mailed directly to Members.	All Pharmacy Products
2.	Pharmacy claims are adjudicated typically on-line at time of service without access to information on other coverage, and therefore coordination of benefits (COB) for pharmacy claims does not occur. Claims for Plan Benefits will be paid regardless of coverage under another plan.	All Pharmacy Products
3.	Connecticut General’s standard drug utilization review services.	All Pharmacy Products

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DOCUMENT PRODUCTION		
Products excluding Health Savings Account		
	Prepare and deliver Member benefit booklet drafts to Employer.	All Products
UNDERWRITING SERVICES		
1.	5500 Schedule C reporting.	All Products
2.	5500 Schedule A or Annual Reconciliation Disclosure reporting (when applicable)	All Products
3.	Connecticut General's standard Underwriting services: a) benefit design analysis-b) projected cost analysis.	All Products
HIPAA INDIVIDUAL RIGHTS		
Products excluding Health Savings Account		
	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		
1.	Pharmacy Vendor Recoveries.	All Pharmacy Products
CUSTOMER REPORTING		
1.	Summary reports of pharmacy cost and utilization experience available through Cigna web site.	All Pharmacy Products
2.	Connecticut General's standard pharmacy utilization reports.	Pharmacy Product Only

Exhibit C – Claim Audit Agreement (Sample)

- A. WHEREAS, Connecticut General Life Insurance Company ("Connecticut General") desires to cooperate with requests by _____ ("Employer") to permit an audit for the purposes set forth below; and
- B. WHEREAS, _____ ("Auditor") has been retained by Employer for the purpose of performing an audit ("Audit") of claims administered by Connecticut General.
- C. WHEREAS, the Auditor and the Employer recognize Connecticut General'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, Connecticut General, the Employer and the Auditor hereby agree as follows:

1. Audit Specifications

The Auditor will specify to Connecticut General 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 Claim Office locations, if any, to be audited;
- c. the Audit objectives;
- d. the scope of the Audit (time period, lines of coverage and number of claims);
- e. the process by which claims will be selected for audit;
- f. the records/information required by the Auditor for purposes of the Audit; and
- g. the length of time contemplated as necessary to complete the Audit.

2. Review of Specifications

Connecticut General will have the right to review the Audit Specifications and to require any changes in, or conditions on, the Audit Specifications which may be necessary to protect Connecticut General's legal and business interests identified in paragraph C above.

3. Access to Information

Connecticut General will make the records/information called for in the Audit Specifications available to the Auditor at a mutually acceptable time and place.

4. Audit Report

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

5. Comment on Audit Report

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

6. Confidentiality

The Auditor understands that Connecticut General is permitting the Auditor to review the claim records/information solely for purposes of the Audit. Accordingly, 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 specifically agrees to adhere to the following conditions:

- a. The Auditor shall not make photocopies or remove any of the claim records/information without the express written consent of Connecticut General;
- b. The Auditor agrees that its Audit Report or any other summary prepared in connection with the Audit shall contain no individually identifiable information.

7. Restricted Use of the Audit Information

With respect to persons other than the Employer, the Auditor will hold and treat information obtained from Connecticut General 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 Connecticut General executed by an officer of Connecticut General, 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 Employer and Auditor agree to indemnify and to hold harmless Connecticut General for any and all claims, costs, expenses and damages which may result from any breaches of the Auditor's obligations under paragraphs 6 and 7 of this Agreement or from Connecticut General's provision of information to the Auditor. The Employer authorizes Connecticut General 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

Connecticut General may terminate this agreement with prior written notice. The obligations set forth in Sections 4 through 7 shall survive termination of the Agreement.

Connecticut General 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: _____