CITY COUNCIL REPORT

Meeting Date: **July 6, 2016**
Charter Provision: ***Provide for the orderly government and administration of the affairs of the City***
Objective: ***Determine Policies***

ACTION

Administrative Services Only Agreement with Cigna Health and Life Insurance Company (CHLIC). Adopt Resolution No. 10501 that executes the administrative services agreement with CHLIC to administer medical, pharmacy, dental, employee assistance program and behavioral health benefits to city employees beginning July 1, 2014.

BACKGROUND

This Agreement contains terms and conditions relating to the administrative services to be provided by CHLIC in connection with the terms of the City's standard City Services Contract dated January 14, 2014 (2014-009-COS). In the event of a direct conflict between City Services Contract 2014-009-COS and this Agreement, City Services contract 2014-009-COS shall control.

ANALYSIS & ASSESSMENT

CHLIC was selected in January 2014 to administer our medical, dental, pharmacy and employee assistance program. Most of those fees were guaranteed for five years. This agreement further outlines their administrative processes such as claims administration, audits and plan benefits. Services of the City Attorney's Office, City Auditor's Office, Risk Management and Hays Companies were utilized to prepare these documents.

FISCAL IMPACTS

The administrative fees for the medical, MD Live telemedicine program and PPO dental program were guaranteed for 5 years. The employee assistance program was guaranteed for 3 years. There are no fiscal impact changes from the City services contract.

STAFF RECOMMENDATION

Staff recommends City Council approval of Resolution No. 10501 executes the administrative services agreement with CHLIC.

STAFF CONTACT

Lauran Beebe, human resources manager
lbeebe@ScottsdaleAZ.gov, 480-312-2746

Action Taken _____

APPROVED BY

Donna B. Brown 6/20/16

Donna B. Brown, human resources director Date
480-312-2615, dbrown@ScottsdaleAZ.gov

ATTACHMENTS

1. Resolution No. 10501
2. Exhibit A – CHLIC Administrative Services Only Agreement

RESOLUTION NO. 10501

A RESOLUTION OF THE COUNCIL OF THE CITY OF SCOTTSDALE, ARIZONA, AUTHORIZING THE MAYOR TO EXECUTE AGREEMENT NO. 2016-093-COS WITH CIGNA HEALTH AND LIFE INSURANCE COMPANY FOR ADMINISTRATIVE SERVICES FOR CITY-PROVIDED BENEFITS

WHEREAS, since July 1, 2014, Cigna has administered the City's health and welfare plans pursuant to a City Services Agreement; and

WHEREAS, the parties wish to further specify the administrative services provided by Cigna to the City in an Administrative Services Only Agreement that will be retroactive to July 1, 2014.

WHEREAS, the Administrative Services Only Agreement contains as attachments a Business Associate Agreement regarding Cigna's handling of protected health information and an Audit Agreement to be used in the event the City audits Cigna's handling of claims;

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. 2016-093-COS with Cigna Health and Life Insurance Company for administrative services for City-provided benefits.

Section 2. The Director of Human Resources is authorized to sign the Business Associate Agreement with Cigna and in the event the City audits Cigna's handling of claims, to sign the Audit Agreement.

PASSED AND ADOPTED by the Council of the City of Scottsdale this ___ day of _____, 2016.

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 Hylen
Senior Assistant City Attorney

14650080v2

Administrative Services Only Agreement

By and Between

City of Scottsdale
"Employer"

And

Cigna Health and Life Insurance Company

"CHLIC"

Effective Date: July 1, 2014

Table of Contents

THIS AGREEMENT, effective July 1, 2014 (the "**Effective Date**") is by and between City of Scottsdale ("**Employer**") and Cigna Health and Life Insurance Company ("**CHLIC**").

RECITALS:

WHEREAS, Employer, as Plan sponsor, has adopted the benefit described in Exhibit A, as may be amended, ("**Plan**") for certain of its employees/members and their eligible dependents (collectively "**Members**"); and

WHEREAS, Employer, has requested CHLIC to furnish, certain administration services in connection with the Plan 3337752.

NOW, THEREFORE, in consideration of the mutual promises and covenants contained herein, it is hereby agreed as follows:

Definitions

Agreement – this entire document including the Schedule of Financial Charges and all Exhibits.

Applicable Law – means the state, federal and international laws and regulations that apply. Applicable Law includes but is not limited to the Employee Retirement Income Security Act of 1974, as amended and the rules and regulations thereunder ("**ERISA**"), the Health Insurance Portability and Accountability Act of 1996, as amended and the rules and regulations thereunder ("**HIPAA**"), the Foreign Corrupt Practices Act ("**FCPA**") and any other anti-bribery or anti-corruption laws in the countries where the Parties conduct business.

Bank Account – a benefit plan account with a bank designated by CHLIC; established and maintained by Employer in its or a nominee's name.

ERISA – the Employee Retirement Income Security Act of 1974, as amended and related regulations.

Extra-Contractual Benefits – Payments which Employer has instructed CHLIC to make for health care services and/or products that CHLIC has determined are not covered under the Plan.

Member – a person eligible for and enrolled in the Plan as an employee or dependent.

Participant/Participating Members – Member(s) who is (are) participating in a specific program and/or product available to Members under the Plan.

Participating Providers – providers of health care services and/or products, who/which contract directly or indirectly with CHLIC to provide services and/or products to Members.

Plan Benefits – Amounts payable for covered health care services and products under the terms of the Plan.

Party/Parties – refers to Employer and CHLIC, each a "Party" and collectively, the "Parties".

Plan Year – the twelve (12) month period, beginning on the Effective Date and, thereafter, each subsequent twelve (12) month period.

Run-Out Claims – claims for Plan Benefits relating to health care services and products that are incurred prior to termination of this Agreement; termination of a Plan benefit option or eligible Members, as applicable.

GENERAL PROVISION

This Agreement contains terms and conditions relating to the administrative services to be provided by CHLIC in connection with the City's self-funded plan, and will be construed consistently with the terms of the City's standard City Services Contract dated January 14, 2014 (2014-009-COS). In the event of a direct conflict between City Services Contract 2014-009-COS and this Agreement, City Services contract 2014-009-COS shall control.

Section 1. Term and Termination of Agreement

This Agreement is effective on the Effective Date and shall remain in effect until the earliest of the following dates:

i. The date which is at least one-hundred twenty (120) days from the date that CHLIC provides written notice to Employer of its election to terminate their relationship and this Agreement;

ii. The date of termination of Cigna's City Services Contract 2014-009-COS;

iii. The effective date of any Applicable Law or governmental action which prohibits performance of the activities required by this Agreement;

iv. The date upon which Employer fails to fund the Bank Account as required by this Agreement or fails to pay CHLIC any charges identified in this Agreement when due provided CHLIC notifies Employer of its election to terminate;

v. Any other date mutually agreed upon by the Parties.

vi. Notwithstanding the foregoing, all provisions in this Agreement reasonably related to CHLIC's administration of the Plan's Pharmacy Benefit (as such term is defined in the Schedule of Financial Charges) (the "Pharmacy Benefit Provisions"), shall continue in effect for no less than thirty-six (36) months commencing on the Effective Date, except that, if any of the following dates occurs, the Pharmacy Benefit Provisions will cease being in effect as of such date:

   a. The effective date of any Applicable Law or governmental action which prohibits performance of the activities in connection with the Pharmacy Benefit required by this Agreement;

   b. The date upon which Employer fails to fund the Bank Account as required by this Agreement for claims under the Pharmacy Benefit or fails to pay CHLIC any charges in connection with the Pharmacy Benefit identified in this Agreement when due, provided CHLIC notifies Employer of its election to terminate the Pharmacy Benefit Provisions; or

   c. The date that is one-hundred twenty (120) days after notice by CHLIC of a material breach by Employer of a material obligation of the Employer related to the Pharmacy Benefit (other than failure to fund the Bank Account or failure to pay any charges when due pursuant to Section 1.v.b above) that is not cured to the reasonable satisfaction of CHLIC within a reasonable time following the initial notice of breach.

   d. The effective date of termination for cause of Cigna's City Services Contract 2014-009-COS.

During such thirty-six (36) month period (or shorter period, as applicable under (a), (b) (c) or (d) above), CHLIC will continue to be the exclusive provider of Pharmacy Benefit administration services for the Plan's Pharmacy Benefit.

Section 2. Claim Administration and Additional Services

a. While this Agreement is in effect, CHLIC shall, consistent with, the claim administration policies and procedures then applicable to its own health care insurance business (i) receive and review claims for Plan Benefits; (ii) determine the Plan Benefits, if any, payable for such claims; (iii) disburse payments of Plan Benefits to claimants; and (iv) provide in the manner and within the time limits required by Applicable Law, notification to claimants of (a) the coverage determination or (b) any anticipated delay in making a coverage determination beyond the time required by Applicable Law.

b. Following (i) termination of this Agreement, except pursuant to Section 1 (iii); (ii) termination of Plan benefit option or (iii) termination of eligible Members, if the required fees have been paid in full, if any, CHLIC shall process Run-Out Claims for the applicable Run-Out Period (See Schedule of Financial Charges for applicable fees and Run-Out Period). At the termination of any applicable Run-Out Period, CHLIC shall cease processing Run-Out Claims and, subject to the requirements of Section 6.b, make all relevant records in its possession relating to such claims reasonably available to Employer or Employer's designee. CHLIC is not required to provide proprietary information to Employer or any other party.

c. Employer hereby delegates to CHLIC the authority, responsibility and discretion to determine coverage under the Plan based on the eligibility and enrollment information provided to CHLIC by Employer. Employer also hereby delegates to CHLIC the authority, responsibility and discretion to (i) make factual determinations and to interpret the provisions of the Plan to make coverage determinations on claims for Plan Benefits, (ii) conduct a full and fair review of each claim which has been denied as required by ERISA, (iii) decide level one mandatory appeals of "Urgent Care Claims" "Concurrent", "Pre-service" and "Post-service" claims (as those terms are defined under ERISA) and notify the Member or the Member's authorized representative of its decision. Employer will ensure that all summary plan description materials provided to Members reflect this delegation. CHLIC acknowledges that Employer's Plan may not be subject to ERISA.

d. In addition to the basic claim administrative duties described above, CHLIC shall also perform the Plan related administrative duties agreed upon by the Parties and specified in Exhibit B. All services identified in this Agreement shall be provided by CHLIC on an exclusive basis unless otherwise agreed to in writing by CHLIC.

