

## Administrative Service Agreement Amendment (ASA Amendment)

(If the Employer has purchased BCBSAZ stop loss coverage, this ASA Amendment amends Exhibit C and Exhibit C-1 of the Maximum Aggregate and Specific Liability Agreement. If the Employer has NOT purchased BCBSAZ stop loss coverage, this ASA Amendment amends the ASA.)

<b>Effective Date:</b>	7/1/2017-6/30/2018	<b>Date:</b>	6/2/2017
<b>Group / Bid ID:</b>	11250	<b>Bid/Renewal:</b>	Renewal
<b>Legal Name of Group:</b>	City of Glendale	<b>Days Notice:</b>	240
<b>Name of Group Health Plan:</b>	City of Glendale Group Health Plan	<b>SRE:</b>	Ken Muth
<b>Funding:</b>	12/24 Incurred ASC, Medical and Pharmacy	<b>Underwriter:</b>	Craig Downs
<b>Broker Paid:</b>	Hayes Companies	<b>UW Code:</b>	LI
<b>Commission:</b>	0.0%	<b>Pooling / Specific Stop Loss:</b>	\$200,000
<b>Commission (% of Billed Rate):</b>	0.0%	<b>Aggregate Stop Loss:</b>	125%
<b>Total Enrollment:</b>	1,792		

### SOLD Plan(s) Benefit Outline

	<u>Deductible</u>	<u>Coinsurance</u>	<u>OOP Max</u>	<u>OV</u>	<u>Spec</u>	<u>UC</u>	<u>ER</u>	<u>RX</u>
<b>PPO</b>								
IN:	\$500	80%	\$3,000	\$30	\$45	\$50	\$150	\$7/\$25\$50
OON:	common	70%	\$4,000					
<b>EPO</b>								
IN:	N/A	90%	\$3,000	\$30	\$45	\$50	\$150	\$7/\$25\$50
<b>Saver</b>								
IN:	\$1,500	80%	\$5,000	Ded and coins	Ded and coins	Ded and coins	Ded and coins	:10/25/50/80 after ded
OON:	Common	60%	\$10,000					
<b>Acclaim PPO</b>								
IN:	\$500	80%	\$3,000	\$30	\$60	\$35	\$500	\$7/\$25\$50
OON:	\$5,500	50%	\$10,000					

### SOLD Rates

	<u>Enrollment</u>	<u>Admin</u>	<u>SSL \$200K</u>	<u>ASL 125%</u>	<u>Fixed</u>	<u>ICAP</u>
<b>Active PPO</b>						
Employee	147	\$21.75	\$61.25	\$1.25	\$84.25	\$609.34
Employee + 1	78	\$21.75	\$61.25	\$1.25	\$84.25	\$1,218.67
Employee + 2+	128	\$21.75	\$61.25	\$1.25	\$84.25	\$1,828.01
<b>Total</b>	<b>353</b>					
<b>Retiree &lt;65 PPO</b>						
Employee	42	\$21.75	\$61.25	\$1.25	\$84.25	\$1,005.40
Employee + 1	21	\$21.75	\$61.25	\$1.25	\$84.25	\$2,010.81
Employee + 2+	3	\$21.75	\$61.25	\$1.25	\$84.25	\$3,016.21
<b>Total</b>	<b>66</b>					
<b>Retiree &gt;65 PPO</b>						
Employee	28	\$21.75	\$61.25	\$1.25	\$84.25	\$834.79
Employee + 1	17	\$21.75	\$61.25	\$1.25	\$84.25	\$1,669.58
Employee + 2+	1	\$21.75	\$61.25	\$1.25	\$84.25	\$2,504.37
<b>Total</b>	<b>46</b>					
<b>Active EPO</b>						
Employee	346	\$21.75	\$61.25	\$1.25	\$84.25	\$676.22
Employee + 1	225	\$21.75	\$61.25	\$1.25	\$84.25	\$1,352.43
Employee + 2+	585	\$21.75	\$61.25	\$1.25	\$84.25	\$2,028.65
<b>Total</b>	<b>1,156</b>					
<b>Retiree &lt;65 EPO</b>						
Employee	60	\$21.75	\$61.25	\$1.25	\$84.25	\$1,115.76
Employee + 1	28	\$21.75	\$61.25	\$1.25	\$84.25	\$2,231.51
Employee + 2+	6	\$21.75	\$61.25	\$1.25	\$84.25	\$3,347.27
<b>Total</b>	<b>94</b>					
<b>Retiree &gt;65 EPO</b>						
Employee	17	\$21.75	\$61.25	\$1.25	\$84.25	\$926.42
Employee + 1	10	\$21.75	\$61.25	\$1.25	\$84.25	\$1,852.83
Employee + 2+	0	\$21.75	\$61.25	\$1.25	\$84.25	\$2,779.25
<b>Total</b>	<b>27</b>					
<b>Active Saver</b>						
Employee	21	\$21.75	\$61.25	\$1.25	\$84.25	\$472.80
Employee + 1	3	\$21.75	\$61.25	\$1.25	\$84.25	\$945.59
Employee + 2+	4	\$21.75	\$61.25	\$1.25	\$84.25	\$1,418.39
<b>Total</b>	<b>28</b>					
<b>Retiree &lt;65 Saver</b>						
Employee	17	\$21.75	\$61.25	\$1.25	\$84.25	\$780.12
Employee + 1	3	\$21.75	\$61.25	\$1.25	\$84.25	\$1,560.23
Employee + 2+	0	\$21.75	\$61.25	\$1.25	\$84.25	\$2,340.35
<b>Total</b>	<b>20</b>					
<b>Retiree &gt;65 Saver</b>						
Employee	0	\$21.75	\$61.25	\$1.25	\$84.25	\$647.73
Employee + 1	2	\$21.75	\$61.25	\$1.25	\$84.25	\$1,295.46
Employee + 2+	0	\$21.75	\$61.25	\$1.25	\$84.25	\$1,943.20
<b>Total</b>	<b>2</b>					

**Active PPO Acclaim**

Employee	0	\$21.75	\$61.25	\$1.25	\$84.25	\$514.22
Employee + 1	0	\$21.75	\$61.25	\$1.25	\$84.25	\$1,028.44
Employee + 2+	0	\$21.75	\$61.25	\$1.25	\$84.25	\$1,542.65
<b>Total</b>	0					

**Retiree <65 PPO Acclaim**

Employee	0	\$21.75	\$61.25	\$1.25	\$84.25	\$848.46
Employee + 1	0	\$21.75	\$61.25	\$1.25	\$84.25	\$1,696.92
Employee + 2+	0	\$21.75	\$61.25	\$1.25	\$84.25	\$2,545.38
<b>Total</b>	0					

**Retiree >65 PPO Acclaim**

Employee	0	\$21.75	\$61.25	\$1.25	\$84.25	\$704.48
Employee + 1	0	\$21.75	\$61.25	\$1.25	\$84.25	\$1,408.96
Employee + 2+	0	\$21.75	\$61.25	\$1.25	\$84.25	\$2,113.44
<b>Total</b>	0					

