



HUMAN RESOURCES DEPARTMENT

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Date: June 1, 2010
To: Dee F. Bruemmer, County Administrator
From: Mary J. Thee, Human Resources Director/Asst. County Administrator
Subject: Inmate and Mental Health Medical Services Pilot

Last fall we began discussions, through Holmes Murphy, with United Health Care to discuss innovative ways to reduce health care costs of inmates and mental health commitments. Along with the Budget Manager, Health Department staff and Community Services staff we have had over a dozen meetings with United Health Care to brainstorm ways to reduce the County's costs for caring for inmates and mental health commitment patients when they use medical facilities and services.

The general concept of the pilot project is to process all inmate medical procedures that are not provided for by the Health Department nursing staff through United Health Care's network of providers. The County previously had a contract with Genesis Health System that provided for a 10% - 11% discount on hospital services, but did not provide discounts for other services that may be provided for in the hospital such as doctor services or other care providers in the community. By utilizing the UHC network the belief is that the County would achieve a greater discount by obtaining additional network discounts. In the pilot model an inmate would be assigned a provider number should they have need of services County staff is not capable of providing. When they access the outside service provider the bill for services would be processed by UHC and the network discounts already negotiated with the provider would apply. Additionally the process should result in a more efficient billing process for medical providers who are accustomed to billing insurance companies and for county staff who will through time have less billings to review and only one check to process. The same process will be utilized for juvenile and adult mental health services that the County is required to provide through state mental health commitment orders.

The pilot agreement with UHC has the parties sharing in the cost savings realized by the County. The administrative fee to UHC is equal to thirty percent (30%) of the first \$150,000 in total savings by month, plus twenty-five percent (25%) of any total savings per month over \$150,000. The amount of savings that the County will realize is uncertain, as it is difficult to predict the type and quantity of outside medical providers. Thus, the parties have determined to do this as a one year pilot project to be able to review the process, cost savings to the County and administrative burden on UHC. We will report quarterly to the Board on the progress.

ADMINISTRATIVE SERVICES ADDENDUM

This Administrative Services Addendum ("Addendum") is entered into by and between UnitedHealthcare Services Company of the River Valley, Inc., and its affiliates, a Delaware corporation (collectively "UnitedHealthcare"), and Scott County, an Iowa government entity, ("Group") is effective July 1, 2010 ("Addendum Effective Date") and shall be attached as an addendum to the Administrative Services Agreement between Group and UnitedHealthcare, effective January 1, 2010, for Group's active employees (the "Agreement").

WHEREAS, Group has adopted and implemented one or more self-funded health benefit plan(s) providing health benefit coverage to eligible inmates of Group and their eligible dependents. For purposes of this Addendum, "Plan" shall mean Group's health benefit plans that are administered by UnitedHealthcare; and

WHEREAS, UnitedHealthcare, under the terms of this Addendum, shall assist Group in the administration of one or more Plan options.

NOW THEREFORE, in consideration of the mutual covenants and agreements contained herein, the parties agree as follows:

1. DEFINITIONS

- 1.1 **Administrative Fees** - shall mean the compensation paid by Group to UnitedHealthcare for performance of administrative services under this Addendum, and which are calculated as the applicable percentage of savings between billed and allowed claims charges (the "Savings"), as calculated by UnitedHealthcare, on a per month basis, as shown on Exhibit A.
- 1.2 **Addendum** - shall mean this Administrative Services Addendum and all of its Attachments, Exhibits, or Amendments, and shall also include by reference the Plan Documents and/or Summary Plan Description.
- 1.3 **Addendum Period** - The period of twelve (12) months commencing on the Effective Date and automatically continuing for additional 12-month periods until the Addendum is terminated.
- 1.4 **Claims Expenses** - shall mean UnitedHealthcare's expenditures for the medical services and supplies, whether paid based on a per service basis or a capitated arrangement, that are covered expenses under Group's Plan and that are provided to Members enrolled for coverage under the Plan during the Term (as set forth in Section 6.1) of this Addendum. Claims Expenses shall include any charges for medical management services that are shown on Exhibit A.
- 1.5 **Addendum Effective Date** - shall mean the date that the terms and obligations of this Addendum become effective between the parties.
- 1.6 **Final Settlement Report** - shall mean UnitedHealthcare's usual set of final reports and other documents, as appropriate, showing Group's account activities.
- 1.7 **Open Subrogation Claims** - shall mean any claim under investigation for potential subrogation or in the recovery process at the end of the Run-Out Period.
- 1.8 **Network Provider** - The physician, or medical professional or facility which participates in a Managed Care Network. A provider is only a Network Provider if they are participating in a Managed Care Network at the time services are rendered to the Participant.

