

CITY COUNCIL REPORT



Meeting Date: Jan. 14, 2014
 Charter Provision: *Provide for the orderly government and administration of the affairs of the City*
 Objective: *Determine Policies*

ACTION

Employee health care benefits contracts. Adopt Resolution No. 9616 to authorize Contract No. 2014-009-COS with Cigna Healthcare to administer medical, pharmacy, dental, employee assistance program and behavioral health benefits to city employees beginning July 1, 2014, and set the amounts of administrative fees to be paid.

BACKGROUND

Scottsdale is self-insured for employee medical and dental benefit plans. This allows the city to increase control over plan design and rates, while lowering overall costs. Scottsdale contracts with a health insurance company for program administration and access to provider networks. The City Council sets rates charged to employees for this benefit, and the city pays the cost of claims.

Scottsdale currently contracts with four separate companies for health care benefits. In 2004, the City Council approved each of these contracts for an initial one-year term with extensions through June 30, 2014. Because the contracts expire this fiscal year, staff worked with Hays Companies, a benefit consulting firm, to develop a comprehensive request for proposal process.

Hays reviewed each proposal based on the established criteria: administrative fees, network discounts, customer service, technology, wellness capabilities, reporting, flexibility and added value. Four vendors were selected to make presentations. Hays recommends Cigna to administer all city-provided health care benefits, including medical, pharmacy, dental, employee assistance program and behavioral health benefits. Medical benefits will continue to be administered on a self-funded basis, one dental plan will be self-funded, and the other dental plan will be fully insured.

ANALYSIS & ASSESSMENT

The recommendation is consistent with several objectives established at the beginning of process.

1. Provide competitive and affordable health and dental administrative fees and maintain appropriate health provider network coverage.
 - First year savings are estimated at \$600,000, and most fees are guaranteed for five years (see page 2 of the attached contract).
 - A number of performance guarantees are included (see page 18-22 of the attached contract).
 - Cigna's medical and pharmacy discounts are competitive in the marketplace and the city would not lose any network discounts by switching providers.

- An overwhelming number of providers used by employees under the current networks also belong to the Cigna networks, so most employees can keep their current doctors.
2. Implement cost containment strategies to minimize rising health care costs.
 - Cigna partners with MDLIVE to provide employees 24/7 access to physicians through phone, computer, email or mobile devices. This service allows employees to resolve a wide variety of non-emergency medical issues at less cost and time than an office visit.
 - Mental health and radiology services will also be paid under an arrangement where a fixed fee is paid on a monthly basis, rather than fee-for-service as the claim occurs. This encourages physicians to keep people well, and eliminates financial incentives to provide services that may not benefit the patient.
 - The new contract includes wellness services including a 24-hour health information line, online health coach programs, disease management programs and a comprehensive, customized wellness portal to track participation, exercise, nutrition and personal metrics.
 3. Minimize service impacts to employees due to the transition to new provider networks.
 - Cigna will administer all three of the current medical plans without any deviations. Only the names of the plans will be changed to match Cigna terminology.
 - Hays performed an analysis and found that nearly all health care providers currently used by employees are in the Cigna network. In addition, Cigna analyzed existing claims and found that only two percent of the claims would not qualify as in-network under the new contract.
 - Participants with unique or serious medical care needs whose doctors are not in the new network will receive personalized case management to transition for continued care.

FISCAL IMPACTS

With the current contract, the fees are approximately \$1.2 million. With the new contract, based on enrollment in November 2013, the annual cost is approximately \$600,000, therefore it is estimated the city's first year savings will be \$600,000. The new fee structure is lower than current fees, and most fees are guaranteed for five years. This is primarily due to efficiencies gained by bundling medical and dental benefits with one vendor. In addition, the city's portion of prescription drug rebates (incentives paid by drug manufacturers for using their products) will increase from 20 percent in the expiring contract to 100 percent in the new contract.

Administrative fees with this contract comprise only about 3.5 percent of the city's overall health care costs. The bulk of the city's health care cost is due to claims, not administrative fees. Each year, staff works with Hays to develop premiums and contribution rates for the next fiscal year. This process is underway for the fiscal year that starts July 1, 2014, and proposed rates will be presented to the City Council as part of the budget process. New premiums will incorporate the lower fees from the new contract, and will be used to offset some of the increase needed due to increasing cost of claims.

STAFF RECOMMENDATION

Staff concurs with Hays' recommendation that the City Council award all city health care benefits contracts to Cigna. Cigna is able to administer the city's medical and dental plans as currently written, and is flexible to administer changes in the future. The contract will be issued for an initial term of one year from July 1, 2014 through June 30, 2015 and can be extended for nine additional one-year terms.

If City Council does not approve this contract, this solicitation will be cancelled, and City Council will need to provide staff further direction on what they are seeking from a new request for proposal and contract.

Next Steps

To implement by July 1, 2014 a significant effort will be undertaken by city staff and Cigna. Steps include developing an eligibility reporting process, finalizing financial and banking arrangements, ensuring the city's benefit plans are loaded correctly into Cigna's system, and revising medical and dental plan benefits booklets. Staff will also undertake an extensive communication effort to share the new networks and processes with covered employees and their families. This will include home mailings, meetings, webinars and benefit fairs where participants can ask Cigna questions.

STAFF CONTACT

Lauran Beebe, Benefits Manager, Human Resources, lbeebe@ScottsdaleAZ.gov, 480-312-2746

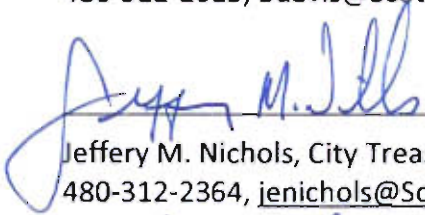
APPROVED BY



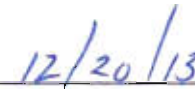
Bruce W. Davis, Human Resources Executive Director
480-312-2615, bdavis@ScottsdaleAZ.gov



Date



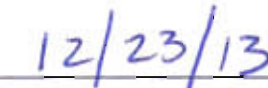
Jeffery M. Nichols, City Treasurer
480-312-2364, jenichols@ScottsdaleAZ.gov



Date



Fritz Behring, City Manager
480-312-2811, fbehring@ScottsdaleAZ.gov



Date

ATTACHMENTS

1. Resolution No. 9616
2. Contract No. 2014-009-COS

RESOLUTION NO. 9616

A RESOLUTION OF THE COUNCIL OF THE CITY OF
SCOTTSDALE, ARIZONA, AUTHORIZING THE MAYOR TO
EXECUTE AGREEMENT NO. 2014-009-COS WITH CIGNA
HEALTHCARE TO ADMINISTER CITY-PROVIDED BENEFITS

WHEREAS, the City desires to contract for the administration of medical, pharmacy, dental, employee assistance program and behavioral health benefits for employees and eligible beneficiaries; and

WHEREAS, after a request for proposal process, the City's benefit consultant, Hays Companies, recommended that Cigna Healthcare be selected to administer all of the above-described benefits; now, therefore

BE IT RESOLVED by the Council of the City of Scottsdale as follows:

Section 1. The Mayor is authorized and directed to execute Agreement No. 2014-009-COS with Cigna Healthcare to administer City-provided benefits.

PASSED AND ADOPTED by the Council of the City of Scottsdale this ____ day of January, 2014.

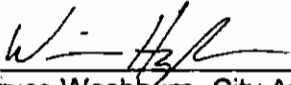
CITY OF SCOTTSDALE, an Arizona
municipal corporation

W. J. "Jim" Lane, Mayor

ATTEST:

Carolyn Jagger, City Clerk

APPROVED AS TO FORM:



Bruce Washburn, City Attorney
By: William K. Hylen, Assistant City Attorney



**CITY OF SCOTTSDALE
CITY SERVICES CONTRACT**

THIS CONTRACT, entered into this 19 day of December, 2013, by and between the City of Scottsdale, an Arizona Municipal Corporation, the "City", and Cigna Healthcare, the "Contractor".

WITNESSETH

The City desires to contract for the following services: Medical (Cigna OAP In-Network, Cigna OAP and Cigna OAP + HSA) Pharmacy, Dental PPO, Dental HMO, Behavioral Health and Employee Assistance Program.

The Contractor is duly qualified to perform the requested non professional services;

In consideration of the mutual promises and obligations, the parties agree as follows:

1.0 DESCRIPTION, ACCEPTANCE, DOCUMENTATION

Contractor will act under the authority and approval of the Contract Administrator for the City, named below, to provide the services required by this Contract.

1.1 SERVICE DESCRIPTION

The scope of work is detailed in the Exhibits A-E and in the Request For Proposal submitted by Hays Companies for Medical Plan Administration: Bundled, Unbundled, Self-insured; Dental Plan Administration: Self-insured and DHMO Fully-insured and EAP Program dated August 13, 2013. Contractor's proposal submitted in response to the Request for Proposal and dated September 2013 along with Exhibits A-E is incorporated herein by this reference as fully as if written out below. If any provision incorporated by reference from the Request for Proposal conflicts with any provision of the Contractor's proposal, the provision of the Request for Proposal will control. If any provision of the Contractor's proposal conflicts with any provision of this Contract, this Contract will control.

1.2 ACCEPTANCE AND DOCUMENTATION

- A. Each task will be reviewed and approved by the Contract Administrator to determine acceptable completion.
- B. The City will provide all necessary information to the Contractor for timely completion of the tasks specified in Section 1.1 above.
- C. All documents, including but not limited to, data compilations, studies, and reports which are prepared in the performance of this Contract are to be and will remain the property of the City and must be delivered to the Contract Administrator before final payment is made to the Contractor.