HCR Suite: N = Non-Grandfathered PPO  
 HCR Suite: N = Non-Grandfathered EPO  
 HCR Suite: N = Non-Grandfathered Saver  
 HCR Suite: N = Non-Grandfathered PPO Acclaim

**Sold HealthEquity Account Pricing PEPM (not included above)**

	Plan	BCBSAZ	HealthEquity	Total
Health Savings Account	Saver	\$2.70	\$0.00	\$2.70
<b>Annual Set Up Fee</b> (based on number HRA and FSA accounts and billed by HealthEquity)	<500 Accounts \$250	500 - 2,999 Accounts \$500		3,000+ Accounts \$1,500

Groups selecting HealthEquity administration (including integration) services for HSA, HRA and/or FSA products hereby direct BCBSAZ to collect the HealthEquity administration fees reflected in the Administrative Service Agreement Amendment (ASA Amendment) and forward those fees to HealthEquity, along with the required personal health information. BCBSAZ is collecting the HealthEquity administration fees as a courtesy and is not responsible for any reconciliation, recoupment or adjustments to payments received and forwarded to HealthEquity on behalf of Employer. If Employer and HealthEquity negotiate alternative fees, Employer shall notify BCBSAZ.

Employer agrees to pay charges for HealthEquity administration services. For HSAs and HRAs, those charges apply to all employees enrolled in a health plan the group has paired with a Health Equity account. For FSAs, those charges apply to any employees for whom an FSA selection has been sent to BCBSAZ by the employer.

The health reform law provides for a transitional reinsurance program beginning in 2014. Self-insured plans are required to contribute to the reinsurance program.

Proposed administration assumes BCBSAZ will retain Rx Rebates. In exchange for retaining Rx Rebates, BCBSAZ has adjusted the Admin PEPM by the Rx Rebate Credit. Rx Rebate Credit (PEPM) = -\$18.75.

The ACA prohibits waiting periods in excess of 90 days. By signing below you represent that you do not impose a waiting period which is longer than 90 days and that you have made all necessary changes to bring all waiting periods for your plan into compliance with the ACA requirements. You agree to promptly advise BCBSAZ of any change which may impact the accuracy of this representation. You agree to provide BCBSAZ with timely and accurate information regarding enrollee effective dates and shall ensure such effective dates comply with applicable laws.

Minimum Monthly Attachment Level:  based on 100% enrolled  
 Is Mayo Provider included in network? Yes  
 Rate Guarantee Sold: Yes  
 -Rate Guarantee Period: See Assumptions  
 -Rate Guarantee Details: See Assumptions  
 HealthEquity Integration: Yes

Deposit Required: Yes  
 BCBSAZ will continue to retain the current claims deposit of \$1,424,701.  
 Performance guarantees Yes  
 Wellness and Communication \$50,000: Yes

All information from the exhibit Assumptions #IASC-2017-011250-SOLD, Guarantees, 100+ Employer Application (Exhibit 1) and Disclosure of "Eligible Indirect Compensation" (Exhibit 2) are incorporated herein by reference. Employer acknowledges electronic receipt of the Uniform Summaries of Benefits and Coverage (SBCs) for plans selected and the SBCs are incorporated herein by reference. As of the effective date on page 1, this amends and is made part of Employer's Administrative Services Agreement (ASA) with BCBSAZ. All provisions in the ASA not modified by this Amendment remain in full force and effect.

This Rate Acceptance Form must be signed and returned prior to BCBSAZ issuing ID Cards. The Agreement will terminate if this Amendment is not signed and returned prior to the end of your current term. If any information on this Form is inaccurate, please provide the correct information on this Form.

*James A. Bruntz*

6/1/2017

BCBS Representative

Date

Group Representative

Date

Title

Group Number(s): 011250

Renewal Period: 07/01/2017 - 06/30/2018

Assumption: IASC-2017-011250-SOLD

## Assumptions

- \* Employer participation and contribution requirements apply:
  - Where the employer contributes 100% of the employee cost, BCBSAZ requires 100% participation of all eligible employees, excluding those with other qualifying medical coverage.
  - Where the employer does not contribute 100%, BCBSAZ requires 70% of all eligible employees to participate.
  - BCBSAZ requires a minimum of 50% of all full-time eligible employees in the group to be enrolled in the employer's group plan.
  - Employer must contribute a minimum of 50% of the employee's health premium.
  - Payroll deduction for employee contribution is required.
- \* Rates assume Blue Cross Blue Shield of Arizona is the sole medical and Rx carrier.
- \* Rates assume Blue Cross Blue Shield of Arizona is the sole specific and aggregate stoploss carrier.
- \* BCBSAZ reserves the right to re-evaluate the rates if there is a significant change in the rating assumptions (e.g. enrollment).
- \* BCBSAZ reserves the right to re-evaluate and change the rates if City Of Glendale adds or deletes a benefit eligible class that will have BCBSAZ medical coverage.
- \* BCBSAZ reserves the right to adjust our specific stop loss rates in the event the retirees over and under 65 are no longer covered under our specific stop loss coverage.
- \* Currently BCBSAZ is holding a claims deposit of \$1,424,701. Our offer assumes that we will continue to hold this deposit for the policy period 7/1/2017-6/30/2018, in exchange for a credit of \$.81 PEPM made to the administration rate.
- \* BlueCard fees are a claims expense and are included in the rate development.
- \* BCBSAZ reserves the right to decline to provide coverage for residents of any state other than Arizona, if in BCBSAZ's sole opinion, such coverage would be inconsistent with state or federal law.
- \* The group will be billed each month prospectively for the Fixed Expenses.
- \* Costs for covered services provided by a chiropractor to PPO, EPO and indemnity members, including an allowance for BCBSAZ to maintain this arrangement, will be paid by the Employer to BCBSAZ on a per member per month (PMPM) basis. The PMPM rate each Employer pays BCBSAZ will differ from the capitated fee BCBSAZ negotiated with the chiropractic administrator. BCBSAZ negotiated the fee that BCBSAZ pays the chiropractic administrator on the basis of BCBSAZ's entire book of business, without regard to any individual Plan. The PMPM rate BCBSAZ charges the employer is subject to change by BCBSAZ upon 60 days prior written notice.

The PMPM rate(s) for chiropractic services applicable to this Employer is/are:

PPO	\$2.93	PMPM
EPO	\$2.93	PMPM
Saver	\$2.93	PMPM

- \* BCBSAZ enters into contracts with pharmaceutical manufacturers to receive rebate payments based on factors such as preferred drug list placement and the volume and/or market share of pharmaceutical products used by Participants in this Plan, participants in other group plans, and BCBSAZ subscribers ("rebate contracts"). BCBSAZ enters into rebate contracts on its own behalf, for its entire book of insured and administered business, and not on behalf of any specific individual or group benefit plan. BCBSAZ reserves the right to negotiate, enter into and terminate existing or future rebate contracts with pharmaceutical manufacturers at any time, and in its sole and absolute discretion.

