

**FIRST AMENDMENT
TO
PHARMACY BENEFIT MANAGEMENT CONTRACT**

THIS AMENDMENT is made on July 1, 2004, by and between State of Wisconsin Group Insurance Board ("Board"), and Navitus Health Solutions, LLC ("Contractor"). This Amendment amends the Pharmacy Benefit Management Contract between the parties dated as of January 1, 2004 ("Agreement").

The parties agree as follows:

1. **Section 6.07.** The second sentence of Section 6.07(c)(1) of the Agreement is amended in its entirety to read as follows: "The audits will be completed by the firm contracted by the Employee Trust Funds Board to complete third party contract audits of the Pharmacy Benefit program, and will be paid for by the Board in the following manner: the Contractor will make payment for such an audit and will be reimbursed by the Board on a cost basis."
2. **New Section 6.09.** Section 6.09 is added to the Agreement to read as follows:

6.09 Consulting Services. The Board directs and authorizes the Contractor to pay at the end of each calendar quarter to the Board's consulting actuary the costs charged for consulting services provided with regard to this Contract. The Board shall reimburse the Contractor for all payments made to the Board's consulting actuary and for any related expenses incurred at least 10 days prior to the end of each calendar quarter.
3. **Part 9.** The Performance Standards for Contractor attached hereto are incorporated in the Agreement as Part 9.
4. **Exhibit 2.** Exhibit 2 of the Agreement is amended in its entirety by the attached Exhibit 2, Standard Board Communications.
5. **Other.** All other terms of the Agreement remain in full force and effect. Undefined capitalized terms in this Amendment shall have the meanings ascribed to them in the Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first above written.

State of Wisconsin Group Insurance Board

Navitus Health Solutions, LLC

By Stephen A. Frankfurt
Its CHAIR

By Allen Scrimm
Its PRESIDENT & CEO

EXHIBIT 2

Standard Board Communications

Standard Board Communications - Navitus will provide the Board the reports listed below (examples attached) in the time frame indicated. In addition, for each monthly report, a quarterly roll-up and an annual roll-up report will be provided. In addition, Navitus will provide any reports not listed here that are required to measure performance standards in part 9 of this contract.

Report Selection

Top 50 Drugs by Cost - Monthly

Top 50 Drugs by Quantity - Monthly

MAC Savings – Monthly

Member Pharmacy Metrics – Monthly

Pharmacy Metrics Summary – Monthly

Tablet Splitting Savings – Monthly

Rejected Claims Summary – Monthly

Drug Category Utilization – Monthly

Drug Category Utilization by Drug Name – Monthly

Grievance Report (annual, due March 1)

Member Inquiry/Grievance Resolution Report - Monthly

Telephone Activity – Monthly

Pharmacological Care Program – Monthly

High Cost Drug (\$2,000 and more) Activity – Monthly

Subscriber Non-compliance Summary – Semi-annually and annual roll-up

Health Plan Formulary Compliance Report - Monthly

Independent Review Organization Activity Report - Navitus will advise the Department in writing within 2 working days following the receipt a valid request for an independent review of any grievance.

Pharmacy and Therapeutics Committee Action – Navitus will provide a summary of actions taken at each pharmacy and therapeutics committee meeting. The summary will provide written documentation and explanation of actions affecting the program taken by the committee prior to the implementation of any of those actions.

Actuarial Reports

Navitus will submit to the Board's actuary complete claims experience by each prescription for each person in the program using the Navitus Standard Claims Extract, less any personal health information, but including dummy member numbers in order to identify when one member has multiple prescriptions. In addition, adjustments for rebates will be made available by claims period.

There will be five reports required annually. Four on a quarterly basis, plus one additional on-request report to coincide with and provide most recent data for health plan premium rate negotiations. The negotiations typically occur in early August but the request will be made for the timeframe as needed.

The quarterly reports will be submitted as follows:

- 1) The first quarter claims paid through March 31, due April 15.
- 2) The first half claims paid through June 30, due July 15.
- 3) The first 9 months of claims paid through September 30, due October 15.
- 4) The annual total claims paid through December 31, due January 15 of the following year.

Data and tools for creating ad hoc reports within the Department

Navitus will provide the Department with claims files, removing personal health information upon request.

Navitus will provide access to monthly data roll-ups (power cubes) in Cognos ¹¹⁻¹⁸⁻⁰⁴ Play or comparable applications. Navitus will be make this available via the Internet or will provide the software and support for the Department.