1.3 BUSINESS ASSOCIATE AGREEMENT

The Contractor by signing this City Services Contract 2014-009-COS accepts and agrees to the Business Associate Agreement hereby incorporated in full as Exhibit E to this contract. The Business Associate Agreement establishes the necessary relationships and responsibilities between and of the parties with regard to Protected Health Information in performance of this contract.

2.0 BILLING RECORDS, AUDIT, FEES

2.1 BILLING RECORDS, AUDIT

The time spent for each task must be recorded and submitted to the Contract Administrator. Contractor must maintain all books, papers, documents, accounting records and other evidence pertaining to time billed and to costs incurred and make these materials available for audit by the City in accordance with Section 4.7 of this Contract.

2.2 FEE SCHEDULE

Contractor will be paid according to the Pricing Proposal forms submitted in the Contractor's final fees and guarantees, attached as "Exhibit A – Exhibit D" for reference

Medical plans (Cigna OAP In-Network, Cigna OAP and Cigna OAP + HSA) – administrative rates are guaranteed for 5 years

Medical/RX Administration/Access Fee - \$12.18 Per Employee Per Month

HIPAA Certificates \$.15 Per Employee Per Month

Your Health First 200 (Disease Management) - \$5.25 Per Employee Per Month

Health Advisor - \$3.20 Per Employee Per Month

Employee Assistance Program – administrative rates are guaranteed for 3 years

\$2.17 Per Employee Per Month

MD Live – waive the set-up fee of \$15,000 and the \$.50 Per Employee Per Month cost for 5 years

Dental PPO - administrative rates are guaranteed for 5 years

\$2.69 Per Employee Per Month

Dental HMO – administrative rates are guaranteed for 3 years

Monthly Rates:

Employee Only - \$9.06

Employee & Spouse - \$14.87

Employee & Child(ren) - \$20.30

Employee & Family - \$23.84

Motivate Me Fee - \$1.95 Per Employee Per Month for 5 years

Contractor to provide Wellness Fund of \$150,000 for 5 years

Contractor to provide one time Bill Credit of \$50,000

Contractor to provide one time Implementation Fund Credit of \$25,000

2.3 PAYMENT APPROVAL

All charges must be approved by the Contract Administrator before payment.

2.3.1 PAYMENT TERMS

The City of Scottsdale's payment terms are payment within thirty (30) days after approval by Contract Administrator. In no event will payment be made prior to receipt of an original invoice containing invoice and proper reference numbers. The City is not liable for delays in payment caused by failure of the vendor or contractor to send invoice to the address specified below:

City of Scottsdale
Accounts Payable
7447 E. Indian School Road, Ste. 220
Scottsdale, Arizona 85251-4468

2.4 PRICE ADJUSTMENT Not Applicable

3.0 TERM, EXTENSION, TERMINATION

3.1 TERM AND EXTENSION

Options

Term of the Contract is until the tasks listed in 1.1 have been completed according to the following schedule:

The term of this Contract is for one (1) year with nine (9) additional one (1) year extensions. This Contract must be approved by the City Council of the City of Scottsdale, Arizona and Signed by its Mayor and attested by the City Clerk. The City and Consultant may mutually Agree to extend this Contract for nine (9) additional one (1) year extensions upon the Recommendation of the Contract Administrator and the concurrence of the Purchasing Director without returning to Council.

3.2 TERMINATION

Termination for Convenience: City reserves the right to terminate this contract or any part of this contract for its sole convenience with 30 days written notice. In the event of any termination, Contractor must immediately stop all work, and must immediately cause any of its suppliers and Subcontractors to cease all work. As compensation in full for services performed to the date of any termination, the Contractor will receive a fee for the percentage of services actually completed. This fee will be in the amount to be mutually agreed upon by the Contractor and the City, based on the agreed Scope of Work. If there is no mutual agreement, the Contract Administrator will determine the percentage of completion of each task detailed in the Scope of Work and the Contractor's compensation will be based upon this determination. The City will make this final payment within 60 days after the Contractor has delivered the last of the partially completed items. Contractor will not be paid for any work done after receipt of the notice of termination, nor for any costs incurred by Contractor's suppliers or Subcontractors, which Contractor could reasonably have avoided.

Cancellation for Cause: City may also cancel this contract or any part of this contract with 7 days notice for cause in the event of any default by the Contractor, or if the Contractor fails to comply with any of the terms and conditions of this contract. Unsatisfactory performance as judged by the Contract Administrator and failure to provide City, upon request, with adequate assurances of future performance are all causes allowing City to cancel this contract for cause. In the event of cancellation for cause, City will not be liable to Contractor for any amount, and Contractor will be liable to City for any and all damages sustained by reason of the default which gave rise to the cancellation.

In the event Contractor is in violation of any Federal, State, County or City law, regulation or ordinance, the City may terminate this contract immediately upon giving notice to the Contractor.

If the City improperly cancels the Contract for cause; the cancellation for cause will be converted to a termination for convenience in accordance with the provisions of this Section.3.2.

3.3 FUNDS APPROPRIATION

If the City Council does not appropriate funds to continue this Contract and pay for charges under this contract, the City may terminate this Contract at the end of the current fiscal period. The City agrees to give written notice of termination to the Contractor at least 30 days prior to the end of its current fiscal period and will pay to the Contractor all approved charges incurred through the end of this period.

4.0 GENERAL TERMS

4.1 ENTIRE AGREEMENT

This Contract constitutes the entire understanding of the parties and supersedes all previous representations, written or oral, with respect to the services specified. This Contract may not be modified or amended except by a written document, signed by authorized representatives of each party.

4.2 ARIZONA LAW

This Contract is governed and interpreted according to the laws of the State of Arizona.

4.3 MODIFICATIONS

Any amendment, modification or variation from the terms of this Contract must be in writing and will be effective only after approval of all parties signing the original Contract.

4.4 ASSIGNMENT

Services covered by this Contract may not be assigned or sublet in whole or in part without first obtaining the written consent of the Purchasing Director and Contract Administrator.

4.5 SUCCESSORS AND ASSIGNS

This Contract extends to and is binding upon Contractor, its successors and assigns, including any individual, company, partnership or other entity with or into which Contractor merges, consolidates or is liquidated, or any person, corporation, partnership or other entity to which Contractor sells its assets.

4.6 CONTRACT ADMINISTRATOR

The Contract Administrator for the City is Luran Beebe, Human Resources Manager - Benefits or designee. The Contract Administrator will oversee the execution of this Contract, assist the Contractor in accessing the organization, audit billings, approve payments, establish delivery schedules, approve addenda, and assure Certificates of Insurance are in City's possession and are current and conform to the contract requirements. The Contractor will channel reports and special requests through the Contract Administrator.

4.7 RECORDS AND AUDIT RIGHTS

Contractor's records (hard copy, as well as computer readable data), and any other supporting evidence considered necessary by the City to substantiate charges and claims related to this contract are open to inspection and subject to audit and/or reproduction by City's authorized representative to the extent necessary to adequately permit evaluation and verification of the cost of the work, and any invoices, change orders, payments or claims submitted by the

Contractor or any of his payees in accordance with the terms of the contract. The City's authorized representative must be given access, at reasonable times and places, to all of the Contractor's records and personnel in accordance with the provisions of this article throughout the term of this contract and for a period of 3 years after last or final payment.

Contractor must require all Subcontractors, insurance agents, and material suppliers (payees) to comply with the provisions of this Section by insertion of these contract requirements in a written contract agreement between Contractor and payee. These requirements will also apply to any and all Subcontractors.

If an audit in accordance with this Section, discloses overcharges, of any nature, by the Contractor to the City in excess of 1% of the total contract billings, the actual cost of the City's audit will be reimbursed to the City by the Contractor. Any adjustments and/or payments which must be made as a result of any audit or inspection of the Contractor's invoices and/or records will be made within a reasonable amount of time (not to exceed 90 days) from presentation of City's findings to Contractor.

4.8 ATTORNEY'S FEES

In the event either party brings any action for any relief, declaratory or otherwise, arising out of this Contract, or on account of any breach or default, the prevailing party will be entitled to receive from the other party reasonable attorneys' fees and reasonable costs and expenses, determined by the court sitting without a jury, which will be considered to have accrued on the commencement of the action and will be enforceable whether or not the action is prosecuted to judgment.

4.9 INELIGIBLE BIDDER

The preparer of specifications is not eligible to submit a bid or proposal on the solicitation for which they prepared the specification, nor is the preparer eligible to supply any product to a bidder or offeror on the solicitation for which they prepared the specification.

4.10 INDEPENDENT CONTRACTOR

The services Contractor provides under the terms of this Contract to the City are that of an Independent Contractor, not an employee, or agent of the City. The City will report the value paid for these services each year to the Internal Revenue Service (I.R.S.) using Form 1099.

City will not withhold income tax as a deduction from contractual payments. As a result of this, Contractor may be subject to I.R.S. provisions for payment of estimated income tax. Contractor is responsible for consulting the local I.R.S. office for current information on estimated tax requirements.

4.11 CONFLICT OF INTEREST

The City may cancel any contract or agreement, without penalty or obligation, if any person significantly involved in initiating, negotiating, securing, drafting or creating the contract on behalf of the City's departments or agencies is, at any time while the contract or any extension of the contract is in effect, an employee of any other party to the contract in any capacity or a Contractor to any other party to the contract with respect to the subject matter of the contract. The cancellation will be effective when written notice from the City is received by all other parties to the contract, unless the notice specifies a later time (A.R.S. §38-511).

4.12 NOTICES

All notices or demands required to be given in accordance with the terms of this Contract must be given to the other party in writing, delivered by hand or registered or certified mail, at the addresses stated below, or to any other address the parties may substitute by written notice given in the manner prescribed in this paragraph.