At Employer's request, the parties have agreed that BCBSAZ will provide Employer with an administrative fee credit, in the amount specified below, in lieu of BCBSAZ remitting, to Employer, any rebates attributable to drug utilization by Employer's participants. If BCBSAZ receives any rebates attributable to pharmaceutical products covered under the terms and conditions of this Agreement, and used by Participants of Employer's Plan, BCBSAZ shall retain any such rebates in exchange for the administrative credit BCBSAZ has extended to Employer. BCBSAZ shall not remit any rebate payments to Employer.

Based on the amount of Rx rebates BCBSAZ received for its large group block of business for Calendar Year 2013, BCBSAZ calculates that the Rx rebates amount to approximately \$5.74 Per Employee Per Month (PEPM) for Calendar Year 2013. Based on this group's contract period, claims experience and/or demographics, the group's administrative fees reflect a credit for Rx rebates as reflected in the ASA/Rate Acceptance Form. The parties agree to accept this credited amount regardless of the actual amount of rebates that BCBSAZ may receive for Participants' Rx utilization.

The actual Rx PEPM rebate amount for your group, for Subtotal 2014 Qtr 1 - 2015 Qtr 2, was \$19.32 PEPM.

- \* 100+ Groups who choose the network that includes Mayo Clinic in Arizona will also have, as an in-network provider at no additional charge, the Cancer Centers Treatment of America located in Arizona. Groups will also have access to Mayo Clinics and Cancer Treatment Centers of America facilities identified as "in-network" in the provider directory for other states.
- \* We have not included premium tax on this account, based on the assumption that all premiums are paid with the employer's funds, and the employer is a municipality.

# City Of Glendale



Group Number(s): 011250

Renewal Period: 07/01/2017 - 06/30/2018

Assumption: IASC-2017-011250-SOLD

- \* Pharmacy Network discounts are negotiated between BCBSAZ and our pharmacy benefit manager (PBM) over BCBSAZ's entire book of business and not on behalf of any group customer. You have been given the choice between the following PBM pricing models and have selected the Pass Through model effective 7/1/2017:

**Pass Through PBM pricing model:** allows you to pay the same discounted prices for prescription drugs that the PBM actually pays the pharmacies. Prices for the same drug may differ at different pharmacies. The Pass Through PBM pricing model passes on to you 100% of the specific pharmacies' network discount. However, it does not allow the PBM to lower the prices for expensive drugs by applying savings realized elsewhere.

**Traditional PBM pricing model:** allows you to pay fixed discounted prices for prescription drugs regardless of the amount the PBM actually pays the pharmacies. This pricing model gives the PBM the flexibility to lower prices for more expensive drugs with savings realized elsewhere, but may not always result in the lowest price for every drug. The prices that the PBM actually pays the pharmacies for drugs may be higher or lower than the fixed price provided to you.

Any projected savings discussed with you that may result from choosing one pricing model over the other are only estimates. Your actual savings may vary from these estimates.

- \* Beginning in 2015 the Affordable Care Act provides that certain large employers will be subject to a penalty if they fail to offer full-time employees and certain dependents health coverage which satisfies both a 60% minimum value standard and an affordability requirement and a full-time employee obtains a subsidy on the health insurance marketplace. Groups subject to these requirements and seeking to avoid a penalty are responsible for the ultimate determination of whether the minimum value and affordability requirements are satisfied. Using the minimum value calculator made available by HHS and the IRS, BCBSAZ estimates that the minimum value of PPO, EPO, Saver plans do meet the minimum value standard. It is important that you independently review and confirm these results as they may be impacted by information not available to us (for example, benefits not provided by BCBSAZ, non-standard benefits not suited for the calculator and certain HSA contributions or HRA funds). BCBSAZ has included its conclusion(s) about minimum value in the plan(s) SBC(s) that BCBSAZ provides to Group. Any changes that Group makes to that conclusion based on Group's independent analysis will also affect the minimum value statement(s) in the SBC.
- \* Rates and coverage are contingent upon BCBSAZ's right to: (1) assess an amount against the group for late payment of any premium, fee and/or other amounts due to BCBSAZ in an amount equal to one percent (1%) of the outstanding balance each month for which the payment or any portion of the payment is past due; and (2) require a \$2,086,969 deposit equal to one month's claims expense prior to the effective date if two (2) or more payments received by BCBSAZ in the past 12 months are/were untimely.

- \* BCBSAZ will provide funds as described below; this budget is for items not included in BCBSAZ's standard materials.

Policy Period	Implementation	Communication
7/1/14-6/30/15	\$ 40,000	\$ 50,000
7/1/15-6/30/16	n/a	\$ 50,000
7/1/16-6/30/17	n/a	\$ 50,000
7/1/17-6/30/18	n/a	\$ 50,000

BCBSAZ will pay City approved vendors directly.

Any unused funds can be carried forward to future policy periods. In the event of termination all money in this fund will be forfeited.

- \* BCBSAZ agrees to an administrative rate guarantee for 7/1/2014 thru 6/30/2019. BCBSAZ reserves the right to change the rate guarantee due to legislative changes. The guarantee is based on the administrative charge before any credits for Rx rebates or claim deposits.

Policy Periods	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019
Guaranteed Admin before all credits	\$ 40.50	\$ 40.50	\$ 40.50	\$ 41.31	\$ 42.14

- \* BCBSAZ will create the Uniform Summaries of Coverage (SBC) for coverage provided by BCBSAZ. BCBSAZ will not create SBCs for any coverage the Group provides through a third-party or for health reimbursement arrangements, flexible spending accounts or health savings accounts provided by the Group. Unless directed by the Group, BCBSAZ will provide SBCs to Subscribers, as required by PPACA, except that the Group is solely responsible for delivering SBCs in accordance with PPACA: (i) to Subscribers during open enrollment; (ii) to newly eligible individuals; and (iii) to special enrollees.
- \* BCBSAZ will pay run out claims (i.e., claims incurred but not paid during the term of the contract) as follows:
  - 1 Month 1 through Month 24 following the effective date of termination WITH stop loss.
- \* Currently, your employees and their dependents can receive outpatient behavioral and mental health services through the Behavioral Services Administrator (BSA), from PPO network providers or from providers that are not in your plan's network. While these services will continue to be offered through your group's PPO plan, they will only be available from PPO network providers and providers that are out-of-network. These services will not be available through the BSA after 1/1/17.
 

BCBSAZ will assist members receiving outpatient mental health services through the BSA with finding a new PPO network mental health provider. In many cases, the provider may already be contracted with BCBSAZ as a PPO provider.
- \* Currently, your employees and their dependents receive outpatient behavioral and mental health services exclusively through the Behavioral Services Administrator (BSA). While these services will continue to be offered through your group's HMO plan, they will only be available from HMO network providers (except for emergencies). These services will not be available through the BSA after 1/1/17.

Group Number(s): 011250

Renewal Period: 07/01/2017 - 06/30/2018

Assumption: IASC-2017-011250-SOLD

BCBSAZ will assist members receiving outpatient mental health services through the BSA with finding a new HMO network mental health provider.

