

**NAVITUS PHARMACY BENEFIT MANAGEMENT SERVICES AGREEMENT  
MEDICARE PART D ADDENDUM**

This Medicare Part D Addendum (“Addendum”) is entered into this 1<sup>st</sup> day of January, 2012 (“Effective Date”) by and between **Navitus Health Solutions, LLC**, a Wisconsin limited liability company (“Navitus”), **Sterling Life Insurance Company**, an Illinois corporation (“Sterling”), and **The State of Wisconsin Department of Employee Trust Funds, on behalf of The State of Wisconsin Group Insurance Board**, (“Client”). Client, Sterling, and Navitus may be referred to, individually, as a “Party” and, collectively, as the “Parties.”

**RECITALS**

**Whereas**, Navitus and Client have entered into a Pharmacy Benefit Management Contract Services Agreement with an effective date of January 1, 2011 (the “Client Agreement”), under which Navitus provides services related to the management of pharmacy benefits sponsored by Client;

**Whereas**, Navitus will have a separate client agreement with each of its clients covering the non-Medicare-related commercial plan, and Navitus will share a redacted copy of that agreement with Sterling pursuant to Section 2.01

**Whereas**, Client provides Eligible Persons (as defined below) enrolled in its Medicare Part D Prescription Drug Program with benefits for prescription drugs and certain devices and supplies dispensed by pharmacists, and Client desires to offer its retirees Medicare Part D benefits to its retirees via a CMS-approved Employer Group Waiver Plan (as defined below);

**Whereas**, Sterling, a CMS contracted entity, is engaged in the business of, among other things, arranging Medicare Part D services for and on behalf of Employer Group Waiver Plans (as defined below) through direct and indirect contractual relationship with pharmacies and other healthcare provider authorized to provide Medicare Part D services;

**Whereas**, Navitus and Sterling have entered into a Medicare Part D Prescription Drug Services Agreement with an effective date of March 2, 2011 (the “Medicare Part D Navitus Health Solutions Prescription Drug Services Agreement” or “Navitus/Sterling Services Agreement”), which defines the relationships between Navitus and Sterling with regard to Employer Group Waiver Plans;

**Whereas**, Client, Navitus, and Sterling desire to enter into this Addendum for the provision and management of the pharmacy benefits sponsored by Client for Eligible Persons under the Medicare Part D Laws and Regulations (as defined below);

**Now therefore**, in consideration of the mutual promises set forth herein, Client, Navitus, and Sterling agree as follows:

**ARTICLE I.  
DEFINITIONS**

For the purposes of this Addendum, the terms below, including their single and plural forms, shall have the meanings set forth in this Article I:

**Client Agreement** has the meaning assigned to it in the Recitals.

**CMS** means the Centers for Medicare and Medicaid Services.

**Eligible Person** means one of Client's Medicare Part D applicants who satisfies all the eligibility criteria necessary to receive pharmacy benefits under the Plan and is identified by the Client as an enrollee in the Employer Group Waiver Plan.

**Employer Group Waiver Plan, EGWP, or 800 Series Plan** means a customized Medicare Part D prescription drug plan developed by Sterling and Navitus and offered exclusively to Employer group health plans by Sterling on an administrative services only basis.

**EGWP Plan Guidelines** means a description of pharmacy benefits provided under the EGWP and limitations thereto, including the framework of policies, interpretations, rules, practices and procedures applicable to such benefits and signed by Sterling and submitted to Navitus. The Parties agree that the EGWP Plan Guidelines will be consistent with Medicare Part D Navitus Health Solutions Prescription Drug Services Agreement between Sterling and Navitus, the contracts between Sterling and CMS related to operating an EGWP, and CMS guidance regulatory requirements. The EGWP Plan Guidelines shall not include any amendments except as provided in Section 4.03 of this Addendum.

**Formulary** means the entire list of Covered Products under the Plan.

**Generic Product** means any drug designated as generic by the entity that Navitus has entered into an agreement with to provide Branded Product and Generic Product designation, and the Average Wholesale Price (AWP).

**Illustrative Premium** means the premium that Client would have paid if they had purchased an equivalent, individual, insured product offered by Sterling.

**Medicare Part D** means the Medicare Prescription Drug Benefit Program set forth in the Medicare Prescription Drug, Improvement and Modernization Act of 2003 and the regulations and subregulatory guidance promulgated thereunder, as may be amended from time to time.

**Medicare Part D Navitus Health Solutions Prescription Drug Services Agreement** has the meaning assigned to it in the Recitals.

**Medication Therapy Management, or MTM**, means a drug therapy management program that is designed to ensure, with respect to targeted Eligible Persons as defined in 30.2 (Rev. 11, Issued: 02-19-10, Effective/Implementation Date: 03-01-10) – Targeted Beneficiaries in Chapter 7 – Medication Therapy Management and Quality Improvement Program of the CMS Prescription Drug Benefit Manual (as modified from time to time by CMS), that Covered Products are appropriately used to optimize therapeutic outcomes through improved medication use, and to reduce the risk of adverse events, including adverse drug interactions.

**Member** means an Eligible Person.

**MIPAA** means the Medicare Improvements for Patients and Providers Act, which became law on July 15, 2008.

**Navitus PMPM** has the meaning assigned to it in Exhibit 1.

**Oversight Committee** means a standing committee of appropriate representatives from Sterling, Client and Navitus whose collective purpose is to identify issues, set strategic direction, and identify specific objectives

and timelines to be achieved in fulfillment of the terms and spirit of the Addendum and broader Part D product strategy.

**Plan** means the combination of benefits provided to Eligible Persons through (a) Sterling's Employer Group Waiver Plan, which includes the Medicare Part D Defined Standard Benefit, and (b) the Wrap Plan, which includes commercial non-Medicare Part D benefits.

**Plan Guidelines** means the combined description of pharmacy benefits in the EGWP Plan Guidelines and the Wrap Plan Guidelines.

**Provider** means any organization, institution, or individual that provides health care services to Medicare beneficiaries. Physicians, ambulatory surgical centers, and outpatient clinics are some of the providers of services covered under Medicare Part B.

**Service Area** means Sterling's geographic service area, as approved by CMS as further identified in Exhibit 3, attached hereto, which may be amended from time to time by Sterling upon notice to Client and Navitus, to reflect changes in the Service Area approved by CMS.

**Sterling PMPM** has the meaning assigned to it in Exhibit 1.

**Sterling Services** means the services to be provided by Sterling under this Addendum, as more specifically set forth in Article IV of this Addendum.

**True Out-of-Pocket Cost** or **TrOOP** means expenses (such as a Coinsurance, Copayment or Deductible amount) incurred by an Eligible Person or by another person on behalf of an Eligible Person.

**Trust Account** means a trust account established by Sterling on behalf of Client for the purpose of holding capitation payments from CMS until such amounts are distributed as provided herein.

**Wrap Plan** means the commercial, non-Medicare Part D benefits provided to Eligible Persons by Client through Navitus, which is separately administered from the EGWP, and which benefits are those agreed upon by Client and Navitus from time to time.

**Wrap Plan Guidelines** means a description of pharmacy benefits provided under the Wrap Plan and limitations thereto, including the framework of policies, interpretations, rules, practices and procedures applicable to such benefits signed by Client and submitted to Navitus. The Wrap Plan Guidelines shall not include any amendments except as provided in Section 4.03 of this Addendum.

All other capitalized terms that are not otherwise defined in this Addendum shall have the meaning set forth in the Client Agreement and, if not defined therein, the meaning set forth in the Navitus/Sterling Services Agreement.

