

PHARMACY BENEFIT MANAGEMENT SERVICES AGREEMENT

THIS AGREEMENT (hereinafter “Agreement”) is effective on January 1, 2021 (“Effective Date”), by and between Blount County (“Sponsor”), with its principal place of business at [ADDRESS], and Magellan Rx Management, LLC (“MRx”), with its principal place of business at 15950 N. 76th Street, Suite 200, Scottsdale, Arizona 85260 (each a “Party” and collectively the “Parties”).

WHEREAS, MRx operates a prescription benefit management program for sponsors requesting prescription benefit management and related services; and

WHEREAS, Sponsor provides for the payment of prescription drugs and related services for persons eligible to receive such benefits; and

WHEREAS, Sponsor desires to procure the services of MRx and certain of its Affiliates, including an entity that holds a TPA or similar license, to provide a prescription drug benefit program for its Members;

NOW, THEREFORE, in consideration of the covenants and agreements set forth herein, MRx and Sponsor agree as follows:

1. DEFINITIONS

The following terms shall have the following meanings:

“Affiliate” means any entity that controls, is controlled by, or is under common control with such specified entity.

“AWP” means the average wholesale price of drugs or ancillary supplies, as applicable, as dispensed and as set forth in the latest edition of the Medi-Span Prescription Pricing Guide (with supplements) or any other nationally recognized pricing source reasonably determined by MRx (the “Pricing Source”). AWP is based on the 11-digit NDC of the package size submitted by the Participating Pharmacy. If the Pricing Source changes the methodology used to calculate AWP (e.g., change in the mark-up percentage) or ceases to publish AWP or replaces AWP, or MRx uses another benchmark other than AWP (each, an “AWP Change”), whether prior to or after the Effective Date, in a manner that changes the economics of this Agreement, the Parties will modify the pricing terms to maintain the parties’ relative economic position as of the effective date of such AWP Change.

“Benefit Builder” means the form on which Sponsor specifies the Benefit Design and other information necessary for MRx to perform services.

“Benefit Design” means the specifications applicable to the Plan, including but not limited to Covered Pharmaceuticals, Cost Share, and Formulary, set forth in this Agreement or otherwise documented between the Parties.

“Brand” means those Prescription Drugs designated as “M”, “N” or “O” in Medi-Span’s Multisource Code indicator. In some instances, a Brand may be dispensed and treated as a Generic for the sole purpose of Member Cost Share.

“Business Days” or “business days” means all days except Saturdays, Sundays, and federal holidays. All references to “day(s)” are to calendar days unless “business day” is specified.

“Claim” means a request for payment submitted by a Participating Pharmacy or Member for prescription drugs or services under Sponsor’s benefit plan.

“Claims Runout” means a process whereby Claims incurred prior to the effective date of the termination of this Agreement may properly be submitted after the effective date of termination.

“Compound Prescription” means a prescription consisting of two or more ingredients, at least one of which is a Covered Pharmaceutical, and which is prepared by the pharmacist specifically for the Member according to the prescriber’s directions.

“Contract Quarter” means the three (3) month period commencing on the Effective Date and each consecutive three (3) month period thereafter while this Agreement is effective.

“Contract Year” means the twelve (12) month period commencing on the Effective Date and each consecutive twelve (12) month period thereafter while this Agreement is effective.

“Cost Share” means the amount to be paid by the Member for Covered Pharmaceuticals, such as a copayment or coinsurance, under the Benefit Design.

“Covered Pharmaceuticals” means those Prescription Drugs and supplies that a Member is entitled to receive under the terms of Sponsor’s Plan.

“Dispensing Fee” means the amount payable by Sponsor under this Agreement for a Participating Pharmacy to dispense a Covered Pharmaceutical to a Member.

“Formulary” means a list of Prescription Drugs selected for their clinical efficacy, safety and cost effectiveness, and which may be updated from time to time.

“Generic” means those Prescription Drug(s) designated as “Y” in Medi-Span’s Multisource Code indicator.

“Group” means a group of Members that have the same Benefit Design as designated by Sponsor.

“Law” means any applicable federal, state and local laws, rules, regulations, administrative guidelines, judicial or administrative order or agreement with any governmental agency, unit or subdivision, as such may be amended from time to time.

“Mail Order Pharmacy” means a pharmacy that (1) is licensed under Law, and (2) dispenses prescription drugs to Members primarily through the U.S. mail.

“MAC” means the maximum allowable unit ingredient cost payable for a multisource drug specified on a MAC List. A “MAC List” consists of a payment schedule for multisource drugs subject to MAC pricing established, developed, adopted, and/or managed by MRx. MRx’s MAC Lists and payment/cost schedules are frequently updated.

“Member” means a person designated by Sponsor pursuant to this Agreement as eligible for Covered Pharmaceuticals under a one of Sponsor’s benefit plans.

“Minimum Enrollment” means an enrollment of not less than ninety percent (90) Members.

“Paid Claim” means a Claim that is approved for payment, in whole or in part, and has not been reversed within the same invoice period.

“Participating Pharmacy” means a Retail Pharmacy, Mail Order Pharmacy, or Specialty Pharmacy, as the case may be.

“Plan” means Sponsor’s drug benefit program that offers certain Covered Pharmaceuticals to Members.

“Prescription Drug” means a pharmaceutical or pharmaceutical compound (i) that is included in the United States Pharmacopeia and that is required to be dispensed pursuant to a prescription and which is required by law to bear the legend, “Caution -- Federal law prohibits dispensing without prescription”, or (ii) that is otherwise accepted by Sponsor as a Covered Pharmaceutical for purposes of this Agreement.

“PBM Services” means those services described under this Agreement, including but not limited to those services set forth in Schedule A.

“Rebates” means any retrospective discount received by MRx that is paid by a pharmaceutical manufacturer or aggregator for utilization of designated Prescription Drugs by Members under the applicable rebate agreement with MRx, including but not limited to base/formulary, incentive and market share rebates.

“Retail Pharmacy” means a licensed retail pharmacy that has entered into an agreement with MRx to provide Covered Pharmaceuticals to Members.

“Specialty Drugs” means Prescription Drugs that are typically used to treat chronic or complex conditions, and typically have one or more of several key characteristics, including frequent dosing adjustments and intensive clinical monitoring to decrease the potential for drug toxicity and increase the probability for beneficial treatment outcomes; intensive patient training and compliance assistance to facilitate therapeutic goals; limited or exclusive product availability and distribution (if a drug is only available through limited specialty pharmacy distribution it is always considered a Specialty Drug); specialized product handling and/or administration requirements; or costs \$600 or more on a monthly basis. Specialty Drugs may be administered by any route of administration. Specialty Drugs include biosimilars. Specialty Drugs include those drugs on the Specialty Drug List, and any added to the Specialty Drug List after the Effective Date.

“Specialty Pharmacy” means an entity that (1) is licensed under Law, and (2) dispenses Specialty Drugs to Members through a commercial carrier service. For purposes of this Agreement, a Retail Pharmacy is not a Specialty Pharmacy.

“Subrogation Claim” means those claims submitted by a government agency (or any person or entity acting on behalf of a government agency) on behalf of or in the name of a Member for which Sponsor is responsible as a third-party payer by operation of Law.

“Usual and Customary Charge” or “U&C” means the amount that, at the time of dispensing, a Retail Pharmacy would charge to a cash-paying customer, exclusive of taxes.

“Zero Balance Claim” means a Claim for which the Member paid the entire cost of the Covered Pharmaceutical and thus Sponsor has no financial liability under this Agreement.

2. MRx OBLIGATIONS

- 2.1 Services. MRx shall provide the PBM Services set forth in Schedule A.
- 2.2 Program Materials. MRx shall supply all forms necessary for MRx to implement and administer the Plans under this Agreement.