#### \* **HMO BlueCard Program Fees and Compensation**

The Employer's General Administrative Fee, as set forth on the first page of the Administrative Service Agreement, encompasses fees BCBSAZ charges to Employer for administering Employer's benefit plan. They may include both local BCBSAZ service area and Inter-Plan fees. For purposes of this Agreement, they include the following BlueCard Program-related fees other than the BlueCard Program Access Fee and AEA Fee: namely, Central Financial Agency Fee, ITS Transaction Fee, Toll-Free Number Fee, PPO Provider Directory Fee and BlueCard Worldwide Program Fees, if applicable.

#### **BCBSAZ Value Based Programs**

Value-Based Program (VBP) is outcome-based payment arrangement and/or a coordinated care model facilitated with one or more local providers that is evaluated against

**LOCAL** - BCBSAZ pays some of its contracted medical providers an amount to manage the medical care of members diagnosed with certain medical conditions if the provider demonstrates to BCBSAZ it has satisfied BCBSAZ's criteria for effectively managing the care ("Value Based Services")

With respect to BCBSAZ group members residing and receiving Value Based Services in Arizona under a BCBSAZ value based program, BCBSAZ will estimate at the beginning of the contract year the amount BCBSAZ projects it will pay BCBSAZ's contracted providers for members who receive Value Based Services throughout the upcoming year in the form of a PMPM or PEPM charge ("PMPM Charge"). BCBSAZ will charge BCBSAZ's self-insured ("ASC") Groups via the Employer's Claims Invoice this PMPM Charge beginning January 1, 2016.

**On an aggregate basis for the entire Value Based Program**, the amounts used to calculate PMPM charge are fixed amounts estimated to be necessary to finance the cost of a particular Value-Based Program. Because amounts are estimates, there may be positive or negative differences based on actual experience, and such differences will be accounted for in a variance account maintained by BCBSAZ until the end of the applicable Value-Based Program payment and/or reconciliation measurement period. The amounts needed to fund a Value-Based Program may be changed before the end of the measurement period if it is determined that amounts being collected are projected to exceed the amount necessary to fund the program or if they are projected to be insufficient to fund the program.

**On an aggregate basis for the entire Value Based Program**, at the end of the Value-Based Program payment and/or reconciliation measurement period for these arrangements, BCBSAZ do one of the following:

- a. Use any surplus in funds in the variance account to fund Value-Based Program payments or reconciliation amounts in the next measurement period.
- b. Address any deficit in funds in the variance account through an adjustment to the PMPM billing amount or the reconciliation billing amount for the next measurement period.

**NOTE:** If an ASC Group terminates its BCBSAZ contract, that Employer will neither receive a refund nor a charge to reflect any variance between what BCBSAZ charged the Employer in Value Based Charges and what BCBSAZ paid the providers for Value Based Services.

#### \* **PPO and EPO (Self-Funded Group Health Plans Only) BlueCard Program Fees and Compensation**

Only the BlueCard Program Access Fee and the BlueCard Program Administrative Expense Allowance (AEA) fee may be charged separately each time a claim is processed through the BlueCard Program. All other BlueCard Program-related fees are included in the Administrative Charges.

The Access Fee is charged by the Host Blue to BCBSAZ for making the applicable Host Blue's provider network available to Employer's Participants. The Access Fee will not apply if the provider does not participate in the applicable Host Blue's network. The Access Fee is charged on a per-claim basis and is charged as a percentage of the discount/differential BCBSAZ receives from the applicable Host Blue subject to a maximum of \$2,000 per claim. When charged, BCBSAZ passes the Access Fee directly on to the Employer.

**BlueCard Program Access Fees:** A BlueCard Program Access Fee may be charged only if the Host Blue's arrangement with its healthcare provider prohibits billing Participants for amounts in excess of the negotiated payment. However, a healthcare provider may bill Participants for non-covered healthcare services and for cost sharing (for example, deductibles, copayments and/or coinsurance) related to a particular claim.

**How the BlueCard Program Access Fee Affects Employer:** Sometimes the Access Fee is a negative amount, which is known as an Access Fee Credit. Any Access Fee Credits will be credited to BCBSAZ and BCBSAZ will pass the entire Access Fee Credit onto Employer.

Instances may occur in which the claim payment is zero or BCBSAZ pays only a small amount because the amounts eligible for payment were applied to patient cost sharing (such as a deductible or coinsurance). In these instances, BCBSAZ will pay the Host Blue's Access Fee and pass it along directly to Employer as stated above even though Employer paid little or had no claim liability.

The AEA Fee is a fixed per-claim dollar amount charged by the Host Blue to BCBSAZ for administrative services that the Host Blue provides in processing claims for Employer's Participants. The dollar amount is normally based on the type of claim (e.g. institutional, professional, international, etc.) and can also be based on the size of your group enrollment. When charged, BCBSAZ passes the AEA Fee directly on to Employer.

See the fee listing below for the BlueCard Program Access Fee and AEA Fee. The General Administrative Fee, are set forth in the Administrative Service Agreement, Caveat, includes all other fees relative to the BlueCard Program. These fees include the Central Financial Agency Fee, ITS Transaction Fee, Toll-Free Number Fee, PPO Provider Directory Fee and BlueCard Worldwide Program Fees, if applicable.

A General Administrative Fee encompasses fees BCBSAZ charges to Employer for administering Employer's benefit plan. They may include both local BCBSAZ service area and Inter-Plan fees. For purposes of this Agreement, they include the following BlueCard Program-related fees other than the BlueCard Program Access Fee and AEA Fee: namely, Central Financial Agency Fee, ITS Transaction Fee, Toll-Free Number Fee, PPO Provider Directory Fee and BlueCard Worldwide Program Fees, if applicable.

# City Of Glendale

**Group Number(s):** 011250

**Renewal Period:** 07/01/2017 - 06/30/2018

**Assumption:** IASC-2017-011250-SOLD

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## **Inter-Plan Arrangements Fees:**

### *BlueCard Program Fees*

#### Access Fees:

- 4.51% in 2017 for fewer than 1,000 PPO, EPO (Self-Funded Group Health Plans Only) or traditional enrolled Blue contracts
- 2.52% in 2017 for 1,000–9,999 Blue PPO, EPO (Self-Funded Group Health Plans Only) or traditional enrolled contracts
- 2.33% in 2017 for 10,000–49,999 Blue PPO, EPO (Self-Funded Group Health Plans Only) or traditional enrolled contracts of network savings, capped at \$2,000.00 per claim

#### Standard Administrative Expense Allowances (AEAs) - For fewer than 1,000 PPO, EPO (Self-Funded Group Health Plans Only) or traditional enrolled Blue contracts:

- Professional - \$5.00 per claim
- Institutional - \$11.00 per claim
- Non-Participating Provider \$3.00 per claim
- Medicare related claims \$1.00 per claim

#### Reduced Administrative Expense Allowances (AEAs) – To be considered for reduced fees, the Employer must exceed 1,000 PPO, EPO (Self-Funded Group Health Plans

- Professional - \$4.00 per claim
- Institutional - \$9.75 per claim
- Non-Participating Provider \$3.00 per claim
- Medicare related claims \$1.00 per claim

Negotiated Arrangement: Non-standard negotiated fees can range from either \$5.48 to \$18.22 per claim or \$10.00 to \$16.75 per contract per month depending on the negotiated arrangement and/or the health plan product.