## ARTICLE II.

### SCOPE OF ADDENDUM; NAVITUS' RESPONSIBILITIES

**Section 2.01. Scope of Addendum; General Description of Duties and Obligations.** This Addendum includes terms and conditions under which Navitus and Sterling will provide services related to the Plan. Except as otherwise modified or supplemented by this Addendum, the terms of the Client Agreement shall apply to the services provided under this Addendum. All such services provided by Navitus shall be consistent and comply with Sterling's contractual obligations to CMS. Prior to the execution of this Addendum, Navitus has provided Sterling with a copy of the Client Agreement, which may have been

redacted to remove certain confidential and proprietary information of Navitus and/or Client. Navitus shall also promptly provide Sterling with copies of any amendments to the Client Agreement following the execution of such amendments by Navitus and Client, which also may be redacted to remove certain confidential and proprietary information of Navitus and/or Client. Navitus and Client agree that Sterling will not be bound by any provision in the Client Agreement, or any amendment thereto, unless (a) the applicable provision was included in the copy of the Client Agreement provided to Sterling prior to the execution of this Agreement and is referenced in this Addendum as being applicable to Sterling or (b) Sterling agrees in writing to be bound by such provision. Sterling shall not disclose any provision of the Client Agreement to any other party, except as required by Federal law or when disclosure is allowed by the Client Agreement.

**Section 2.02. Delegated Functions.** Navitus agrees to perform the services provided under this Addendum, as delegated by Sterling, in compliance with all applicable federal laws and regulations and CMS instructions, including, without limitation, all of the requirements set forth under 42 CFR Part 423. Sterling will monitor Navitus' performance of those delegated functions on an ongoing basis. No delegation shall relieve Sterling from its statutory responsibility to assess and to oversee the provision of such services to Eligible Persons. Sterling may revoke the delegation of those functions and services to Navitus if Sterling or CMS determines that Navitus has not performed those functions or services satisfactorily after written notice to Navitus of the deficiency and a reasonable opportunity to cure such breach. Sterling and Navitus agree to negotiate in good faith a remedy whenever possible in lieu of revocation of delegation.

**Section 2.03. Pharmacy Network.** Navitus will make available to Client a network of pharmacy providers that meets the access requirements of Client in the Service Area. Navitus will comply with the CMS rules related to pharmacy network access for EGWPs as outlined in the Medicare Prescription Drug Benefit Manual, created and as modified from time to time by CMS. The Parties understand that CMS has waived the specific Part D retail pharmacy access standards contained in 42 CFR 423.120(a)(1) for "800 series" EGWPs as long as the plan sponsor attests that its networks are and will continue to be sufficient to meet the needs of those individuals eligible to participate in the plan, including situations involving emergency access. However, CMS may review the adequacy of the pharmacy networks and potentially require expanded access in the event of beneficiary complaints or for other reasons in order to ensure that the plan's network is sufficient to meet the needs of its enrollee population. Should CMS require expanded access to meet the needs of the enrollee population, Navitus shall meet or exceed such minimum access requirements put forward by CMS within three (3) months of any review or such shortened period as required by CMS.

**Section 2.04. Claim Processing.**

(a) **General.** Navitus will process Claims with dates of fill on or after the Effective Date, through and including Claims with dates of fill prior to the termination of this Agreement according to the Prescription Pricing Schedule in Exhibit 2, the Plan Guidelines and HIPAA-required transaction code sets.

(i) Client and Sterling recognize that the Prescription Pricing Schedule indicates a target pricing discount for the distribution channels listed, and that the agreed upon discounts from some pharmacies may vary within each channel, and more specifically, agreed upon discount rates may vary substantially for some long-term care pharmacies servicing Eligible Persons residing in long term care facilities, for Indian Tribal Unit pharmacies, home infusion pharmacies, and other non-traditional retail pharmacies required by CMS. Notwithstanding the foregoing, if Client requests that Navitus encourage a pharmacy to become a Participating Pharmacy by offering such pharmacy reimbursement rates that exceed the rates set forth in Exhibit 2, then Navitus shall use such revised reimbursement rates for such pharmacy.

(ii) Navitus will review all contractual Claims transmitted by Participating Pharmacies and notify such providers on-line of the reason or reasons for denial of such Claims, including, but not limited to, missing or erroneous information. Navitus will also make factual determinations and interpret the

provisions of the Plan to make coverage determinations on claims for Plan Benefits. Navitus does not assume responsibility for establishing coordination of benefits filing order for subsequent coverages, nor responsibility for coordination of benefits investigational efforts, subrogation, or coordination with Worker's Compensation.

(iii) Eligible Persons will have the right to file a grievance or an appeal if they are unhappy or dissatisfied with any of the benefits or services they receive pursuant to the Plan. Navitus has designated individuals who will handle the processing of both appeals and grievances. These Navitus designees will process all valid grievance or an appeals received within the timeframes and regulations imposed by CMS, as referenced in 42 CFR 423.564 and 42 CFR 423.580 through 42 CFR 423.590. Subject to the terms and conditions herein, after the exhaustion of such appeal process managed by Navitus, Client shall make the final determination regarding payment of all submitted Claims related solely to the Wrap Plan, consistent with any CMS rules and regulations limiting the Client's decisions related to such appeals.

(b) **Coordination of Benefits.** Subject to Client's compliance with Section 3, below, which requires Client to provide to Navitus eligibility information, including that required to conduct proper Coordination of Benefits, Navitus shall work with Client to ensure that the claims process will include the Coordination of Benefits in accordance with federal regulation 42 CFR 423.464, and real-time tracking of Eligible Person's drug benefits, including TrOOP, for those Claims transmitted by Participating Pharmacies using the NCPDP facilitation process. The Parties anticipate that such user fees will be paid by Sterling and deemed reimbursed as part of the Sterling PMPM (as defined in Exhibit 1).

(c) **Explanation of Benefits.** Navitus will furnish Eligible Persons, in a manner specified and required by CMS, with a written explanation of benefits ("EOB") when prescription drug benefits are provided under qualified prescription drug coverage consistent with the requirements of the Medicare Drug Rules as referenced in 42 CFR 423.128(e).

**Section 2.05. Treatment Alternatives.** Client agrees that consistent with the HIPAA Privacy Rule, applicable CMS rules and regulations, and pending Sterling approval on all communications to Eligible Persons, Navitus may contact Eligible Persons to provide refill reminders or information about treatment alternatives, including, but not limited to, brand and generic drugs, or other health-related benefits and services that may be of interest to such Eligible Persons. The Parties agree that Participating Pharmacies and Providers may contact Eligible Persons regarding refill reminders or information about treatment alternatives; provided that such action is not inconsistent with applicable medical standards of care or any limitation imposed by applicable law.

**Section 2.06. Financial Information Reporting (FIR) Transaction Processing.** Navitus will administer FIR transaction processing on behalf of Sterling. Navitus will send and receive transactions from the TrOOP Facilitator, Relay Health. Reporting will be provided to Sterling's Enrollment Department with transaction activity on a monthly basis.

**Section 2.07. Core Reports.** Navitus will prepare and deliver Navitus' standard reports for Medicare Part D products to Client and Sterling on a timely basis. Upon Sterling's request, Navitus will also provide Sterling with those reports reasonably required in order to receive subsidies from CMS under Sterling's contract with CMS to provide 800 Series EGWPs.

**Section 2.08. Prescription Drug Event ("PDE") Reconciliation.** Navitus shall work with Sterling to provide the required claim information necessary to initiate the PDE reconciliation process with CMS. Navitus will be responsible for examining and classifying claims that have been rejected through the PDE process. Navitus will be responsible for correction of claims information in accordance with its scope of service under this Addendum. Sterling will be responsible for providing Navitus with information

necessary to correct claims information in accordance with Sterling's scope of services under this Addendum. Navitus will accumulate and resubmit corrected claim information to complete the PDE reconciliation process. Sterling is responsible for final financial reconciliation with CMS. Client acknowledges that the subsidies received from CMS will depend on the PDE reconciliation process and that not all PDEs are accepted as part of that process.

**Section 2.09. Web Site.** Navitus shall develop, maintain, and administer a web site in accordance to the requirements outlined in Chapter 3, "Medicare Marketing Guidelines" of the Medicare Managed Care Manual per Sterling's approval.