3. SPONSOR OBLIGATIONS

- 3.1 Enrollment Information. At least five (5) business days prior to the date on which Sponsor intends for MRx to administer any PBM Services to a Group, and by the second business day of each calendar month thereafter, Sponsor shall provide to MRx a list of all Members in the Group in a format acceptable to MRx. Sponsor shall be responsible for providing MRx with accurate and complete enrollment information and for providing any modifications or updates to this information to MRx. MRx and Participating Pharmacies are entitled to rely on the enrollment information provided hereunder.
- 3.2 Benefit Builder. MRx will complete a Benefit Builder form with Sponsor in order to obtain information related to Sponsor's Benefit Design(s), services selected, system and/or operational requirements, and any other information necessary for MRx to perform services under this Agreement. Sponsor will reasonably cooperate in completing the Benefit Builder, and will review and confirm the accuracy of the information contained in the Benefit Builder in accordance with MRx's standard procedures. MRx shall have the right to rely on all information contained in the Sponsor-approved Benefit Builder. In addition, Sponsor will timely provide to MRx any and all documentation, including but not limited to Benefit Design information (e.g., Formulary, Cost Share information provided to Members, etc.) that is reasonably required for MRx to perform services hereunder.
- 3.3 Changes to Benefits. MRx shall administer only those benefits (a) listed on the Benefit Builder and (b) for which Sponsor provides written notice of a change to MRx. In the event of any changes to a Benefit Design, Sponsor shall notify MRx at least thirty (30) business days in advance of the effective date of such change. If the proposed change requires any system modifications and/or coding, MRx will notify Sponsor in order to discuss the requirements and a revised implementation timeline, and any such changes, including the amount of any additional fees, shall be agreed upon in writing.
- 3.4 Member Communications. Sponsor is responsible for notifying Members of any Benefit Design changes. Sponsor is responsible for obtaining Member authorizations and documentation required by Law, if any, for MRx to provide the PBM Services. MRx may communicate with Members as reasonably required to perform the PBM Services.
- 3.5 Government Subrogation. Government agencies (or persons or entities acting on their behalf) may submit Subrogation Claims, which MRx will process and pay on behalf of Sponsor, and invoice Sponsor, in accordance with the applicable terms of this Agreement, including the per claim charge set forth herein. Sponsor acknowledges that when processing Subrogation Claims, certain Plan requirements may not apply (e.g., submission time frames, utilization management rules or limitations). Any Subrogation Claims received after the termination or expiration of this Agreement, but which related to a date of service prior to such termination or expiration, will be processed under this Agreement through the end of the Claims Runout period. After such period, MRx will return the claim to the submitter with notice to contact Sponsor.

- 3.6 Exclusivity. MRx is the exclusive provider and/or administrator of PBM Services to Sponsor and its Affiliates during the term of this Agreement. Without limiting the generality of the foregoing, Sponsor represents that, as of the Effective Date, neither it (nor any of its Affiliates) has any agreement with any pharmaceutical manufacturer or other entity under which it earns discounts based on the utilization of Covered Pharmaceuticals or related administrative services, and will not enter into any such agreement(s) for the period covered by this Agreement. Nothing in this Agreement shall restrict MRx and/or its Affiliates from offering, providing, or administering any service, including PBM Services, to any other entity.

4. FINANCIAL ARRANGEMENTS

- 4.1 Payment for Services. Sponsor will pay MRx for all services provided under this Agreement in accordance with the pricing terms set forth in Schedule B.
- 4.2 Invoices. MRx will invoice Sponsor for Claims semi-monthly, and for administrative fees monthly, on a schedule conforming to MRx's billing cycles. Claims invoices include the Per Paid Claim administrative fees. Invoice amounts for Claims are due and payable within two (2) days of Sponsor's receipt of such invoice. Invoice amounts for other administrative fees are due and payable within ten (10) days of Sponsor's receipt of such invoice. Sponsor will pay by wire transfer (or by such other method approved by MRx) to an account designated by MRx in writing. Sponsor's failure to make timely payment shall constitute a payment default. Notwithstanding any other provision of this Agreement, if Sponsor fails to cure any payment default within five (5) days of the due date for such payment, then in addition to any other remedies available, MRx may cease performing any or all of its services hereunder on written notice to Sponsor until Sponsor brings its account current. MRx, in its sole discretion, may accept late payment of delinquent amounts and, upon acceptance, this Agreement may be reinstated retroactively to the due date for such payment. Any such actions by MRx shall not be deemed a waiver of MRx's termination or suspension rights in the event of any future failure of Sponsor to make required payments.
- 4.3 Overdue Payments. Any invoice amounts that remain unpaid after five (5) days of the due date for such invoice shall bear a finance charge from the due date of such amount until paid in full, equal to the lesser of (a) an annual interest rate consisting the prime rate plus five percent (5%), or (b) the maximum rate permitted by Law. If MRx places any overdue amount with an attorney or other third party for collection, Sponsor will reimburse MRx for its collection costs, including but not limited to reasonable attorneys' fees and expenses.
- 4.4 Reasonable Assurances. In the event Sponsor fails to pay invoices timely on two (2) or more occasions, or MRx has reasonable grounds to believe that Sponsor may be incapable of meeting its financial obligations under this Agreement, MRx may request (and Sponsor agrees to provide) reasonable assurances, including a deposit, regarding its financial condition. If Sponsor does not provide such assurances within five (5) business days or the assurances are not satisfactory in MRx's reasonable judgment, MRx may terminate this Agreement on written notice to Sponsor.
- 4.5 Eligibility Changes. MRx will not be financially or otherwise responsible for any mistaken coverage, claims payment or denial determination if such mistake is due to a change in a person's eligibility status and the mistake is made prior to the earlier of (a) the entry of such changed information into MRx's claims processing system or (b) two (2) business days after such change information is received by MRx.

- 4.6 Claims Adjustments. The Parties acknowledge that, from time to time, adjustments to Paid Claims may be necessary as the result of coordination of benefits, subrogation, workers' compensation, payment errors, pharmacy audit recovery, or other reasons, and that such adjustments may result in either credits to Sponsor or additional amounts owed by Sponsor.
- 4.7 Member Hold Harmless. In no event will MRx or a Participating Pharmacy directly or indirectly collect, attempt to collect, or accept remuneration or reimbursement from a Member for Covered Pharmaceuticals, except for Cost Share amounts or as otherwise provided in this Agreement, even in the event of Sponsor's failure to pay MRx, a payment dispute between the Parties, Sponsor's insolvency, or any other breach by Sponsor of the terms of this Agreement.
- 4.8 Taxes. Sponsor will pay all sales, use, and similar taxes and duties arising from or related to items dispensed or services provided hereunder, or any other amounts that MRx may incur or be required to pay arising from or relating to its performance of services as a third-party administrator in any jurisdiction. If MRx or a Participating Pharmacy is obligated to collect and remit any such amount, MRx will include such amount on an invoice to Sponsor. Sponsor is not responsible for taxes on MRx's income.
- 4.9 Financial Statements. Upon request, Sponsor will provide a copy of its most recent audited financial statements to MRx.

5. RECORDS

- 5.1 Recordkeeping. MRx agrees to maintain reasonable documentation related to the PBM Services provided to Members and Claims processed under to this Agreement. Sponsor agrees to maintain reasonable documentation related to the enrollment information and Benefit Design information provided hereunder. The Parties will maintain the records and information required by this subsection for six (6) years from the date of enrollment or service, as applicable, or such longer period that may be required by Law, in a format and electronic media deemed reasonably appropriate by the Party holding such records. MRx shall also require that Participating Pharmacies maintain records of the Covered Pharmaceuticals dispensed to Members in accordance with Law. Subject to all applicable privacy and confidentiality requirements, certain records may be made available to other pharmacies and health professionals treating Members.
- 5.2 Transfer of Data Upon Termination. Upon termination of this Agreement for any reason, Sponsor and MRx will develop a mutually agreeable plan for the orderly provision of Claims data to Sponsor or its designee. Within thirty (30) days after receipt of Sponsor's written authorization (and confidentiality agreement, if to a designee), MRx will deliver to Sponsor or its designee a Claim history report for the two (2) years preceding the termination date. The report will be provided in MRx's standard format then available. Additional files such as Mail Order Pharmacy open refill files, prior authorization files and accumulator files are not standard reports and will be subject to additional fees. MRx will have no obligation to provide information under this Section unless Sponsor has met all of its payment obligations under this Agreement.