In the case of Contractor:
Edward Kim
General Manager
Cigna Healthcare
5310 E. High Street, Suite 200
Phoenix, AZ 85054
623-277-1102

In the case of City:
City of Scottsdale, Human Resources Division – Lauran Beebe
7575 E. Main Street
Scottsdale, AZ 85251
480-312-2746

Notices will be considered received on date delivered, if delivered by hand, and on the delivery date indicated on receipt if delivered by certified or registered mail.

4.13 FORCE MAJEURE

Neither party will be responsible for delays or failures in performance resulting from acts beyond their control. These acts include, but are not limited to, acts of God, riots, acts of war, epidemics, governmental regulations imposed after the fact, fire, communication line failures, or power failures.

4.14 TAXES

Contractor will be solely responsible for any and all tax obligations which may result from the Contractor's performance of this contract. The City will have no obligation to pay any amounts for taxes, of any type, incurred by the Contractor.

4.15 ADVERTISING

No advertising or publicity concerning the City using the Contractor's services will be undertaken without first obtaining the written approval for the advertising or publicity from the City Contract Administrator.

4.16 COUNTERPARTS

This contract may be executed in one or more counterparts, and each originally executed duplicate counterpart of this Contract will be considered to possess the full force and effect of the original.

4.17 CAPTIONS

The captions used in this Contract are solely for the convenience of the parties, do not constitute a part of this Contract and are not to be used to construe or interpret this Contract.

4.18 SUBCONTRACTORS

During the performance of the Contract, the Contractor may engage any additional Subcontractors as may be required for the timely completion of this Contract. The approval of the City must be obtained before the addition of any Subcontractors.

In the event of subcontracting, the sole responsibility for fulfillment of all terms and conditions of this Contract rests with the Contractor.

4.19 CHANGES IN THE WORK

The City may at any time, as the need arises, order changes within the scope of the work without invalidating the contract. If any changes increase or decrease the amount due under the contract documents, or in the time required for performance of the work, an equitable adjustment will be authorized by written Change Order.

The City will execute a formal Change Order based on detailed written quotations from the Contractor for work related changes and/or a time of completion variance. All Change Orders are subject to approval by the City.

Contract Change Orders are subject to the Rules and Procedures within the City's Procurement Code.

4.20 CO-OP USE OF CONTRACT

In addition to the City of Scottsdale, this Contract may be extended for use by other municipalities, government agencies and governing bodies, including the Arizona Board of Regents, and political subdivisions of the State. Any usage by other entities must be in accord with the ordinances, charter and/or rules and regulations of the respective entity and the approval of the Contractor.

4.21 COMPLIANCE WITH FEDERAL AND STATE LAWS

The Contractor understands and acknowledges the applicability of the Americans with Disabilities Act, the Immigration Reform and Control Act of 1986 and the Drug Free Workplace Act of 1989 to it.

4.22 IMMIGRATION LAW COMPLIANCE

Under the provisions of A.R.S. §41-4401, the Contractor warrants to the City that the Contractor and all its subcontractors will comply with all Federal Immigration laws and regulations that relate to their employees and that the Contractor and all its subcontractors now comply with the E-Verify Program under A.R.S. §23-214(A).

A breach of this warranty by the Contractor or any of its subcontractors will be considered a material breach of this Contract and may subject the Contractor or Subcontractor to penalties up to and including termination of this Contract or any subcontract. The Contractor will take appropriate steps to assure that all subcontractors comply with the requirements of the E-Verify Program. The Contractor's failure to assure compliance by all its' subcontractors with the E-Verify Program may be considered a material breach of this Contract by the City.

The City retains the legal right to inspect the papers of any employee of the Contractor or any subcontractor who works on this Contract to ensure that the Contractor or any subcontractor is complying with the warranty given above.

The City may conduct random verification of the employment records of the Contractor and any of its subcontractors to ensure compliance with this warranty. The Contractor agrees to

indemnify, defend and hold the City harmless for, from and against all losses and liabilities arising from any and all violations of these statutes.

4.23 *LAWFUL PRESENCE IN THE UNITED STATES FOR PERSONS*

Arizona State law A.R.S. §1-502 (H.B. 2008) requires that all PERSONS who will be awarded a contract and apply for public benefit must demonstrate through a signed affidavit and the presentation of a copy of documentation that they are lawfully present in the United States.

PERSONS is defined as all NATURAL PERSONS / INDIVIDUALS / SOLE PROPRIETORSHIPS as indicated by your W9 Filing. *(This law does not apply to LLP's, LLC's, PLLC's, Corporations Limited Partnerships or General Partnerships)*

By submitting your quote, bid, proposal and/or indicating your desire to enter in a contract with the City you are agreeing that if you are selected as the awardee and meet the criteria as a PERSON you will abide by this law and sign and submit an AFFIDAVIT DEMONSTRATING LAWFUL PRESENCE IN THE UNITED STATES and attach the appropriate copy of your documentation in proof of that statement. Types of acceptable documentation copies are an Arizona Drivers License issued after 1996, Arizona nonoperating identification license, U.S. birth certificate, U.S. Passport, I-94 Form with photograph and several others that are all listed on the Affidavit form that the City will send to you for your completion before issuing any contract.

If you have previously done business with the City and already have filed the above Affidavit with copies of an acceptable documentation please indicate date of submittal. If your acceptable Affidavit is already on file with the City, that filing satisfies this requirement.

If you fail to complete and provide a completed Affidavit and accompanying acceptable copy of your documentation, or do not advise us of your previous filing within 10 calendar days of the City's request you may be considered non responsive and disqualified from that award consideration. You can obtain the complete Affidavit form from the City's Purchasing Department at (480) 312-5700 or the City's website at <http://www.scottsdaleaz.gov/Purchasing> on the Vendor Resources page at the bottom right under Forms.

4.25 *NO PREFERENTIAL TREATMENT OR DISCRIMINATION*

In accordance with the provisions of Article II, Section 36 of the Arizona Constitution, the City will not grant preferential treatment to or discriminate against any individual or group on the basis of race, sex, color, ethnicity or national origin.

4.26 *INDEMNIFICATION*

To the fullest extent permitted by law, Contractor, its successors, assigns and guarantors, must defend, indemnify and hold harmless City of Scottsdale, its agents, representatives, officers, directors, officials and employees from and against all allegations, demands, proceedings, suits, actions, claims, damages, losses, expenses, including but not limited to, attorney fees, court costs, and the cost of appellate proceedings, and all claim adjusting and handling expense, related to, arising from or out of, or resulting from any negligent or intentional actions, acts, errors, mistakes or omissions caused in whole or part by Contractor relating to work or services in the performance of this Contract, including but not limited to, any Subcontractor or anyone directly or indirectly employed by any of them or anyone for whose acts any of them may be liable and any injury or damages claimed by any of Contractor's and Subcontractor's employees.

Insurance provisions stated in this contract are separate and independent from the indemnity provisions of this paragraph and will not be construed in any way to limit the scope and magnitude of the indemnity provisions. The indemnity provisions of this paragraph will not be construed in any way to limit the scope and magnitude and applicability of the insurance provisions.

4.27 CONTRACTOR ON SITE SAFETY REPORTING REQUIREMENTS

For any non-construction City supplier whose service contract(s) (either singular or in aggregate) results in the contractor working 500 or more hours on site at a City of Scottsdale location(s) in any one calendar quarter, the following documentation must be provided by the contractor to the Contract Administrator (CA):

- the contractor's most recent OSHA 300A (if applicable);
- all accident reports for injuries that occurred in the city under the contract during the most recent review period;
- the contractor's current worker's compensation experience modifier;
- the above information is to be provided to the CA initially and every February thereafter as long as the contract is in force;
- the CA will provide this information to Risk Management when requested.

5.0 INSURANCE

A current standard Acord Certificate is acceptable.

Failure to provide an appropriate Certificate of Insurance will result in rejection of your certificate and delay in Contract execution.

Additionally, Certificates of Insurance submitted without referencing an RFP and Contract number will be subject to rejection and returned or discarded.

5.1 Insurance Representations and Requirements

5.1.1 General: Contractor agrees to comply with all applicable City ordinances and state and federal laws and regulations.

Without limiting any obligations or liabilities of Contractor, Contractor must purchase and maintain, at its own expense, this Contract's stipulated minimum insurance with insurance companies properly licensed by the State of Arizona (admitted insurer) with an AM Best, Inc. rating of B ++ 6 or above or an equivalent qualified unlicensed insurer by the State of Arizona (non-admitted insurer) with policies and forms satisfactory to City of Scottsdale. Failure to maintain insurance as specified may result in termination of this Contract at City of Scottsdale's option.

5.1.2 No Representation of Coverage Adequacy: By requiring the insurance stated in this Contract, the City of Scottsdale does not represent that coverage and limits will be adequate to protect Contractor. City of Scottsdale reserves the right to review any and all of the insurance policies and/or endorsements required by in this Contract but has no obligation to do so. Failure to demand any evidence of full compliance with the insurance requirements stated in this Contract or failure to identify any insurance deficiency does not relieve Contractor from, nor be construed or considered a waiver of, its obligation to maintain the required insurance at all times during the performance of this Contract.

5.1.3 Coverage Term: All insurance required by this Contract must be maintained in full force and effect until all work or services required to be performed under the terms of this contract are satisfactorily performed, completed and formally accepted by the City of Scottsdale, unless specified otherwise in this Contract.

5.1.4 Claims Made: In the event any insurance policies required by this Contract are written on a "claims made" basis, coverage must extend, either by keeping coverage in force or purchasing an extended reporting option, for 3 years past completion and acceptance of the work or services as evidenced by submission of annual Certificates of Insurance stating that applicable coverage is in force and contains the required provisions for the 3 year period.