Section 3. Funding and Payment of Claims

a. Employer shall establish a Bank Account, and maintain in the Bank Account an amount sufficient at all times to fund checks written on it for the following (collectively "**Bank Account Payments**"): (i) Plan Benefits; (ii) those charges and fees identified in the Schedule of Financial Charges as payable through the Bank Account and (iii) any sales or use taxes, or any similar benefit- or Plan-related charge or assessment however denominated, which may be imposed by any governmental authority. Bank Account Payments may include without limitation: (i) capitated (i.e. fixed per Member) and pay-for-performance incentive payments to Participating Providers; (ii) amounts owed to CHLIC; and (iii) amounts paid to CHLIC's affiliates and/or subcontractors for, among other things, network access or in- and out-of network health care services/products provided to Members. CHLIC may credit the Bank Account with payments due Employer under a stop loss policy issued by CHLIC or an affiliate.

b. CHLIC, as agent for the Employer, shall make Bank Account Payments from the Bank Account, in the amount CHLIC reasonably determines to be proper under the Plan and/or under this Agreement.

c. In the event that sufficient funds are not available in the Bank Account to pay all Bank Account Payments when due, CHLIC shall cease to process claims for Plan Benefits including Run-Out Claims.

d. CHLIC will promptly adjust any underpayment of Plan Benefits by drawing additional funds due the claimant from the Bank Account. In the event CHLIC overpays a claim for Plan Benefits or pays Plan Benefits to the wrong party, it shall take all reasonable steps to recover the overpayment; however, CHLIC shall not be required to initiate court, mediation, arbitration or other administrative proceedings to recover any overpayment.

e. Employer shall promptly reimburse CHLIC for any Bank Account Payments paid by CHLIC with its own funds on Employer's behalf and no such payment by CHLIC shall be construed as an assumption of any of Employer's liability.

f. Following termination of this Agreement, Employer shall remain liable for payment of all due Bank Account Payments and for all reimbursements due Members under the Plan.

This Section 3 shall survive termination of this Agreement.

Section 4. Charges

a. Charges. CHLIC shall provide to Employer a monthly statement of all charges Employer is obligated to pay under this Agreement that are not paid as Bank Account Payments. Payment of all billed charges shall be due on the first day of the month, as indicated on the monthly statement. Payments received after the last day of the month in which they are due, shall be subject to late payment charges, from the due date at a rate calculated as follows: the one (1) year Treasury constant maturities rate for the first week ending in January plus five percent (5%). For purposes of calculating late payment charges, payments received will be applied first to the oldest outstanding amount due. CHLIC may reasonably revise the methodology for calculating late payment charges upon thirty (30) days' advance written notice to Employer.

b. Member Changes – Additions and Terminations. If a Member's effective date is on or before the fifteenth (15th) day of the month, full charges applicable to that Member shall be due for that Member for that month. If coverage does not start or ceases on or before the fifteenth (15th) day of the month for a Member, no charges shall be due for that Member for that month.

c. Retroactive Member Changes and Terminations. Employer shall remain responsible for all charges and Bank Account Payments incurred or charged through the date CHLIC processed Employer's notice of a retroactive change or termination of Membership. However, if the change or termination would result in a reduction in charges, CHLIC shall credit to Employer the reduction in charges charged for the shorter of (a) the sixty (60) day period preceding the date CHLIC processes the notice, or (b) the period from the date of the change or termination to the date CHLIC processes the notice.

This Section 4 shall survive termination of this Agreement.

Section 5. Enrollment and Determination of Eligibility

a. Eligibility Determinations and Information. Employer is responsible for administering Plan enrollment. In determining any person's right to benefits under the Plan, CHLIC shall rely upon enrollment and eligibility information provided by the Employer. Such information shall identify the effective date of eligibility and the termination date of eligibility and shall be provided promptly to CHLIC in a format and with such other information as reasonably may be required by CHLIC for the proper administration of the Plan.

b. Release of Liability. Notwithstanding any inconsistent provision of this Agreement to the contrary, if Employer fails to provide CHLIC with accurate enrollment and eligibility information, benefit design requirements, or other agreed-upon information in CHLIC's standard timeframe and format, CHLIC shall have no liability under this Agreement for any act or omission by CHLIC, or its employees, affiliates, subcontractors, agents or representatives, caused by such failure provided CHLIC did not contribute to such failure.

c. Reconciliation of Eligibility and Information and Default Terminations. CHLIC will periodically share potential discrepancies in eligibility information with Employer. Employer will review and reconcile any discrepancies within thirty (30) days of receipt. If Employer fails to timely do so, CHLIC may terminate coverage for any Member not listed as eligible in Employer's submitted eligibility information.

Section 6. Claim Audits and Confidentiality

a. Claim Audit. Employer may, in accordance with the following requirements and at no additional charge while this Agreement is in effect, audit CHLIC's payment of Plan Benefits:

i. Employer shall provide CHLIC forty-five (45) days advance written request for audit from the later of (i) receipt by CHLIC of the audit scope letter or (ii) the fully executed Claim Audit Agreement attached hereto as Exhibit C. Employer will designate with CHLIC's consent, such consent not to be unreasonably withheld, an independent auditor to conduct the audit (the "**Auditor**"). In addition, Employer and CHLIC will agree upon the date for the audit during regular business hours at CHLIC's office(s). Employer shall be responsible for its Auditor's costs. Except as otherwise agreed to by the parties in writing prior to the commencement of the audit, the audit shall be conducted in accordance with the terms of CHLIC's Claim Audit Agreement attached hereto as Exhibit C, which is hereby agreed to by Employer and which shall be signed by the Auditor prior to the start of the audit.

ii. If Employer has five thousand (5,000) or more employees who are Members, Employer may conduct one such audit every Plan Year (but not within six (6) months of a prior audit); otherwise, Employer may conduct one such audit every two (2) Plan Years (but not within eighteen (18) months of a prior audit). In the event a specific audit is terminated by CHLIC based upon its reasonable determination of Auditor misconduct, Employer retains the right to conduct a new audit utilizing the same data and time frame. Examples of Auditor misconduct may include but are not limited to mistreatment of CHLIC audit personnel or property, breach of the terms of the Claim Audit Agreement, and misuse of confidential information.

iii. Auditor will review payment documents (subject to any contrary terms in Participating Provider agreements) relating to a random, statistically valid sample of three-hundred (300) claims per product (300 medical/300 dental) paid during the two prior Plan years and not previously audited. If the audit identifies any claim adjustments, any such adjustments will be made in accordance with this Agreement and based upon the actual claims reviewed and not upon statistical projections or extrapolations.

b. Confidentiality

i. Subject to the requirements of Applicable Law, the terms of this Agreement and the Privacy Addendum in Exhibit D, a signed Business Associate agreement between Employer and its designee, and a signed Confidentiality Agreement between CHLIC and applicable designee, CHLIC shall release copies of confidential claims and Plan Benefit payment information in CHLIC's claims system ("**Confidential Information**") and may release copies of proprietary information relating to the Plan in CHLIC's claims system ("**Proprietary Information**") to the Employer and/or its designees. Employer agrees that Employer

and its designees will keep Confidential Information and Proprietary Information confidential and will use Confidential Information and Proprietary Information solely for the purpose of administering the Plan or as otherwise required by law. Employer is solely responsible for the consequences of any use, misuse, or disclosure of Confidential Information provided by CHLIC pursuant to this paragraph b.

ii. CHLIC will maintain the confidentiality of all Protected Health Information in its possession in accordance with the Privacy Addendum in Exhibit D and any applicable state privacy laws, including, without limitation, 201 CMR 17.00: Massachusetts Standards for the Protection of Personal Information of Residents of the Commonwealth.

iii. CHLIC regards the terms of this Agreement (including its Schedules and Exhibits) as confidential Trade Secrets under Arizona law. Employer agrees to provide reasonable notice to CHLIC prior to responding to any Public Records Request for this Agreement to allow CHLIC to seek appropriate relief prior to the production of this Agreement.

c. Upon termination of this Agreement and subject to the provisions of Section 6.b above, CHLIC shall make information available to the extent administratively feasible if the Parties agree upon the charge to be paid by Employer.

The obligations set forth in this Section 6 (b), shall survive termination of this Agreement.

Section 7. Plan Benefit Liability

a. Employer Liability for Plan Benefits. Employer is responsible for paying all Plan Benefits including any Plan Benefits paid as a result of any legal action.

If Employer directs CHLIC in writing to pay a claim for Extra-Contractual Benefits, Employer is responsible for funding the payment and such payments shall not be considered in determining reimbursements or payments under stop loss insurance or in determining any risk-sharing or performance guarantee reimbursements. Employer shall reimburse CHLIC for any liability or expenses (including reasonable attorneys' fees) CHLIC may incur in connection with making such payments.

b. Employer Liability for Plan Related Expenses. Employer shall reimburse CHLIC for any amounts CHLIC may be required to pay (i) as state premium tax or any similar Plan-related tax, charge, surcharge or assessment, or (ii) under any unclaimed or abandoned property, or escheat law, with respect to Plan Benefits and any penalties and/or interest thereon.

c. In performing its obligations under this Agreement, CHLIC shall use reasonable diligence and that degree of skill and judgment possessed by one experienced in furnishing claim administration services to plans of similar size and characteristics as the Plan. CHLIC shall not be liable to the Employer for non-negligent mistakes of judgment or other actions taken in good faith (including benefits erroneously overpaid) but shall reimburse the Employer for any non-Plan Benefit loss, cost or expense (including reasonable attorneys' fees and court costs) for which Employer may become liable in consequence of any acts or omissions of CHLIC which, in the aggregate, constitute a failure on the part of CHLIC to perform its claim administration obligations under this Agreement in accordance with the standard set forth above.

The reimbursement obligations set forth in this Section 7 shall survive termination of this Agreement.