**Section 2.10. Listing of Participating Pharmacies.** Navitus will make available an updated list of Participating Pharmacies within its network via its secured online website and will provide hard copies upon request as required by CMS. Access to Navitus' online website will require Eligible Persons and Client to log in before accessing information specifically related to the Plan.

**Section 2.11. Communications with Eligible Persons.** Navitus shall submit any proposed communications to be addressed to Eligible Persons that mention the Plan or the benefits offered thereunder, to Sterling for review and approval prior to delivering such communications to any Eligible Persons.

**Section 2.12. Other Services.** Navitus shall provide all other services listed in the Navitus/Sterling Services Agreement on the terms set forth therein, and any failure to list such services in this Addendum shall not limit Navitus' obligation to provide such services thereunder.

### ARTICLE III. CLIENT RESPONSIBILITIES

**Section 3.01. Eligibility.** In accordance with a mutually agreed upon schedule and in compliance with all applicable CMS requirements, Client or its designee shall provide to Sterling and Navitus, on at least a weekly basis eligibility files, which shall include any information reasonably required by Sterling to provide enrollment/disenrollment files to CMS and reconcile enrollment with CMS.

(a) Client shall be solely responsible for the accuracy and timeliness of such information, including financial responsibility to make each Participating Pharmacy and Eligible Person whole as a result of any errors related to eligibility and retroactivity of benefits, to the extent allowable by law or the Client Agreement.

(b) Client is responsible for determining eligibility and enrollment for coverage under the Plan according to information provided by Client's employees and retirees.

(c) All Eligible Person eligibility information furnished to Navitus and Sterling shall be provided via electronic media (e.g., electronic data interface) in a file layout mutually agreed to by the Parties. Hard-copy submission of Eligible Person information shall be submitted to Sterling only in emergency situations.

(d) Client represents that each individual's eligibility for benefits is determined by reference to criteria in its Plan. Such information shall include all information identified by Navitus so as to enable Navitus to process Claims in accordance with HIPAA, and as required to conduct proper Coordination of Benefits consistent with 42 CFR 423.464, and shall be provided in a mutually acceptable format.

(e) Client will provide to Navitus and Sterling regular updates of subsequent changes in enrollment, including, but not limited to, changes in eligibility status, additions and deletions of Eligible Persons, and termination of benefits, together with the effective date of any such changes if such changes occur after the effective date of this Addendum. Navitus and Sterling will communicate with each other with regards to such information provided by Client as set forth in the Navitus/Sterling Services Agreement.

(f) As set forth in the Client Agreement, if Client retroactively changes a Member's status under the Plan, Client shall be responsible for payment of all Claims related to such Member that are processed prior to Navitus processing the notification of the retroactive termination.

**Section 3.02. Premium Billing.** If Client bills Eligible Persons for premiums related to the services provided pursuant to the Plan, Client shall bill those Eligible persons in accordance with the Plan Guidelines and all CMS rules and regulations related to such premiums. Without limiting the foregoing, Client shall adjust premiums due to the Low Income Subsidy and to enforce Late Enrollment Penalty payments in accordance with CMS rules and regulations. Client agrees to comply with all CMS rules and regulations, including, without limitation, those related to the billing of premiums for Eligible Persons. Upon request by Navitus or Sterling, Client shall promptly provide information reasonably required for the administration of the Plan.

**Section 3.03. Communications with Eligible Persons.** Client shall submit any proposed communications to be addressed to Eligible Persons that mention the Plan or the benefits offered thereunder to Sterling and Navitus for review and approval prior to delivering such communications to any Eligible Persons.

**Section 3.04. Contract Compliance with CMS.** Client acknowledges and agrees that Navitus and Sterling are required to perform certain functions and duties under the terms of Sterling's contracts with CMS to operate an EGWP. Client further acknowledges that Navitus and Sterling must meet all terms and conditions and all required statutory and regulatory standards defined in such agreements and Sterling is directly accountable for compliance with those standards. Nothing in this Addendum should be construed to limit in any way Sterling's authority or responsibility regarding any of those functions that may be delegated. Navitus will use commercially reasonable efforts to ensure that Client is informed of and understands the applicable defined terms and conditions, and required statutory and regulatory standards necessary for compliance with applicable CMS rules and regulations related to services provided under this Addendum.

**Section 3.05. EGWP Service Area.** Client shall provide Sterling and Navitus with a complete list of the addresses of Eligible Persons that fall within the Service Area upon execution of this Addendum, and Client shall promptly communicate any change in Client's locations within the Service Area to Sterling and Navitus, so that Sterling and Navitus can ensure that services are available to Eligible Persons residing near such locations.

#### ARTICLE IV. STERLING SERVICES

**Section 4.01. CMS Contract.** Sterling shall maintain a valid contract with CMS to offer an 800 Series EGWP in service areas as agreed to with Sterling. Sterling shall be licensed as a risk bearing entity by states which require such licensure and meet the financial solvency requirements set forth in 42 C.F.R. § 423.401. Sterling, either directly or through subcontractors, shall comply with the requirements of its contract with CMS to offer 800 Series EGWPs. Upon execution of this Addendum and each year thereafter, Sterling shall provide Navitus with a copy of its contract with CMS within ten (10) business days after bid approval and posting on HPMS. Sterling shall also provide Navitus with a copy of any

amendment to such contract with CMS within ten (10) business days after the date Sterling becomes aware such amendment will become effective.

**Section 4.02. Dissemination Materials.** Sterling will complete fulfillment of all Member materials that are related to the enrollment or disenrollment of a Member. All such materials must be reviewed and approved by Sterling prior to use. These materials include, but are not limited to, the following:

- (a) Enrollment acknowledgement letter;
- (b) A welcome packet to include:
  - (i) ANOC/EOC
  - (ii) Summary of Benefits
  - (iii) Comprehensive Formulary
  - (iv) Pharmacy Directory
  - (v) Member I.D. Cards;
- (c) Post enrollment materials;
- (d) Formulary errata sheets; and
- (e) All disenrollment notifications and communications;

Sterling shall review ad hoc member communications developed by Navitus and Client to ensure no CMS compliance risks exist with each communication. Navitus and Sterling will mutually agree to a process for such oversight that minimizes any operational delays in executing these communications and the allocation of costs related to such communications.

**Section 4.03. Plan Guidelines.** Sterling represents and warrants that the EGWP Plan Guidelines are based on the Defined Standard Benefit as defined by CMS each plan year and are true, accurate and complete descriptions of the pharmacy benefits available to Eligible Persons.

(a) Sterling acknowledges its status as the Medicare Part D Plan sponsor and co-administrator of the EGWP for purposes of this Addendum. Sterling shall promptly notify Navitus of any changes to the EGWP Plan Guidelines.

(b) Client represents and warrants that the Wrap Plan Guidelines are true, accurate and complete descriptions of the pharmacy benefits available to Eligible Persons. Client shall promptly notify Navitus of any changes to the Wrap Plan Guidelines. Client will only have the authority to modify the Wrap Plan Guidelines and may not modify any of the EGWP Plan Guidelines or the CMS Defined Standard Benefit.

(c) Navitus acknowledges its status as co-administrator of the EGWP and as the plan administrator for the Wrap Plan for purposes of this Addendum.

(d) After receiving notice of a change in the Plan Guidelines from Sterling or Client, Navitus will advise Sterling and Client of the anticipated implementation dates of the proposed benefit changes, and the benefits that are implemented shall be deemed to be incorporated into this Addendum as of the date of implementation.

(e) Charges, as agreed upon by Navitus, Client, and Sterling in writing, for programming to implement any Customized Edits shall be borne by Client unless otherwise agreed to by the Parties. For

purposes of this section, "Customized Edits" will include only unusual or extraordinary edits performed by Navitus or Sterling in response to a Client request. Prior to Navitus or Sterling performing Customized Edits, the parties will agree upon the scope of the Customized Edits and the charges for the Customized Edits to be paid by Client.