- 1.9 **Participant** - shall mean an individual enrolled as an inmate or juvenile (if applicable) for benefits under the Plan.
- 1.10 **Plan Administrator** - shall mean the individual, committee, or other organization responsible for administration of Group's Plan.
- 1.11 **Plan Documents** -- shall mean the legal documents under which the Plan is established and operated.
- 1.12 **Proprietary Business Information** -- shall mean information about Group's business or UnitedHealthcare's business that is confidential, proprietary, trade secret or is not readily available to the general public; or, information that has been designated by Group or UnitedHealthcare as confidential or proprietary. Proprietary Business Information may be referred to as "Group's Proprietary Business Information" or "UnitedHealthcare's Proprietary Business Information," as applicable, throughout this Addendum.
- 1.13 **Provider** - shall mean an individual or facility that is appropriately licensed to provide medical treatment or services, and that is considered eligible for reimbursement under Group's Plan.
- 1.14 **Rebates** - shall mean all rebates, discounts or other financial incentives (whether access, base, PDI, incentive, market share, volume, or other), and administrative fees which UnitedHealthcare receives directly or indirectly from a pharmaceutical manufacturer and which are obtained in connection with prescription drug products dispensed to Participants under the Plan's pharmacy benefit or the medical benefit. Rebates do not include any purchasing discounts obtained by a PBS subcontractor or specialty pharmacy or home delivery pharmacy when purchasing prescription drug products for home delivery pharmacy services or specialty pharmacy services through a PBS subcontractor or direct distribution. Rebates to customers are administered and paid under the medical benefit plan or pharmacy benefit plan as outlined in this Addendum.
- 1.15 **Run-Out Payment** - shall mean the compensation paid by Group to UnitedHealthcare for services provided during the Run-Out Period.
- 1.16 **Run-Out Period** - shall mean the twelve (12)-month period beginning on the date that this Addendum terminates during which UnitedHealthcare shall continue to provide standard claims adjudication services for claims incurred prior to termination of this Addendum.
- 1.17 **Service Area** - shall mean the geographic area in which UnitedHealthcare markets its services.
- 1.18 **Summary Plan Description or SPD** - shall mean the written description of the benefits provided by the Plan, the terms and conditions under which the Plan shall be operated, and the standards and rules governing the payment of benefits under the Plan, as are in effect from time to time.

2. DUTIES AND RESPONSIBILITIES OF UNITEDHEALTHCARE

- 2.1 UnitedHealthcare shall assist Group in the administration of the Plan, including performance of the following duties, as applicable:
 - 2.1.1 To provide UnitedHealthcare's standard enrollment materials in a form acceptable to Group.
 - 2.1.2 To provide, if requested, a draft of a Summary Plan Description that Group can adopt as Group's SPD.
 - 2.1.3 Upon Group's request, to coordinate and receive eligibility information electronically from the Group or its designee, and to send eligibility information electronically to other Plan designees, as required by Plan, all in a format specified by UnitedHealthcare or applicable law.