Section 8. Modification of Plan and Charges

a. CHLIC shall have the right to revise the charges identified in this Agreement (i) on each anniversary of this Agreement, (ii) at any time by giving Employer at least sixty (60) days' prior written notice, but not more frequently than once in a six (6) month period, (iii) upon any modification or amendment of the benefits under the Plan, (iv) upon any variation of ten percent (10%) or more in the number of Members used by CHLIC to calculate its charges under this Agreement, and/or (v) upon any change in law or regulation that materially impacts CHLIC's liabilities and/or responsibilities under this Agreement.

b. Employer shall provide CHLIC written notice of any modification or amendment to the Plan sufficiently in advance of any such change as to allow CHLIC to implement the modification or amendment. Employer and CHLIC shall agree upon the manner and timing of the implementation subject to CHLIC's system and operational capabilities.

Section 9. Modification of Agreement

This Agreement constitutes the entire contract between the Parties regarding the subject matter herein. Except, as otherwise provided herein, the provisions of this Agreement shall control in the event of a conflict with the terms of any other agreements. No modification or amendment hereto shall be valid unless in writing and signed by an authorized person of each of the Parties, except that modification of charges pursuant to Section 8 above may be made by written notice to Employer by CHLIC. If Employer pays such revised charges or fails to object to such revision in writing within fifteen (15) days of receipt, this Agreement shall be deemed modified to reflect the charges as communicated by CHLIC.

Section 10. Laws Governing Contract

a. This Agreement shall be construed in accordance with the laws of the State of Arizona without regard to conflict of law rules, and both Parties consent to the venue and jurisdiction of its courts.

b. The Parties shall perform their obligations under this Agreement in conformance with all Applicable Laws and regulatory requirements.

Section 11. Information in CHLIC's Processing Systems

CHLIC may retain and use all Plan-related claim and Plan Benefit payment information recorded for or otherwise integrated into CHLIC's business records including claim processing systems during the ordinary course of business (provided, however, that claim or payment information will be available to Employer pursuant to Section 6). CHLIC will retain claim and payment information as required by Applicable Law.

Section 12. Resolution of Disputes

Any dispute between the Parties arising from or relating to the performance or interpretation of this Agreement ("**Controversy**") shall be resolved exclusively pursuant to the following mandatory dispute resolution procedures:

a. Any Controversy shall first be referred to an executive level employee of each Party who shall meet and confer with his/her counterpart to attempt to resolve the dispute ("**Executive Review**") as follows: The disputing Party shall give the other Party written notice of the Controversy and request Executive Review. Within twenty (20) days of such written request, the receiving Party shall respond to the other in writing. The notice and the response shall each include a summary of and support for the Party's position. Within thirty (30) days of the request for Executive Review, an employee of each Party, with full authority to resolve the dispute, shall meet and attempt to resolve the dispute.

b. If the Controversy has not been resolved within thirty-five (35) calendar days of the request of Executive Review under Section 12.a, above, the Parties agree to mediate the Controversy in accordance with the American Health Lawyers Association Alternative Dispute Resolution Service Rules of Procedure for Mediation ("**Mediation**"). The mediation shall be conducted in Phoenix, Arizona. Each Party shall assume its own costs and attorneys' fees. The mediator's compensation and expenses and any administrative fees or costs associated with the mediation proceeding shall be borne equally by the Parties.

c. If the Controversy has not been resolved by Executive Review or Mediation, the parties may mutually agree to proceed to arbitration, and whether or not the arbitration is binding. Any such arbitration will be conducted in the same location as noted in Section 12.b. above, in accordance with the American Health Lawyers Association Alternative Dispute Resolution Service Rules of Procedure for Arbitration. Alternatively, either party may elect, after mediation, to pursue available remedies through Maricopa County Superior Court of other appropriate tribunal.

This Section 12 shall survive termination of this Agreement.

Section 13. Third Party Beneficiaries

This Agreement is solely for the benefit of Employer and CHLIC. It shall not be construed to create any legal relationship between CHLIC and any other party.

Section 14. Waivers

No course of dealing or failure of either Party to strictly enforce any term, right or condition of this Agreement shall be construed as a waiver of such term, right or condition. Waiver by either Party of any default shall not be deemed a waiver of any other default.

Section 15. Headings

Article, section, or paragraph headings contained in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement.

Section 16. Severability

If any provision or any part of a provision of this Agreement is held invalid or unenforceable, such invalidity or unenforceability shall not invalidate or render unenforceable any other portion of this Agreement.

Section 17. Force Majeure

CHLIC shall not be liable for any failure to meet any of the obligations required under this Agreement where such failure to perform is due to any contingency beyond the reasonable control of CHLIC, their employees, officers, or directors. Such contingencies include, but are not limited to, acts or omissions of any person or entity not employed or reasonably controlled by CHLIC, their employees, officers, or directors, acts of God, fires, wars, accidents, labor disputes or shortages, and governmental laws, ordinances, rules or regulations.

Section 18. Assignment and Subcontracting

Neither Party may assign any right, interest, or obligation hereunder without the express written consent of the other Party; provided, however that CHLIC may assign any right, interest, or responsibility under this Agreement to its affiliates and/or subcontract specific obligations under this Agreement provided that CHLIC shall not be relieved of its obligations under this Agreement when doing so.

Section 19. Notices

Except as otherwise provided, all notices or other communications hereunder shall be in writing and shall be deemed to have been duly made when (a) delivered in person, (b) delivered to an agent, such as an overnight or similar delivery service, (c) delivered electronically, or (d) deposited in the United States mail, postage prepaid, and addressed as follows:

To CHLIC:
Cigna Health and Life Insurance Company
25500 N Norterra Drive, Bldg B
Phoenix, AZ 85085
Attention: Brad Anderson, Underwriting Manager

To Employer:
City of Scottsdale
9191 E. San Salvador Dr.
Scottsdale, AZ 85258
Attention: Lauran Beebe
Benefits Manager

The address to which notices or communications may be given by either Party may be changed by written notice given by one Party to the other pursuant to this Section.

Section 20. Identifying Information and Internet Usage

Except, as necessary in the performance of their duties under this Agreement, neither Party may use the other's name, logo, service marks, trademarks or other identifying information or to establish a link to the other's World Wide Web site without its prior written approval.

SIGNATURES

IN WITNESS WHEREOF, the Parties have caused this Agreement, and all Exhibits and Addenda to this Agreement, to be executed in duplicate and signed by their respective officers duly authorized to do so as of the dates given below. Employer executes as the authorized representative of the Plan with respect to the Privacy Addendum to this Agreement.

Dated at _____, _____

This _____ day of _____, _____

ATTEST:

_____
Carolyn Jagger, City Clerk

CITY OF SCOTTSDALE, an Arizona Municipal corporation

_____
W.J. "Jim" Lane, Mayor

Dated at Hartford, Connecticut

This _____ day of _____, ____

CIGNA HEALTH AND LIFE INSURANCE COMPANY

By: _____
Name: _____
Its _____
Duly Authorized

APPROVED AS TO FORM:
Bruce Washburn, City Attorney

_____
By: William Hylen, Senior Assistant City Attorney

Schedule A

Schedule of Financial Charges

Certain fees and charges identified in this Schedule of Financial Charges will be billed to Employer monthly in accordance with CHLIC's then standard billing practices. However, CHLIC is authorized to pay all fees and charges from the Bank Account unless otherwise specified in this Agreement.

MEDICAL/DENTAL/VISION ADMINISTRATION CHARGES		
Product	**Description**	**Charge**
Medical	• Open Access Plus (OAP) with PHS Plus Medical Management *(Effective July 1, 2014 through December 31, 2014)*	**$12.03/employee/month**
Medical	• Open Access Plus (OAP) with PHS Plus Medical Management *(Effective January 1, 2015 through June 30, 2015)*	**$11.88/employee/month**
Medical	• Open Access Plus In-Network (OAPIN) with PHS Plus Medical Management *(Effective July 1, 2014 through December 31, 2014)*	**$12.03/employee/month**
Medical	• Open Access Plus In-Network (OAPIN) with PHS Plus Medical Management *(Effective January 1, 2015 through June 30, 2015)*	**$11.88/employee/month**
Vision	• Vision Care	**$ 0.30/employee/month**
Dental	• Dental Preferred Provider Organization (DPPO)	**$ 2.69/employee/month**
MEDICAL/DENTAL NETWORK ACCESS FEE, UTILIZATION MANAGEMENT FEE AND OPTIONAL PROGRAM FEE		
Product	**Description**	**Charge**
Medical	• OAP Access Fee	**$11.48/employee/month [Included in Medical Administration Charge]**
Medical	• OAPIN Access Fee	**$11.48/employee/month [Included in Medical Administration Charge]**
Dental	• DPPO Access Fee	**$0.70/employee/month [Included in Dental Administration Charge]**

MEDICAL SHARED SAVINGS FEE		
	A shared savings fee shall be payable to CHLIC in connection with each in network fee for service claim (i.e., each paper or electronic submission) for covered services/supplies (other than drugs) provided by a Participating Provider and re-priced by CHLIC to reflect the applicable contract reimbursement rate (the "Re-priced Charge"). No shared savings fee shall be payable with respect to (i) drug claims paid under the Pharmacy Benefit Plan, or (ii) claims that result in no payment under the Plan.	**1.00% of the difference between the Participating Provider's billed charge (average area charge for dental) and the Re-priced Charge, not to exceed:** **$3,000 per claim for medical services**
AMOUNTS OWED TO CHLIC		
Amounts paid by CHLIC with its own funds on behalf of Employer or the Plan with respect to charges for which Employer or the Plan is obligated to pay under this Agreement including Plan Benefits, Bank Account Payments (including capitated and pay-for-performance payments to Participating Providers), governmental taxes or assessments.		