(f) If CMS, Sterling, or Client modifies the Plan Guidelines in a manner that materially affects any Party's duties, obligations or cost of performance under this Addendum, then at the request of such affected Party, all of the Parties will work toward a mutually acceptable modification of this Addendum, including, but not limited to, adjustments to the administrative charges in Exhibit 1 or the Prescription Pricing Schedule in Exhibit 2 of this Addendum. If Client, Sterling and Navitus are unable to agree upon mutually acceptable modifications after negotiating in good faith, then any Party may terminate this Addendum upon not less than sixty (60) days' prior written notice.

**Section 4.04. Eligibility and Enrollment.** Sterling shall determine eligibility and enrollment for coverage under the Plan according to the information provided by the Client. Sterling shall be responsible for ensuring any information provided to Navitus by Sterling is consistent with the information provided by Client and that the enrollment information is reconciled with CMS in a timely manner. Sterling shall maintain an enrollment system for Client's Plan as the enrollment system of record.

**Section 4.05. Prescription Drug Event ("PDE") Reconciliation.** Sterling is responsible for all financial reconciliation with CMS. This includes, but is not limited to, the following reconciliations:

- (a) Low Income Subsidy (LICS);
- (b) Direct Subsidy;
- (c) Reinsurance;
- (d) Coverage Gap Discounts;
- (e) Monthly Membership Report (MMR) and Transaction Reply Report (TRR) to the EGWP Enrollment File; and
- (f) Overall CMS reimbursement and annual financial reconciliation with CMS.

Sterling is also responsible for submission of Prescription Drug Event (PDE) data to CMS and receipt of PDE response files from CMS. Sterling receives PDE submission files from Navitus and sends PDE response files to Navitus. Sterling produces detailed financial reporting to Navitus, broken down by Navitus EGWP client, supporting the monthly payment processing. Sterling provides DIR (direct and indirect remuneration) data to CMS in support of annual financial reconciliation.

**Section 4.06. Compliance Program.** Sterling shall maintain a compliance program in accordance with the terms and conditions of the Navitus/Sterling Services Agreement. Sterling maintains overall responsibility of compliance programs in its role as Part D Plan sponsor.

**Section 4.07. Sterling Oversight.** Notwithstanding anything else to the contrary in this Addendum, Sterling shall maintain ultimate responsibility for adhering to and otherwise complying fully with all terms and conditions of its contract with CMS.

**Section 4.08. Service Area.** Sterling represents and warrants that the Plan's Service Area is approved by CMS. Sterling will notify Client and Navitus within ten (10) days of any change in the service area for Sterling approved by CMS.

**Section 4.09. Other Services.** Sterling shall provide all other services listed in the Medicare Part D

Navitus Health Solutions Prescription Drug Services Agreement on the terms set forth therein, and any failure to list such services in this Addendum shall not limit Sterling's obligation to provide such services thereunder.

**ARTICLE V.  
BILLING AND PAYMENTS**

**Section 5.01. Sterling Administrative Fee.** Sterling shall receive the Sterling PMPM identified on Exhibit 1, attached hereto, from the capitation payments made to Sterling by CMS.

(a) By the second (2<sup>nd</sup>) day after the receipt of the payment from CMS, Sterling shall deposit the capitation payment into Trust Account. Subsequently Sterling should subtract administrative fees from such Trust Account.

(b) Sterling may change the Sterling PMPM, effective on or after the close of the Initial Term or any Renewal Term of this Addendum upon not less than ninety (90) days prior written notice to Client.

(c) If any change in the Sterling PMPM is not acceptable to Client, then Client shall so notify Sterling and Navitus in writing not less than sixty (60) days prior to the expiration of the ninety (90) day period.

(d) In the event the Parties cannot agree on the compensation adjustment on or before the expiration of the ninety (90) day period, then this Addendum shall terminate at the end of such time period.

**Section 5.02. Navitus Administrative Fee.** Client shall pay Navitus the Navitus PMPM and additional fees for administrative services identified on Exhibit 1, attached hereto; using the existing Navitus administrative fee billing and payment processes whereby the Client is billed on the fifteenth (15<sup>th</sup>) day of the month.

(a) Navitus may change the Navitus PMPM and the other administrative charges, effective on or after the close of the Initial Term or any Renewal Term of this Addendum upon not less than ninety (90) days prior written notice to Client.

(b) If any revision in the Navitus PMPM and other administrative charges is not acceptable, then Client shall so notify Navitus and Sterling in writing not less than sixty (60) days prior to the expiration of the ninety (90) day period.

(c) In the event the Parties cannot agree on the compensation adjustment on or before the expiration of the ninety (90) day period, then this Addendum shall terminate at the end of such time period.

**Section 5.03. Capitation Payment.** Sterling shall deposit the monthly prospective capitation payment that it receives from CMS into the Trust Account and shall pay Client, through electronic funds transfer, the amounts payable to Client under this Addendum from such amounts within two (2) months of their receipt from CMS. Sterling shall provide Navitus with detailed data files that support all payments sent to Client. Navitus will, in turn, provide detailed data to Client.

**Section 5.04. Coverage Gap Manufacturer Discount Payments.** Coverage Gap Manufacturer Discount Payments received by Sterling on a quarterly basis will be paid to Client through electronic funds transfer within five (5) business days of receipt. Detailed data files will be provided to Navitus that support all payments sent to Client. Navitus will, in turn, provide detailed data to Client.

**Section 5.05. End of Plan Year Payments.** End of plan year payments including but not limited to Low Income Subsidy and Reinsurance will be paid to Client through electronic funds transfer within five (5) business days upon receipt by Sterling. Detailed data files will be provided to Navitus that support all payments sent to Client. Navitus will, in turn, provide detailed data to Client.

**Section 5.06. Rebate Payment.** One hundred percent (100%) of all rebate payments received by Navitus that are attributable to Client will be sent to the Client per Navitus' rebate payment process established in the Client Agreement that this addendum applies to. Rebate payments will not be deposited into Trust Account.

**Section 5.07. Claims Payment Method.** Navitus shall adjudicate claims in accordance with the provisions of the Client Agreement as modified by this Addendum.

(a) On a weekly basis, Navitus shall bill Client for claims adjudicated, including pharmacy claims and direct member reimbursement (DMR) claims. Client shall fund the payment of Claims in accordance with the Prescription Pricing Schedule in Exhibit 2 to this Addendum and shall also pay all applicable gross receipts, provider, sales, use and similar taxes related thereto.

(b) Client assumes all financial responsibility for funding the payment of Claims submitted to Navitus with regard to Client's Eligible Persons, whether by Participating Pharmacies or Eligible Persons.

(c) Client shall pay Navitus for Claims adjudicated in accordance with the terms set forth in Part 6, "Financial and Audit Provisions," of the Client Agreement. In the event Client fails to make payment to Navitus for a claim or claims, Navitus shall notify Sterling within two (2) business days. If Client fails to make payment within two (2) days following notice to Sterling, Sterling shall reimburse Navitus for the claims adjudicated via electronic funds transfer. In the event the Client fails to make a payment to Navitus required under this Addendum, and Sterling makes such a payment to Navitus on Client's behalf, then Sterling may offset such payment against any amounts that Sterling is otherwise required to pay Client, including, without limitation, amounts previously deposited into the Trust Account.

**Section 5.08. Non-Recourse.** In no event, including, but not limited to, (1) non-payment by Client (or, if applicable, Sterling) for Covered Products rendered to Eligible Persons during the time-frame the premium has been paid, (2) insolvency of Client (or, if applicable, Sterling and Navitus) or (3) breach by Client (or, if applicable, Sterling) of any term or condition of this Addendum, shall Sterling bill, charge, collect a deposit from, seek compensation, remuneration or reimbursement from, or have any recourse against any Eligible Person or persons acting on behalf of the Eligible Person for Covered Products eligible for reimbursement under this Addendum.

(a) This provision does not prohibit Navitus or a Participating Pharmacy from collecting from the Co-payments, Coinsurance, Deductibles, ancillary charges or other charges for services not covered under the Medicare Plan.