6. AUDITS

- 6.1 General. Up to once annually, Sponsor may audit MRx's performance of PBM Services. The audit shall be conducted so as not to unduly interfere with the operation of MRx's business operations. In

the event Sponsor wishes to conduct an audit, it shall provide a written audit request to MRx and a document outlining the proposed scope of the audit. Within sixty (60) days of receiving the scope document, MRx shall compile and prepare the data in a format agreeable to both Parties.

- 6.2 Third Parties. Sponsor shall have the right (and for an audit of Rebates, the obligation) to utilize an independent audit firm to conduct any audit under this Section 6. An audit of pharmaceutical manufacturer or aggregator agreements will be conducted by a top 100 public accounting firm whose audit department is a separate function of its business and that carries professional malpractice insurance of at least \$2,000,000. Any third party audit firm shall not have a conflict of interest, and Sponsor shall cause such firm to sign MRx's standard audit protocol/confidentiality agreement. For purposes of this Section 6, a "conflict of interest" does not exist solely because the audit firm has previously audited MRx for Sponsor or other customers of MRx. In the event Sponsor utilizes an audit firm, MRx shall compile and prepare the data in a format agreeable to both Parties within sixty (60) days after receipt of the scope document and a signed confidentiality agreement. A request by Sponsor to use an independent audit firm shall constitute Sponsor's authorization to MRx to provide Member-identifiable information to such auditor in accordance with Law.
- 6.3 Other Procedures. An audit of Claims records or Rebates will cover a maximum period of twelve (12) months prior to the agreed upon audit date. MRx will be liable for agreed upon findings attributable only to the audit period. No audit period may be audited more than once. No audits will be conducted during the months of November, December and January because of the demands of the annual renewal/implementation period. No audits shall be permitted unless and until Sponsor has executed this Agreement. Sponsor is responsible for all expenses of the auditor(s). Any material reviewed during the course of an audit shall be considered Confidential Information.

7. **CONFIDENTIAL AND PROPRIETARY INFORMATION**

- 7.1 Confidential Information. The term "Confidential Information" means information of a confidential or proprietary nature disclosed by one Party (the "Disclosing Party") to the other (the "Receiving Party"). Confidential Information includes, but is not limited to, matters of a technical nature such as trade secrets, methods, compositions, data and know-how, designs, systems, and processes, and any information derived therefrom; matters of a business nature, such as the terms of this Agreement, proprietary reimbursement formula(e), marketing, sales, strategies, proposals, lists of Participating Pharmacies and pharmaceutical manufacturers, and any other information that is designated by either Party as confidential or which the Receiving Party should reasonably understand is confidential and/or proprietary based on nature of the information.
- 7.2 Treatment of Confidential Information. The Receiving Party agrees to hold the Disclosing Party's Confidential Information in strict confidence and to take reasonable precautions to protect such Confidential Information (including using all precautions the Receiving Party employs with respect to its own Confidential Information), and not to use Confidential Information for any purpose not previously authorized by the Disclosing Party, except as necessary for MRx to perform PBM Services. The Receiving Party further agrees not to disclose any Confidential Information to a third party unless authorized in writing by the Disclosing Party and provided further that the ultimate recipient of such Confidential Information agrees to be bound by confidentiality terms at least as stringent as those contained herein. The Receiving Party may disclose Confidential Information to its subcontractors, employees, directors, and affiliates (collectively "Receiving Party Representatives") that have a reasonable need to know such information, provided that such Receiving Party Representatives are informed of the confidential nature of the information and have

agreed to treat the Confidential Information in a confidential manner consistent with this Agreement.

- 7.3 Exceptions. “Confidential Information” does not include information that (a) prior to disclosure hereunder was known by the Receiving Party, provided that there has not been a violation of any confidentiality obligation to the Disclosing Party, (b) is or subsequently becomes publicly available without violation of any confidentiality obligation owed to the Disclosing Party, (c) is independently developed by the Receiving Party without violation of this Agreement, or (d) is disclosed with the written approval of the Disclosing Party.
- 7.4 Requests. If the Receiving Party receives a court order, subpoena or governmental request (whether formal or informal) for Confidential Information, the Receiving Party shall promptly notify the Disclosing Party to provide the Disclosing Party with the opportunity to seek confidential treatment or other appropriate relief relating to such Confidential Information. The Receiving Party shall not oppose such efforts. If the Disclosing Party is unable to obtain any relief with respect to the request, the Receiving Party may provide those portions of Confidential Information that it is advised by counsel are required by Law to be produced, and will further use commercially reasonable efforts to obtain confidential treatment of the Confidential Information from the recipient of such information.
- 7.5 Programs. Any clinical and other programs implemented by MRx, including any Formulary, together with any related materials, manuals, lists and descriptions provided hereunder, will remain the property of MRx. Sponsor will use such programs only while this Agreement is in effect.
- 7.6 Trademarks. Neither Party shall use the other’s trademarks, trade names, nor service marks (or any reasonably likely to cause confusion) without the other Party’s written consent.
- 7.7 Member and Sponsor Identifiable Information. The Parties will comply with all Laws regarding patient confidentiality as set forth in the Business Associate Agreement between them. MRx will not provide any data or information that identifies Sponsor without Sponsor’s consent, except as reasonably necessary to provide PBM Services or as required by Law. The restrictions set forth in this Section 7 do not apply to Claims data or other information that does not identify Sponsor.
- 7.8 Remedies. The Parties acknowledge that any unauthorized use or disclosure of the other’s Confidential Information would cause the Disclosing Party immediate and irreparable injury or loss. Accordingly, if MRx or Sponsor fails to comply with the confidentiality provisions of this Agreement, or threaten to do so, the Disclosing party shall be entitled to equitable relief, including the immediate issuance of a temporary restraining order or preliminary injunction enforcing this Agreement, in addition to other remedies permitted by Law.

8. TERM AND TERMINATION

- 8.1 Term. This Agreement is for an initial term of three (3) years from the Effective Date (“Initial Term”), and thereafter shall automatically renew for successive one (1) year terms unless either Party provides written notice of its intent not to renew at least one hundred eighty (180) days prior to the expiration of the then current term.
- 8.2 Termination. This Agreement may be terminated in the following manners:
- (a) In the event of a material breach of this Agreement, the non-breaching Party shall provide written notice of the breach to the other Party. If the breach is not cured within thirty (30)

days after the breaching Party's receipt of written notice of such breach, the non-breaching Party may terminate this Agreement upon written notice.

- (b) Notwithstanding the provisions of Section 8.2(a), in the event of a payment default by Sponsor under Section 4, MRx shall provide written notice of such default to Sponsor. If Sponsor does not cure the payment default within ten (10) days after receiving such notice, MRx may terminate this Agreement on written notice to Sponsor.
- (c) By either Party if the other Party becomes insolvent, is dissolved or liquidated, makes a general assignment for the benefit of creditors, files or has filed against it a petition in bankruptcy and such petition is not dismissed with prejudice within 45 days after the filing, or has a receiver appointed for a substantial part of its assets.
- (d) By mutual written consent of the Parties; or
- (e) As otherwise permitted in this Agreement.