5.1.5 Policy Deductibles and or Self Insured Retentions: The policies stated in these requirements may provide coverage which contain deductibles or self insured retention amounts. Any deductibles or self insured retention are not applicable to the policy limits provided to City of Scottsdale. Contractor is solely responsible for any deductible or self insured retention amount. City of Scottsdale, at its option, may require Contractor to secure payment of any deductible or self insured retention by a surety bond or irrevocable and unconditional Letter of Credit.

5.1.6 Use of Subcontractors: If any work under this agreement is subcontracted in any way, Contractor must execute a written agreement with Subcontractor containing the same Indemnification Clause and Insurance Requirements stated in this Contract protecting City of Scottsdale and Contractor. Contractor will be responsible for executing the agreement with Subcontractor and obtaining Certificates of Insurance verifying the insurance requirements.

5.1.7 Evidence of Insurance: Before beginning any work or services under this Contract, Contractor must furnish City of Scottsdale with Certificate(s) of Insurance, or formal endorsements as required by this Contract, issued by Contractor's insurer(s) as evidence that policies are placed with acceptable insurers as specified in this Contract and provide the required coverage, conditions, and limits of coverage and that any coverage and provisions are in full force and effect. If a Certificate of Insurance is submitted as verification of coverage, City of Scottsdale will reasonably rely upon the Certificate of Insurance as evidence of coverage but any acceptance and reliance will not waive or alter in any way the insurance requirements or obligations of this agreement. If any of the above cited policies expire during the life of this Contract, it will be Contractor's responsibility to forward renewal Certificates within 10 days after the renewal date containing all the aforementioned insurance provisions. Certificates will specifically cite the following provisions:

1. City of Scottsdale, its agents, representatives, officers, directors, officials and employees must be named an Additional Insured under the following policies:
 - a) Commercial General Liability
 - b) Auto Liability
 - c) Excess Liability - Follow Form to underlying insurance as required.
2. Contractor's insurance must be primary insurance as respects performance of subject contract.
3. All policies, except Professional Liability insurance, if applicable, waive rights of recovery (subrogation) against City of Scottsdale, its agents, representatives, officers, directors, officials and employees for any claims arising out of work or services performed by Contractor under this Contract.
4. If the Contractor receives notice that any of the required policies of insurance are materially reduced or cancelled, it will be Contractor's responsibility to provide prompt notice of same to the City, unless such coverage is immediately replaced with similar policies.

5.2 Required Coverage

5.2.1 Commercial General Liability: Contractor must maintain "occurrence" form Commercial General Liability insurance with a limit of not less than \$1,000,000 for each occurrence, \$2,000,000 Products and Completed Operations Annual Aggregate, and a \$2,000,000 General Aggregate Limit. The policy must cover liability arising from premises, operations, independent contractors, products-completed operations, personal injury and advertising injury. If any Excess insurance is utilized to fulfill the requirements of this paragraph, the Excess insurance must be "follow form" equal or broader in coverage scope than underlying.

5.2.2 Vehicle Liability: Contractor must maintain Business Automobile Liability insurance with a limit of \$1,000,000 each occurrence on Contractor's owned, hired, and non-owned vehicles assigned to or used in the performance of the Contractor's work or services under this Contract. If any Excess insurance is utilized to fulfill the requirements of this paragraph, the Excess insurance must be "follow form" equal or broader in coverage scope than underlying. If any hazardous material, as defined by any local, state or federal authority, is the subject, or transported, in the

performance of this contract, an MCS 90 endorsement is required providing \$5,000,000 per occurrence limits of liability for bodily injury and property damage.

5.2.3 Workers Compensation Insurance: Contractor must maintain Workers Compensation insurance to cover obligations imposed by federal and state statutes having jurisdiction of Contractor's employees engaged in the performance of work or services under this Contract and must also maintain Employers' Liability Insurance of not less than \$100,000 for each accident, \$100,000 disease for each employee and \$500,000 disease policy limit.

5.2.4 Errors and Omissions:

Contractor must maintain Errors and Omissions insurance covering errors and omissions arising out of the work or services performed by Contractor or anyone employed by Contractor or anyone for whose acts, mistakes, errors and omissions Contractor is legally liable, with a liability insurance limit of \$1,000,000 each claim and \$2,000,000 all claims.

6.0 SEVERABILITY AND AUTHORITY

6.1 SEVERABILITY

If any term or provision of this Contract is found to be illegal or unenforceable, then despite this illegality or unenforceability, this Contract will remain in full force and effect and that term or provision will be considered deleted.

6.2 AUTHORITY

Each party warrants and represents that it has full power and authority to enter into and perform this Contract, and that the person signing on behalf of each has been properly authorized and empowered to enter this Contract. Each party further acknowledges that it has read this Contract, understands it, and agrees to be bound by it.

7.0 REQUEST FOR TAXPAYER I.D. NUMBER & CERTIFICATION I.R.S. W-9 FORM

Upon request, the Contractor shall provide the required I.R.S. W-9 Form which is available from the IRS website at www.irs.gov under their forms section.

The City of Scottsdale by its Mayor and City Clerk has subscribed their names this ____ day of _____, 2013.

CITY OF SCOTTSDALE

By: _____
W. J. "Jim" Lane, Mayor

ATTEST:

Carolyn Jagger, City Clerk

COMPANY:

Cigna Healthcare
By: _____
Signature

Edward Kim
Printed Name

General Manager
Title

5310 E. High Street, Suite 200
Phoenix, AZ 85054
Company Address

CITY CONTRACT ADMINISTRATOR:

By: _____
Lauran Beebe
Human Resources Manager - Benefits

CITY OF SCOTTSDALE REVIEW:

By: _____
James Flanagan
Purchasing Director

By: _____
Katherine Callaway
Risk Management Director

APPROVED AS TO FORM:

Bruce Washburn, City Attorney

By: _____
William Hylen
Assistant City Attorney

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Risk Management Director

APPROVED AS TO FORM:

Bruce Washburn, City Attorney

By: _____
William Hylan
Assistant City Attorney

REVISION NUMBER:

INS LTR	TYPE OF INSURANCE	ADDL INSR	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	
	GENERAL LIABILITY COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS MADE <input type="checkbox"/> OCCUR _____ _____ GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PROJECT <input type="checkbox"/> LOC	<input type="checkbox"/>	<input type="checkbox"/>				EACH OCCURENCE \$ DAMAGE TO RENTED PREMISES (Ea Occurrence) \$ MEDICAL EXP (Any One Person) \$ PERSONAL & ADV INSURY \$ GENERAL AGGREGATE \$ PRODUCTS - COMP/OP AGG \$	
	AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS <input type="checkbox"/> NON-OWNED AUTOS _____ Umbrella Liab <input type="checkbox"/> OCC Excess Liab <input type="checkbox"/> CLAIMS MADE _____ DEDUCTIBLE _____ RETENTION \$	<input type="checkbox"/>	<input type="checkbox"/>				COMBINED SINGLE LIMIT (Ea accident) \$ BODILY INJURY (Per person)) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per Accident) \$ EACH OCCURENCE \$ AGGREGATE \$ \$ \$	
	WORKERS COMPENSATION AND EMPLOYER'S LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? Y/N <input type="checkbox"/> (Mandatory in NH) If yes, describe under SPECIAL PROVISIONS BELOW:	N/A	<input type="checkbox"/>				WC STATU-TORY LIMITS OTHER EL EACH ACCIDENT \$ EL DISEASE , POLICY LIMIT \$ EL DISEASE , EA EMPLOYEE \$	
		<input type="checkbox"/>	<input type="checkbox"/>					

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE _____

City of Scottsdale
7/1/2014

Medical/Rx Administration/Access Fee (5yr guarantee)
HIPAA Certificates (5yr guarantee)
Your Health First 200 (Disease Management) (5yr guarantee)
Health Advisor (5yr guarantee)
Dental PPO Administration/Access fee (as applicable) (5yr guarantee if packaged with med&rx)
EAP (3yr guarantee)

PEPM

Medical/Rx/Dental Quote	How this fee is serviced:
\$12.18	On the Bill
\$0.15	On the Bill
\$5.25	Passed through the bank account as a claim
\$3.20	Passed through the bank account as a claim
\$2.69	On the Bill
\$2.17	On the Bill

Services included with pricing above:

PHS+ Enhanced Clinical Management
MDLive (5 yr guarantee/no cost)
\$50K Bill Credit
15% rate cap for 3 years on CBA and MSI capitation
Number of Claims to be audited is 300
Motivate Me (Wellness Incentive Tracking) \$1.95 guaranteed for 5 years
Non Cigna members Health Assessment and Health Advisor \$3.80 PEPM
\$150,000 Wellness Fund Per year (no rollover)
\$25,000 Implementation Fund (1st year only)
Client Black and White Logo on SPDs (includes Printing and mailing to one location)
Client Black and White Logo on ID Cards (includes Printing and mailing to Member homes)
Standard Reporting Services as well as up to 12 ad hoc reports per year
Pharmacy integration with a third Party (as applicable)
Full Pass through of Rx Rebates (as applicable)
No ASO Fee Increase for 5 Years
DHMO rates and patient charge schedule is guaranteed for 3 years
Shared Savings of 1% (via Bank Account, see comments in Caveats)
Service Performance Guarantees (see separate proposal)
Discount Guarantee (see separate proposal)
Total Claim Guarantee (see separate proposal)
Better Health Guaranteed (see separate proposal)

Yes
Yes
Yes
Yes
Yes
Yes
Yes
Yes
Yes
Yes
Yes
Yes
Yes
N/A
Yes
Yes
Yes
Yes
Yes
Yes
Yes

Please refer to the Terms & Conditions of this Proposal for details of services and fee guarantees included.