- 2.1.4 To enroll Group's eligible Members in accordance with the eligibility information provided by Group.
- 2.1.5 To prepare identification cards for Members showing eligibility and coverage information.
- 2.1.6 To implement the claims funding arrangement selected by Group and as described in Section 10.2.
- 2.1.7 To build Group's plan of benefits, as well as all enrollment and relevant claim history provided by the Group, into UnitedHealthcare's claims payment system.
- 2.1.8 To perform any other duties related to the installation of the Plan as mutually agreed between the parties.
- 2.2 UnitedHealthcare shall publish, in electronic form, SPDs and network Provider directories as needed for initial installation. UnitedHealthcare reserves the right to assess a fee to Group for printing and delivery costs for the SPD and network Provider directories.
- 2.3 UnitedHealthcare shall provide a network of Network Providers from which Participants can receive medical services. Group acknowledges that the Network Providers may be contracted directly by UnitedHealthcare or be contracted by another network management company or other organization with which UnitedHealthcare has contracted. UnitedHealthcare will determine which providers are Network Providers. Network Providers may change at any time. UnitedHealthcare will make a reasonable effort to provide Group with advance notice of any materials changes to the network. Group shall be entitled to receive the contracted rates in accordance with the Network Providers' network contract.
- 2.4 UnitedHealthcare shall provide Group with its standard claims adjudication services as described below:
 - 2.4.1 Adjudicate health benefit claims in accordance with the terms of the SPD, specifically:
 - 2.4.1.1 At the time services are rendered, determine the eligibility status of Members based upon information provided by Group;
 - 2.4.1.2 Determine if benefits are payable based on the information that Group has provided and the terms of the SPD;
 - 2.4.1.3 Process claims that have been properly submitted with all necessary information in a timely manner in accordance with applicable law. Group acknowledges that UnitedHealthcare may at times request additional information from a Provider or deny a claim if relevant information is not provided, or may pend a claim subject to review or audit. UnitedHealthcare shall not be liable to Group for any delay experienced in performing such actions; and
 - 2.4.1.4 Record claim payment information in UnitedHealthcare's claims payment system.
 - 2.4.2 Provide in a written or electronic form an explanation of benefits ("EOB") to Members and a remittance advice to Providers that shows the payment history for adjudicated claims.
 - 2.4.3 Respond to telephonic and written inquiries from Members and Providers regarding eligibility, availability of benefits, and claims status.
 - 2.4.4 Maintain appropriate records regarding claims submitted and payments made for the maximum period required by federal, state, or local law, and provide data that may be reasonably requested or required for regulatory, audit, and/or other business purposes. This includes:

- 2.4.4.1 Submitting 1099 forms to Providers and the Internal Revenue Service; and
- 2.4.4.2 Furnishing Group the data necessary for preparation of 5500 forms to the extent that such data is in UnitedHealthcare's possession and control.
- 2.4.5 Provide appropriate information to the stop loss carrier of the Group or the Plan, if applicable, as provided in Section 4.1.2.
- 2.4.6 Provide appeal or dispute resolution services regarding claims adjudication in accordance with the SPD supplied by UnitedHealthcare and in accordance with regulatory requirements. If Group proposes to adopt appeal or dispute procedures that differ from the procedures in the draft SPD supplied by UnitedHealthcare, Group shall give reasonable notice to UnitedHealthcare of such procedures before UnitedHealthcare will determine any appeals of disputes according to the Group's proposed procedures. UnitedHealthcare shall make decisions on appeals according to the written terms of the SPD. UnitedHealthcare shall not exercise discretionary authority in interpreting the terms of the Plan or the SPD or in determining benefit eligibility without obtaining prior approval from Group. UnitedHealthcare shall direct questions regarding the meaning of the Plan or SPD's terms to Group or the Plan Administrator and will comply with Group or Plan Administrator's instructions. UnitedHealthcare shall not have any discretionary authority or discretionary responsibility in the administration of the Plan.
- 2.4.7 Provide for recovery of benefit payments made by UnitedHealthcare on Plan's behalf in circumstances where another party has primary liability, or where the Provider received reimbursement in excess of the amount Provider was entitled to receive. UnitedHealthcare may use the services of one or more vendors to recover these types of overpayments and Group agrees that such vendor will receive a percentage of any recovery received as compensation for its services. Plan will receive the balance of the amount recovered less all compensation owed the vendor for its services.
- 2.4.8 Negotiate with out of network Providers for a reduction in fees, prompt payment discount, or a claims audit. UnitedHealthcare may use the services of one or more vendors to negotiate these types of Claims Expenses and Group agrees that such vendor will receive a percentage of any recovery received or other payment as compensation for its services.
- 2.5 UnitedHealthcare shall forward to Group any invoices for premiums, service fees, or miscellaneous expenses owed to insurance carriers or Plan vendors retained by Group or by UnitedHealthcare with Group's permission for which Group is responsible for payment, and, if collected by UnitedHealthcare, remit Group's payments for such amounts owed as appropriate. The fee charged to Group for such service, if any, will be listed on Exhibit A.
- 2.6 UnitedHealthcare will provide Group with medical management services in accordance with its usual practices, including but not limited to: Medical necessity pre-authorizations, disease management, case management, medical benefit determination, wellness programs, and utilization management. Group acknowledges that UnitedHealthcare may perform such medical management services or may contract with one or more vendors to provide such services. The fees charged to Group for such services, if any, will be listed on Exhibit A.
- 2.7 UnitedHealthcare will, upon Group's written request and in accordance with UnitedHealthcare's procedures and in compliance with applicable laws and regulations, coordinate with other Plan vendors retained by Group or Plan by receiving or sending information to such vendors. Group acknowledges that it, and not UnitedHealthcare, is responsible for the actions or inactions of all Plan vendors other than UnitedHealthcare. Prior to UnitedHealthcare's disclosure of information to a vendor, Group agrees to execute appropriate forms as requested by UnitedHealthcare authorizing UnitedHealthcare to release information to the vendor.