8.3 Effect of Termination. Upon termination of the Agreement for any reason, MRx shall cease to have any liability for payment of Claims incurred after the effective date of such termination. In the event that MRx or any Participating Pharmacy is required by Law to continue providing any PBM Services after termination, Sponsor shall be liable to reimburse MRx under the applicable terms of this Agreement.

8.4 Adverse Government Action. In the event any department, branch, or bureau of the federal, state or local government materially adversely affects the ability of a Party to perform its obligations under this Agreement, that Party shall provide the other Party with written notice of the nature of the action having such adverse effect. During the immediately following sixty (60) day period, the Parties will, in good faith, attempt to negotiate a modification to the Agreement to minimize the adverse effects and to restore as closely as possible the original intention of this Agreement. If the Parties are unable to reach an agreement, then either Party may terminate this Agreement on thirty (30) days advance written notice.

9. INDEMNIFICATION AND RELATED MATTERS

9.1 MRx Indemnity. MRx agrees to indemnify, defend and hold Sponsor and its subsidiaries, affiliates, and their officers, directors, employees, and agents (each a "Sponsor Indemnified Party"), harmless from and against any claims, actions, causes of action, damages, liabilities, and expenses (including without limitation attorneys' fees and litigation costs) (collectively, "Actions") asserted against a Sponsor Indemnified Party in the event the Action arises from MRx's violation of Law, breach of this Agreement, or negligence or willful misconduct.

9.2 Sponsor Indemnity. To the extent not prohibited by the Tennessee Government Tort Liability Act found at T.C.A. § 29-20-101 et. seq., Sponsor agrees to indemnify, defend and hold MRx and its subsidiaries, affiliates, and their officers, directors, employees and agents (each a "MRx Indemnified Party"), harmless from and against any Actions asserted against a MRx Indemnified Party in the event the Action arises from Sponsor's violation of Law, breach of this Agreement, or negligence or willful misconduct. MRx acknowledges and agrees that any and all obligations of Sponsor to provide indemnification is subject to the limits of liability set forth in the Tennessee Government Tort

Liability Act found at T.C.A. § 29-20-101 et. seq. and Sponsor's obligation to provide indemnification is limited to the limits of liability set forth for a governmental entity under said Act.

- 9.3 Indemnity Procedures. A Party seeking indemnification under this Section 9 (the "Indemnified Party") shall provide prompt written notice of any Action to the Party from whom indemnification is sought (the "Indemnifying Party"), provide reasonable assistance to the Indemnifying Party, not settle or compromise or consent to entry of judgment on any Action without the written consent of the Indemnifying Party, and not otherwise take any action, or fail to act, so as to compromise the Indemnifying Party's position with respect to the resolution or defense of any such Action. The failure to provide prompt notice will not constitute a waiver of rights under this Section 9 unless it results in material prejudice to the rights or defenses of the Indemnifying Party; provided, however, that if the Indemnified Party does not give timely notice, the Indemnifying Party shall not be liable for any of the Indemnified Party's costs and expenses incurred prior to such notice. An Indemnifying Party shall not settle or compromise or consent to the entry of judgment in any Action unless such resolution provides an unconditional release of the Indemnified Party from all liability relating to the Action, and does not contain any term or order that in any manner restricts or interferes with the business of the Indemnified Party or its Affiliates. The Indemnifying Party shall have the right, in its sole discretion, to select counsel and to control the defense and settlement with respect to any Action.
- 9.4 Insurance. During the term of this Agreement, MRx will maintain liability coverage with limits not less than \$1,000,000 per occurrence and \$5,000,000 in the aggregate per policy year. MRx will provide evidence of such coverage upon Sponsor's written request.
- 9.5 Pharmacy Care. Sponsor acknowledges that, except to the extent provided in Section 9.1, MRx assumes no responsibility for the nature or quality of pharmaceutical products dispensed, the provision or failure to provide pharmaceutical goods or services, or any action or inaction by Participating Pharmacies, pharmaceutical manufacturers, or other providers of care in connection with this Agreement.
- 9.6 Disclaimers. MRx relies on First Data Bank, Medi-Span or other industry comparable databases in providing Sponsor and Members with PBM Services, including without limitation drug utilization review (DUR) services. MRx has utilized due care in collecting and reporting the information contained in its databases and has obtained such information from sources believed to be reliable. In addition, the data available from MRx through the databases and services provided hereunder is limited by the amount, type and accuracy of information made available to MRx by Sponsor, Participating Pharmacies, Members and prescribers. MRx has no obligation to acquire information about a Member beyond that provided in connection with enrollment and Claims information from Participating Pharmacies. MRx does not warrant the accuracy of reports, alerts, codes, prices or other data contained in such databases. The clinical information contained in these databases and the Formulary, nor any information provided by MRx in connection with its services (including DUR services) is not intended as a supplement to, or a substitute for, the knowledge, expertise, skill, and judgment of physicians, pharmacists, or other healthcare professionals involved in Members' care. The absence of a warning for a given drug or drug combination in a database shall not be construed to indicate that the drug or drug combination is safe, appropriate or effective for any Member. In addition, services provided by MRx, including without limitation any utilization management services, are not intended to substitute for the professional judgment and responsibility of the Member's physician.
- 9.7 Limitation of Liability. No Party shall be responsible for or have any obligation to indemnify, defend or hold harmless any other Party for (a) Actions arising out of or resulting from a breach of a duty

owed independently by the other Party or the negligence, willful misconduct or fraud of the other Party, or (b) any award of special, indirect, incidental, consequential, or punitive or other exemplary damages arising out of this Agreement or out of its performance hereunder, regardless of the form of action and/or whether the Party is or was aware of the possibility of such damages. MRx's liability for negligence or willful misconduct by MRx will be limited to the per occurrence liability insurance amount set forth in Section 9.4.

10. GENERAL PROVISIONS

- 10.1 Compliance with Law. The Parties represent and warrant that, at all times under this Agreement, they will comply with all Laws governing the performance of their respective businesses and to the performance of their respective obligations hereunder, including without limitation any Laws, including but not limited to the Employee Retirement Income Security Act (ERISA), as amended, relating to the disclosure or notification of plan benefits or Rebates to Groups and/or Members. The Parties further represent and warrant that each shall maintain all licenses, certifications, and/or qualifications that are required by Law relating to the operation of their respective businesses and/or to comply with their obligations under this Agreement.
- 10.2 Independent Contractors. The relationship between MRx and Sponsor is solely that of independent contractors engaged in the operation of their own respective businesses. Nothing contained in this Agreement shall be construed as creating an employee/employer or agency relationship. Sponsor will not represent that MRx or any of its Affiliates is a Plan Administrator or fiduciary of a Plan or any Group, as applicable, as those terms are used in the Employee Retirement Income Security Act, including applicable regulations. MRx provides solely ministerial service functions in connection with the Plan(s) sponsored by Sponsor. Sponsor acknowledges that it has the sole authority to control and administer the Plan(s). Sponsor has complete discretionary, binding, and final authority to construe the terms of the Plan(s), to interpret ambiguous language, to make factual determinations regarding the payment of benefits, to review denied claims and to resolve any complaints by Members.
- 10.3 Entire Agreement. This Agreement and any schedules, exhibits, and/or addenda hereto constitute the entire contract between the Parties with regard to the subject matter hereof, and supersede all prior agreements and understandings between the Parties, both written and oral, relating to the subject matter hereof.
- 10.4 Amendment. This Agreement may be amended only in writing when signed by a duly authorized representative of each Party.
- 10.5 No Third Party Beneficiary. The Agreement is solely for the benefit of the Parties and is not intended to create any interest in any third party.
- 10.6 Severability. In the event that any provision of this Agreement is determined to be invalid, unlawful, void or unenforceable to any extent, the remainder of this Agreement shall not be impaired or otherwise affected, will be construed to preserve the intent and purpose of this Agreement, and shall continue to be valid and enforceable to the fullest extent permitted by law.
- 10.7 Assignment. Neither Party may assign this Agreement without the prior written approval of the other Party, provided however, that MRx may assign this Agreement to an Affiliate. MRx may provide any services either itself or through an Affiliate or subcontractor. MRx shall be responsible

to Sponsor for the performance of PBM Services, regardless of whether a service is performed by an Affiliate or subcontractor. For purposes of this Agreement, Affiliates and Participating Pharmacies shall not be considered subcontractors.