CIGNA PHARMACY BENEFIT MANAGEMENT SERVICES CHARGES AND RELATED PROVISIONS

Definitions

- "Average Wholesale Price" or "AWP" is the Average Wholesale Price for a given pharmaceutical product in effect on the dispense date for the actual package size dispensed as published by Medi-Span or other alternative publication or benchmark reasonably designated by CHLIC.
- "Brand Drug Claim" is a claim for pharmaceutical product that is adjudicated as a brand drug as indicated on the claim record generated by the claim processing system used by CHLIC. For application of discounts and dispensing fees, a "Brand Drug Claim" excludes a claim for a generic drug within its exclusivity period or other period of limited competition, as CHLIC reasonably determines under its standard policies.
- "Generic Drug Claim" is a claim for a pharmaceutical product that is adjudicated as a generic drug as indicated on the claim record generated by the claim processing system used by CHLIC. For application of discounts and dispensing fees, a "Generic Drug Claim" includes a claim for a generic drug within its exclusivity period or other period of limited competition, as CHLIC reasonably determines under its standard policies.
- "Mail Service Pharmacy" or "Cigna Tel-Drug" or "Cigna Home Delivery Pharmacy" is a pharmacy that is owned or operated by CHLIC or an affiliated company(ies) (currently, Tel-Drug, Inc. and Tel-Drug of Pennsylvania, LLC), which dispenses drugs covered under the Plan's Pharmacy Benefit by mail, and is not a Retail Pharmacy.
- "Pharmacy Benefit" means the terms of the Plan that govern coverage and care/utilization management of drugs and related supplies dispensed to Members and charged to the Plan by the Mail Service Pharmacy or Retail Pharmacies through CHLIC's pharmacy claim processing system.
- "Rebates" or "Manufacturer Formulary Payments" means amounts that CHLIC collects under contracts with drug manufacturers that are based on utilization of certain of the manufacturers' brand drugs under the Plan's Pharmacy Benefit and the drug's status on the Cigna drug formulary.
- "Retail Pharmacy" is a pharmacy that is entitled to payment under the Plan for drugs it dispenses that are covered under the Plan's Pharmacy Benefit, and is not a Mail Service Pharmacy.
- "Specialty Drug Claim" is a claim for a pharmaceutical product that is reasonably determined by CHLIC to be a specialty drug in accordance with industry practice. Specialty drugs generally are (i) injected or infused and derived from living cells, or are oral non-protein compounds (e.g., oral chemotherapy drugs); (ii) target the underlying condition, which is usually one of a relatively rare, chronic and costly nature; and/or (iii) require restricted access and/or close monitoring.

PHARMACY ADMINISTRATION FEE

- Cigna Pharmacy Product Administration Fee: Included in Medical Administration Charge

CHARGES FOR DRUGS COVERED UNDER THE PLAN'S PHARMACY BENEFIT
Drug Dispensed by Mail Service Pharmacy: CHLIC will charge Employer the following for claims covered under the Plan's Pharmacy Benefit and dispensed by the Mail Service Pharmacy:
Brand Drug Claims: AWP minus an average discount of 26.5% plus an average dispensing fee of $0.00. **Generic Drug Claims:** AWP minus an average discount of 80.00% plus an average dispensing fee of $0.00. **Specialty Brand Drug Claims**: The drug's charge under a national discount schedule that generates a 14.4% annual average aggregate discount off AWP for Specialty Drug Claims dispensed at Cigna Home Delivery Pharmacy across CHLIC 's group-client book of business (including Specialty Drug Claims dispensed by Mail Service Pharmacy, whether covered under group-clients' Cigna Pharmacy Benefit or Cigna medical benefit).
Drugs Dispensed by Retail Pharmacies: CHLIC will charge Employer the following for drugs covered under the Plan's Pharmacy Benefit and dispensed by a Retail Pharmacy to the Plan Members, subject to the "Drug Charges – Additional Provisions" section:
Retail Brand Drug Claims: The lesser of (i) AWP minus an average discount of 16.75% plus an average dispensing fee of $1.00; or (ii) the Retail Pharmacy's usual and customary charge. **Retail Generic Drug Claims** (other than those to which the above brand discount applies): The lesser of: (i) the drug's charge on a CHLIC generic Maximum Allowable Charge schedule that generates an annual average aggregate discount across Generic Drug Claims dispensed at Retail Pharmacies to CHLIC group-client book of business of AWP minus 72.60% (Plan-specific results may vary based on drug mix), plus an average dispensing fee across such Generic Drug Claims of no more than $1.00; or (ii) the Retail Pharmacy's usual and customary charge. **Retail Specialty Brand Drug Claims:** The lesser of (i) AWP minus an annual average aggregate discount of 13.5%, plus an average dispensing fee of no more than $1.40; or (ii) the Retail Pharmacy's usual and customary charge.

DRUG CHARGES – ADDITIONAL PROVISIONS
• Cigna Home Delivery Pharmacy's discounts are applied to the manufacturer average wholesale price (AWP) for the dispensed size (or to the AWP for the manufacturer-packaged quantity closest to the dispensed size, if there is no AWP for the dispensed size). • Cigna Home Delivery Pharmacy will be reimbursed through the Bank Account for the price (discounted as per this Schedule) for replacement prescriptions shipped by Cigna Home Delivery Pharmacy which are reported as lost or damaged despite Cigna Home Delivery Pharmacy's shipment to the Participant's correct name and address. • The amount paid to the Retail Pharmacy for Brand, Generic, or Specialty Drug Claims may or may not be equal to the amount charged to Employer, and CHLIC will absorb or retain any difference. • An excess achieved in any Plan-specific discount floor or dispensing fee cap offered under this Agreement will be used to offset a shortfall in any other Plan-specific discount floor or dispensing fee cap offered under this Agreement. • Industry Changes to or Replacement of Average Wholesale Price (AWP). Notwithstanding any other provision in this Agreement, including in this Exhibit, in the event of any major change in market conditions affecting the pharmaceutical or pharmacy benefit management market, including, for example, any change in the markup, methodologies, processes or algorithms underlying the published AWP(s), CHLIC may adjust any or all of the charges, rates, discounts, guarantees and/or fees in connection with CHLIC's administration of the Plan's Pharmacy Benefit hereunder, including any that are based on AWP, as it reasonably deems necessary to preserve the economic value or benefit of this Agreement as it existed immediately prior to such change. Additionally, and notwithstanding any other provision in this Agreement, including in this Exhibit, CHLIC may replace AWP as its pharmaceutical pricing benchmark with an alternative benchmark and/or may replace Medi-Span, or other such publication as its source for the AWP or alternative benchmark with a different pricing source, provided that CHLIC adjusts any or all such AWP-Based Charges or such alternative benchmark-based charges as it reasonably deems necessary to preserve the economic value or benefit of this Agreement as it existed immediately prior to such replacement or immediately prior to the event(s) giving rise to such replacement, as the case may be.

DRUG MANUFACTURER PAYMENT SHARING
Subject to the caveats below, CHLIC will remit to Employer the following portion of Rebates that CHLIC collects with respect to utilization under the Plan's Pharmacy Benefit: The greater of 100.00% of Rebates, or the sum of $22.07 multiplied by the number of Retail Pharmacy Brand Drug Claims plus $161.25 multiplied by the number of Mail Service Pharmacy Brand Drug Claims.
Caveats: (1) Upon termination of this Agreement, CHLIC may apply Rebates otherwise payable to offset Bank Account or other deficits of charges identified in this Agreement. (2) Should Employer terminate this Agreement before completion of the then-current Plan Year, no Rebates shall be due with respect to that Plan Year. (3) All applicable caveats communicated in writing by CHLIC in connection with its proposal made in connection with this Agreement. (4) For percentage-based sharing arrangements, payout amount may differ slightly from the stated percentage when payout occurs before manufacturers' final reconciliations and payments are made to CHLIC. (5) Rebates are not paid out on Run-Out Claims or on claims for drugs covered under the federal 340B drug pricing program. (6) CHLIC or its agent contracts with drug manufacturers on CHLIC's own behalf, and not as agent of the Employer or the Plan. Timing of Rebate Pay-Out: Remittance will be provided within ninety (90) days after the close of each applicable calendar year for the portion of such calendar year that coincides with the Plan Year.

AUDIT RIGHTS RELATED TO MANUFACTURER PAYMENTS		
Employer's third party auditor may audit records directly related to CHLIC's performance of its obligations hereunder regarding sharing of manufacturer formulary payments (a/k/a "rebates") once in each twelve-month period upon the following conditions: Employer shall provide at least forty-five (45) days written notice to CHLIC; the records to be audited shall be no more than two years old as of the date of the audit; the scope of records shall be limited to those which are necessary to determine compliance with the rebate-sharing obligations under this Agreement; the audit shall be conducted at a mutually acceptable time during regular business hours at CHLIC's office where such records are located; records shall not be removed or photocopied without CHLIC's express written consent; the auditor shall be permitted to retain copies of claims data provide during an audit to the extent such data is required to document errors found during the course of the audit; the auditor shall provide its audit report to CHLIC and Employer at the same time; and the auditor may disclose the aggregate amount of manufacturer formulary payments due Employer but no other details of CHLIC's manufacturer contracts of which the auditor is apprised, if any. Employer shall ensure that their agreement with any third party auditor requires that all records disclosed to the auditor pursuant to an audit as set forth in this section shall be treated as confidential information, not be used or disclosed for any other purpose not provided for herein.		
FEES FOR PROCESSING RUN-OUT CLAIMS		
Vision Care, OAP, OAPIN, and DPPO	Run-Out Period of twelve (12) months	**No Additional Cost**
Pharmacy	Run-Out Period of three (3) months for all pharmacy claims	**No Additional Cost**
SUBROGATION		
	Subrogation/Conditional Claim Payment. Identification, investigation and recovery of claim payments involving other party liability or where another entity is responsible for payment (including by way of example but not by limitation automobile insurance, homeowner insurance, commercial property insurance, worker's compensation). (This service is only provided with respect to Medical coverage).	**5% of recovery plus litigation costs if Counsel is retained and an appearance is filed on behalf of CHLIC or Employer in any litigation, or a lawsuit is filed on their behalf;** **29% of recovery if no Counsel is retained and in all other instances, including cases where state law requires that employee benefit plans be named as party defendants or involuntary plaintiffs.**

CHLIC COST CONTAINMENT FEES

CHLIC, a Cigna company, administers the following programs to contain costs with respect to charges for health care service/supplies that are covered by the Plan. In administering these programs, CHLIC contracts with vendors to perform program related services. Specific vendor fees are available upon request. CHLIC's charge for administering these programs is the percentage (indicated below) of either (1) the "net savings" (i.e. the difference between the charge that the provider would have made absent the program savings and the charge made as a result of the program savings, less the applicable vendor fee which generally ranges from 7-11% of the program savings) or (2) the "gross savings" (i.e. the difference between the charge that the provider would have made absent the program savings and the charge made as a result of the program savings; CHLIC pays the applicable vendor fee) or (3) the "recovery" (i.e. the amount recovered) as applicable.