The above quote does not include the Transitional Reinsurance Assessment required to be paid on behalf of the Plan under section 1341 of the Patient Protection

Cigna Healthcare Financial Exhibit for:
City of Scottsdale
Effective Date: July 01, 2014

PROPOSAL TERMS AND CONDITIONS

A. General Terms of this Proposal

Cigna HealthCare is pleased to present this Proposal for an Administrative Services Only group medical, dental, pharmacy and behavioral health benefit plan (the "Plan") sponsored by City of Scottsdale. This proposal is valid for 90 days from its original date of release, 09/23/2013. Any revisions or updates to this proposal will not renew this valid timeframe unless expressly communicated by Cigna HealthCare.

Proposal Caveats

Cigna HealthCare may revise or withdraw this Proposal if:

- 1 there is a change to the effective date of the quote.
- 2 the Plan benefits are different than shown in the RFP or benefit modifications are requested.
- 3 the census or experience provided by Hays Companies is deemed inaccurate.
- 4 there is a change in any law, regulation, or required assessment or tax that changes Cigna HealthCare's costs in offering the plan.
- 5 less than 200 employees or less than 70% of total eligible employees enroll in the Plan.
- 6 enrollment increases or decreases by 10% or more, by product or for the total account, from the enrollment assumptions used in establishing the rates and/or fees set forth herein.
- 7 the final enrollment deviates from the quoted enrollment such that it results in a needed change in premium rates. Rates are based on final enrollment factors, including total number of enrollees, their age, sex, demographics, location and the distribution of enrollees by product or by customer tier.
- 8 any of the information upon which these rates or benefits were based (including Medical History Information) changes or is inaccurate.
- 9 it is not the exclusive provider of Medical /Dental/ Pharmacy or like products for all of City of Scottsdale's employees in all worksites.
- 10 the employer changes its level of contribution toward the cost of the coverage.
- 11 benefit advisor fees are requested to be different than \$0.00 PEPM for Medical products and/or, 0.00% of Stop Loss rates.
- 12 it is requested to interface with a third party vendor.
- 13 it is requested to provide optional services beyond those listed here as being included in the quote: Client Logo on ID Cards and collaterals
- 14 administration of the Plan will require more than the following:
 - o Billing lines: 16
 - o Billing and Claim Branch Benefit Options: 4
- 15 it is requested to change the following additional Programs included in the rates and/or fees as listed here: Health Advisor and Your Health First.
- 16 it is requested to provide stop loss coverage different than what is outlined in the case specific Stop Loss proposal output provided by the Stop Loss Underwriter.
- 17 medical and dental are not offered as packaged benefits (as applicable by defined quote).
- 18 Federal, State or Local action impacting the benefit levels quoted herein or affecting our ability to meet our obligations to you, to your employees/our customers or to our contracted providers. By way of illustration, such legislation or executive actions which impose controls or requirements that affect: our ability to determine rates; covered medical expenses or service benefits; providers delivery of care or the fees they charge; or our contracts with providers, may be deemed to so affect our contractual obligations. Should this happen, Cigna HealthCare will make a good faith effort to work to reach a new agreement that equitably reflects the circumstances as altered by government action.
- 19 large claim information is not received. This quote is contingent upon receipt of large claim information with final rates and terms dependent upon underwriting review. Information should include individuals with paid claims in excess of 50% of the pooling level for the 12 month period ending no earlier than 04/01/2014 along with dollar amount, age, gender, and descriptive diagnosis information.
- 20 the number of Covered Persons for Stop Loss coverage, in total or in any covered plan, at the beginning of the policy year or at any time during the policy year differs more than 10% from the original estimated enrollment.
- 21 there are changes in the benefit plan, or the addition or termination of a subsidiary, operation or class of employees, not otherwise accounted for during the Stop Loss underwriting process.
- 22 there is any reimbursement arrangement ("gap" cards, etc.) that subsidizes or reduces the out-of-pocket obligation of covered persons under the policy.

B. Scope and Application of this Proposal

Unless otherwise indicated, this Proposal:

- 1 supersedes and renders null and void any prior Cigna HealthCare offer or proposal with respect to the Plan.
- 2 reflects the claims and administrative savings realized by packaging the following specialty coverage with medical: Dental, Pharmacy and Behavioral Advantage.
- 3 includes capitated charges for behavioral care services arranged by Cigna Behavioral Health, Inc. However, this may not apply in certain states.
- 4 includes capitated charges for the provision of HI-Tech Radiology services by MedSolutions, Inc. However, this may not apply in certain states.
- 5 assumes that \$8.45 pepm will be charged for the Trans OAP-In Network plan to the Plan Bank Account for the following programs: Health Advisor and Your Health First

- 6 assumes that \$6.45 pepm will be charged for the Trans Open Access Plus plans to the Plan Bank Account for the following programs: Health Advisor and Your Health First
- 7 includes charges made by third parties for care management programs to contain the cost of specific health services/items and/or improve adherence to evidence-based guidelines to promote patient safety and efficient care (e.g., charges for management of nuclear cardiology, radiation therapy and medical oncology).
- 8 requires a separate benefit option due to state regulations, if you have purchased any product with Cigna HealthCare Behavioral Advantage and you have customers residing in NC or CA.
- 9 does not apply to part-time or seasonal employees for any plan.
- 10 Medicare eligible retirees are not included in this plan unless mandated by situs state legislation.
- 11 includes the Network Savings Program (NSP) and other Cost Containment programs designed to contain costs with respect to charges for health care services/supplies that are covered by the Plan. For administering these programs, Cigna retains a portion of the savings or recoveries generated.
- 12 includes the Dental Network Savings Program (NSP).
- 13 includes Cigna's retention of 1% of the medical claim savings resulting from participating provider discounts (Shared Savings Program).
- 14 excludes charges for converting a qualified customer of a group plan to an individual plan.
- 15 includes a maximum reimbursable charge for out-of-network coverage equal to 110% of a fee schedule developed by Cigna HealthCare based upon a methodology similar to that used by Medicare to determine the allowable fee for similar services in the geographic market OR 80th percentile of charges made by providers of such service or supply in the geographic area where the service is received.
- 16 requires you notify us within 30 days if any information set forth in this form changes at any time while coverage is provided to you by Cigna HealthCare.
- 17 does not include administration of "run out" claims incurred prior to the effective date.
- 18 guarantees the second through fifth year ASO fees to be an increase of 0% to mature first year fees. All guarantees are subject to all other terms and conditions included in this document.
- 19 Notwithstanding the foregoing guarantee, Cigna may revise any administrative charges at any time if Cigna is (i) required to pay any assessment, or (ii) incur additional costs in administering the contract as a result of the Patient Protection and Affordable Care Act and the regulations promulgated thereunder.
- 20 offers the Performance Guarantee contract under the plan only if finalized prior to the Effective Date.
- 21 applies all provisions and conditions precedent of the Performance Guarantee Contract.
- 22 assumes and is conditioned upon client at all times maintaining a minimum bank account balance determined by Cigna (but no less than \$10,000) based upon plan funding (i.e., insured or self-insured), frequency of account funding, specific vendor banking institution requirements for cash flow and frequency. Calculation of the bank account balance will be based on average daily claim activity that can range from 1-8 days and include adjustments for non-daily activity (e.g. prescription drug benefits and network access fees when applicable).
- 23 under Massachusetts General Law Chapter 176G, Section 6A, no carrier may provide health care coverage to an employer unless that employer offers coverage to all full-time employees who live in the Commonwealth of Massachusetts; and the employer does not make a smaller health insurance premium contribution percentage amount for an employee than the employer makes to any other employee who receives an equal or greater total hourly or annual salary for each specific or general blanket policy of insurance for all employees in making its premium payment to Cigna HealthCare each month. Employer is agreeing that it offers coverage to all full-time employees who live in the Commonwealth of Massachusetts; and the Employer does not make a smaller health insurance premium contribution percentage amount for an employee than the Employer makes to any other employee who receives an equal or greater total hourly or annual salary for each specific or general blanket policy of insurance for all employees.
- 24 has an expiration date of 04/01/2014 for the Stop Loss quote.
- 25 assumes that the Individual Stop Loss maximum is unlimited.
- 26 includes Rx claims for the Individual Stop Loss (ISL) coverage.
- 27 has a benefit advisor fee of 0.00% for the Stop Loss portion.
- 28 defines the ISL Maximum as the maximum payable under the stop loss policy.
- 29 reflects that the ISL Maximum mirrors the underlying medical plan maximum.
- 30 assumes that the covered employees on the Stop Loss quote are based on the following: 2,175 employees
- 31 assumes a 12 month Stop Loss policy period.
- 32 includes a Stop Loss quote based upon the proposed plan of benefits and networks and assumes that Cigna HealthCare will provide the administration of those underlying benefits.
- 33 is based on Cigna HealthCare being selected as the stop loss carrier. In the event Cigna HealthCare is selected as claim administrator rather than the stop loss carrier and is requested to interface with a third party stop loss vendor, an additional charge will be assessed, dependant on the pooling level and may vary depending on the frequency of reporting requested.
- 34 assumes that scenarios that are written on a 12/12 (incurred and paid in 12) basis reflect a discount assuming an immature contract and will have this discount fully removed from the rates in the subsequent year when the case is renewed on a paid (mature) basis. Renewal rates can also be expected to increase for stop loss leveraged trend each year.
- 35 assumes the prior administrator or the customer will provide the following information for Individual Stop Loss (ISL) when run in coverage is provided: a) Monthly report of all individuals with claims in excess of 50% of the quoted ISL Level; and b) Upon request a detailed claim filing for any individual whose policy year claims exceed the ISL level.
- 36 does not include Retirees under the Individual Stop Loss coverage.
- 37 contains a stop loss rate that will be adjusted by a savings amount of \$0.75 PEPM if both the incentive-based Cigna HealthCare Healthy Pregnancy, Healthy Babies program and Cigna HealthCare Comprehensive Oncology program are elected in conjunction with Cigna HealthCare Stop Loss.
- 38 includes the provision of HIPAA Certificates of Creditable Coverage to customers. If you choose to opt-out of this service, \$.15 per employee per month will be deducted from your fees and you will be responsible for this function which is required under federal law.
- 39 Cigna HealthCare assumes that the group health plan or health insurance coverage to which this proposal applies will not be a "grandfathered health plan" under the Patient Protection and Affordable Care Act (the "Act") and that it will be subject to all requirements of the Act applicable to a group health plan or health insurance coverage unless otherwise specified in writing.