- 10.8 Headings. The headings to the sections and subsections of this Agreement shall be disregarded in its interpretation.
- 10.9 Force Majeure. Neither Party will be deemed to have breached this Agreement or be responsible for any failure of performance hereunder if the Party was prevented from performing an obligation by a cause beyond its reasonable control, and such non-performance could not be overcome through the exercise of commercially reasonable efforts. Such causes include, without limitation, fires, earthquakes, floods, storms and other natural disasters; acts of God; strikes, lockouts, and boycotts; acts of war, riots or other insurrections; failure of communications, electric, or similar utility lines; epidemic or public health emergency; or a change in Law occurring after the Effective Date.
- 10.10 No Waiver. The failure of either Party to enforce or insist upon compliance with any provision of this Agreement shall not be construed as or constitute a waiver of the right to enforce or insist upon compliance with such provision in the future.
- 10.11 Construction. The Parties jointly prepared this Agreement and have had the opportunity to consult with counsel about its terms. No rule of construction relating to ambiguity shall be applied against any one Party and in favor of the other.
- 10.12 Approvals. Whenever approval of a Party is required under this Agreement, such approval will not be unreasonably withheld.
- 10.13 Choice of Law. The laws of the State of Tennessee shall govern this Agreement, and all obligations of the parties are performable in Blount County, Tennessee. The Chancery Court and/or the Circuit Court of Blount County, Tennessee, shall have exclusive and concurrent jurisdiction of any disputes, which arise hereunder.
- 10.14 Dispute Resolution. In the event that any dispute, claim or controversy relating to this Agreement arises between MRx and Sponsor, the Parties will meet and make a good faith effort to resolve the dispute. If the dispute is not resolved within thirty (30) days after either Party requests in writing a meeting to resolve the dispute, and either Party wishes to pursue the dispute further, that Party shall refer the dispute to binding arbitration in accordance with the commercial arbitration rules of the American Arbitration Association (“AAA”). The arbitration shall occur within the County of Maricopa, State of Arizona, by a single arbitrator. If the Parties cannot agree upon the arbitrator, the arbitrator shall be chosen by the applicable AAA office. Judgment upon the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof. The Parties will jointly share the costs of the arbitrator. The Parties agree that the losing Party will reimburse the prevailing Party for the prevailing Party’s reasonable attorney’s fees and related arbitration costs.
- 10.15 Non-Discrimination. Contractor agrees not to discriminate against any employee or applicant for employment to be used in the performance of the obligations of MRx under this Agreement because of race, color, religion, sex, sexual orientation, ancestry, age, national origin or disability (as the same is defined in The Americans With Disabilities Act of 1990, 42 USC § 12101-13 (West Supp. 1991) and any regulation promulgated thereunder) or any other unlawful basis. MRx agrees to comply with all the provisions of Executive Order 11246, as heretofore amended by Executive

Order 11375 and Executive Order 12086, and any subsequent amendments, and with the relevant rules, regulations, and orders of the Secretary of Labor. MRx shall execute such certifications of its compliance with the requirements of this paragraph as Sponsor may from time to time require, which certifications shall become a part of this Agreement as if fully set forth herein.

- 10.16 Notices. Any notice required under this Agreement shall be in writing and sent either by hand delivery, by overnight delivery by a nationally recognized courier service, or by certified mail, return receipt requested, in each case address as follows:

If to Sponsor: Company

Address
City, State, Zip
Attention:

If to MRx:

Magellan Rx Management, LLC
15950 N. 76th Street, Suite 200
Scottsdale, Arizona 85260
Attention: Vice President and Associate General Counsel

With a copy to:

Magellan Health, Inc.
55 Nod Road
Avon, CT 06001
Attention: General Counsel

Any notice shall be deemed to have been given as of the date of hand delivery, as of the date it is placed into the hands of a nationally recognized courier service, or three (3) days from the date of mailing, as the case may be.

- 10.16 Counterparts; Signature. This Agreement may be executed in counterparts, all of which separate originals (or scanned/pdf versions of same) taken together shall be considered one and the same Agreement. This Agreement will be considered validly executed if (a) executed electronically, through a generally accepted electronic signature process, or (b) each Party executes the Agreement and provides an executed full Agreement or its signature page to the other Party by any means, including but not limited to electronic mail transmission of a scanned/pdf document.
- 10.17 Survival. The provisions of Sections 4, 5, 7, 9, 10.14 and 10.15 will survive the termination of this Agreement.
- 10.18 No Restrictions. No Party has any conflict of interest that would impair its ability to perform its obligations under this Agreement. No Party is subject to any restrictions, whether under Law, contract, or otherwise, that would prevent it from entering into this Agreement or performing its obligations hereunder. Neither the execution nor delivery of this Agreement nor the transactions contemplated hereunder will be a violation of any term or provision of the Party's governance documents.
- 10.19 Organization and Authority. Each Party is duly organized and in good standing and has the power to carry on its respective business. The execution and delivery of this Agreement and the transactions contemplated hereunder have been authorized by all necessary action by each Party. Each

Party represents and warrants that the individual signing this Agreement on its behalf is duly authorized to bind such party to all terms and conditions of this Agreement.

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

SPONSOR

By: _____

Name: _____

Title: Purchasing Agent, Blount County Government

Date: _____

APPROVED AS TO FORM, CRAIG GARRETT

By: _____

Name: Craig Garrett

Title: Attorney General

Date: _____

MAGELLAN Rx MANAGEMENT, LLC

By: _____

Name: _____

Title: _____

Date: _____

SCHEDULE A PBM SERVICES

MRx will provide the PBM Services set forth in this Schedule A.

1. RETAIL PHARMACY NETWORK

- A. Network Management. MRx will establish and maintain a network of Retail Pharmacies that agree to provide Covered Pharmaceuticals to Members under Law, applicable standards of care, and the terms and conditions set forth in the applicable pharmacy agreements. MRx is responsible to contract with such pharmacies.
- B. Network Access. Members will have access to the network of Retail Pharmacies established and maintained by MRx to deliver Covered Pharmaceuticals to Members. MRx will maintain or develop a network in Sponsor's service area(s) that meets reasonable access standards. MRx will notify Sponsor within thirty (30) days of any changes to the Retail Pharmacy network that will materially impact the ability of Members to obtain Covered Pharmaceuticals hereunder.
- C. Help Desk. MRx will provide toll-free access to Participating Pharmacies to obtain assistance with eligibility, Claims processing, DUR, and similar issues.
- D. Auditing. MRx shall conduct audits of its participating Retail Pharmacies. Such audits may include:
 - 1. Statistical Auditing. A periodic computerized analysis of those pharmacies handling a significant number of Claims, which compares their Claims activity to the Claims activity of similar pharmacies. This information shall be used for, among other things, audit selection.
 - 2. Desk Auditing. Desk audits on selected pharmacies to ensure compliance with the terms of the pharmacy agreement.
 - 3. Audit Recoveries. MRx will provide one hundred percent (100%) of all audit recoveries to Sponsor.
- E. Pricing. The pricing terms applicable to the Retail Pharmacy Network are set forth in Schedule B, Section 1.