For covered services received from non-Participating Providers, CHLIC may apply discounts available under agreements with third parties or through negotiation of the billed charges. These programs are identified below as the Network Savings Program, Supplemental Network & Medical Bill Review (pre-payment). This is consistent with the claim administration practices applicable to CHLIC's own health care insurance business when these programs are implemented. CHLIC charges the percentage shown for administering these programs. Applying these discounts may result in higher payments than if the maximum reimbursable charge is applied. Whereas application of the maximum reimbursable charge may result in the patient being balance billed for the entire unreimbursed amount, applying these discounts avoids balance billing and substantially reduces the patient's out-of pocket cost.

	MEDICAL AND PHARMACY COST CONTAINMENT	
1.	Network Savings Program	**29% of net savings**
2.	Supplemental Network	**29% of net savings**
3.	Medical Bill Review – (Pre-payment Cost Containment for Non-contracted claims):	
	Inpatient Hospital Bill Review	
	• Line Item Analysis	**Lesser of 5% of hospital bill or the savings achieved**
	• Professional Fee Negotiation	**29% of net savings**
	Outpatient Hospital Bill Review	
	• Professional Fee Negotiation	**29% of net savings**
	• Line Item Analysis Re-pricing	**29% of net savings**
	Physician/Professional Bill Review	
	• Professional Fee Negotiation	**29% of net savings**
	• Line Item Analysis Re-pricing	**29% of net savings**
4.	Medical Bill Review – (Pre or Post-payment Cost Containment for Non-contracted and Contracted claims):	

	• Bill Audit	**29% of the savings/recovery achieved plus hospital fees or expenses passed through**
	Diagnosis Related Grouping (DRG) Validation/Audits and Recovery. An overpayment audit and recovery program in which CHLIC or its vendors review paid claim data to identify overpayments based on inaccurate DRG coding.	**29% of recovery plus any fees or expenses passed through by the hospital or regulatory agency**
	Inpatient Admission Retrospective Review	**29% of recovery**
	Medical Implant Device Audits	**29% of recovery**
5.	COB Vendor Recoveries [Exclusive of pharmacy programs where claims are adjudicated at time prescription is received.]	**29% of recovery**
6.	Secondary Vendor Recovery Program	**29% of recovery**
7.	Provider Credit Balance Recovery Program	**29% of recovery**
8.	High Cost Specialty Pharmaceutical Audits	**29% of recovery**
9.	Pharmacy Vendor Recoveries	**30% of recovery**
10.	Class Action Recoveries	**35% of recovery**
DENTAL COST CONTAINMENT		
	Dental Network Savings Program	**35% of gross savings**
CARE MANAGEMENT/COST CONTAINMENT PROGRAM FEES		
	CHLIC arranges for third parties to provide care management services to: (i) contain the cost of specified health care services/items overall with respect to all plans insured and/or administered by CHLIC, and/or (ii) improve adherence to evidence based guidelines designed to promote patient safety and efficient patient care.	**Specific vendor fees and care management program services are available upon request.**
ELIGIBILITY OVERPAYMENT RECOVERY FEES		
	Eligibility Overpayment Recovery Vendor Services. Identification and recovery of funds in situations where the overpayment is due to the late receipt of Member termination information. (This service is only provided with respect to Medical coverage).	**29% of recovery**

EXTERNAL REVIEW AND CONSULTATIVE REVIEW FEES		
	When a Member elects an External Review (as that term is defined in ERISA) of a benefit determination by an independent third party, the cost of a specific third party review is dependent on the nature and complexity of the issue on appeal. In highly complex, non-routine cases or cases related to new technology or experimental-investigational treatment, as part of the internal appeal process a panel of reviewers may be necessary. Third party review charges will be commensurate with the number of reviewers (usually only one is used), as well as their level of expertise and time required to complete the review.	**$300-$4,000 Review**
VISION CARE		
	Capitation or fee-for-service charges for vision care services will be paid as claims and will appear in Employer's standard Bank Account activity data reports. Such payments will be at CHLIC's applicable capitation or fee-for-service charges then in effect, which may be amended from time to time. Some Vision services are provided by CHLIC and/or designated vendors. The applicable rates to Employer for this product and identity of the provider of vision services will be made available upon request.	**All Vision Products**
STRATEGIC ALLIANCES		
	CHLIC contracts directly or indirectly with other managed care entities and third party network vendors for access to their provider networks and discounts. These third parties charge either a network access fee, which is included in CHLIC's monthly charges, or a percentage of the savings realized on a claim by claim basis as a result of the application of their discounts. Charges based on percentage of savings are paid from the Bank Account. Additional details regarding specific charges will be provided upon request.	**All Medical Products**
OTHER VENDORS AND HEALTH CARE SERVICES PROVIDERS		
	Capitation and fee-for-service charges for various vendors and other providers/arrangers of health care services and/or supplies will be paid as claims for Plan Benefits. Such payments will be at CHLIC's applicable capitation or fee-for-service charges then in effect, which may be amended from time to time. Additional details regarding charges and the identity of the vendor or provider of health care services will be made available upon request.	**All Products**
NOTICE REGARDING PAYMENTS FROM THIRD PARTIES		
	Unless indicated otherwise in the Schedule of Financial Charges, CHLIC retains all payments it may receive from manufacturers of pharmaceutical products covered under the Plan. Information on the amount of such payments with respect to the Plan will be provided upon request.	**All Pharmacy Products**

	From time to time, CHLIC, directly or through its affiliates, arranges with third party parties (e.g., service vendors, provider network managers) to provide various services (e.g., cost-containment initiatives) in connection with the Plan. CHLIC and its affiliates may receive payments from such third parties to help defray CHLIC's expenses associated with the implementation and/or ongoing administration of these arrangements. CHLIC may also receive compensation from third-party vendors that Employer may retain based upon a referral from CHLIC.	**All Products**
	COMPLIANCE ASSISTANCE	
	CHLIC shall provide the following services to assist Employer in meeting its compliance obligations under section 2715 of the Public Health Service Act as added by the Patient Protection and Affordable Care Act and applicable regulations with respect to the provision of the Summary of Benefits ("SBC), translation notice and glossary. Applicable to all medical plans including HRA and FSA which are considered "group health plans" subject to the SBC requirements.	
1.	Preparation of SBC, translation notice. CHLIC will not be responsible for any changes that Employer makes to the SBC.	**No charge**
2.	Provide SBC, translation notices prepared by CHLIC to Employer electronically as well as any updates or material modifications.	**No charge**
3.	Include in SBC a summary of benefits administered by carve-out vendor if Employer or carve-out vendor provide CHLIC with necessary carve-out benefit information at least 12 weeks prior to the date the SBCs are to be delivered to Employer.	**$500 for each benefit option under the Plan for which carve-out vendor benefits are included in SBC**
	ADDITIONAL SERVICES	
Service	**Description**	**Charge**
HIPAA Certificates	Individual HIPAA certificates for Members who leave active coverage. *(Effective July 1, 2014 through December 31, 2014)*	**$0.15/employee/month**
Third Party Stop Loss Interface Fee	CHLIC will provide its standard third party reporting package only after the stop loss carrier and Employer have executed CHLIC's standard hold harmless/confidentiality agreement. CHLIC's standard reporting package is based on paid claim data only (information on incurred-but-not-paid claims, projected claims, pre-certifications of coverage, case management, course of treatment or prognosis is not provided).	**$0.50/employee/month**
Behavioral Health	Behavioral Care Advocacy provides behavioral health services in which claims are funded on a fee-for service basis. It includes focused utilization review and case management for inpatient, in-network behavioral health services. This payment arrangement is with respect to the CA/NC member population only.	**Included in Medical Access Fee**

Health Advisor – A	Cigna Health Advisor focuses on engaging targeted Members related to a variety of wellness and prevention topics, and is designed to facilitate healthy behaviors and promote achievement of health-related goals. The program includes the following components: • Targeted health and wellness coaching outreach on program topics of focus to help drive behavior change and help Members reach established goals • Education & Referral Coaching on program topics with referral to appropriate internal and external resources available • Access to educational materials and web based Member tools and resources • Identification of gaps in care and outreach to Members to provide coaching for those identified with gaps for high cholesterol, high blood pressure • Support of Participants identified through predictive modeling with certain preference sensitive care conditions by supplying impartial evidence based medical information, to empower Participants' to understand the potential benefits/ disadvantages of a specific courses of action and make more informed care decisions. • Answering health and medical related questions • Counseling Participants on prevention and the benefits of compliance with prescribed medications and treatments • Health and wellness coaching on high blood pressure, high cholesterol, healthy eating, physical activity, prevention, and pre-diabetes using multiple coaching sessions, behavior modification techniques and other motivational interviewing and coaching styles to encourage behavior change that helps Participants reach established goals.	**For OAP & OAPIN: $3.20/employee/month** ***Charges are processed through the Bank Account***
Clinical Program	Cigna TheraCare® Program – a targeted condition drug therapy management program that targets individuals using specialty medications for certain chronic conditions and helps them better understand their condition, medication side effects and importance of adherence.	**Included at No Additional Cost**

Your Health First	A proactive health education and improvement program for those with a chronic condition. The program involves services that span across the Member's health needs. Behavioral coaching principles and evidence based medicine guidelines are utilized to optimize self-management skills and foster sustained health improvements. The program targets a chronic population at high risk for near term and future high cost medical expenses. Members are identified as having a chronic condition through a variety of sources which may include: claims data, referrals, and self-identification. A variety of resources is provided to those with a chronic condition, including access to online tools, personalized support, and targeted materials. The program includes the following components for those with a chronic condition: • Chronic Condition-specific coaching • Pre- and post-discharge calls • Lifestyle management coaching: stress, weight management and tobacco cessation • Treatment decision support and coaching In order to continuously assess the effectiveness of our programs and/or test new ideas to further engage your employees around their health, a small sample of Members may be placed in a comparison group which for a defined period of time receives alternative services or is suppressed from receiving proactive outreach, such as engagement letters and/or calls. This could affect a few Members targeted for outreach during this limited time period.	**For OAP and OAPIN Products: $5.25/employee/month** ***Charges are processed through the Bank Account***
Telehealth Services	Access to on line and on demand Telehealth services provided through MDLIVE. MDLIVE physicians can diagnose, treat and, if appropriate, write prescriptions (non-controlled Substances only) for routine medical conditions 24/7/365.	**$0.50/employee/month [Included in Medical Access Fee]**