- 40 does not include paying on behalf of the Plan the Comparative Effectiveness Research Fee required under section 4376 of the Internal Revenue Code as added by the Patient Protection and Affordable Care Act. Cigna HealthCare is prohibited from calculating, collecting and paying the fee on behalf of the Plan.
- 41 does not include the Transitional Reinsurance Assessment required to be paid under section 1341 of the Public Health Service Act as added by the Patient Protection and Affordable Care Act. If authorized to do so by you, Cigna HealthCare will pay the assessment on behalf of the Plan by drawing upon your bank account. If applicable, the Imprint amount that Cigna HealthCare will require for the bank account will reflect the amount that it estimates will be required for this assessment.
- 42 assumes applicable requirements of the Patient Protection and Affordable Care Act will be implemented on the effective date/renewal date unless you direct otherwise.
- 43 an application for coverage form will be provided only following underwriting approval.
- 44 Assumes a non-Cigna HealthCare Pharmacy Benefit Manager administers oral or other self-administered anti-cancer prescription medication claims at a copayment/coinsurance level that is no less favorable than that for intravenous or injected anti-cancer medication prescribed for the same purpose and covered under employer's Cigna HealthCare plan. This assumption is applicable only if: (a) employer has contracted with a PBM (not Cigna HealthCare); (b) employer's plan is either insured, or, if self-funded, not subject to ERISA (i.e., is a church, government or association plan); and (c) employer's Cigna HealthCare plan is situated in IA, HI, NM, OR, NJ, NE, VA, MA or a state with similar chemotherapy coverage law, or covers one or more individuals residing in CO, OK, VT, WA, TX or LA or in a state with similar extraterritorial chemotherapy coverage mandate.
- 45 For clinical/wellness/behavioral programs offered by Cigna HealthCare that are purchased, Cigna HealthCare will establish a Wellness/Health Improvement Fund in the amount of \$150,000 for 5 years. These funds will be used to defray the cost of Cigna HealthCare designated and arranged health and wellness improvement programs for employees (e.g., biometric screenings, flu shots, etc.) and to reward participation in these programs. Unused funds cannot be rolled over and Cigna HealthCare must pre-approve use of the Wellness/Health Improvement Fund.
- 46 In order to implement the requested benefit design, different funding arrangements (i.e., insured, self-insured and/or HMO) involving affiliated Cigna companies may be required with respect to plan participants residing in certain states.
- 47 presented has(ve) an actuarial value, determined by Cigna HealthCare, of 60% or greater. This determination was made using Cigna HealthCare's manual rating application which may produce an actuarial value slightly different than the official HHS calculator. Although we would expect any deviation to be small, you will have to consult with your actuarial consultant for a more precise determination of the plan's actuarial value. Cigna HealthCare does not provide actuarial certifications.
- 48 Cigna HealthCare's dental and/or vision products are "excepted benefits" and not subject to Essential Health Benefit requirements. In order to maintain this excepted status, City of Scottsdale must ensure that when/if dental and/or vision products are offered, they are offered as a buy-up option (i.e. separate election) for the employee and that the rates are separate and distinct from medical rates.

The following are the projected per employee per month claim cost for City of Scottsdale.

Plan	OAP HSA like Plan PEPM	OAP Plan PEPM	OAPIN Plan PEPM	Guaranteed Composite PEPM
PEPM Claim Cost	\$413.28	\$681.31	\$821.15	\$789.43
Assumed Enrollment	91	228	1,856	2,175

In addition, the projected claim cost includes the following assumptions:

- The claim projection is provided on a mature basis. The claim guarantee will be reconciled on a 12/15 arrangement. CIGNA claims incurred between 07/01/2014 through 06/30/2015 and paid 07/01/2014 through 09/30/2015 will be used to determine the actual PEPM composite claim cost.
- All claimants exceeding \$325,000 will be removed from the claim base.
- The final "guaranteed composite claim cost" reconciliation will be determined by actual annual enrollment by plan times Plan claim cost PEPM divided by total annual enrollment.
- The guarantee is based on achieving integration savings; therefore the guarantee is contingent on the purchase of PHS+, Health Advisor, Your Health First 200 and Pharmacy.
- A 5.0% risk free corridor will be established.
- A maximum payout of \$10.00 PEPM.
- If enrollment should change by 10% during the policy period, this arrangement will become void.
- This agreement is for the 7/1/2014 policy year only and will not extend into subsequent years.
- CIGNA will pay out for each percentage point above the risk free corridor of the final Guarantee Composite Claim Cost to a maximum of \$10.00 PEPM. We have provided an example of the payout arrangement below.
- CIGNA is the exclusive carrier.
- Contributions remain the same as current.

Payout Schedule

Illustrative Final Guaranteed Composite	Payout PEPM	Payout based on 2,175 enrollees
0-5%	\$0	\$0
5% - 6%	\$1.25	\$32,625
6% - 7%	\$1.88	\$49,068
7% - 8%	\$2.50	\$65,250
8% - 9%	\$5.00	\$130,500
9% - 10%	\$7.50	\$195,750
10%+	\$10.00	\$261,000

City of Scottsdale
Effective - 07/01/2014

Open Access Plus (OAP/OAPIN) Discount Guarantee Proposal

- One discount will be guaranteed per site, encompassing all categories of utilization (IP, OP, physician, etc.).
- Applies to In-Network Fee-For-Service charges only.
- Guarantee does not apply to:
 - Charges that are not fee-for-service charges (e.g. capitation payments)
 - Charges for services/supplies that are not Covered Services (such as COB, plan exclusions, UM denials, pending or duplicate charges, etc.)
 - Charges made by providers that are not Participating Providers in a Service Area
 - Charges that involve payment of in-network benefits to out-of-network providers
 - Services provided under an agreement with providers where all billed charges equal negotiated discounted charges (such as Gentiva, NIA, etc.)
 - Charges made by any Cigna HealthCare company (e.g. including but not limited to Tel-Drug, Inc., Tel-Drug of Pennsylvania, Inc., Cigna Behavioral Health and Cigna HealthCare of Arizona, Inc.'s staff model)
 - Claims for members over age 65.
- Claims in excess of \$325,000 will be removed in their entirety from the discount guarantee calculation.
- Guarantee presumes that the normal charges made by network providers (i.e. hospital's charge masters and billed charges for other providers) remain flat or increase. In the event that the normal charges of participating providers decrease, the discount target will be reduced accordingly.
- Guarantee presumes there will be no substantial changes (i.e. including but not limited to the addition of a new participating hospital, termination of a participating hospital) in Cigna HealthCare's network in the Service Area that could potentially affect the discount in place.
- If the actual number of employees enrolled on the Effective Date differs by 15% or more from the projected enrollment Cigna HealthCare may revise the Performance Guarantees to account for such difference.
- Guarantee will be reconciled after the close of the policy period by comparing a *weighted average of actual* discounts achieved to a *weighted average of the guaranteed* discounts. The weighting used to determine the weighted average will be the proportion of In-Network considered charges generated in each site as a percentage of the total.
- Guarantee assumes an industry standard Covered Charges trend from a third party. If the increase in Covered Charges from the third party is greater than the actual increase in Covered Charges by more than 1%, Cigna HealthCare may revise the discount guarantee percentage.
- Maximum Pay-out is equal to \$4.00/PEPM of the Access Fee for the sites that are included in this guarantee.
- No pay-out will occur if the *actual* weighted average discount is within 4 percentage points of the *guaranteed* weighted average discount. [e.g. actual of 53% vs. guarantee of 54%]
- If the actual weighted average discount is 4 to 5 percentage points less than the guaranteed weighted average discount, then Cigna HealthCare will pay policyholder 50% of the maximum pay-out. [e.g. actual of 53.5% vs. guarantee of 58%]
- If the actual weighted average discount is less than the guaranteed weighted average discount by more than 5 percentage points, then Cigna HealthCare will pay policyholder 100% of the maximum pay-out. [e.g. actual of 52% vs. guarantee of 58%]
- Attached in the proposal is a listing of the discount percentage being guaranteed in each site. In addition, an *illustrative* weighted average overall discount is calculated, based on *anticipated enrollment*.

**CIGNA – Better Health. Guaranteed. (2014 + EE)
First Year Terms & Conditions**

The terms and conditions applicable to the first year of the proposed "Better Health Guaranteed" program sponsored by City of Scottsdale effective 07/01/2014 are summarized below.

BETTER HEALTH GUARANTEE: Subject to the terms and conditions set forth in this summary and the Underwriting Terms and Conditions set forth in the proposal, CIGNA guarantees that 20% of the employees classified as either High Risk or Medium Risk during the initial baseline health risk assessment (using CIGNA's Trend Management System risk classification) will be classified in the next lower risk classification during the next health risk assessment occurring at least 12 months after the baseline assessment.