2. MAIL ORDER PHARMACY

- A. Services. MRx shall maintain, operate and/or provide a Mail Order Pharmacy that dispenses Covered Pharmaceuticals to Members through the U.S. Mail or other carrier. MRx may change the Mail Order Pharmacy upon sixty (60) days advance written to Sponsor.
- B. Procedures. The Mail Order Pharmacy will receive prescriptions from Members via the U.S. mail or other carrier, facsimile, electronically, or through other means, in each case at an address, number, or other designation specified by MRx, which is subject to change

from time to time at MRx's discretion. The Mail Order Pharmacy shall have no obligation to fill any prescription for Covered Pharmaceuticals that is not accompanied by an appropriately completed order form and the payment of any applicable Cost Share.

- C. Standards. Subject to reasonable processing parameters, MRx will dispense Covered Pharmaceuticals in accordance with the prescription to the address designated by the Member, as long as such addresses are located in the United States or Puerto Rico. MRx will dispense Covered Pharmaceuticals in accordance with Law and standards of care prevalent in the mail service pharmacy industry.
- D. Member Services. MRx will provide a toll-free telephone number for Members to use in order to speak with a pharmacist or other appropriate representative. MRx will provide materials explaining how to access and use the Mail Order Pharmacy.
- E. Professional Judgment. Nothing herein shall be construed to prohibit or otherwise limit the ability of any pharmacist to exercise his or her professional judgment, including the refusal to fill a prescription. Further, nothing herein shall be construed to require the Mail Order Pharmacy to stock all federal legend drugs.
- F. Pricing. The pricing terms applicable to the Mail Order Pharmacy are set forth in Schedule B, Section 2.

3. SPECIALTY DRUGS

- A. Services. If Sponsor elects to receive Specialty Services from MRx, then this Section 3 shall apply to such Services. MRx shall maintain, operate and/or provide a Specialty Pharmacy that dispenses Specialty Drugs to Members through a commercial carrier. The terms of Schedule A, Section 2 above shall also apply to the Specialty Pharmacy, except as otherwise provided in this Agreement. Sponsor may elect to utilize a mutually agreed upon third party vendor to seek funding for certain Specialty Drugs as outlined in Sponsor's Benefit Design. Such Claims will process with a prior authorization instructing the dispensing pharmacy to contact Sponsor's third party vendor. Any Claims funded by Sponsor's third party vendor will not be billed by MRx and will be excluded from any and all pricing guarantees set forth in this Agreement. MRx will process and bill for all Specialty Drugs not funded by Sponsor's third party vendor pursuant to MRx's standard processes.
- B. Pricing. Notwithstanding anything to the contrary in this Agreement, including Section 2 above, the pricing terms applicable to Specialty Drugs dispensed through the Specialty Pharmacy are set forth in Schedule B-1. Sponsor shall pay for Specialty Drugs dispensed through a Retail Pharmacy according to the terms set forth in Schedule B, Section 1.

4. FORMULARY AND REBATE ADMINISTRATION

- A. Establishment of Formulary. MRx shall establish and provide a Formulary (the "MRx Formulary") for Sponsor. The drugs included on the MRx Formulary have been evaluated by a Pharmacy and Therapeutics Committee and may change from time to time as a result of a number of factors, including but not limited to medical appropriateness, cost-

effectiveness and generic availability. MRx shall work with Sponsor to effect the adoption, distribution, and implementation of such Formulary.

- B. Formulary Programs. MRx may implement its standard formulary management programs, which may include communications with Members, pharmacies, and/or physicians, clinical or other coverage rules/criteria, compliance and/or adherence programs, generic substitution and/or therapeutic interchange programs, financial incentives, and other measures to promote cost effectiveness of the Formulary.
- C. Rebates. MRx will arrange for the provision of Rebates from pharmaceutical manufacturers, including the contracting and administration of a Rebate program. MRx earns Rebates based upon the utilization of certain Covered Pharmaceuticals on the Formulary. The availability and amount of Rebates will depend upon the Plan's Benefit Design and other factors.
- D. Rebate Terms. The amount and timing of Rebates payable to Sponsor are set forth on Schedule B, Section 5. As a condition of receiving payments hereunder, Sponsor will implement the MRx Formulary and MRx formulary management programs, in each case without deviation (and without "grandfathering" non-Formulary or non-Covered Pharmaceuticals), and provide documentation reasonably requested and/or required by MRx regarding the implementation of such Formulary, programs, and any related clinical or other coverage rules or criteria.

5. CORE ADMINISTRATIVE SERVICES

MRx will provide the following Core Administrative Services, which are included within the Core Administrative Fee set forth in Schedule B, Section 6A:

- A. Eligibility Services
 - 1. Administration of eligibility based upon Sponsor-provided information in a format acceptable to MRx
 - 2. Updates to Sponsor's eligibility in accordance with this Agreement
- B. Member Communications
 - 1. Standard MRx Welcome Packages (mailed to Sponsor)
 - 2. Other standard MRx Member materials (e.g., claim forms)
- C. Claims Processing and Payment
 - 1. Adjudication of Claims from Participating Pharmacies through MRx's designated on-line electronic claims processing system
 - 2. Administration of Sponsor's Benefit Design in accordance with accepted industry standards
 - 3. Payments to Participating Pharmacy under applicable contracts
 - 4. Coordination of benefits (COB)(reject for primary carrier, electronic only)
 - 5. Sponsor access to claim system for up to two (2) user IDs by specific, identified Sponsor employees only
- D. Customer Service
 - 1. Toll-free telephone number for Sponsor, Members, and physicians

2. Availability of toll-free number 24 hours a day, 7 days a week
 3. Responses regarding eligibility, Claims, prior authorization status, drug coverage, enrollment status, and other matters related to PBM Services
- E. Drug Utilization Review (“DUR”) Services
1. Concurrent DUR -- automated for point of sale transactions; edits include clinical and other edits that MRx may develop and/or change from time to time.
 2. Retrospective DUR – evaluation of Member claims history and communications to Member, Participating Pharmacies and/or prescribers to promote health and/or decrease costs
- F. Reporting
1. Standard plan reporting package, including utilization and eligibility reports
 2. Standard billing reports package
 3. Claims detail extract
 4. Web access, including standard and ad hoc reporting capabilities
- G. Member Web Portal
1. Drug lookup
 2. Pharmacy lookup
 3. Formulary, Mail Order, and Claim information
- H. Claims Runout (post-termination)
1. Upon Sponsor request, MRx will pay Claims for six (6) months after termination
 2. MRx invoicing and compensation per the Agreement prior to termination

6. VALUE-ADDED ADMINISTRATIVE SERVICES

Sponsor will pay for the Value-Added Administrative Services provided by MRx upon request or use by Sponsor as set forth in Schedule B, Section 6B.

7. UTILIZATION REVIEW

- A. Sponsor delegates to MRx the authority to perform administrative and/or clinical initial coverage determinations and appeals (whether first level, second level, and, in either case, urgent) filed by or on behalf of Members. In the event MRx issues a denial in connection with the final level of internal (plan) appeal, MRx will, on Sponsor’s behalf, provide the Member access to a panel of Independent Review Organizations (IROs) for the purpose of obtaining an external review if desired. MRx may offer the services of different IROs, or otherwise change the composition of the panel, during the term of the Agreement. MRx offers access to such IROs as a convenience to Sponsor, and Sponsor at all times retains the responsibility and authority to determine the IROs that will perform external reviews for its Plan.
- B. MRx will perform all services under this Section 7 in accordance with Law, including, as applicable, the U.S. Department of Labor Claims Procedure Regulations, 29 C.F.R. §2560.503-1.

- C. The services set forth in this Schedule A, Section 7 are Value Added Administrative Services, except that administrative (non-clinical) initial coverage determinations are included within the Core Administrative Fee.

SCHEDULE B PRICING TERMS

Sponsor will pay for Covered Pharmaceuticals as set forth in this Schedule B.

This is not a pass through arrangement. The amount that Sponsor pays for Covered Pharmaceuticals may be greater or less than the amount that MRx pays the pharmacy, except that MRx will pass through to Sponsor the price it pays for Compound Prescriptions and will not earn or retain any spread on such Claims.