\* Rates and coverage are contingent upon BCBSAZ's right to: (1) assess an amount against the group for late payment of any premium, fee and/or other amounts due to BCBSAZ in an amount equal to one percent (1%) of the outstanding balance each month for which the payment or any portion of the payment is past due; and (2) require a \$3,000,000 deposit equal to one and a half month's claims expense prior to the effective date if two (2) or more payments received by BCBSAZ in the past 12 months are/were untimely.



**Solicitation Number: RFP 14-26**  
**MEDICAL AND PHARMACY ADMINISTRATION**

**CITY OF GLENDALE**  
**Materials Management**  
**5850 West Glendale**  
**Avenue, Suite 317**  
**Glendale, Arizona 85301**

For the following categories, provide the performance standard you are willing to offer, the financial penalty (maximum dollar amount or % of administrative fees) you will agree to pay if the standard is not met, and the method of measuring the penalty.

PERFORMANCE GUARANTEES	VENDOR RESPONSE
<p>1. <b><u>Vendor attendance at the Client meetings</u></b></p> <p>Attendance by vendor representatives when requested at meetings scheduled by the Client during the contract period and implementation phase.</p>	<p>BCBSAZ agrees to attend when requested by the City during the contract period and Implementation phase.</p> <p>BCBSAZ agrees. 1.5% of annual administrative fee.</p>
<p>2. <b><u>Vendor call (or e-mail) return timeliness</u></b></p> <p>The Client or designated consultant's calls (or e-mails) to vendor are acknowledged within 24 business hours.</p>	<p>BCBSAZ agrees. 1.5% of annual administrative fee.</p>
<p>3. <b><u>Processing monthly eligibility updates</u></b></p> <p>All updates to eligibility or enrollment records will be made within 3 business days after the information is received by the vendor.</p>	<p>BCBSAZ agrees. 1.5% of annual administrative fee.</p> <p>Ninety-nine percent of clean electronic eligibility files will be processed within 3 business days after the information is received by the vendor.</p>
<p>4. <b><u>Telephone call availability &amp; answering speed</u></b></p> <p>90% of all calls are answered within 30 seconds, and telephone service is available between 8:00 am and 6:00 pm Arizona Time Zone on business days.</p>	<p>BCBSAZ agrees. 1.5% of annual administrative fee.<sup>1</sup></p> <p>BCBSAZ Customer Service calls answered in an average of 45 seconds or less. Average speed of answer begins once the caller exits the IVR. Customer service hours 6 AM – 6PM.<sup>1</sup></p>
<p>5. <b><u>Telephone call on-hold (in-queue) time</u></b></p> <p>An average of less than 2 minute(s) on hold before a <b><u>human being</u></b> answers.</p>	<p>BCBSAZ agrees. 1.5% of annual administrative fee.<sup>1</sup></p> <p>BCBSAZ Customer Service calls answered in an average of 45 seconds or less. Average speed of answer begins once the caller exits the IVR. Customer service hours 6 AM – 6PM.<sup>1</sup></p>
<p>6. <b><u>Telephone Abandonment Rate</u></b></p>	



**Solicitation Number: RFP 14-26**  
**MEDICAL AND PHARMACY ADMINISTRATION**

**CITY OF GLENDALE**  
**Materials Management**  
**5850 West Glendale**  
**Avenue, Suite 317**  
**Glendale, Arizona 85301**

PERFORMANCE GUARANTEES	VENDOR RESPONSE
An abandonment rate of less than 3% is maintained during standard business hours.	BCBSAZ agrees. 1.5% of annual administrative fee. <sup>1</sup> Less than 5% of BCBSAZ Customer Service calls abandoned. <sup>1</sup>
<p><b>7. <u>Claims Processing Accuracy</u></b></p> <p>99% of claims dollars submitted for payment will be accurately processed and paid. Regardless of whether or not these standards of performance are satisfied, the vendor must reimburse the Client for all overpayments that are not recovered from the recipient within 60 days after the overpayment is discovered. The Client will assign its right to any recover such overpayments to the vendor.</p>	<p>BCBSAZ agrees. 1.5% of annual administrative fee.<sup>1</sup></p> <p>Ninety-nine percent of audited claims dollars are paid in accordance with benefit plan designs and in-force provider contracts. This penalty applies if BCBSAZ fails to perform in accordance with this standard quarterly. A penalty pay out of 1% would occur for results at or below 98.5%, and an additional 1% for results at or below 98%.<sup>1</sup></p>
<p><b>8. <u>Turnaround Time on Claims Payments</u></b></p> <p>95% of all claims received will be completely processed (paid, denied, or pended for additional information) within 14 calendar days after they are received. 100% of claims will be processed within 30 calendar days of receipt.</p>	<p>BCBSAZ agrees. 1.5% of annual administrative fee.<sup>1</sup></p> <p>Ninety percent of non-investigated clean claims processed (paid or rejected) within 14 calendar days after receipt of clean claim.</p> <p>A clean claim is defined as a written or electronic claim for health care services or benefits that may be processed without obtaining additional information, such as coordination of benefits information, from the health care provider, the enrollee or a third party. Claims processing penalties are not applicable on claims incurred outside of Arizona.<sup>1</sup></p>



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PERFORMANCE GUARANTEES	VENDOR RESPONSE
<p>9. <b><u>Timeliness of Claim Reports</u></b></p> <p>Each report the vendor will supply the Client will be provided within a mutually agreed upon timeframe.</p>	<p>BCBSAZ agrees. 1.5% of annual administrative fee.</p> <p><b>Report Timeliness:</b> Each report will be mutually agreed upon with the Vendor and the Client. Each report will be provided within a mutually agreed upon timeframe.</p>
<p>10. <b><u>Claims Coding</u></b></p> <p>99% of all claims will be coded with no errors.</p>	<p>BCBSAZ agrees. 1.5% of annual administrative fee.<sup>1</sup></p> <p>Ninety-five percent of audited claims are processed in accordance with benefit plan designs.<sup>1</sup></p>
<p>11. <b><u>Implementation</u></b></p> <p>Successful implementation as defined by key milestones. Include measurable milestones in your proposal.</p>	<p>BCBSAZ agrees. 1.5% of annual administrative fee. Please refer to <b>Section 11H</b> for an Implementation Timeline.</p>
<p>12. <b><u>Data Exchange</u></b></p> <p>Receive and transmit data with vendors based on a frequency defined by the business needs of the Client.</p>	<p>At this time there is no data exchange with any vendors other than our integrated/contracted partners.</p>

**BCBSAZ footnote:**

1. If BCBSAZ fails to perform in accordance with these Guarantee(s) for two (2) consecutive reporting periods after the Guarantee(s) are effective, BCBSAZ will refund or credit the group up to the amount at risk per measure during the time period which BCBSAZ did not meet the performance guarantee(s).