CONDITIONS PRECEDENT TO GUARANTEE:

1. Client implements all CIGNA administered coverages specified in this proposal as of the Effective date including CIGNA Behavioral Health, Inc., for the administration of behavioral health benefits, CIGNA Pharmacy for pharmacy benefit management services and utilizes CIGNA's PHS+, Well Aware or Your Health First and Health Advisor services.
2. Clients offering CDHP as medical program must offer an approved design.
3. Client uses CIGNA's health assessment tool for employees.
4. Client actively conducts and promotes accurate Health Assessment & Biometric Screening activities according to mutually agreed upon time frames including a minimum of 12 months between the initial and subsequent assessment/screenings.
5. The minimum employee participation goals for the applicable path are achieved in both the initial and subsequent assessment/screenings.

	Build Year	Momentum Year	Graduation Year
Health Assessment & Biometric Completion	65% of Employees	75% of Employees	85% Employees
Choice Fund Penetration	Not Required	30% or more	60% CDHP
High/Medium Risk Shift Commitment	20%*	30%	Trend Decrement / Guarantee

6. Clients who elect the Guarantee and wish to use year one as a foundational year with measurement in year 2 will receive a 25% High/Medium Risk Shift Commitment for year 2.
7. Employer designates a Health & Wellness Champion and establishes a Health & Wellness Committee which actively endorses and promotes health improvement programs to Employees.
8. Provides current employee telephone numbers for at least 90 % of the employees with a minimum of 85% accuracy.

"BETTER HEALTH. GUARANTEED" PROGRAM COMMITMENTS

Subject to the satisfactory performance of all of the conditions precedent identified above:

1. CIGNA shall provide a designated Health and Wellness Lead to assist in development and execution of the Health promotion strategies.
2. If the Better Health Guarantee identified above is not achieved, CIGNA shall invest in targeted health and wellness services funded in an amount equal to \$1,100 per employee whose risk classification in the second assessment did not shift as guaranteed. The funds shall be established by CIGNA to fund the cost of CIGNA designated and arranged health and wellness programs for Employer's employees. Specific fund uses will be determined by CIGNA following a review of program experience to date.
3. Client's successfully completing a year in Path 1 and a year in Path 2 will be offered a trend guarantee contingent on successful completion on year 2 Path 2 goals and year 3 goals.

THIS SUMMARY IS PROVIDED TO APPRISE YOU OF THE BASIC TERMS AND CONDITIONS APPLICABLE TO THE "BETTER HEALTH. GUARANTEED" PERFORMANCE GUARANTEE PROGRAM AS YOU CONSIDER THIS PROPOSAL. IMPLEMENTATION OF THE GUARANTEE IS CONTINGENT UPON EXECUTION OF A DEFINITIVE PERFORMANCE GUARANTEE ASO AGREEMENT THAT WILL BE SUBSEQUENTLY PROVIDED AFTER APPROVAL OF CIGNA HEALTHCARE CONTRACT AND SIGNED CIGNA HEALTHCARE ASO AGREEMENT.

*** THIS DOCUMENT IS FOR ILLUSTRATION PURPOSES ONLY**



Performance Guarantees
City of Scottsdale
Effective Start Date: July 1, 2014

IMPLEMENTATION

Identification Card Delivery

Implementation ID Card Timeliness. 98% of the ID cards will be mailed by the agreed upon commitment date in the Implementation Calendar. Results measured at Account Level.

Amount At Risk

\$10,000.00

Claim Readiness

Implementation Claim Readiness. Benefit Profile and eligibility information loaded on claims processing system as of the Commitment Date set forth in the approved Implementation Calendar. Results measured at Account Level.

Amount At Risk

\$10,000.00

Call Readiness

Implementation Call Readiness. Service Center(s) ready to respond to customer inquiries as of the Commitment Date set forth in the approved Implementation Calendar. Results measured at Account Level.

Amount At Risk

\$10,000.00

Implementation Satisfaction

Implementation Satisfaction. Score of no less than three (3) on Statement 1 of the CIGNA HealthCare Implementation Survey. Results measured at Account Level.

Amount At Risk

\$10,000.00

SERVICE

Claim Time-to-Process

Medical Time to Process. Measured for the Term of the Agreement, results will meet or exceed: 92% of Claims processed w/in 14 Calendar Days. Results measured at Account Level.

Amount At Risk

\$10,000.00

Call Abandonment Rate

Medical Call Abandonment Rate. Measured for the Term of the Agreement, results will not exceed: 3% of calls received by Call Center(s) terminated. Results measured at Special Account Queue.

Amount At Risk

\$10,000.00

Automated Maintenance Eligibility Processing

Auto Eligibility Processing. Measured for the Term of the Agreement, results will meet or exceed: 99% files processed in 2 Business Days after the receipt of clean eligibility. Results measured at Account Level.

Amount At Risk

\$10,000.00

Account Management

Medical Account Management. Composite Score (all categories) of 3.0 or better on the Account Management Report Card based on four (4) quarterly scorecards. Results measured at Account Level.

Amount At Risk

\$10,000.00

DISCOUNT

Discount

One Way Medical Discount Guarantee. See Exhibit B for details.

Amount At Risk

\$104,400.00



Performance Guarantees
City of Scottsdale
Effective Start Date: July 1, 2014

"BETTER HEALTH, GUARANTEED"

Better Health Guaranteed

Better Health - 20% Risk Shift. Penalty will apply when guaranteed Risk Shift is not met and will equal \$1,100 for each additional employee who would have needed to achieve a risk reduction to meet the guaranteed Risk Shift target. See Exhibit B for details.

Amount At Risk

Estimated to be \$93,500

PHARMACY MANAGEMENT

Retail Network Dispensing Fee

Retail Discount and Dispensing Fee Guarantee

Retail brand AWP – 16.75%, generic AWP – 72.60% and dispensing 1.00. The generic discount covers all multi source generics, the single source generics are included under the generic discount. Zero Balance and U & C claims are excluded in this guarantee. Specialty is not included in this guarantee. Should we fail to meet these guarantees, we will make the client whole up to the level of the overall guarantee.

Other Pharmacy Management

Mail Order Discount - Specialty Brand. Ingredient cost discount on covered mail order specialty brand prescriptions will be equal to or exceed the target percentage of AWP. Target is 14.40% of the AWP.

Other Pharmacy Management

Mail Order Generic Discount Overall. Ingredient cost discount on covered generic prescription will be equal to or exceed the target percentage of AWP for all generics MAC and non-MAC. Target is 80% of the AWP.

Other Pharmacy Management

Retail Network Discount - Specialty Brand. Ingredient cost discount on covered retail network specialty brand prescriptions will be equal to or exceed the target percentage of AWP. Target is 13.50% of the AWP

City of Scottsdale

July 01, 2014 - June 30, 2017

	Expected Lives	Current Competitor Rates	Cigna Quoted Rates
DHMQ			
Employee Only	131	\$10.91	\$9.06
Employee + Spouse	70	\$17.90	\$14.87
Employee + Child(ren)	44	\$24.42	\$20.30
Employee + Family	138	\$28.68	\$23.84
Annual Cost	383	\$92,574	\$76,931

Combined Annual Percent Change (Quoted vs Current Competitor)	16.90%
Combined Annual Premium Change (Quoted vs Current Competitor)	\$15,644

Guaranteed for 3 years



BUSINESS ASSOCIATE AGREEMENT

This agreement ("Agreement") made and entered into this 19 day of DEC 2013, by and between the City of Scottsdale, an Arizona municipal corporation ("City") and "Cigna Healthcare" collectively referred to in this Agreement as the "Parties."

RECITALS

1. The City and Cigna Healthcare are parties to a contract ("Contract"), 2014-009-COS, as dated above, pursuant to which Cigna Healthcare provides certain services to the City.

2. In the performance of the Contract, the City has and will come into possession of certain protected health information that will be necessary and appropriate to disclose to Cigna Healthcare in order to perform the terms of the Contract.

3. The City is a covered entity ("Covered Entity") and Cigna Healthcare is a business associate ("Business Associate"), as defined by 45 CFR 160.103 and the Parties enter into this Agreement for the Business Associate to provide satisfactory assurances of safeguarding the information as required by 45 CFR 164.504.

NOW, THEREFORE, in consideration of the mutual covenants and promises contained in this Agreement and other good and valuable consideration, the Parties agree as follows:

TERMS

1.0. Recitals. The forgoing recitals are incorporated in this Agreement by this reference.

2.0. Definitions. When used in this Agreement the following terms shall have the meanings ascribed to them below, unless the context requires otherwise.

a. "Business Associate" shall mean Cigna Healthcare.

b. "Breach" shall mean the access, acquisition, use or disclosure of PHI in a manner not permitted under the Privacy Rule that compromises the security or privacy of PHI in accordance with 45 CFR 164.402.

c. "Covered Entity" shall mean the City of Scottsdale.

d. "Designated Record Set" means:

(1) A group of records maintained by or for a covered entity, that is:

(i) The medical records and billing records about individuals that are maintained by or for a covered health care provider;

(ii) The enrollment, payment, claims adjudication, and case or medical management record systems that are maintained by or for a health plan; or

(iii) Used, in whole or in part, by or for the covered entity to make decisions about individuals.