2.8 UnitedHealthcare will be responsible for processing any unclaimed property associated with this Addendum, in accordance with appropriate state laws and regulations.

2.9 **Audits.**

2.9.1 UnitedHealthcare shall retain Certified Public Accountants to perform an annual SAS-70 Type-2 Report of at least the following processes for UnitedHealthcare: enrollment, eligibility, plan building, claims handling and adjudication, claims payment, and financial settlement reports. Group agrees to accept UnitedHealthcare's most recent SAS-70 Type-2 Report as evidence of UnitedHealthcare's performance of its obligations under this Addendum.

2.9.2 During the term of the Addendum, and at any time within twelve (12) months following its termination, UnitedHealthcare shall allow Group or a mutually agreeable entity, in accordance with the below specified conditions, to audit UnitedHealthcare once each calendar year to determine whether UnitedHealthcare is fulfilling the terms of this Addendum.

2.9.2.1 Group must advise UnitedHealthcare in writing of Group's intent to audit. The place, time, type, duration, and frequency of all audits must be reasonable and agreed to by UnitedHealthcare. All audits will be limited to information relating to the calendar year in which the audit is conducted, and/or the immediately preceding calendar year. With respect to UnitedHealthcare's transaction processing services, the audit scope and methodology will be consistent with generally acceptable auditing standards, including a statistically valid random sample or other acceptable audit technique as approved by UnitedHealthcare ("Scope").

2.9.2.2 Group will pay any expenses that Group incurs in connection with the audit. In addition, Group will be charged a reasonable per claim charge and a \$1,000 charge per day for audits outside of the following parameters: (1) more than one audit per calendar year; (2) any on-site audit visit that is not completed within five (5) business days; or up to ten (10) business days if warranted by the size of the Scope and agreed to by UnitedHealthcare prior to the audit; (3) sample sizes exceeding the Scope specified above; or (4) any audit initiated after this Addendum has terminated. The additional fees cover the additional resources, facility fees, and other incremental costs associated with an audit that exceeds the Scope.

2.9.2.3 In addition to Group's expenses and any applicable fees, Group will also pay any extraordinary expenses UnitedHealthcare incurs in connection with the audit. For any audit initiated after this Addendum is terminated, Group will pay all expenses incurred by UnitedHealthcare.

2.9.2.4 Group will provide UnitedHealthcare with a copy of any audit reports within thirty (30) days after Group receives the audit report(s) from the auditor.

2.10 **Allocation and Payment of Medical Benefit Drug Rebate Payments.** UnitedHealthcare will retain 100% of the Rebates paid to UnitedHealthcare and any related interest. The amount of Rebates retained depends on many factors, including whether Group has an incentive benefit design, arrangements with drug manufacturers, the volume of prescription drug claims and the structure of the PDL.