**BCBSAZ notes:**

- The Performance Guarantee payout does not include stop loss premiums, claims reimbursement amounts, vendor interface fees, capitated claim payments, etc.
- BCBSAZ will determine the sample size of audited claims.
- BCBSAZ will evaluate performance 90 days after the end of the 4th quarter of the performance period. Any penalties due to the group would be payable annually on the 15th of the month following the 90 day period. BCBSAZ will not be required to pay a penalty for Performance Guarantees if the group is in default of its contract with BCBSAZ and/or has not paid all claims and premiums by the date due.

# EMPLOYER APPLICATION



An Independent Licensee of the Blue Cross and Blue Shield Association

REQUESTED EFFECTIVE DATE (MM/DD/YYYY)  07/01/2017
---

GROUP #

- NEW
- CHANGE TO EXISTING GROUP (PLEASE FULLY COMPLETE ALL SECTIONS OF THIS APPLICATION EVEN IF SPECIFIC PROVISIONS REMAIN UNCHANGED.)

SECTIONS OF FORM TO BE CHANGED:  I  II  III

## SECTION I - EMPLOYER GROUP INFORMATION

LEGAL COMPANY NAME City of Glendale		LEGAL ENTITY <input type="checkbox"/> CORP <input type="checkbox"/> LLC <input checked="" type="checkbox"/> MUNICIPALITY	
DBA		<input type="checkbox"/> NON PROFIT <input type="checkbox"/> PARTNERSHIP	
GROUP HEALTH PLAN NAME (IF DIFFERENT THAN LEGAL COMPANY NAME) City of Glendale Group Health Plan		<input type="checkbox"/> POLITICAL SUBDIVISION <input type="checkbox"/> TRUSTS <input type="checkbox"/> UNIONS	
ARIZONA LOCATION STREET ADDRESS 5850 W. Glendale Ave		CITY Glendale	ZIP CODE PLUS FOUR AZ 85301
BILLING ADDRESS <input checked="" type="checkbox"/> SAME AS STREET ADDRESS		CITY, STATE	ZIP CODE PLUS FOUR
COUNTY Maricopa	FEDERAL TAX ID NUMBER 86-6000247	ARIZONA STATE TAX ID NUMBER	PLAN YEAR ANNIVERSARY MONTH July <small>IF BLANK, BCBSAZ WILL ASSUME MONTH OF EFFECTIVE DATE.</small>
HEADQUARTERS STATE (LEGAL ENTITY) Arizona	INCORPORATED STATE Arizona	TYPE OF BUSINESS Municipality	
GROUP EXECUTIVE Jim Brown		TITLE Director of Human Resources & Risk	
E-MAIL jwbrown@glendaleaz.com	PHONE NUMBER 623-930-2277	FAX	
CHIEF FINANCIAL OFFICER		TITLE	
E-MAIL	PHONE NUMBER	FAX	
CHIEF EXECUTIVE OFFICER		TITLE	
E-MAIL	PHONE NUMBER	FAX	
GROUP BENEFIT ADMINISTRATOR <input checked="" type="checkbox"/> BILLING CONTACT Vicki Moss		TITLE Benefit Administrator	
E-MAIL vmoss@glendaleaz.com	PHONE NUMBER 623-930-2297	FAX	
OTHER CONTACT PERSON <input type="checkbox"/> BILLING CONTACT ATTACHED SHEET FOR ADDITIONAL CONTACTS Charlotte Beadles		TITLE Human Resources Specialist	
E-MAIL cbeadles@glendaleaz.com	PHONE NUMBER 623-930-2969	FAX	

## SECTION II - ADDITIONAL INFORMATION

1) DOMESTIC PARTNERS TO BE COVERED? <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO		2) EMPLOYEE TERMINATION DATE <input checked="" type="checkbox"/> END OF BILLING MONTH <input type="checkbox"/> DATE OF LOSS OF ELIGIBILITY	
3) NEW GROUP ENROLLMENT REGULATIONS EMPLOYER'S ENROLLMENT WAITING PERIODS WILL BE WAIVED AT THE NEW GROUP'S INITIAL ENROLLMENT <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO			
4) RETIREE COVERAGE: DOES NOT APPLY TO GROUPS CONSIDERED SMALL FOR PURPOSES OF THE AFFORDABLE CARE ACT OR APPLICABLE STATE LAW (ACCOUNTABLE HEALTH PLAN).			
RETIREMENT ELIGIBILITY	RETIREES TO BE COVERED? <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO	IF YES: <input type="checkbox"/> UNDER 65 <input type="checkbox"/> 65 AND OLDER	RETIREES DEPENDENTS TO BE COVERED? <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO OTHER THAN NEWBORNS, ETC. FOR WHICH COVERAGE MAY BE MANDATED UNDER APPLICABLE ARIZONA LAW
5) RETIREMENT PARTICIPATION REQUIREMENTS		N/A	
A) RETIREE MUST COMPLETE _____ YEARS OF SERVICE PRIOR TO RETIREMENT		B) RETIREE IS ELIGIBLE FOR COVERAGE ONLY THROUGH END OF BILLING PERIOD IN WHICH RETIREE REACHES AGE _____	
C) OTHER: SEE ATTACHED A retiree must have at least 5 years of service if hired prior to 7/1/05. Ten (10) years of service required if hired after 7/1/05.			

<b>SECTION III - BROKER/CONSULTANT</b> <input type="checkbox"/> BROKER <input type="checkbox"/> CONSULTANT		
LAST NAME None	FIRST NAME	MI
AGENCY NAME		SUITE NO.
STREET ADDRESS	CITY, STATE	ZIP CODE PLUS FOUR
PHONE NUMBER	FAX NUMBER	
E-MAIL	BCBSAZ BROKER NUMBER	