Motivate*Me*® Incentives Program	The Motivate*Me* incentive program allows Funds to reward individuals for taking steps to achieve health goals or make progress towards improving their health. Eligible individuals can earn rewards for active participation in achieving a health goal or improving their health in Cigna's health improvement programs and activities that focus on prevention, lifestyle and behavior modification and disease management. Employees track their incentive activity online and earn rewards as has been designated per the Fund's annual elections. Reward types include: HRA/HSA deposits, healthcare premium reductions (if incentive participation file is sent to Employer for administration of reward). **Engage Package** - includes administration of Employer selected CHLIC standard Incentives Program which provides Participants with Employer's pre-determined rewards. This is in combination with Lifestyle Management and/or Vielife online coaching programs, a health risk assessment, biometric screening, access to self-reported activities, clinical adherence, telephonic coaching, progressing or achieving health goals of biometric targets in association with Your Health First and/or Integrated Personal Health Team clinical programs.	**$1.95/employee/month**

Exhibit A - Plan Document

A "Plan Booklet" that describes the Plan Benefits and Members' rights and responsibilities under the Plan will be provided by Employer to CHLIC for its use in administering the Plan including denials and appeals of denials of claims for Plan Benefits. If Employer has not provided CHLIC with a copy of its finalized Plan Booklet by the time this Agreement is effective, CHLIC will administer the Plan in accordance with (i) the terms of coverage described in the Plan Booklet draft provided by CHLIC to Employer and, (ii) the medical management and claims administration policies and procedures and/or practices then applicable to its own health insurance business. CHLIC will continue to administer the Plan in this manner until CHLIC receives the finalized Plan Booklet and follows CHLIC's preparation and review process. After that time CHLIC will use the finalized Plan Booklet to administer the Plan.

Exhibit B – Services

BANKING AND ADMINISTRATION		
Products excluding Health Savings Account		
1.	Furnishing CHLIC's standard Bank Account activity data reports to Employer as and when agreed upon. CHLIC's administration of the Plan does not include performing obligations, if any, under state escheat or unclaimed property laws. It is Employer's responsibility to determine the extent to which these laws may apply to the Plan and to comply with such laws.	**All Products**
2.	Report to Employer the claim payment information required in connection with Section 6041of the Internal Revenue Code.	**All Products**
3.	If Employer has elected, pursuant to section 63 of the New York Health Care Reform Act of 1996 (section 2807-t of the Public Health Law) ("the Act"), to pay the assessment on covered lives set forth in section 63 and has consented to the conditions set forth in section 63, CHLIC shall file such forms and pay such surcharge and assessment on covered lives on behalf of Employer through the Bank Account to the extent set forth in section 63. Such obligation shall end immediately upon Employer's failure to provide any information required by CHLIC to fulfill this obligation, the failure to comply with any requirement imposed upon Employer pursuant to the Act or the failure of Employer to properly fund the Bank Account. In addition, where permitted and agreed to by CHLIC, CHLIC will file applicable forms and pay on behalf of Employer and/or the Plan any assessment, surcharge, tax or other similar charge which is required to be made by you or the Plan based on covered lives and/or paid claims or otherwise in accordance with and as required by other applicable state and/or federal laws and regulations and your bank account will be charged for any such payments made by CHLIC.	**All Products**
CLAIM ADMINISTRATION		
Products excluding Health Savings Account		
1.	Calculate benefits, check and/or electronic payments disbursed from Employer's Bank Account. Bank Account payments will appear in Employer's standard Bank Account activity data reports.	**All Products**
2.	Prepare and make available CHLIC's standard claim forms.	**All Products**
3.	Investigate claims, as necessary, by CHLIC's Special Investigations Unit.	**All Products**
4.	Discuss claims, when appropriate, with providers of health services.	**All Products**
5.	Perform, based on CHLIC's book of business internal audits of plan benefit payments on a random sample basis.	**All Products**
6.	Claim control procedures reported annually in Statement on Standards for Attestation Engagements (SSAE) No. 16 Report (SAS70 successor report).	**All Products (excluding Vision)**
7.	Respond to Insurance Department complaints.	**All Products**
8.	Dedicated toll-free telephone line for Member and Provider calls to CHLIC Service Centers.	**All Products**

9.	Member Explanation of Benefit ("EOB") statements including, when applicable, notice of denied claims, denial reason(s) and appeal rights.	**All Products**
10.	Verify enrollment and eligibility using Member information submitted by Employer and/or its authorized agent.	**All Products**
	Medical Only	
1.	CHLIC's standard enrollment forms are prepared and delivered to Employer for distribution to individuals eligible to enroll in the Plan.	**All Medical Products**
2.	CHLIC's standard ID card with toll-free telephone number are prepared and mailed directly to Members.	**All Medical Products**
3.	Administration of subrogation/conditional Claim Payment (terms described in Exhibit E).	**All Medical Products**
	Dental Only	
1.	CHLIC's standard enrollment forms are prepared and delivered to Employer for distribution to individuals eligible to enroll in the Plan.	**All Dental Products**
2.	CHLIC's generic ID cards are prepared and bulk shipped to the employer's address to distribute to their employees.	**All Dental Products**
3.	Standard Dental predetermination of benefits for dental procedures on a voluntary basis.	**All Dental Products**
4.	When elected, the Cigna Oral Health Integration Program® (OHIP) includes the provision of administrative services necessary to provide eligible Members with certain health conditions enhanced dental benefits. OHIP, which currently consists of the Oral Health Maternity, Diabetes, Cardiovascular Programs, cerebrovascular disease (stroke), chronic kidney disease, organ transplants and head/neck cancer radiation, is aimed at improving overall health by encouraging Members to obtain needed dental treatment by providing enhanced benefits. As appropriate, OHIP may be expanded to include new procedures, conditions and programs in the future.	**All Dental Products**
	Pharmacy Only	
1.	CHLIC's standard ID cards with toll-free telephone number are prepared and mailed directly to Members.	**All Pharmacy Products**
2.	Pharmacy claims are adjudicated typically on-line at time of service without access to information on other coverage, and therefore coordination of benefits (COB) for pharmacy claims does not occur. Claims for Plan Benefits will be paid regardless of coverage under another plan.	**All Pharmacy Products**
3.	CHLIC's standard drug utilization review services.	**All Pharmacy Products**
4.	CHLIC may receive and retain payments under contracts with drug manufacturers with respect to utilization covered under the Employer's medical benefit for the manufacturer's specialty drugs, which are drugs that typically are injected or infused and derived from living cells; target an underlying rare, chronic or costly condition; and/or require restricted access and/or close monitoring. If CHLIC enters into any such contracts, it does so on its own behalf, and not as agent of the Employer or the Plan.	**All Pharmacy Products**

DOCUMENT PRODUCTION		
Products excluding Health Savings Account		
	Prepare Member benefit booklet drafts to Employer.	**All Products**
UNDERWRITING SERVICES		
1.	5500 Schedule C reporting.	**All Products**
2.	5500 Schedule A or Annual Reconciliation Disclosure reporting (when applicable)	**All Products**
3.	CHLIC's standard Underwriting services: a) benefit design analysis-b) projected cost analysis.	**All Products**
HIPAA INDIVIDUAL RIGHTS		
Products excluding Health Savings Account		
	Handling of requests from Members for access to, amendment and accounting of protected health information, and requests for restrictions and alternative communications as required under federal HIPAA law and regulations, as set out in this Agreement and its Exhibits.	**All Products**
COST CONTAINMENT		
1.	Maximum reimbursable charge determinations of non-Participating Provider charges for covered services.	**All Medical Products (with out-of-network benefits)**
2.	CHLIC's standard cost containment controls: Application of non-duplication and coordination of benefits rules and coordination with Medicare.	**All Medical Products**
3.	Delivery of information, as necessary, regarding standard application of non-duplication or coordination of benefits.	**All Medical and Dental Products**
4.	Review of medical bills in accordance with CHLIC's then current Medical Bill Review program.	**All Medical Products**
5.	Network Savings Program, a national vendor network that provides discounted rates when a Member accesses care through a Network Savings Program contracted provider.	**All Medical and Dental Products**
6.	Annual reporting of CHLIC's standard cost containment results upon Employer's request.	**All Medical and Dental Products**
7.	Pharmacy Vendor Recoveries.	**All Pharmacy Products**
CUSTOMER REPORTING		
1.	Summary reports of medical, dental and pharmacy cost and utilization experience are available through Cigna's web site, CignaAccess.com.	**All Medical, Dental and Pharmacy Products**
2.	CHLIC's standard pharmacy utilization reports.	**Pharmacy Product Only**

3.	Claim Reporting: CHLIC will provide its standard reports and information based upon paid claim data only. CHLIC will not provide information on incurred-but-not reported claims, projected claims, pre-certifications of coverage, case management information or information on a Member's prognosis or course of treatment. Stop Loss Reporting is an optional service provided at an additional fee to Employers who have stop loss through another entity other than CHLIC. CHLIC will provide its standard reporting only after the stop loss carrier and Employer have executed CHLIC's standard Hold Harmless/Confidentiality Agreement.	**All Medical Products**
	MEMBER EXTERNAL REVIEW PROGRAM	
	CHLIC contracts with three (3) independent review organizations that meet the Patient Protection and Affordable Care Act (PPACA) external review requirements. Members may appeal eligible claims to an external independent review organization which is selected by CHLIC on a random basis. If Employer has chosen not to participate in this program, the Employer may be responsible for making other arrangements to meet the Patient Protection and Affordable Care Act (PPACA) external review requirements.	**All Medical Products**
	MEDICAL MANAGEMENT SERVICES	
	CHLIC provides integrated medical management that includes (depending upon the terms of the Plan) the following core services.	
1.	Pre-Admission Certification and Continued Stay Review (PAC/CSR) services to certify coverage of acute and sub-acute inpatient admissions/stays or provides guidance to appropriate alternative settings. Administered in accordance with CHLIC's then applicable medical management and claims administration policies, practices and procedures.	**All Medical Products**
2.	Case Management and Retrospective Review of Inpatient Care, a service designed to provide assistance to a Member who is at risk of developing medical complexities or for whom a health incident has precipitated a need for rehabilitation or additional health care support.	**All Medical Products**
3.	Assisting providers with resources and tools to enable them to develop long term treatment plans in the management of chronic or catastrophic cases.	**All Medical Products**
4.	The Cigna HealthCare Healthy Babies® Program is a one-time educational mailing which provides Participants with prenatal care education and resources to help them better manage their pregnancy.	**All Medical Products**
5.	HealthCare Cost and Quality tools on myCigna.com	**All Medical Products**
6.	A panel of physicians and other clinicians to assess the safety and effectiveness of new and emerging medical technologies. The panel meets monthly to review and update coverage policies.	**All Medical Products**
7.	Cigna HealthCare's 24-Hour Health Information Line℠ is a service that provides 24 hour toll free access to registered nurses, who provide answers to healthcare questions, recommends appropriate settings for care, makes referrals to telehealth services when appropriate, and assists Participants in locating physicians. It also includes access to an extensive audio library on a wide range of medical topics.	**All Medical Products**