In the event a government action or a major change in pharmaceutical industry practices eliminates or materially reduces manufacturer Rebate programs, Group's payment amount may be reduced or eliminated.

3. DUTIES AND RESPONSIBILITIES OF GROUP

3.1 Group, or an agent on Group's behalf, shall:

- 3.1.1 Offer coverage under this Addendum to all eligible Participants on conditions no less favorable than those for any other health care plan it makes available to its eligible Participants.
 - 3.1.3 Submit to UnitedHealthcare an initial complete and accurate set of enrollment records for all Members; thereafter, Group shall submit written or electronic enrollment records in a format acceptable to UnitedHealthcare to reflect changes in Member status. Group has final authority in determining individuals eligible for benefits under the Plan, and has sole responsibility for providing UnitedHealthcare with accurate enrollment information.
 - 3.1.4 Group agrees to notify UnitedHealthcare of Member terminations in a timely manner, but in no case more than thirty (30) calendar days after coverage has terminated. If Group fails to notify UnitedHealthcare of a Member termination in a timely manner, Group remains liable for Administrative Fees and Claims Expenses incurred more than thirty (30) calendar days prior to notification to UnitedHealthcare.
 - 3.1.5 Be solely responsible for adopting and delivering to Members all Plan documentation and information, including but not limited to the SPD. UnitedHealthcare shall have no liability for Group's failure to prepare or update the SPD or any other Plan documents. If Group proposes an SPD other than the draft SPD provided by UnitedHealthcare, UnitedHealthcare must agree to the terms of Group's SPD before being responsible for adjudicating claims based upon the terms of that SPD. Unless Group proposes an SPD with terms agreeable to UnitedHealthcare, Group agrees that UnitedHealthcare will adjudicate claims and appeals based upon the draft SPD that UnitedHealthcare provides to Group.
 - 3.1.6 Notify UnitedHealthcare in writing of Group's final benefit decision, to the extent that Group exercises its right to make final benefit decisions, or upon request of UnitedHealthcare.
 - 3.1.7 Provide UnitedHealthcare, in a timely manner, with certain reports and information in a form and manner specified by UnitedHealthcare; such information may include, but shall not be limited to: (a) verification that a Member is eligible for benefits under the Plan; (b) a description and identification of the types of benefits to which a Member is entitled; and (c) the effective date of a Member's enrollment. Upon request, Group shall provide UnitedHealthcare with any other necessary information regarding Members.
 - 3.1.8 UnitedHealthcare shall not be responsible for COBRA administration, including but not limited to sending notices to COBRA beneficiaries or billing for COBRA premiums.
- 3.2 Group shall be solely responsible for funding the payment of Claims Expenses under the Plan. UnitedHealthcare is not and shall not be deemed to be an insurer, underwriter, or guarantor with respect to any benefits payable under the Plan, or in any other way to be responsible for the adequacy of the Plan's funding. Group acknowledges that UnitedHealthcare may advance payment for Claims Expenses to Providers and that Group remains liable for all such advanced Claims Expenses.
- 3.3 Group shall pay UnitedHealthcare for Claims Expenses in accordance with Section 10.2. Group acknowledges that in the event the Plan is discontinued or cancelled, or in the event of termination of this Addendum, Group is responsible for funding payment of all Claims Expenses incurred prior to the date of such discontinuance, cancellation, or termination.