(b) Neither does this provision prohibit a Participating Pharmacy and an Eligible Person from agreeing to continue obtaining Covered Products solely at the expense of the Eligible Person, as long as the Eligible Person has been clearly informed that the specific prescription drug products and services may not be covered or continue to be covered by the Medicare Plan.

**ARTICLE VI.  
TERM AND TERMINATION**

**Section 6.01. Initial Term; Renewal Terms.** This Addendum shall become effective on the Effective Date and will continue for three (3) years. Unless terminated sooner as provided herein, this Addendum will automatically renew for subsequent renewals terms of one year.

**Section 6.02. Termination.** The provisions of Part 1, "General Terms & Conditions", Section 1.11, "Termination of the Contract" of the Client Agreement apply to the termination of this Addendum. Further, this Addendum may be terminated as follows:

(a) In the event that either Sterling or CMS, each in its sole discretion, determines that Navitus and/or Client has not performed satisfactorily under this Addendum, Sterling shall provide written notice to Navitus specifying the basis for that determination. Navitus and/or Client shall have thirty (30) calendar days to cure its deficient performance. In the event such deficiency is not cured within the thirty (30) calendar days period, this Addendum may be terminated by Sterling immediately upon written notice to Navitus, or as of such other date as may be specified in such notice.

(b) In the event Navitus, Client or CMS, each in its sole discretion, determines that Sterling has not performed satisfactorily under this Addendum, Navitus shall provide written notice to Sterling specifying the basis for that determination. Sterling shall have thirty (30) calendar days to cure its deficient performance. In the event such deficiency is not cured within the thirty (30) calendar days period, this Addendum may be terminated by Navitus immediately upon written notice to Sterling, or as of such other date as may be specified in such notice.

(c) If any Party is excluded, debarred, suspended or declared ineligible to participate in any federal health care program or any federal procurement or non-procurement program, the other Party may terminate this Addendum immediately upon written notice to such Party.

(d) In the event the Client Agreement terminates for any reason, this Addendum shall automatically terminate as of the date the Client Agreement terminates.

(e) In the event that Medicare Part D Navitus Health Solutions Prescription Drug Services Agreement terminates for any reason, this Addendum shall automatically terminate as of the date the Medicare Part D Navitus Health Solutions Prescription Drug Services Agreement terminates.

(f) In the event Sterling's agreement with CMS to offer an 800 Series EGWP is terminated in one or more service areas, this Addendum shall automatically terminate in the affected service areas as of the date Sterling's agreement with CMS terminates as to the affected service areas.

(g) In the event Sterling's license to bear risk is terminated in one or more states that require such licensure, this Addendum shall automatically terminate as of the date Sterling's license to bear risk is terminated in any state in which Client has Eligible Persons.

(h) This Addendum may also be terminated in accordance with Sections 4.03, 5.01 and 5.02, above.

**Section 6.03. Right of Partial Termination.** Sterling reserves the right to immediate partial termination with respect to one or more benefit programs if the state or federal government terminates the benefit program or Sterling's participation in that program.

(a) In the case of partial termination, this Addendum shall remain in full force and effect for all other Eligible Persons, and benefit programs.

(b) In the event that partial termination reduces the number of covered Eligible Persons to a level that the current pricing as set forth in Exhibit 1 and Exhibit 2 is inequitable to any Party, the Parties agree to negotiate in good faith to establish a new pricing.

(c) If the Parties are unable to agree to a new pricing, Navitus or Sterling may terminate this Addendum upon one hundred twenty (120) days written notice to Client. During this termination period, the rates in effect at the time of notice of termination shall remain in effect.

**Section 6.04. Effect of Termination; Other Remedies.** Termination of this Addendum shall not affect Client's financial responsibility for Claims, the Sterling PMPM, the Navitus PMPM, and any additional fees incurred prior to the date of termination. A Party's right to terminate this Addendum shall not be exclusive of any other remedies available to such Party under this Addendum, at law or in equity.

## ARTICLE VII. RECORDS; CONFIDENTIALITY

**Section 7.01. Maintenance of Records; Audits.** Each Party shall maintain records relating to its performance under this Addendum for a minimum of ten (10) years or longer as required by law, including the Medicare Part D rules and CMS guidance as referenced in 42 CFR 423.505(d).

(a) Each Party may audit such books and records of another Party, using an auditor and methodology that is mutually agreed upon by the Parties, upon reasonable prior written notice and during such Party's normal business hours consistent with privacy and other limitations of applicable federal and state laws, rules and regulations and the provisions of this Addendum.

(b) A third party may be allowed or designated to conduct an audit with the prior written consent of the Party being audited, which consent shall not be unreasonably withheld.

(c) The Parties shall require any third-party auditor to execute a confidentiality agreement in a form that is reasonably acceptable to both of Parties involved, and which contains provisions intended to protect each Party's Confidential Information that are substantially the same as the provisions set forth herein.

**Section 7.02. Government Audits, Inquiries and Record Requests.**

(a) Each Party shall permit CMS and its designees direct access to and the right to audit, evaluate, or inspect any books, contracts, or other records of a Party that pertain to any aspect of Sterling's EGWP, Sterling's contract with CMS or the provision of Sterling Services to Navitus, Client and its Eligible Persons, including reconciliation of benefit liabilities, and determination of amounts payable under CMS's contract with Sterling, or as CMS or its designee may deem necessary to enforce CMS's contract with Sterling.

(b) Each Party agrees that CMS and its designees' right to inspect, evaluate, and audit the records of the Party that pertain to any aspect of aspect of Sterling's EGWP, Sterling's contract with CMS or the provision of Sterling Services to Navitus, Client and its Eligible Persons extends through ten (10) years from the end date of Sterling's contract period as set forth in Sterling's contract with CMS or ten (10) years from the completion of the audit by CMS or its designees.

(c) In the event CMS contacts Navitus or Client directly with respect to an audit, evaluation or inspection of Sterling's EGWP, Navitus or Client shall promptly notify Sterling of such audit, evaluation or inspection.

(d) The Parties acknowledge and agree that record requests from CMS or its designees relating to Sterling's EGWP shall be answered by Sterling. If such a request involves books, contracts, records, including medical records, or other documentation relating to Sterling's EGWP that is maintained by Navitus or Client, Navitus or Client, as appropriate, shall provide such requested documentation to Sterling for production to CMS or its designees.

**Section 7.03. Confidential Information.**

(a) Each Party agrees not to use or disclose any other Party's proprietary and confidential information ("Confidential Information") to any third party, during or after the termination of this Addendum, except:

- (i) As specifically contemplated by this Addendum;
- (ii) With the other's Party's prior written consent;
- (iii) As required by local, state or federal law, rule or regulation, including any judicial or administrative interpretation thereof; or
- (iv) To the extent such information becomes generally available to the public, through no action or fault of the receiving Party.

(b) "Confidential Information" shall include, but not be limited to:

(i) With respect to Navitus: the rates at which Navitus pays pharmacies for prescription drug services and the rebate amounts received by Navitus from manufacturers or intermediaries, the terms and conditions of this Addendum, the operations, procedures and strategies of Navitus; its software, reporting packages, user documentation and related information; its formulary and clinical services; and data and information owned by Navitus and any other information or knowledge that Sterling or Client acquires from Navitus pursuant to this Addendum; and

(ii) With respect to Sterling: its operations and strategies information related to members, providers, subcontractors; and any other information or knowledge that Navitus or Client acquires from Sterling pursuant to this Addendum.

(iii) With respect to Client: Eligible Person information or data that is considered Protected Health Information under HIPAA.

(c) The Parties agree to treat the Confidential Information as confidential, will disclose such Confidential Information to their employees who have the need to know in order to accomplish the purposes permitted hereunder, and who themselves agree not to disclose it to anyone.

(d) Each Party shall cease using the other Parties' Confidential Information upon termination of this Addendum or a subsequent agreement between the Parties and shall return or destroy such information at the disclosing Party's written direction.