1. RETAIL PHARMACY

Pricing. Sponsor will pay MRx for each Covered Pharmaceutical dispensed to a Member through a Retail Pharmacy an amount equal to (a) the lowest of (i) AWP minus a discount plus a Dispensing Fee, (ii) MAC plus Dispensing Fee, or (iii) U&C, less (b) the Cost Share. These terms also apply to Member-submitted claims. Sponsor will pay for Compound Prescriptions on a separate ingredient cost and Dispensing Fee basis. Retail Pharmacy Claims may not exceed a 34-day supply except at pharmacies contracted for extended days' supply.

No Minimum Charge. There will be no minimum charge to Members. Members will be charged the lowest of discounted AWP, submitted cost, MAC, U&C, or the Cost Share, plus Dispensing Fee where applicable. If a Member pays the entire cost of a Covered Pharmaceutical, there will be no charge or credit to Sponsor.

Subject to Section 4 below, MRx will provide the following financial guarantees for the Retail Pharmacy network:

1-83 day supply Component

Minimum Brand Effective Rate (AWP Discount) Guarantee:	AWP minus 18.00%
Minimum Generic Effective Rate (AWP Discount) Guarantee Year 1:	AWP minus 82.00%
Minimum Generic Effective Rate (AWP Discount) Guarantee Year 2:	AWP minus 82.25%
Minimum Generic Effective Rate (AWP Discount) Guarantee Year 3:	AWP minus 82.50%
Maximum Brand Claim Dispensing Fee Guarantee:	\$0.90
Maximum Generic Claim Dispensing Fee Guarantee:	\$0.90

84+ day supply Component

Minimum Brand Effective Rate (AWP Discount) Guarantee:	AWP minus 21.00%
Minimum Generic Effective Rate (AWP Discount) Guarantee Year 1:	AWP minus 82.00%
Minimum Generic Effective Rate (AWP Discount) Guarantee Year 2:	AWP minus 82.25%
Minimum Generic Effective Rate (AWP Discount) Guarantee Year 3:	AWP minus 82.50%
Maximum Brand Claim Dispensing Fee Guarantee:	\$0.00
Maximum Generic Claim Dispensing Fee Guarantee:	\$0.00

2. MAIL ORDER PHARMACY

Sponsor will pay MRx for Covered Pharmaceuticals dispensed to Members through a Mail Order Pharmacy an amount equal to (a) the lower of (i) AWP minus a discount or (ii) MAC, less (b) the Cost Share. The Dispensing Fee applicable to each Paid Claim is \$0.00. The minimum days' supply per prescription is 84 days. A Claim for less than 84 days' supply will be processed at rates applicable to the Retail Pharmacy.

No Minimum Charge. There will be no minimum charge to Members. Members will be charged the lowest of discounted AWP or the Cost Share. If a Member pays the entire cost of a Covered Pharmaceutical, there will be no charge or credit to Sponsor.

Subject to Section 4 below, MRx will provide the following financial guarantees for the Mail Order Pharmacy:

Component

Minimum Brand Effective Rate (AWP Discount) Guarantee:	AWP minus 24.00%
Minimum Generic Effective Rate (AWP Discount) Guarantee Year 1:	AWP minus 83.00%
Minimum Generic Effective Rate (AWP Discount) Guarantee Year 2:	AWP minus 83.25%
Minimum Generic Effective Rate (AWP Discount) Guarantee Year 3	AWP minus 83.50%
Maximum Brand Claim Dispensing Fee Guarantee:	\$0.00
Maximum Generic Claim Dispensing Fee Guarantee:	\$0.00

3. SPECIALTY DRUGS

This Section 3 does not apply (i) if Sponsor elects to carve-out Specialty Services; or (ii) Sponsor elects to utilize a third party vendor for Specialty Drug funding to Claims for Specialty Drugs that are funded through Sponsor's third party vendor.

Sponsor will pay MRx for Specialty Drugs that are Covered Pharmaceuticals dispensed through a Specialty Pharmacy or a Mail Order Pharmacy as set forth in Schedule B-1. MRx may add new Specialty Drugs to the Specialty Drug List as they become available in the market at a default price of 12% for a 30-day supply until MRx establishes an appropriate contract price.

Subject to Section 4 below, MRx will provide the following financial guarantees for Specialty Drugs dispensed through the Specialty Pharmacy and the Mail Order Pharmacy:

Component

Minimum Specialty Drug Effective Rate (AWP Discount) Guarantee:	AWP minus 17.50%
Maximum Specialty Drug Dispensing Fee Guarantee:	\$0.00

Limited distribution drugs dispensed from a pharmacy other than an MRx Affiliate are excluded from the Specialty Drug guarantees.

4. EFFECTIVE RATE GUARANTEES

The following terms apply to the guarantees set forth in Sections 1 through 3 above.

A. Effective Rate (Ingredient Cost) and Dispensing Fee Guarantees

Zero Balance Claims are included in the calculation. Claims for compound drugs, Specialty Drugs (except in connection with a Specialty Drug guarantee, as applicable), over-the-counter drugs, Claims with ancillary charges (but not taxes), Member-submitted Claims received after reconciliation is completed, Subrogation Claims, out-of-network Claims, Claims from in-house pharmacies (unless such pharmacy is in the MRx network), and Claims for Specialty Drugs funded by Sponsor's third party vendor are excluded from the

calculations. A Mail Order Pharmacy Claim for less than an 84 days' supply will be included in the Retail Pharmacy guarantee calculations.

For the Brand Effective Rate Guarantees, all Brands are included in the calculation. For the Generic Effective Rate Guarantees, both Single Source Generics and Multisource Generics are included in the calculation. "Single Source Generic" means a drug that is manufactured by and available from only one generic pharmaceutical manufacturer. "Multisource Generic" means a drug is manufactured by and available from more than one generic pharmaceutical manufacturer.

B. Reconciliation Process

After the end of each Contract Year, MRx will measure and reconcile each of the guarantees. MRx may offset any surplus on any Effective Rate or Dispensing Fee Guarantee within a dispensing channel (i.e., Retail Pharmacy, Mail Order Pharmacy, Specialty Drugs) against a shortfall in any other such guarantee within the same dispensing channel. MRx will provide a guarantee reconciliation report within ninety (90) days, and pay any shortfall against the guarantees within one-hundred twenty (120) days, after the end of the Contract Year. Rebates for Specialty Drugs do not apply.

5. REBATES (PRECISION FORMULARY)

On an annual basis, MRx will pay to Sponsor the greater of (a) one hundred percent (100%) of Rebates received by MRx or (b) the Guaranteed Rebates. MRx will pay (credit) Sponsor with such Rebates received by MRx within one hundred eighty (180) days following the end of each Contract Quarter.

MRx will provide the following Guaranteed Rebates:

Guaranteed Rebates (per Brand Paid Claim):

Retail 30 Pharmacy:	Year 1: \$159.37
	Year 2: \$164.15
	Year 3: \$169.07
Retail 90 Pharmacy:	Year 1: \$453.10
	Year 2: \$466.70
	Year 3: \$480.70
Mail Order Pharmacy:	Year 1: \$630.45
	Year 2: \$649.37
	Year 3: 668.85
Specialty Drugs*:	Year 1: \$1,199.84
	Year 2: \$1,235.83
	Year 3: \$1,272.91

*Rebates will not apply for Specialty Drugs if Sponsor elects to carve-out Specialty Services.

*If Sponsor elects to utilize a third party vendor for alternative Specialty Drug funding, then Guaranteed Rebates for Specialty Drugs do not apply and MRx will pay to Sponsor eighty percent (80%) of Rebates received by MRx for Specialty Drugs.