- 3.4 Within five (5) business days of receipt, Group shall notify UnitedHealthcare of all complaints or inquiries it receives from Members or government regulatory bodies that involve UnitedHealthcare's performance of its duties under this Addendum and shall assist UnitedHealthcare in any reasonable manner in responding to such complaints or inquiries.
- 3.5 Upon request, Group shall provide UnitedHealthcare with a copy of Group's Plan Documents and/or Summary Plan Description currently in effect and as it may be amended from time to time.
- 3.6 Group shall:
- 3.6.1 Advise UnitedHealthcare upon acquisition of any new company or offering of other health benefit plans to Members, or any other changes that might affect the legal status of the Plan; and
 - 3.6.2 Notify UnitedHealthcare in writing of any change in Plan benefits at least sixty (60) calendar days prior to the effective date of such change. UnitedHealthcare must agree to the terms of the change before being responsible for adjudicating claims based upon the change. Any retroactive change requiring a re-adjudication of claims shall be performed by UnitedHealthcare only for an additional fee mutually agreeable to the parties.
 - 3.6.3 Notify Members within sixty (60) calendar days prior to the effective date that a material reduction in benefits will occur.
- 3.7 Group, or a person designated by Group (other than UnitedHealthcare), is the named fiduciary of the Plan. Group, or the person designated by Group (other than UnitedHealthcare), has discretionary authority to interpret the terms of the Plan or the SPD and to review all denied claims for benefits under the Plan or the SPD, including, but not limited to, the determination of covered services and the determination of eligibility for and entitlement to Plan benefits in accordance with the terms of the Plan or SPD. Group agrees to provide, in a timely manner, responses to all inquiries by UnitedHealthcare regarding the administration of the Plan or SPD.
- 3.8 Group agrees that during the term of this Addendum, neither Group nor the Plan will negotiate or arrange or contract in any way for Rebates on or the purchase of prescription drug products from any manufacturer under the Plan's medical benefit or pharmacy benefit. If Group or the Plan does, UnitedHealthcare may, without limiting UnitedHealthcare's right to other remedies, immediately terminate Group and Plan's entitlement to Rebates (including forfeiture of any Rebates earned but not paid) and/or terminate the PBS. Termination of PBS shall constitute a change in this Addendum such that UnitedHealthcare has the right to increase the Administrative Fees for medical management services under this Addendum.

In addition, Group agrees to reasonably cooperate with UnitedHealthcare in order to obtain Rebates. As applicable, Group will encourage Group's Participants to use a Network Pharmacy. Group will also encourage Group's Participants to electronically access the PDL on UnitedHealthcare's website, and encourage Participants to share the PDL with their physicians or refer their physicians to the PDL on UnitedHealthcare's website.

5. RELATIONSHIP OF THE PARTIES

- 5.1 In performing services under this Addendum, UnitedHealthcare performs all acts as an independent contractor and not as an officer, employee, or agent of Group, Plan Administrator (if other than Group), or Plan. Nothing in this Addendum shall be construed to mean that Group retains any control over the manner and means of how UnitedHealthcare performs the services provided for herein, but only a right to review the results of the work performed.

- 5.2 UnitedHealthcare does not assume any responsibility for any act, omission, or breach by Group, Group's employees, or agents.
- 5.3 Group shall, unless otherwise delegated, serve as the Plan Administrator of the Plan. In no instance shall UnitedHealthcare be deemed to be such Plan Administrator of the Plan.
- 5.4 Group understands that UnitedHealthcare does not provide, but arranges for, the availability of medical, hospital, and other health care services for Members who are enrolled for coverage in accordance with Group's Plan. UnitedHealthcare is not liable for any acts or omissions of Providers.
- 5.5 Group acknowledges and accepts that UnitedHealthcare may contract with other entities to provide services required by this Addendum without prior notification or obtaining Group's permission.