(e) The Parties acknowledge that any unauthorized disclosure or use of Confidential Information would cause each other immediate and irreparable injury or loss.

(f) Accordingly, should any Party fail to comply with this section, the other Parties shall be entitled to specific performance including immediate issuance of a temporary restraining order or preliminary injunction enforcing this Addendum, and to the judgment for damages (including reasonable attorneys' fees) caused by the breach and to any other remedies provided under applicable law. Notwithstanding the foregoing, Sterling authorizes Navitus to educate Client about Sterling's EGWP and agrees that such information may be shared by Navitus with Client.

(g) If information regarding the rates at which Navitus pays pharmacies for prescription drug services and/or the rebate amounts or other confidential information received by Navitus is provided to CMS by Sterling, Sterling shall clearly in bold print label such information on the top of each page as follows: "Proprietary and Confidential Business Information of Navitus Health Solutions.: Not Subject To Disclosure under the United States Freedom of Information Act ("FOIA") pursuant to 5 U.S.C. § 552(b)(4)."

(h) If such information is requested by subpoena or otherwise from Sterling, Sterling shall notify Navitus immediately upon receipt of such request so that Navitus may pursue an injunction, protective order, or another prohibition on disclosure; and Sterling shall cooperate with Navitus to prevent or limit disclosure to the extent permitted by law.

(i) If Sterling learns CMS plans to release Navitus' confidential information in identifiable form pursuant to FOIA or otherwise, Sterling shall immediately notify Navitus so that Navitus may pursue an injunction, protective order, or another prohibition on disclosure.

**Section 7.04. Non-solicitation of Client.** During the term of this Addendum and for a period of two years thereafter (the "Exclusion Period"), Sterling shall not, either alone or through any third person or entity, sell, offer to sell, or otherwise market or promote any products or services to Client or any Eligible Person (excluding those services provided under this Addendum) by utilizing information obtained under this Addendum, including the identity of such Client or Eligible Person.

(a) If Sterling sells, offer to sell, or otherwise markets or promotes any products or services to Client or any Eligible Person during the Exclusion Period, such act shall be deemed a violation of this Addendum unless Sterling proves that its actions did not involve information received hereunder.

(b) If Sterling fails to comply with this section, the other Parties shall be entitled to specific performance including immediate issuance of a temporary restraining order or preliminary injunction enforcing this Addendum, and to the judgment for damages (including reasonable attorneys' fees) caused by such breach and to any other remedies provided under applicable law or under this Addendum.

(c) Notwithstanding the foregoing, if an Eligible Person is no longer associated with Client and such Eligible Person enrolls in a plan sponsored by Sterling that is not the EGWP associated with Navitus and Client under this Addendum, Sterling will not be deemed to have violated this section of the Addendum unless Sterling has actively marketed such plan to such Eligible Person using the information obtained from Navitus or Client under this Addendum.

#### ARTICLE VIII. INDEMNIFICATION

Client and Sterling (an "Indemnifying Party") each hereby agree to defend, indemnify and hold the other, its affiliates and subsidiaries, as well as their officers, directors and employees (the "Indemnified Parties"), harmless against all liability, including, but not limited to, claims for damages, losses, fines, penalties, payments, remuneration and reasonable costs and expenses of whatsoever kind, including, but

not limited to, fees and disbursements of counsel, which are asserted by a third party against any of the Indemnified Parties resulting from the Indemnifying Party's conduct or omissions in connection with this Agreement or the performance of any Services provided hereunder. The Parties agree that the indemnification obligations set forth in the Client Agreement and Medicare Part D Navitus Health Solutions Prescription Drug Services Agreement will govern the indemnification obligations between Client and Navitus and between Navitus and Sterling.

**ARTICLE IX.  
MISCELLANEOUS**

**Section 9.01. Notices.**

The notice address for Sterling is:

**Sterling Life Insurance Company**  
Attn: President, Specialty Business Division  
2219 Rimland Drive  
Bellingham WA 98226  
Fax: 360-647-8632

The notice address for Navitus is:

**Navitus Health Solutions, LLC**  
Attn: President  
2601 West Beltline Highway  
Madison, WI 53713  
Fax: 608-729-7527

The notice address for Client is:

**The State of Wisconsin Group Insurance Board**  
c/o Administrator, Division of Insurance Services  
Department of Employee Trust Funds  
P.O. Box 7931  
Madison, WI 53707-7931  
Fax: 608-267-0633

**Section 9.02. Entire Agreement.** This Addendum, its Exhibits, the Plan Guidelines and any other documents incorporated by reference constitute the entire and complete understanding between the Parties and supersede all discussions and writings between the Parties that may have occurred before entering into this Addendum. There are no other agreements or undertakings, written or oral, in effect between the Parties relating to the subject matter herein. In the event of any conflicts between this Addendum, the Client Agreement, and the Navitus/Sterling Services Agreement, this Addendum shall control with regard to the terms and conditions related to the relationship of the Parties related to Medicare Part D services and the Client Agreement and the Navitus/Sterling Services Agreement will control with regard to the subject matter thereof.

**Section 9.03. Exclusivity.** Client and Sterling agree that Navitus shall be the exclusive provider to the Client of the type of administrative services described in this Addendum. Except as otherwise agreed to by the Parties and as applicable, the Mail Service Pharmacy shall be the preferred provider of the internet and mail order pharmacy services described in this Addendum for the Client's Eligible Persons, and except as otherwise agreed to by the Parties, the Specialty Pharmacy shall be the preferred provider of the Specialty Pharmaceuticals described in this Addendum for the Client's Eligible Persons. Neither Client nor Sterling shall contract with another entity to provide pharmacy benefit management services to Client.

**Section 9.04. Intellectual Property.** Except as expressly provided herein, each Party retains all rights, title, and interest in and reserves the right to use and control the use of its intellectual property rights in its assets including, but not limited to, its software, reporting packages, user documentation, operations, procedures, and trademarks and service marks. Each Party agrees not to use any such items except as expressly allowed under this Addendum and also not to refer to such other Party or its trade name or marks in any publication without the prior written approval of such other Party.

**Section 9.05. Change in Law.** References to laws, rules and regulations in this Addendum shall be construed as referring to those laws, rules and regulations as respectively amended or re-enacted from time to time. In the event of any change in federal, state or local laws, rules or regulations, including any judicial or administrative interpretation thereof, which materially alters the rights, duties, obligations or cost of performance of any Party under this Addendum, the Parties will work in good faith toward mutually acceptable modifications of this Addendum. Such modifications may include but are not limited to changes related to appeals; complaints and grievances; benefit design; clinical services; coordination of benefits; e-prescribing; drug coverage; explanation of benefits; the Formulary; fraud, waste and abuse programs; MTM programs; pharmacy access and contracting; reports, and, to the extent that these changes affect the cost of performance, changes to administrative charges. If Client, Sterling and Navitus are unable to agree upon mutually acceptable modifications, then any Party may terminate this Addendum upon not less than sixty (60) days' prior written notice.

**Section 9.06. Relationship of Parties.** This Addendum is not intended, and shall not be construed, to create any relationship between Sterling, Client, and Navitus other than that of independent contractors. No Party shall be construed to be the agent, partner, employee, fiduciary or representative of the other and no Party shall have the right to make any representations concerning the duties, obligations or services of the others except as consistent with the express terms of this Addendum or as otherwise authorized in writing by the other Party.

**Section 9.07. Amendment; Waiver.** This Addendum may be amended or modified solely through a written agreement, mutually agreed to by all Parties, and signed by authorized persons on behalf of all Parties. The waiver of any breach of any term or provision of this Addendum shall not constitute a waiver of any subsequent breach of the same term or provision or any other term or provision hereof.