8.	Cigna LifeSOURCE Transplant Network® contracts with over six-hundred fifty (650) transplant programs at more than one-hundred fifty (150) independent transplant facilities and provides access to solid organ and bone marrow/stem cell transplantation while improving cost containment and reducing financial risk.	**All Medical Products**
9.	A health education program that delivers mailings to Members with certain conditions.	**All Medical Products Except Comprehensive and Indemnity**
10.	If behavioral health services are provided/arranged by Cigna Behavioral Health (CBH), CBH provides utilization review and case management for inpatient in-network behavioral health services.	**OAP and OAPIN Products Only: [Applicable to CA/NC members Only]**
11.	If behavioral health services are provided/arranged by Cigna Behavioral Health (CBH), CBH provides utilization review and case management for both inpatient and outpatient, in-network behavioral health services.	**OAP and OAPIN Products Only: [Applicable to Non CA/NC members Only]**
12.	Implementing clinical quality measurements, managing data, tracking and validating performance and initiating continuous quality improvement.	**All Medical Products Except Comprehensive and Indemnity**
13.	Transition of care services to allow Members with defined conditions to continue treatment with non-Participating Providers after enrollment for continued uninterrupted care for a limited time.	**All Medical Products Except Comprehensive and Indemnity**
14.	Focused utilization management of outpatient procedures and identification of appropriate alternatives. Administered in accordance with CHLIC's then applicable medical management and claims administration policies, practices and procedures.	**All Medical Products with PHS Plus**
	NETWORK MANAGEMENT SERVICES	
	CHLIC, and/or its affiliates shall:	
1.	Provide or arrange access to the applicable network of Participating Providers to furnish health care services/products to Members at negotiated rates and methods of reimbursement (e.g. fee-for service, capitation, per diem charges, incentive bonuses, case rates, withholds etc.). The amount and type of negotiated reimbursement may vary depending upon the type of plan. For example, a hospital may accept less for patients enrolled in certain types of plans than others;	**All Medical Products**
2.	Provide or arrange access to the applicable network of Participating Providers to furnish health care services/products to Members at negotiated rates and methods of reimbursement (e.g. fee-for service, capitation, per diem charges, incentive bonuses, case rates, withholds etc.);	**All Dental Products**

3.	Credential and re-credential Participating Providers in accordance with CHLIC's credentialing requirements and ensure that third-party network vendors credential/re-credential Participating Providers in accordance with CHLIC's requirements;	**All Medical and Dental Products**
4.	Monitor Participating Provider compliance with protocols and procedures for quality, Participant satisfaction, and grievance resolution;	**All Medical and Dental Products**
5.	Facilitate the identification of Participating Providers by Members; and	**All Medical and Dental Products**
6.	Dedicated toll-free telephone line for Member and Provider calls to CHLIC Service Centers.	**All Medical and Dental Products**
	BEHAVIORAL HEALTH	
	CHLIC has contracted with an affiliate, Cigna Behavioral Health ("CBH"), to provide or arrange for the provision of managed in-network behavioral health services, CBH is a Participating Provider, and is reimbursed primarily on a monthly fixed fee basis. This fixed fee for CBH services will be paid as claims and will appear in Employer's monthly reporting and on financial documents as capitation. Such payments will be at the relevant monthly rates then in effect. The monthly rates paid to CBH vary depending on geographic location of Members and on benefit design, and may be subject to change. The rates will be made available upon request. The fixed fee also includes lifestyle management programs, a cognitive behavioral modification program, a Complex Psychiatric Case Management program, and a Narcotics Therapy Management program. Behavioral claims from a client specific network are not included in the behavioral monthly fixed fee and will be paid from the Bank Account. In some states, payment for behavioral health services must be paid on a fee-for-service basis. In these states, fee-for-service payments for behavioral health services and the CBH administrative fee (including the lifestyle management programs, a cognitive behavioral modification program a Complex Psychiatric Case Management program and a Narcotics Therapy Management program) will be paid from the Bank Account as claims and will appear in Employer's monthly reporting.	**These services are included in the following products: OAP and OAPIN**

CIGNA STAFF MODEL HEALTH PLAN SERVICES		
	The Cigna HealthCare of Arizona, Inc. staff model ("Cigna Medical Group") is a Participating Provider located in metropolitan Phoenix, Arizona. Plan Participants may at some time receive treatment from a Cigna Medical Group ("CMG") facility or provider even if they do not reside in Arizona (as when traveling). Participants utilizing the IPA network will access certain specialty and/or ancillary services (including laboratory and urgent care services) through the CMG system. Lab services are not provided by CMG for Participants in PPO or EPO plans. Except as provided below, for services provided to Participants, CMG is paid at the rates in effect at the time of service (as may be revised from time to time). Representative rates for routinely performed services are attached. A complete copy of the rates is available on request under a mutually agreed nondisclosure agreement (NDA). If the Plan requires Participants to select a primary care physician (PCP), Phoenix area Participants who do not select a PCP during open enrollment are assigned to a CMG PCP. CMG is paid a monthly primary care capitation amount for those Phoenix area Participants who select or are assigned to a CMG PCP. Charges will appear in Employer's standard Bank Account activity data reports at the rates in effect at the time of payment. Primary care capitation charges are age/sex adjusted and may be revised from time to time. A primary care capitation rate grid and a list of the services included in the capitation are available upon request under a mutually agreed NDA. Primary care services rendered to Participants in Open Access Plans that do not provide for PCP assignment are paid at the rates then in effect, as described above.	**All Medical Products**

CIGNA HEALTHCARE OF ARIZONA - CIGNA MEDICAL GROUP (CMG) REPRESENTATIVE RATES FOR ROUTINELY PERFORMED MEDICAL SERVICES EFFECTIVE JULY 1, 2013

(Applicable to all Open Access Plus Products)

CPT Service Code	Service Description	Rates
45330	Sigmoidoscopy, flexible; Diagnostic (combined rate, includes facility fee $328.00)	$400.97
45378	Diagnostic Colonoscopy (combined rate, includes facility fee $469)	$726.75
71020	Chest X-Ray, Pa & Lat	$30.38
74000	Abdomen X-Ray (Kub)	$24.57
80053	Comprehensive Metabolic Panel	$14.87
80061	Cardiac Risk	$18.85
82565	Creatinine; Blood	$7.22
82947	Glucose, Serum	$5.52
84075	Phosphatase, Alkaline,Blood	$7.28
84443	Tsh, Assay	$23.64
84450	Sgot (Ast) Transaminase	$7.28
84520	Bun (Urea Nitrogen)Assay	$5.56
85025	CBC and Differential	$9.03
87086	Culture, Urine, Colony Ct	$11.36
88164	Cytopathology, Slides	$14.87
88305	Surg Path, Gross and Micro	$104.59
92014	Eye Exam & Treatment	$109.35
92567	Tympanometry	$15.62
93000	Electrocardiogram, Complete	$21.86
94760	Oximetry Single Determination	$2.47
95115	Allergy Injection, Single	$9.69
95117	Allergy Injection, Multiple	$11.85
99211	Office Visit, Est Min (Md Or Non-Md)	$19.21
99212	Office Visit, Est Prob Focused	$39.18
99213	Office Visit, Est Exp Prob Foc	$65.80
99214	Office Visit, Est Detailed	$98.58
99231	Subsequent Hospital Care	$38.26
99242	Office Consult, Exp Prob Focused, 30 Minutes	$92.15
99395	Well Exam, Est, 18-39 Years	$94.20
99396	Well Exam, Est, 40-64 Years	$102.94
G0202	Mammogram, Screening (Bilateral) Digital	$129.54
77052	Add on for iCad	$11.48

The Urgent Care case rate excluding radiology and laboratory services is $115.

The CMG CareToday (CMG low acuity clinics) visit rate is $59. Lab tests performed at the CMG CareToday facilities are $10 per service. A complete list of rates for CMG CareToday services is available on request.

ASC (Ambulatory surgical center) grouper rates:

Group 1 - $328
Group 2 - $469
Group 3 - $1159
Group 4 - $1451
Group 5 - $1454
Group 6 - $1025
Group 7 - $1717
Group 8 - $1104
Group 9 - $1432
Unlisted - $469

CMG pharmacy rates:

Brand Name: AWP – 10.56% + $2.75 dispensing fee
Generic: If MAC pricing is available then MAC +$2.75
If no MAC price available then AWP – 15% + $2.75 dispensing fee

Plan charges are reduced by any applicable copayment, coinsurance and/or deductible for service. Services not identified by CPT code or codes without established RVUs are reimbursed at the 50th Percentile of the Arizona Regional Medicode Schedule.

Exhibit C – Claim Audit Agreement (Sample)

A. WHEREAS, Cigna Health and Life Insurance Company ("CHLIC") desires to cooperate with requests by _____(" Employer") to permit an audit for the purposes set forth below; and

B. WHEREAS, _____("Auditor") has been retained by Employer for the purpose of performing an audit ("Audit") of claims administered by CHLIC.