<b>SECTION IV - IMPORTANT - READ CAREFULLY</b>
<p>As the authorized representative of Company, I certify that the Company is the sole employer of the employees to be enrolled under this proposed contract for health insurance or services to administer the group health plan identified on this application. I also certify that the information provided on this Employer Application and all other applicable documents submitted in connection with this Application, is complete and accurate. I agree that Company shall promptly notify Blue Cross Blue Shield of Arizona (BCBSAZ) of any changes in this information that may affect the eligibility of employees or their dependents, including the addition of dependents, and the termination date of any enrolled employee or dependent.</p> <p>I understand and agree that BCBSAZ may, in its sole discretion, verify information with or through outside sources, including third party investigative firms, as BCBSAZ deems necessary or appropriate for finalizing its decision on this Application. I agree that if the information contained in this Application or other supporting documentation is incomplete, inaccurate, materially misleading, false, or fraudulent, that BCBSAZ has the right to (a) retroactively adjust the Company's rates and/or administrative fees if such information would have affected the rate/fee calculation; and (b) invalidate, or withdraw any rate/fee proposal, or terminate coverage for any group to the extent permitted by law. I understand and agree that this Application is not accepted until approved by BCBSAZ and that BCBSAZ's acceptance shall be based on information supplied by the Group, the requested benefits, and any other information obtained from outside sources. BCBSAZ's acceptance shall be evidenced by the execution of this Application by an authorized representative of BCBSAZ, at which time this Application shall become binding upon BCBSAZ and the group. Upon acceptance, this Application shall be attached to and shall become a part of the Group Master Contract or Administrative Services Agreement With/Without Stoploss (the "Contract"), as applicable. To the extent permitted by applicable law, BCBSAZ may terminate the Contract in accordance with the Contract terms, including the Group's failure to meet certain obligations under the Contract such as failure to pay premium/fees or comply with coverage requirements.</p> <p>The Group agrees that it is solely responsible for: (i) determining employee and dependent eligibility for coverage and coverage effective and terminations dates (including application of required open and special enrollment periods), (ii) complying with applicable laws in establishing eligibility and coverage effective and termination dates, and (iii) providing BCBSAZ with timely and accurate eligibility and coverage effective and termination date information. Additionally, Company represents and warrants that it does not impose a waiting period which exceeds 90 days. Company will promptly advise BCBSAZ of any change in this representation. Company understands and agrees that federal law requires Company to provide dependent coverage for children under age 26, and prohibits Company from imposing pre-existing condition waiting periods.</p> <p>By including my e-mail address on the reverse side, I authorize BCBSAZ to send me information via e-mail. I also understand I may change my e-mail address or rescind this permission at any time by contacting BCBSAZ through azblue.com.</p>

<b>COMPANY AUTHORIZED OFFICER / OWNER / PARTNER</b>		
SIGNATURE X	PRINT NAME	
TITLE	DATE	
STREET ADDRESS	CITY, STATE	ZIP CODE PLUS FOUR
BCBSAZ AUTHORIZED SIGNATURE X	PRINT NAME	
TITLE	DATE	

## For informational Purposes Only - NO Action Required

### **Re: 2017 Form 5500 Schedule C Service Provider Information – Disclosure of “Eligible Indirect Compensation” -**

Dear Sir or Madam:

Blue Cross Blue Shield of Arizona (“BCBSAZ”) is required to provide Employers with information regarding certain indirect compensation (“Eligible Indirect Compensation” or “EIC”) paid by BCBSAZ to other Service Providers during 2017.

Under your contract with BCBSAZ, one of the benefits your employees and their dependents (“Participants”) receive is access to healthcare services outside the geographic area BCBSAZ serves under a program known as BlueCard. Typically in that situation, Participants obtain care from healthcare providers that have a contractual agreement with the local Blue Cross and/or Blue Shield Licensee in that other geographic area (the “Host Blue”). Within that arrangement, BCBSAZ is referred to as the “Home Blue.” The BlueCard Program is established and operated pursuant to policies established and enforced by the Blue Cross and Blue Shield Association.

A plan sponsor’s reporting requirements for a self-funded plan on Schedule C are significantly streamlined for EIC about which a service provider has shared certain information. As such, below is a list of EIC that has been and/or is likely to be received in connection with the BlueCard Program. Note that the fees and compensation subject to disclosure under the Department of Labor rules include amounts that are not necessarily passed on to your ERISA Plan or your Participants. The financial terms of the BlueCard Program passed on to your ERISA plan, and additional details about the BlueCard Program, are described in your Agreement with BCBSAZ.

The following is a list of EIC:

1. **BlueCard Access Fees:** The Access Fee is charged by the Host Blue to us for making its applicable provider network available to your members. The Access Fee will not apply to nonparticipating provider claims. The Access Fee is charged on a per-claim basis and is charged as a percentage of the discount/differential we receive from the applicable Host Blue subject to a maximum of \$2,000 per claim. When charged, we pass the Access Fee directly on to you.
2. **Administrative Expense Allowances (AEA):** The AEA is a fixed per-claim dollar amount charged by the Host Blue to us for administrative services the Host Blue provides in processing claims for your members. The dollar amount is normally based on the type of claim (e.g. institutional, professional, international, etc.) and can also be based on the size of your group enrollment. When charged, we pass the AEA fee directly on to you.

**Note:** To be considered for reduced BlueCard PPO fees, the claim must be for an account whose total Blue PPO enrollment exceeds 1,000 contracts

3. **Use of Estimated or Average Pricing by Host Blues.** As described in your administrative service agreement, some Host Blues use estimated or average prices to determine the negotiated price that is made available to BCBSAZ when plan participants access the Host Blue’s participating provider network. This may result in a difference (positive or negative) between the price you pay on a specific claim and the actual amount paid to the provider by the Host Blue.

The following describes the formulas used for determining an estimated or average price:

**Estimated:** A percentage is used to modify the claim price for covered services. This percentage (either positive or negative) allows Host Blues to incorporate

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adjustments and actuarial projections prospectively into the final price. The percentage is determined by calculating the aggregate cost to the Host Blue over a look-back period less any initial payments made to providers divided by the total payments initially made to providers. The aggregate cost in the numerator includes all provider retrospective settlements, anti-fraud and abuse recoveries, provider refunds not applied on a claim-specific basis, performance-related bonuses or incentives, interest, other non-claim transactions and any positive or negative balance in the variance account. The percentage is then actuarially adjusted for anticipated changes in claims expenses for the prospective period. As of December 31, 2016 the modifying percentage applied to claims from those Host Blues that use estimated pricing ranged from 8.73% to +12.36% the rate of payment to the provider at the point of the claims. The modifying percentages applied to claims from those Host Blues that will be used for estimated pricing have not been calculated as of the date of this letter.

**Average:** An average price is determined for a defined category of provider (e.g., institutional, professional, etc.) of a Host Blue in a given geographic area. The average is determined as follows:

Total amount paid to such providers over a look-back period, including initial payments as well as applicable claim and non-claim related transactions, which may include but are not limited to provider retrospective settlements, anti-fraud and abuse recoveries, provider refunds not applied on a claim-specific basis, performance-related bonuses or incentives, interest, etc., and any positive or negative balance in the variance account

divided by

Total amount of such providers' corresponding charges for covered services over the same look-back period (claims for non-covered services are not included in the calculation)

This result is an average price that is applied to each claim for the defined category of provider of the Host Blue in the geographic area and presented as the negotiated price.

The Host Blue determines whether it will use an actual, estimated or average price. The use of estimated or average pricing may result in a difference (positive or negative) between the price you pay on a specific claim and the amount the Host Blue pays to the provider. However, the BlueCard Program requires that the amount paid by the member and you is the final price; no future price adjustment will result in increases or decreases to the pricing of past claims.