**Section 9.08. Compliance.** Each Party agrees to comply with all applicable federal and state laws, rules and regulations, including, but not limited to, HIPAA, Medicare laws, CMS guidance, the Americans with Disabilities Act, the Medicare Modernization Act of 2003, the Medicare Improvements for Patients and Providers Act of 2008, all aspects of the Medicare Prescription Drug Benefit Program, and any regulations issue pursuant thereto, and state laws, rules and regulations related to the licensure and registration of third party administrators. Each Party shall be responsible for ensuring its own compliance with any laws, regulations and CMS guidance applicable to its business and its performance under this Addendum. If at any time any Party becomes aware of any non-compliance, the Party agrees to notify the other Parties in writing immediately.

**Section 9.09. Assignment.** The Parties shall ensure that any contracts or agreements with subcontractors or agents performing functions on the Plan Sponsor's behalf related to the operation of the Part D benefit are in compliance with 42 CFR §423.505(i).

**Section 9.10. Debarment.** Neither Navitus nor Sterling shall knowingly employ, or subcontract with, a person that employs or contracts with an individual, who is excluded from participation in Medicare or a federal health care program for the provision of health care, utilization review, medical social work, or administrative services.

**Section 9.11. Non-Discrimination.** In accordance with, but not limited to, 42 C.F.R. §§ 423.505(b)(3) and 423.34(a), no Party shall deny, limit, or condition the furnishing of services to Eligible Persons on the basis of any factor that is related to health status, including but not limited to medical condition (including HIV status); race; religion; color; creed; national origin; ancestry; religion; physical handicap; claims experience; receipt of health care; medical history; genetic information; evidence of insurability, including conditions arising out of acts of domestic violence; or disability.

**Section 9.12. Additional Provisions.** Without limiting the generality of Section 2.01, above, all provisions of Part 1, "General Terms and Conditions;" Part 3, "Claim Administration;" and Part 6, "Financial and Audit Provisions," of the Client Agreement apply to this Addendum, except as modified herein. Notwithstanding the foregoing, the Parties agree that such terms and conditions of the Client Agreement do not apply to Sterling and only govern the relationship of Client and Navitus.

IN WITNESS WHEREOF, the Parties have entered into this Addendum on the day first written above.

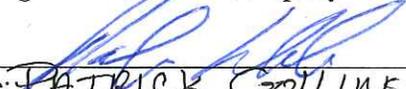
Department of Employee Trust Funds on behalf of  
The State of Wisconsin Group Insurance Board

Navitus Health Solutions, LLC

By:   
Name: Robert J. Conlin  
Title: Deputy Secretary

By:   
Name: Terry Seligman  
Title: President & CEO

**Sterling Life Insurance Company**

By:   
Name: PATRICK GOLLINS  
Title: PRESIDENT, OLYMPIAN HEALTH PARTNERS

**Exhibit 1**  
**ADMINISTRATIVE PRICING SCHEDULE**

**1. Sterling Administrative Fee.** Sterling shall receive an administrative fee of **[\$3.91]** per Member per month (the “Sterling PMPM”) for the three-year Initial Term, and the Sterling PMPM as modified thereafter in accordance with Section 5.01 of the Addendum. In exchange for the Sterling PMPM Fee, Sterling shall provide the following services:

- Program Management & Oversight
- CMS Contract Management & Compliance
  - CMS Audits
  - HPMS Maintenance
  - CMS Reports
  - CMS Data Validation Audits
  - OIG Exclusion List Processing
  - Member Materials Compliance Review
- Finance
  - Financial reconciliation with CMS
  - PDE submissions
  - PDP product actuarial support
  - State insurance regulatory reporting
  - Administration fee processing
- CMS Subsidies Administration & Reconciliation with CMS
  - Direct Subsidy
  - Low Income Subsidy
  - Coverage Gap Discount
  - Reinsurance
- Enrollment
  - Enrollment processing
  - Reconciliation with CMS
  - Fulfillment of all CMS-required enrollment materials
  - Coordination of Benefits
  - Financial Information Reporting (FIR), also referred to as “Plan to Plan Reconciliation”
- Call Center (for Enrollment)
  - Triage from Navitus Call Center

**2. Navitus Administrative Fee.** Client shall pay Navitus an administrative fee of **\$6.97** per Member per month (the “Navitus PMPM Fee”) for the three-year Initial Term, and the Navitus PMPM as modified thereafter in accordance with Section 5.02 of the Addendum. In exchange for the Navitus PMPM Fee, Navitus shall provide the following services:

- Account Management
  - Implementation Services
  - Annual re-implementation to meet new regulatory requirements
  - Eligibility Updates

- Plan Changes and Support
- Program Consultation
- Program Management and Oversight
  - Medicare D Implementation support
  - Ongoing management and oversight
  - Annual CMS audits
  - Annual CMS Data Validation audits
  - OIG Exclusion List Processing
- Enrollment
  - Manage interfaces between Client, Sterling, and CMS
  - Exception processing & audits
  - Load data to Claims Processing System, Data Warehouse
  - Coordination of Benefits
  - Financial Information Reporting (FIR), also referred to as “Plan to Plan Reconciliation”
- Plan Administration & Claims Processing
  - PDP product administration
    - TrOOP administration
    - Low Income Subsidy administration
  - Wrap product administration
  - Claims processing
- Finance
  - Funds flow oversight and reporting
  - Pharmacy payment processing
  - Direct Member Reimbursement processing
  - Administration Fee processing
  - Low Income Subsidy (LIS) and Late Enrollment Penalty (LEP) administration support for Client
- Rebate Administration
  - Rebate administration per Medicare Part D contracts with Pharma
  - DIR (Direct and Indirect Remuneration) reporting to CMS
- Member Materials
  - Medicare Part D website
  - Content development of all member materials
  - Monthly Explanation of Benefit (EOB) mailings
  - Additional mailings including but not limited to:
    - Formulary Transition letters
    - Prescription Transfer letters
    - Appeals & Grievances letters
    - Coverage Determination letters
    - Ad hoc member communications
- Reporting and Claims Data
  - CMS reporting
  - Client standard reporting

- Financial reporting (in support of CMS subsidies)
- Claims data
- PDE Management
  - Manage PDE inventory
  - Submissions/Re-submissions of PDE data to CMS
  - PDE reconciliation support
- Appeals & Grievances
  - Per CMS regulations
- Call Center
  - Per CMS regulations
  - Medicare Part D Member Call Center
  - Medicare Part D Pharmacy Help Desk
- Coverage Determinations & Redeterminations
  - Per CMS regulations
  - C-DUR (Concurrent Drug Utilization Review)
  - R-DUR (Retrospective Drug Utilization Review)
  - MEIR (Medication Error Identification and Reduction)
- Medicare B vs. D Management
- Formulary Transition
  - Per CMS regulations
- Formulary Management
  - Per CMS regulations
  - P&T Committee
  - FDA Non-Matched NDC list processing
  - HPMS formulary maintenance
- Medication Therapy Management (MTM)
  - Per CMS regulations
  - Performed by business partner University of Arizona Medication Management Center
- Pharmacy Network
  - Development and maintenance of Medicare Part D pharmacy network (separate from Commercial network)
- E-Prescribing
  - Per CMS requirements
- Manual Claims
  - Per CMS requirements
- Vaccine Administration
  - Per CMS requirements

- RetroLICS Processing
  - Claims reprocessing due to retroactive Low Income Subsidy eligibility

**3. Additional Fees.** In addition to the Sterling PMPM Fee and the Navitus PMPM Fee, Client shall pay Navitus the fees set forth below for the additional services listed below:

- Ad Hoc Reporting - \$150 per hour
- Direct Reimbursement Claims - \$1.50 per claim, only if the amount of Direct Reimbursement Claims exceeds 0.5% of total claims volume of Client.

**Exhibit 2  
PRESCRIPTION PRICING SCHEDULE**

**General.** Client and Sterling acknowledge that the discount rates and dispensing fees set forth below are target discounts established for the pricing distribution channels necessary to meet access requirements. Client acknowledges that one hundred percent (100%) of the pricing will be passed through to Client from the participating pharmacies. Navitus agrees to negotiate to achieve or exceed these target rates. Any discounts obtained by Navitus that exceed the targets stated below will be passed through to Client. It is acknowledged by all Parties that individual contracts may vary from the targeted rate based upon negotiation.