C. WHEREAS, the Auditor and the Employer recognize CHLIC's legitimate interests in maintaining the confidentiality of its claim information, protecting its business reputation, avoiding unnecessary disruption of its claim administration, and protecting itself from legal liability;

NOW THEREFORE, IN CONSIDERATION of the premises and the mutual promises contained herein, CHLIC, the Employer and the Auditor hereby agree as follows:

1. Audit Specifications

The Auditor will specify to CHLIC in writing at least forty-five (45) days prior to the commencement of the Audit the following "Audit Specifications":

a. the name, title and professional qualifications of individual Auditors;
b. the Claim Office locations, if any, to be audited;
c. the Audit objectives;
d. the scope of the Audit (time period, lines of coverage and number of claims);
e. the process by which claims will be selected for audit;
f. the records/information required by the Auditor for purposes of the Audit; and
g. the length of time contemplated as necessary to complete the Audit.

2. Review of Specifications

CHLIC will have the right to review and request reasonable changes to the Audit Specifications, and Employer agrees to consider any such requested changes in good faith.

3. Access to Information

CHLIC will make the records/information called for in the Audit Specifications available to the Auditor at a mutually acceptable time and place.

4. Audit Report

The Auditor will provide CHLIC with a true copy of the Audit's findings, as well as the Audit Report, if any, that is submitted to the Employer. Such copies will be provided to CHLIC at the same time that the Audit findings and the Audit Report are submitted to the Employer.

5. Comment on Audit Report

CHLIC reserves the right to provide the Auditor and the Employer with its comments on the findings and, if applicable, the Audit Report.

6. Confidentiality

The Auditor understands that CHLIC is permitting the Auditor to review the claim records/information solely for purposes of the Audit. Accordingly, the Auditor will ensure that all information pertaining to individual claimants will be kept confidential in accordance with all applicable laws and/or regulations. Without limiting the generality of the foregoing, the Auditor specifically agrees to adhere to the following conditions:

a. The parties acknowledge that Auditor is entitled to retain its own work papers as well as documentation reflecting CHLIC's agreement that an error has been made. However, the Auditor shall not make photocopies of, remove from Cigna offices, or otherwise retain in its audit records any information proprietary to CHLIC (including but not limited to copies of provider contracts and/or rates, claim records showing billed charges or amounts paid, or CHLIC standard operating policies and procedures) without the express written consent of CHLIC. Auditor further agrees to retain the minimum necessary Participant PHI to substantiate its audit findings;

b. The Auditor agrees that its Audit Report or any other summary prepared in connection with the Audit shall contain no individually identifiable information.

7. Restricted Use of the Audit Information

With respect to persons other than the Employer, the Auditor will hold and treat information obtained from CHLIC during the Audit with the same degree and standard of confidentiality owed by the Auditor to its clients in accordance with all applicable legal and professional standards. The Auditor shall not, without the express written consent of CHLIC executed by an officer of CHLIC, disclose in any manner whatsoever, the results, conclusions, reports or information of whatever nature which it acquires or prepares in connection with the Audit to any party other than the Employer except as required by applicable law The Auditor agrees to indemnify and to hold harmless CHLIC for any and all claims, costs, expenses and damages which may result from any breaches of the Auditor's obligations under paragraphs 6 and 7 of this Agreement or from CHLIC's provision of information to the Auditor. The Employer authorizes CHLIC to provide to the designated Auditor the necessary information to perform the audit in a manner consistent with all Health Insurance Portability and Accountability Act of 1996 ("HIPAA"), Privacy Standards and in compliance with the signed Business Associate Agreement ("BAA").

8. Termination

CHLIC may terminate this agreement with prior written notice. The obligations set forth in Sections 4 through 7 shall survive termination of this agreement.

9. This agreement does not affect or alter the audit rights the Employer has under the City Services Contract (2014-009-COS).

Cigna Health and Life Insurance Company

By: TO BE SIGNED AT TIME OF AUDIT
Duly Authorized

Print Name: _____

Title: _____

Date: _____

Employer: _____

By: TO BE SIGNED AT TIME OF AUDIT
Duly Authorized

Print Name: _____

Title: _____

Date: _____

Auditor: _____

By: TO BE SIGNED AT TIME OF AUDIT
Duly Authorized

Print Name: _____

Title: _____

Date: _____

Exhibit D – Privacy Addendum

("Business Associate Agreement")

This agreement ("Agreement") made and entered into this 1st day of July 2014, by and between the City of Scottsdale, an Arizona municipal corporation ("City") and Cigna Health and Life Insurance Company ("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 men 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 shall provide an Individual with access to such Individual's Protected Health Information contained in a Designated Record Set in response to such Individual's request in the time and manner required by 45 CFR § 164.524.

g. Business Associate shall respond to a request by an Individual for amendment to such Individual's Protected Health Information contained in a Designated Record Set in the time and manner required by 45 CFR § 164.526.

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 Secretary in a time and manner designated by 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 shall provide an accounting of disclosures of Protected Health Information to an Individual who requests such accounting in the time and manner required in 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 reach 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. For purposes of discovery and reporting of Breaches, Business Associate is not the agent of the Covered Entity (as "agent" is defined under common law). Business Associate will investigate Breaches, assess their impact under applicable state and federal law, including HITECH, and make a recommendation to the Covered Entity as to whether notification is required pursuant to 45 C.F.R. §§164.404-408 and/or applicable state breach notification laws. With the Covered Entity's prior approval, Business Associate will issue notices to such individuals, state and federal agencies –

including the Department of Health and Human Services, and/or the media – as the Covered Entity is required to notify pursuant to, and in accordance with the requirements of applicable law (including 45 C.F.R. §§164.404-408). Business Associate will pay the costs of issuing notices required by law and other remediation and mitigation which, in Business Associate's discretion, are appropriate and necessary to address the Breach. Business Associate will not be required to issue notifications that are not mandated by applicable law. Business Associate shall provide the Covered Entity with information necessary for the Covered Entity to fulfill its obligation to report Breaches affecting fewer than 500 Individuals to the Secretary as required by 45 C.F.R. §164.408(c).

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 relating to the Health Care Operation of Covered Entity as permitted by 42 CFR § 164.504(e)(2)(i)(B) or to de-identify Protected Health Information. Once information is de-identified, this Business Associate Agreement shall not apply.

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 Associates 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.

Except as otherwise permitted in the Agreement, 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 provision in this Section.

b. Termination for Cause. Upon knowledge of a material breach of the agreement by either party, the 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). The parties hereto agree that it is not feasible for Business Associate to return or destroy Protected Health Information at termination of the Agreement; therefore, the protections of this Business Associate Agreement for Protected Health Information shall survive termination of the Agreement, and Business Associate shall limit any further uses and disclosures of such Protected Health Information to the purpose or purposes which make the return or destruction of such Protected Health Information infeasible.

8.0 Security Requirements

a. The Business Associate agrees to implement safeguards in accordance with 45 CFR 164.308 (administrative), 45 CFR164.310 (physical) and 45 CFR164.312 (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 safeguard.

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 actual, successful 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

_____
Donna B. Brown, Director Human Resources

APPROVED AS TO FORM
Bruce Washburn, City Attorney

_____
By William Hylen,
Senior Assistant City Attorney

Cigna Health and Life Insurance Company

By: _____
Its: _____

Exhibit E – Conditional Claim/Subrogation Recovery Services

I. Plans Without CHLIC Stop Loss Coverage

If Employer has not purchased individual or aggregate stop loss coverage from CHLIC or an affiliate with respect to its self-funded employee welfare benefit plan:

A. All conditional claim payment and/or subrogation recoveries under the Plan will be handled by the entity checked below;

___ Employer
X An independent recovery vendor whose name and address follow:
Arizona Benefit Plans on behalf of Symetra Financial
Mr. Mike Hoffman
Arizona Benefit Plans
One East Camelback Road, Suite 840
Phoenix, AZ 85012
___ CHLIC and its subcontractor(s)

B. If Employer has designated CHLIC and its subcontractors to act as its recovery agent in paragraph I.A. above, then:

i. Employer hereby confers upon CHLIC and its subcontractors' discretionary authority to reduce recovery amounts by as much as fifty percent (50%) of the total amount of benefits paid on Employer's behalf, and to enter into binding settlement agreements for such amounts.

ii. In the event a settlement offer represents a reduction greater than the percentage identified above, CHLIC and its subcontractors should seek settlement advice from:

Name:
Title:
Address:
Telephone:

iii. All amounts reimbursed to Employer's Bank Account shall be refunded at the gross amount. CHLIC's and it subcontractors' subrogation administration fee on cases where CHLIC and its subcontractors' have retained counsel and in cases where no counsel has been retained by CHLIC and its subcontractors are both reflected in the Schedule of Financial Charges.

C. Except where agreed to by CHLIC and Employer, CHLIC and its subcontractors shall have no duty or obligation to represent Employer in any litigation or court proceeding involving any matter which is the subject of this Agreement, but shall make available to Employer and/or Employer's counsel such information relevant to such action or proceeding as CHLIC and its subcontractors may have as a result of its handling of any matter under this Agreement.

D. In the event Employer purchases individual or aggregate stop loss coverage from CHLIC or an affiliate with respect to its self-funded employee welfare benefit plan at any time during the life of this Agreement, the provisions of paragraph II., below, shall control.

II. Plans with CHLIC Stop Loss Coverage

If Employer has purchased individual or aggregate stop loss coverage from CHLIC or an affiliate with respect to its self-funded employee welfare benefit plan:

A. CHLIC and its subcontractors shall have the right and responsibility to manage all conditional claim payment and/or subrogation recoveries under the Plan. CHLIC and its subcontractors shall reimburse to the Plan the recovery minus relevant individual and aggregate stop loss payments made by CHLIC.

B. All amounts reimbursed to Employer's Bank Account shall be refunded at the gross amount. CHLIC's and its subcontractors' subrogation administration fee on cases where CHLIC and its subcontractors' have retained counsel and in cases where no counsel has been retained by CHLIC and its subcontractors, are both reflected in the Schedule of Financial Charges.

C. CHLIC and its subcontractors shall have no duty or obligation to represent Employer in any litigation or court proceeding involving any matter which is the subject of this Agreement but shall make available to Employer and/or Employer's counsel such information relevant to such action or proceeding as CHLIC and its subcontractors may have as a result of its handling of any matter under this Agreement. Notwithstanding the foregoing, CHLIC and its subcontractors reserve to itself the right to retain counsel to represent CHLIC's own interests in any subrogation and/or conditional claim recovery action under the Plan.