Any positive or negative differences in estimated or average pricing are accounted for through variance accounts maintained by the Host Blue and are incorporated into future claim prices. As a result, the amounts charged to you will be adjusted in a following year, as necessary, to account for over- or underestimation of the past years' prices. The Host Blue will not receive compensation from how the estimated price or average price methods, described above, are calculated. Because all amounts paid are final, neither positive variance account amounts (funds available to be paid in the following year), nor negative variance amounts (the funds needed to be received in the following year), are due to or from [you/account name]. If [you/account name] terminate, you will not receive a refund or charge from the variance account.

Variance account balances are small amounts relative to the overall paid claims amounts and will be [liquidated/drawn down] over time. The timeframe for their liquidation depends

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on variables, including, but not limited to, overall volume/number of claims processed and variance account balance. Variance account balances may earn interest at the [federal funds or similar rate]. Host Blues may retain interest earned on funds held in variance accounts.

4. **BlueCard Global Core Program (formerly BlueCard Worldwide)** The BlueCard Global Core Program provides members with access to an international network of inpatient, outpatient and professional providers. The Blue Cross and Blue Shield Association (BCBSA) utilizes GeoBlue for Medical Assistance and Claims Support Services. GeoBlue is the trade name for Worldwide Insurance Services, Inc. (WIS), an independent licensee of BCBSA. BCBSA has also contracted with AXA Assistance USA, an independent company, to gain access to AXA's network for the program. GeoBlue's and AXA Assistance USA's fees paid by the Home Blue are as follows:

General Inbound Calls (questions related to the BlueCard Worldwide Program and related processes; requests for provider information for non-medical situations, etc.)	\$22.00 / Call
Provider Inquiry/Referral (non-medical situation)	\$22.00 / Call
Cashless access/Guarantee of Payment (GOP)	\$95.00 / GOP
Phone Translation	\$62.50 / Call
Fulfillment	\$9.50 / Call
Provider/medical assistance information provided by a nurse	\$95.00 / Call
Misrouted Calls	\$22.00 / Call
Medical Monitoring	\$290.00 / Case

<b>Claims Support Services - GeoBlue</b>	<b>Fee (in dollars)</b>
Claim preparation, processing and/or payment (includes translation, coding, currency conversion)	\$36.45 / Claim
Misrouted claim (for example, domestic)	\$9.50 / Claim
Claim Status inquiry	\$22.00 / Claim
Medical records translation	At Cost
Currency conversion gains/losses	At Cost
Wire/ACH fees	At Cost

<b>Additional Services - GeoBlue</b>	<b>Fee (in dollars)</b>
Medical Evacuation coordination	\$1,250.00 / Case
Medical Repatriation coordination	\$1,250.00 / Case
Repatriation of Remains coordination	\$600.00 / Case
Medical travel coordination	\$290.00 / Case

<b>Claims Payment – AXA Assistance</b>	<b>Fee (in dollars)</b>
Payment Issuance (receive funds, match to file, purchase currency, issue check)	\$2.22 / Payment
Currency Conversion gains/losses	At Cost
Void check requests	\$1.13 / payment

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5. Negotiated Arrangements: With respect to one or more Host Plans, instead of using the BlueCard Program, BCBSAZ may process your Participant claims for Covered Services through Negotiated Arrangements.

Non-Standard negotiated AEA fees for 2016 and 2017

Non-standard negotiated fees can range from either \$5.48 to \$18.70 per claim, or \$10.00 to \$20.80 per contract per month depending on the negotiated arrangement and/or the health plan product

Under new regulations related to the 2009 Form 5500 Schedule C - Service Provider Information, BCBSAZ is required to provide information regarding certain indirect compensation (referred to in this letter as "Eligible Indirect Compensation" or "EIC") paid by BCBSAZ to other Service Providers during 2016 related to your contract with BCBSAZ.

### The following Service Providers received EIC from BCBSAZ during 2017:

**Name of Service Provider Receiving EIC from BCBSAZ:** SourceHOV LLC.

**Address:** 369 Inverness Parkway, Suite 300, Englewood, CO 80112

**Service Provided:** Claims Processing (Certain Specialty Type Claims) and Claims Edit Resolution

**Basis of Compensation:** \$0.41 to \$0.90 per Institutional Claim Processed (UB04); \$0.28 to \$0.55 per Professional Claim Processed (CMS1500); \$0.31 to \$0.32 per Dental Claim Processed; \$1.019 - \$2.038 per claim edit resolution

**Name of Service Provider Receiving EIC from BCBSAZ:** Sutherland Global Services, Inc.

**Address:** 2 Brighton Rd., Suite 300 Clifton, NJ 07012

**Service Provided:** Data entry for provider data, assistance with credentialing

**Basis of Compensation:** \$21.47 per provider record completed and \$28.04 per credentialing unit completed

**Name of Service Provider Receiving EIC from BCBSAZ:** Change Healthcare

**Address:** P.O. Box 572490, Murray Utah 84157-2490

**Service Provided:** Fee for the Recovery of Overpayments

**Basis of Compensation:** 21.5% of the Recovered Amount

**Name of Service Provider Receiving EIC from BCBSAZ:** OptumRx.<sup>1</sup>

**Address:** 1600 McConnor Parkway, Schaumburg, IL 60173-6801

**Service Provided:** Pharmacy Claims Processing and select PBM services

**Basis of Compensation:** for electronic claims only

Pass-Thru Pricing Model = \$0.75 per net paid claim

<sup>1</sup> BCBSAZ paid compensation to OptumRx, only for groups who used BCBSAZ to manage their pharmacy benefits.

**Pharmacy Rebates** – BCBSAZ receives rebates from certain Pharmaceutical Manufacturers for certain drugs. Subject to the terms of your BCBSAZ Administrative Services Agreement your Group may be eligible for a Pharmacy Rebate. The current Rebate estimate for 100-plus member Groups is \$9.69 per employee per month. BCBSAZ may earn interest income on Pharmacy Rebates during the period after the Rebate is paid to BCBSAZ and prior to payment to your Group.

**Name of Service Provider Receiving EIC from BCBSAZ:** KJB Health Care

**Address:** 5935 E. Kings Avenue, Scottsdale, AZ 85254

**Service Provided:** Clinical review of medication prior authorization and non-formulary requests

**Basis of Compensation:** Hourly, \$100/hr

**Name of Service Provider Receiving EIC from BCBSAZ:** Inpharmative

**Address:** 8717 W. 110<sup>th</sup> St., Overland Park, KS 66210

**Service Provided:** Pharmacy Rebate Processing

**Basis of Compensation:** \$0.04 per Claim Processed

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**Name of Service Provider Receiving EIC from BCBSAZ:** Convergys  
**Address:** 110 Hawkwatch Drive, Montgomery TX 77316  
**Service Provided:** Provider Assistance Call Center  
**Basis of Compensation:** \$4.32 per call

BCBSAZ's list of affiliated Service Providers receiving EIC will be updated as necessary.  
If you have any questions, please contact your BCBSAZ Account Manager.

Sincerely,

*Suzy Mortenson*

Suzy Mortenson  
Director, Finance and Operations

cc:  
Report File

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