**PART 9
PERFORMANCE STANDARDS FOR CONTRACTOR**

Standard	Definition of Standard	How measured	Penalty/
System Availability	Available for online claim adjudication by Network Pharmacies 99% of the time (7 days x 24 hours/day), excluding scheduled downtime for maintenance or system upgrades	Quarterly availability report provided by SXC	98%-98.9%-non-compliant* <98%-\$7500 penalty
Mail order program	Average turnaround time (defined as prescription receipt date by mail order vendor to ship date) of 3 business days for all clean requests (no need for vendor to obtain additional information to be able to fill prescription). 90% of all clean prescriptions will be shipped within 2 business days of receipt; 99.5% within 5 business days of receipt.	Quarterly turnaround time report provided by Prescription Solutions, Inc.	89-89.9%-non-compliant* <89%-\$7500 penalty
Standard reports	Mutually agreed upon reports will be provided within 15 business days of the end of the reporting period	Quarterly report of all standard reports issued for the quarter showing due date and delivery date	\$500/day
Initial enrollment package	97% of enrollment packages mailed out not later than 4 business days following receipt of complete eligibility (eligibility does not need to be developed for missing or incomplete information.)	Quarterly report to measure this between Navitus (eligibility receipt to ID card load date and vendor, ID card request date to mail date)	95-96.9%-non-compliant* <95%-\$2500 penalty

9/7/2004

* if performance remains at this level for 2 consecutive quarters, then the penalty shown for the standard will be enforced unless the parties have mutually agreed to waive the penalty due to extenuating or other "special cause" circumstances.

**PART 9
PERFORMANCE STANDARDS FOR CONTRACTOR**

Standard	Definition of Standard	How measured	Penalty/
ID cards	97% of cards will be mailed out within 4 business days following date requested	Quarterly report to measure this between Navitus (eligibility receipt to ID card load date and vendor, ID card request date to mail date)	95-96.9%-non-compliant* <95%- \$2500 penalty
Call Center metrics -Telephone Service Factor	-90% of calls within 30 seconds or less	Call Center quarterly report	89-89.9%-non-compliant <89%- \$7500 penalty
-Service % (inverse of call abandon)	-95% of all calls answered excluding "short" abandons (callers who abandon in 30 seconds or less	Call Center quarterly report	93-94.9%-non-compliant <93%- \$7500 penalty
Written inquiries from ETF Ombudsman	Responded to in writing within 15 business days from the date of the ETF inquiry	Quarterly inquiry log showing ETF letter date, Navitus received date and resolution date.	None
Direct Member Reimbursement (DMR) Claims Processing	Process 99% of all "clean" claims (all information is present to adjudicate the claim) within 30 calendar days of receipt.	Quarterly turnaround time report	97-98.9%-non-compliant <97%- \$7500 penalty

9/7/2004

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**PART 9
PERFORMANCE STANDARDS FOR CONTRACTOR**

Standard	Definition of Standard	How measured	Penalty/
Pharmacy Network Reimbursement financial accuracy	"Net" financial accuracy defined as 99.5% of paid claims (including reversals and adjustments) should be paid in accordance with the pharmacy contract reimbursement provisions effective at the time the claim is adjudicated.	Quarterly query report from all claims paid records demonstrating accuracy of reimbursement. The report will be lagged by 1 quarter to allow for reversals and other adjustments. For example, performance standards measured for the second quarter of the year will be based on first quarter claims. The report will itemize underpayments versus overpayments. A separate report will log the reasons for the payment error and steps taken to prevent it from reoccurring.	99-99.4%-non-compliant <99%-\$7500 penalty
Member written inquiry	All member written inquiries will be resolved within 5 business days of receipt (unless an extension is requested to obtain additional and/or missing information necessary to resolve the inquiry)	Inquiry log maintained by Navitus	None

NOTES

1. Performance standards will be reported starting at the beginning of the 3Q2004 and penalties will apply as of 3Q2004 actual results.
2. The maximum annual amount of penalties payable by Navitus shall be \$100,000.
3. Penalties under these standards shall be suspended as mutually determined by ETF and Navitus where "special cause" circumstances materially alter the intended purpose of these standards and the application of them would unfairly impact Navitus. Examples of "special cause" would include such things as a substantial increase in enrollment; eligibility issue causing unanticipated phone call volume in the Call Center, etc.
4. If for any quarter ETF membership fails to average 228,000 members, the parties agree to modify penalty amounts based on actual membership levels.
5. Where Navitus's ability to meet any performance standard relies on the performance of a subcontractor, implementation of the standard will be delayed to a date mutually agreeable to both parties so Navitus has the opportunity to amend its contract with the subcontractor to include a similar standard.

9/7/2004

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