After the end of each Contract Year, MRx will calculate the amount of the Guaranteed Rebates accrued by Sponsor for such Contract Year in aggregate. If the aggregate amount of the Guaranteed Rebates for such

year exceeds the amount of Rebates paid to Sponsor attributable to such year, MRx will pay to Sponsor the difference within one hundred eighty (180) days following the end of the Contract Year.

Guaranteed Rebates do not include Claims for compound drugs, over-the-counter products, repackaged NDCs, biosimilars, or coordination of benefits; Subrogation Claims, 340B Claims, Member-submitted Claims, out-of-network Claims, Claims older than 180 days, Claims for Specialty Drugs dispensed through a Retail Pharmacy, Claims for vaccines, Claims with invalid service provider identification or prescription numbers, Claims where, after meeting the deductible, the Member's Cost Share amount requires the Member to pay more than 50% of the total annual cost for all Prescription Drug Claims, Claims that are not for Prescription Drugs, Claims for devices without a Prescription Drug component, Claims from entities eligible for federal supply schedule prices (e.g., Department of Veteran Affairs, Department of Defense), cash discount card and coupon Claims, Claims for drugs marketed, sold, or distributed as a generic version of a Brand Drug under a manufacturer's new drug application or biologic license application, and Claims for which a Plan or any of its Affiliates has obtained any kind of price concession directly or indirectly from a pharmaceutical manufacturer, wholesaler, or group purchasing organization.

MRx will pay to Sponsor any Rebates relating to Paid Claims with dates of service while this Agreement was effective for a period of twenty-four (24) months after termination of the Agreement. MRx will retain any Rebates received after such period.

MRx may contract with and/or utilize the services of a rebate aggregator to contract with and collect rebates from pharmaceutical manufacturers. The aggregator may retain a portion of the rebates and earn administrative fees for its services.

In addition to Rebates, MRx may earn additional amounts from pharmaceutical manufacturers and/or others. For example, MRx may earn administrative and/or service fees relating to administration of the Rebate program, and fees for other services rendered by MRx to such manufacturers unrelated to the administration of rebates, such as adherence and compliance programs, other patient support and similar services. MRx Affiliates may also receive purchase discounts relating to purchases of drugs for dispensing from the Mail Order Pharmacy or Specialty Pharmacy. The amounts described in this paragraph are not "Rebates" under this Agreement.

6. ADMINISTRATIVE FEES

A. Core Administrative Services. Sponsor will pay to MRx the following administrative fee for all of the Core Administrative Services set forth in Schedule A, Section 5:

Per Paid Claim: \$0.00

B. Value-Added Administrative Services. Sponsor will pay to MRx for the Value-Added Administrative Services requested or used by Sponsor as follows:

<u>SERVICE/DESCRIPTION</u>	<u>PRICE</u>
<u>Eligibility Services</u>	
Manual Eligibility	\$2.00 per eligibility record
Electronic Prescribing	\$0.16 per positive eligibility transaction
Retroactive termination letters	Quoted upon request
<u>Member Communications</u>	
Member Packets (mailed directly to Member)	\$1.25 per Member address, plus postage
Identification Cards	\$0.25 per card (Rx only) \$0.50 per card (Rx + medical)
Customized materials (Member packets or other communications)	Quoted upon request
Member mailings	\$1.25 per letter, plus postage
<u>Claims Processing and Payment</u>	
Direct Member Reimbursement (Member submitted manual/paper Claims)	\$1.50 per Claim, plus postage and Core Administrative Fee
<u>Utilization Management</u>	
MRx Standard Prior Authorization program, including intervention at the point of sale to support appropriate use and initial clinical coverage reviews based upon established criteria	\$35 per review
Appeals	\$100 per review
Independent Review Organization (IRO) services – access to MRx-supplied panel of IROs for external reviews if MRx provides final internal appeals	Pass through of fees from IRO entities
<u>Subrogation</u>	
Processing of Subrogation Claims	\$3.00 per Subrogation Claim
<u>Reporting</u>	
Custom ad hoc reporting	\$195 per hour
<u>Retiree Drug Subsidy</u>	
RDS Support Services	Quoted upon request
<u>Audit/Fraud, Waste and Abuse</u>	
Custom FWA program	Quoted upon request
Sponsor-requested audits of pharmacy	On site audit: \$1,500 per audit Desk audit: \$500/audit
<u>Physician Communications</u>	
Physician charges relating to utilization management activities (e.g., requests for information, discussion of clinical criteria)	Pass through of physician charges

7. IMPLEMENTATION ALLOWANCE

Ninety (90) days after the Effective Date, MRx will credit Sponsor up to \$3.00 per Employee (based on the initial enrollment as of the Effective Date) against the next regular invoice to Sponsor. Such credit will be limited to reimbursement for Sponsor's reasonable and actual costs/expenses relating to the implementation of this Agreement (e.g., consulting fees, cost of preparing a request for proposal, communications to Members, etc.). Sponsor will provide appropriate documentation of its costs/expenses within sixty (60) days after the Effective Date. In addition to any other remedies MRx may have under Law, in the event Sponsor terminates this Agreement prior to the expiration of the Initial Term, Sponsor will return any amount credited under this section upon the effective date of such termination.

8. GENERAL

The pricing terms in this Agreement are based upon the Minimum Enrollment, Benefit Design (including but not limited to the Formulary), and other information provided by Sponsor to MRx during the proposal process. If Sponsor falls below the Minimum Enrollment, makes any changes to the Benefit Design, makes other changes to its Plan(s), if five percent (5%) of Claims are incurred collectively in Massachusetts, Hawaii, Alaska, Georgia, and Puerto Rico, or other changes occur, that constitute a material departure from MRx's underwriting assumptions based on information provided by Sponsor, the Parties agree to modify the terms of this Schedule B as of the effective date of such event/change to return MRx to its relative economic position prior to such event/change.

In the event a change in Law (including any interpretation of same) occurring after this Agreement has been signed materially impacts MRx's costs of providing any of the PBM Services hereunder, or if an action by a pharmaceutical manufacturer, any unscheduled patent expiration/availability of over-the-counter products, a drug withdrawal or recall, or industry-wide market change, constitutes a material departure from MRx's underwriting assumptions, the Parties will make an equitable modification to the pricing terms of this Schedule B as of the effective date of such event/change. In the event of any increase in postage or carrier rates announced after this Agreement is signed, MRx will amend the Dispensing Fee relating to the Mail Order Pharmacy or Specialty Pharmacy, as applicable, to reflect such increased amount.

SCHEDULE B-1 SPECIALTY DRUGS

This Schedule B-1 applies only to Specialty Drugs purchased through the Specialty Pharmacy or the Mail Order Pharmacy.

If Sponsor elects to implement an exclusive Specialty arrangement then the Specialty Pharmacy designated by MRx is the exclusive provider of Specialty Drugs under this Agreement.

If Sponsor elects to implement an open Specialty arrangement the Specialty Pharmacy designated by MRx is the exclusive Specialty Pharmacy under this Agreement. Sponsor will pay for Specialty Drugs obtained through a Retail Pharmacy under the terms of Schedule B, Section 1 (Retail Pharmacy).

MRx maintains a Specialty Drug List, which provides a separate price (typically expressed as a discount off of AWP) for each Specialty Drug on the list. The price varies on a drug by drug basis. For each Paid Claim for a Specialty Drug, Sponsor will pay to MRx the specified price, plus a Dispensing Fee of \$0.00

Notwithstanding the above, certain Specialty Drugs, such as vaccines and those with restricted distribution channels (sometimes referred to as “limited distribution drugs”), may include higher dispensing fees and/or a per diem or per activity charge, such as for associated equipment or nursing services. For these Specialty Drugs, the drug price, Dispensing Fee, and any per diem or per activity charges will be charged to Sponsor on a pass through basis. MRx may arrange for the provision of limited distribution drugs through another pharmacy as necessary or appropriate for continuing Member care.

MRx will provide a copy of the Specialty Drug List upon Sponsor request.