Navitus reserves the right to modify pricing for certain exclusive generic drugs based on the demands of the marketplace and in the best interests of the Client.

**A. Retail Drug Program.** Reimbursement for each Covered Branded Product, not requiring compounding, dispensed by a Participating Pharmacy will be based upon the lower of (1) WAC, plus an average of 4.69%, plus an average dispensing fee of \$1.85; or (2) such pharmacy's Usual and Customary Price; or (3) the amount submitted by the pharmacy. Reimbursement for each Covered Generic Product dispensed by a Participating Pharmacy will be lower of (1) the applicable Navitus Maximum Allowable Cost, plus an average dispensing fee of \$1.95; (2) AWP, less an average of 25.0% plus an average dispensing fee of \$1.95; (3) such pharmacy's Usual and Customary Price; or (4) the amount submitted. Rates do not include long term care or home infusion pharmacies.

Compound medications will be reimbursed as follows: WAC plus the compounding fee (described below), minus the Co-payment/coinsurance. The criteria for reimbursement: (1) the compound medication must have at least two ingredients, and at least one ingredient must be an FDA legend drug; (2) all active ingredients must be covered as part of the Navitus Formulary and the NDC for each must be submitted. Compound prescriptions costing over \$200.00 and compounds containing ingredients not on the Navitus Formulary require prior authorization.

Compounding Fee Time Reimbursement Rates:	1 - 5 minutes	\$10.00
	6-15 minutes	\$15.00
	16-30 minutes	\$20.00
	31+ minutes	\$25.00

**B. Long Term Care Program.** Long term care pharmacy and facility reimbursement for each Covered Brand Product dispensed by a Long Term Care Pharmacy will be based upon the lower of: (1) WAC plus 9.50% plus a dispensing fee equal to \$4.25; or (2) such pharmacy's Usual and Customary Price; or (3) the amount submitted by the pharmacy. Reimbursement for each Covered Generic Product dispensed by a Long Term Care Pharmacy will be lower of: (1) AWP, less an aggregate 18.0%, plus a dispensing fee equal to \$4.50; or (2) the applicable Navitus Maximum Allowable Cost, plus dispensing fee equal to \$4.50; (3) the amount submitted.

**C. Home Infusion Program.** Home Infusion pharmacy and facility reimbursement for each Covered Brand Product dispensed by a Home Infusion Pharmacy will be based upon the lower of: (1) WAC plus 4.69% plus a variable dispensing fee ranging from \$10.00 to \$25.00; or (2) such pharmacy's Usual and Customary Price; or (3) the amount submitted by the pharmacy. Reimbursement for each Covered Generic Product dispensed by a Home Infusion Pharmacy will be lower of: (1) AWP, less an aggregate 25.0%, plus a variable dispensing fee ranging from \$10.00 to \$25.00; or (2) the applicable

Navitus Maximum Allowable Cost, plus a variable dispensing fee ranging from \$10.00 to \$25.00; or (3) the amount submitted.

Pharmacy Time for Compound Part D Drug Preparation: Participating Pharmacy shall indicate the time spent preparing the compound Part D Drug within the NCPDP Level of Effort field. The amount of compounding time reimbursed by Navitus is shown in the NCPDP table below

Submitted Level of Service	Compounding Time (in minutes)	Reimbursement
11	1-5	\$10.00
12	6-15	15.00
13	16-30	20.00
14	31+	25.00

Compounds with ingredient costs exceeding \$100.00 will require the pharmacy to contact Sterling for additional processing assistance.

**D. Mail Service Program.** Reimbursement for each brand Covered Product dispensed by the Mail Service Pharmacy will be based upon the lower of (1) WAC, less 3.75%, plus a dispensing fee of \$0.00; (2) such pharmacy's Usual and Customary Price; or (3) the amount submitted. Reimbursement for each generic Covered Product dispensed by the Mail Service Pharmacy will be based upon the lower of (1) Navitus Maximum Allowable Cost, plus a dispensing fee of \$0.00; (2) AWP, less 55%, plus a dispensing fee of \$0.00; or (3) the amount submitted.

**E. Specialty Pharmaceutical Program.** Reimbursement for each Specialty Pharmaceutical, not requiring compounding, dispensed by a Participating Pharmacy, which is not the Specialty Pharmacy, will be at the corresponding retail brand or generic discounted amount. Reimbursement for each Specialty Pharmaceutical, not requiring compounding, dispensed by the Specialty Pharmacy will be based upon the lower of (1) WAC, plus an average of 1.88% (discounts vary by drug); or (2) such pharmacy's Usual and Customary Price; or (3) the amount submitted by the pharmacy.

**F. Direct Reimbursement Claims Paid by Navitus.** Reimbursement to Navitus for each Direct Reimbursement Claims will be paid to Navitus at a rate equal to the actual pharmacies' billed charges, less the Eligible Person's cost-share or co-payment amount, if applicable.

**THE FOLLOWING PROGRAM IS OPTIONAL, AND MAY BE REQUESTED BY CLIENT AT ANY TIME DURING THE TERM OF THE AGREEMENT AT THE PRICING SET FORTH BELOW:**

**G. [ X ] Extended Day Supplies.** This program provides Eligible members to obtain extended days supply of up to ninety (90) day supply of maintenance medications through participating retail pharmacies whenever Client includes a mail order pharmacy benefit option in its Plan Specifications. Reimbursement for each brand maintenance product dispensed by a Participating Retail Pharmacy will be based upon the lower of (1) WAC, less an aggregate of 1.25%, plus a dispensing fee of \$1.50; or (2) such pharmacy's Usual and Customary Price; or (3) the amount submitted by the pharmacy. Reimbursement for each Covered Generic Product dispensed by a Participating Pharmacy will be lower of (1) the applicable Navitus Maximum Allowable Cost, plus a dispensing fee of \$1.50; (2) AWP, less an aggregate of 35%, plus a dispensing fee of \$1.50; (3) such pharmacy's Usual and Customary Price; or (4) the amount submitted.

**Exhibit 3**  
**SERVICE AREA**

**For 2012, the Service Area includes the following:**

- 01 - Northern New England (New Hampshire and Maine) [Emp-only]
- 02 - Central New England (Connecticut, Massachusetts, Rhode Island, and Vermont) [Emp-only]
- 03 - New York [Emp-only]
- 04 - New Jersey [Emp-only]
- 05 - Mid-Atlantic (Delaware, District of Columbia and Maryland) [Emp-only]
- 06 - Pennsylvania, West Virginia [Emp-only]
- 07 - Virginia [Emp-only]
- 08 - North Carolina [Emp-only]
- 09 - South Carolina [Emp-only]
- 10 - Georgia [Emp-only]
- 11 - Florida [Emp-only]
- 12 - Alabama, Tennessee [Emp-only]
- 13 - Michigan [Emp-only]
- 14 - Ohio [Emp-only]
- 15 - Indiana, Kentucky [Emp-only]
- 16 - Wisconsin [Emp-only]
- 17 - Illinois [Emp-only]
- 18 - Missouri [Emp-only]
- 19 - Arkansas [Emp-only]
- 20 - Mississippi [Emp-only]
- 21 - Louisiana
- 22 - Texas
- 23 - Oklahoma
- 24 - Kansas [Emp-only]
- 25 - Upper Midwest and Northern Plains (Iowa, Minnesota, Montana, Nebraska, North Dakota, South Dakota and Wyoming)
- 26 - New Mexico [Emp-only]
- 27 - Colorado [Emp-only]
- 28 - Arizona [Emp-only]
- 29 - Nevada [Emp-only]
- 30 - Oregon, Washington
- 31 - Idaho, Utah
- 32 - California [Emp-only]
- 33 - Hawaii [Emp-only]
- 34 - Alaska [Emp-only]

This exhibit may be amended by Sterling at any time, upon notice to Client and Navitus, to reflect changes in the Service Area approved by CMS.

Effective date of Exhibit: January 1, 2012.