(2) For purposes of this paragraph, the term "record" means any item, collection, or grouping of information that includes protected health information and is maintained, collected, used, or disseminated by or for a covered entity.

e. "Individual" shall have the same meaning as the term "individual" in 45 CFR § 160.103 and shall include a person who qualifies as a personal representative in accordance with 45 CFR § 164.502(g).

f. "Privacy Rule" shall mean the Standards for Privacy of Individually Identifiable Health Information at 45 CFR Part 160 and Part 164, Subparts A and E.

g. "Protected Health Information" ("PHI") shall have the same meaning as the term "protected health information" in 45 CFR § 160.103, limited to the information created or received by Business Associate from, or on behalf of, Covered Entity.

h. "Required By Law" shall have the same meaning as the term "required by law" in 5 CFR § 164.103.

i. "Secretary" shall mean the Secretary of the Department of Health and Human Services or his designee.

3.0. Obligations and Activities of Business Associate.

a. Business Associate agrees to not use or further disclose Protected Health Information other than as permitted or required by the Agreement, or as Required By Law.

b. Business Associate agrees to use appropriate safeguards to prevent use or disclosure of the Protected Health Information, other than as provided for by this Agreement.

c. Business Associate agrees to mitigate, to the extent practicable, any harmful effect that is known to Business Associate of a use or disclosure of Protected Health Information by Business Associate in violation of the requirements of this Agreement.

d. Business Associate agrees to report to Covered Entity any use or disclosure of the Protected Health Information not provided for by this Agreement.

e. Business Associate agrees to ensure that any agent, including a subcontractor, to whom it provides Protected Health Information received from, or created or received by Business Associate on behalf of Covered Entity, agrees to the same restrictions and conditions that apply through this Agreement to Business Associate with respect to such information.

f. Business Associate agrees to provide access, at the request of Covered Entity, and in the time and manner designated by the Covered Entity, to Protected Health Information in a Designated Record Set, to Covered Entity or, as directed by Covered Entity, to an Individual in order to meet the requirements under 45 CFR § 164.524.

g. Business Associate agrees to make any amendment(s) to Protected Health Information in a Designated Record Set that the Covered Entity directs or agrees to pursuant to 45 CFR § 164.526 at the request of Covered Entity or an Individual, and in the time and manner designated by the Covered Entity.

h. Business Associate agrees to make internal practices, books and records relating to the use and disclosure of Protected Health Information received from, or created or received by Business Associate on behalf of, Covered Entity available to the Covered Entity or, at the request of the Covered Entity, to the Secretary in a time and manner designated by the Covered Entity or the Secretary, for purposes of the Secretary determining Covered Entity's compliance with Privacy Rule.

i. Business Associate agrees to document such disclosures of Protected Health Information and information related to such disclosures as would be required for Covered Entity to respond to a request by an Individual for an accounting of disclosures of Protected Health Information in accordance with 45 CFR § 164.528.

j. Business Associate agrees to provide to Covered Entity or an Individual, if requested by Covered Entity, information collected in accordance with this section of this Agreement, to permit Covered Entity to respond to a request by an Individual for an accounting of disclosures of Protected Health Information in accordance with 45 CFR § 164.528.

k. Business Associate agrees to comply with the Privacy Rule and the Security Standards for the Protection of Electronic Protected Health Information (the "Security Rule") under the Health Insurance Portability and Accountability Act of 1996 ("HIPPA") and Subtitle D of the Health Information Technology for Economic and Clinical Health Act ("HITECH"), and all applicable provisions of the American Recovery and Reinvestment Act of 2009 and all implementing regulations (collectively "ARRA").

l. Following the discovery of a breach of unsecured protected health information, Business Associate agrees to notify the Covered Entity of such breach. A breach shall be treated as discovered by the Business Associate as of the first day on which such breach is known to the Business Associate or by exercising reasonable diligence would have been known to the Business Associate. A Business Associate shall be deemed to have knowledge of a breach if the breach is known, or by exercising reasonable diligence would have been known, to any person, other than the person committing the breach, who is an employee, officer or other agent of the Business Associate. The Business Associate will follow the timeliness and content of notice requirements in accordance with 45 CFR 164.410.

4.0. Permitted Uses and Disclosures by Business Associate; General Use and Disclosure Provisions.

Except as otherwise limited in this Agreement, Business Associate may use or disclose Protected Health Information to perform functions, activities, or services for, or on behalf of, Covered Entity as specified in the Contract between the Parties, provided that such use or disclosure would not violate the Privacy Rule if done by Covered Entity.

5.0. Specific Use and Disclosure Provisions.

a. Except as otherwise limited in this Agreement, Business Associate may use Protected Health Information for the proper management and administration of the Business Associate's business or to carry out the legal responsibilities of the Business Associate.

b. Except as otherwise limited in this Agreement, Business Associate may disclose Protected Health Information for the proper management and administration of the Business Associate, provided that disclosures are Required By Law, or Business Associate obtains reasonable assurances from the person to whom the information is disclosed that it will remain confidential and will not be used or further disclosed except as Required By Law or for the purpose for which it was disclosed to the person, and obtains reasonable assurances that the person will notify the Business Associate of any instances of which it is aware in which the confidentiality of the information has been breached.

c. Except as otherwise limited in this Agreement, Business Associate may use Protected Health Information to provide Data Aggregation services to Covered Entity as permitted by 42 CFR § 164.504(e)(2)(i)(B).

6.0. Obligations of Covered Entity.

6.1. Provisions for Covered Entity to Inform Business Associate of Privacy Practices and Restrictions

a. Covered Entity shall provide Business Associate with the notice of privacy practices that Covered Entity produces, in accordance with 45 CFR 164.520, as well as any changes to such notice.

b. Covered Entity shall provide Business Associate with any changes in, or revocation of, permission by Individual to use or disclose Protected Health Information, if such changes affect business Associate's permitted or required uses and disclosures.

c. Covered Entity shall notify Business Associate of any restriction to the use or disclosure of Protected Health Information that Covered Entity has agreed to in accordance with 45 CFR § 164.522.

6.2. Permissible Requests by Covered Entity

Covered Entity shall not request Business Associate to use or disclose Protected Health Information in any manner that would not be permissible under the Privacy Rule if done by Covered Entity.

7.0. Term and Termination

a. Term. This Agreement will be effective when it is executed by both Parties and will terminate when the Contract is terminated or as otherwise set forth herein, with the exception that the Business Associate remains under the obligation to comply with this agreement until all of the Protected Health Information provided by Covered Entity to Business Associate, or created or received by Business Associate on behalf of Covered Entity, is destroyed or returned to Covered Entity, or, if it is infeasible to return or destroy Protected Health Information, protections are extended to such information, in accordance with the termination provisions in this Section.

b. Termination for Cause. Upon knowledge of a material breach of the agreement by either party, non-breaching party will provide written notice of breach or violation to the other party specifying the nature of the breach or violation. Non-breaching party will provide an opportunity for the breaching party to cure the breach or end the violation within a reasonable time frame. If the breaching party does not cure the breach or end the violation within a time frame specified by the non-breaching party, the non-breaching party may immediately terminate the agreement.

c. Effect of Termination.

(1) Except as provided in paragraph (2) of this subsection, upon termination of this Agreement for any reason, Business Associate shall return or destroy all Protected Health Information received from Covered Entity, or created or received by Business Associate on behalf of Covered Entity. This provision shall apply to Protected Health Information that is in the possession of subcontractors or agents of Business Associate. Business Associate shall retain no copies of the Protected Health Information.

(2) In the event that Business Associate determines that returning or destroying the Protected Health Information is infeasible, Business Associate shall provide to Covered Entity notification of the conditions that make return or destruction infeasible. Upon mutual agreement of the Parties that return or destruction of Protected Health Information is infeasible, Business Associate shall extend the protections of this Agreement to such Protected Health Information and limit further uses and disclosures of such Protected Health Information to those purposes that make the return or destruction infeasible, for so long as Business Associate maintains such Protected Health Information.

8.0. Security Requirements

a. The Business Associate agrees to implement safeguards in accordance with 45 CFR 164.308 (administrative), 45 CFR 164.310 (physical) and 45 CFR 164.312 (technical) that reasonably and appropriately protect the confidentiality, integrity and availability of the electronic protected health information that the business associate creates, receives, maintains or transmits on behalf of the Covered Entity. Business Associate, in accordance with 45 CFR 164.316, agrees to document aforementioned administrative, physical and technical safeguards.

b. The Business Associate will ensure that any agent, including a subcontractor that creates, receives, maintains or transmits electronic protected health information on behalf of the Business Associate agrees to comply with same safeguards listed in subsection (a) above and enters into a contract or other arrangement with agent or subcontractor that is substantially similar to the contract or other arrangement between Covered Entity and Business Associate.

c. The Business Associate agrees to report to the Covered Entity any security incident of which it becomes aware including breaches of unsecured protected health information.

9.0. Miscellaneous

a. Regulatory References. A reference in this Agreement to a section in the Privacy Rule means the section as in effect or as amended.


b. Amendment. The Parties agree to take such action, as is necessary, to amend this Agreement from time to time as is necessary, for Covered Entity or Business Associate to comply with the requirements of the Privacy Rule and the Health Insurance Portability and Accountability Act, Public Law 104-191 and the Health Information Technology for Economic and Clinical Health Act.

c. Survival. The respective rights and obligations of Business Associate under Section 6.3 c of this Agreement shall survive the termination of this Agreement as specified in section 7.0(c).

d. Interpretation. Any ambiguity in this Agreement shall be resolved in favor of a meaning that permits Covered Entity to comply with Privacy and Security Rule and HITECH.

IN WITNESS WHEREOF, the Parties have executed this Agreement by signing their names on the day and date first written above.

CITY OF SCOTTSDALE, an
Arizona municipal corporation



Bruce W. Davis
Executive Director
Human Resources

APPROVED AS TO FORM
Bruce Washburn, City Attorney

By William Hylan
Assistant City Attorney



Cigna Healthcare
By: Edward Kim
Its: General Manager

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