6. TERM AND TERMINATION

- 6.1 This Addendum will apply for an initial Addendum Period commencing on the Effective Date and will automatically continue for additional Addendum Periods, unless and until this Addendum is terminated.
- 6.2 This Addendum may be terminated for any of the following reasons:
 - 6.2.1 By UnitedHealthcare if Group fails to make payments in accordance with the provisions in Section 10.1 or 10.3, after the expiration of a grace period, if applicable;
 - 6.2.2 By UnitedHealthcare if Group fails to make payments in accordance with the provisions in Section 10.2 after the expiration of a grace period, if applicable;
 - 6.2.3 By UnitedHealthcare if Group performs an act or practice that constitutes fraud or makes an intentional misrepresentation of material fact in connection with this Addendum;
 - 6.2.4 By UnitedHealthcare if the majority of Group's Members no longer live, work, or reside in UnitedHealthcare's Service Area.
 - 6.2.5 By UnitedHealthcare if Group is no longer actively engaged in the business in which it was engaged on the Effective Date.
 - 6.2.6 By either party if the other party commits a material breach of this Addendum.
 - 6.2.7 By UnitedHealthcare if the Agreement terminates for any reason.
- 6.3 If Group decides not to renew the Addendum upon its expiration, Group shall provide UnitedHealthcare with written notice at least sixty (60) calendar days prior to the Term's expiration.
- 6.4 If UnitedHealthcare seeks to terminate this Addendum pursuant to Section 6.2.1, UnitedHealthcare shall provide Group with seven (7) calendar days written notice to cure the default. If payment of all outstanding amounts due and owing at the time the notice is sent is not made in full by the end of the seven (7)-day period, this Addendum shall terminate as of the end of the last period for which UnitedHealthcare received payment, and UnitedHealthcare shall not be liable for paying any Claims Expenses incurred after the Addendum terminates or providing any services for Group after the termination of this Addendum. UnitedHealthcare will not provide Run-Out administration, and thus there will be no Run-Out Period, if the Addendum is terminated pursuant to Section 6.2.1
- 6.5 If UnitedHealthcare seeks to terminate this Addendum pursuant to Section 6.2.2, UnitedHealthcare shall provide Group with one (1) calendar day written notice to cure the default. If payment of all outstanding amounts due and owing at the time the notice is sent is not made in full by the end of the one (1) day period, this

Addendum shall terminate as of the end of the last period for which UnitedHealthcare received payment, and UnitedHealthcare shall not be liable for paying any Claims Expenses incurred after the Addendum terminates or providing any services for Group after the termination of this Addendum. UnitedHealthcare will not provide Run-Out administration, and thus there will be no Run-Out Period, if the Addendum is terminated pursuant to Section 6.2.2.

- 6.6 If either party seeks to terminate this Addendum pursuant to Section 6.2.6, or if UnitedHealthcare seeks to terminate this Addendum pursuant to Sections 6.2.3 – 6.2.5, the party shall give the other party written notice of the default giving rise to the termination in accordance with Section 11.11, and the other party shall have seven (7) calendar days from the date of notice to cure such default. If the default is not cured to the satisfaction of the party providing notice, this Addendum shall terminate as of the expiration of the seven (7)-day period. UnitedHealthcare will not provide Run-Out administration, and thus there will be no Run-Out Period, if the Addendum is terminated pursuant to Section 6.2.6.
- 6.7 Notwithstanding the termination of this Addendum, the following rights and liabilities of the parties shall survive for the time period following termination as specified below:
- 6.7.1 Group's duty to pay UnitedHealthcare pursuant to Section 10 until such amounts are paid in full.
- 6.7.2 Group's duty to pay UnitedHealthcare for Claims Expenses incurred prior to the termination of this Addendum pursuant to Section 10.2 until such amounts are paid in full.
- 6.7.3 Group's and UnitedHealthcare's indemnification duties and liabilities under Section 7 with respect to events and Claims Expenses arising before the termination of the Addendum until the appropriate statute of limitations has run.
- 6.7.4 UnitedHealthcare's obligations to maintain the confidentiality of Group's and Member's information obtained during the operation of this Addendum as long as UnitedHealthcare maintains such information.
- 6.8 Upon termination of this Addendum and if Group requests, UnitedHealthcare shall provide to Group or its designee a historical accounting of Claims Expense payments and copies of all records of the Plan. Group shall reimburse UnitedHealthcare for the cost of retrieving and shipping Plan records to Group. The delivery of records maintained on hard copy files, microfilm, or magnetic tape, at UnitedHealthcare's option, shall be deemed to be in compliance with this Section. In the event records are stored on microfilm and/or a retrieval fee is charged to UnitedHealthcare, Group shall pay such fee. At the time the transfer of records occurs, UnitedHealthcare shall be relieved of further responsibility for performing any of the services described in this Addendum.
- 6.9 In the event Group appoints a successor to UnitedHealthcare, UnitedHealthcare shall cooperate as reasonably necessary in transferring files, records, reports, and the like, and UnitedHealthcare shall be entitled to reasonable compensation for its services in connection therewith.
- 6.10 If this Addendum is terminated for any reason, except in the event that UnitedHealthcare terminates this Addendum pursuant to Section 6.2.1 or 6.2.2, UnitedHealthcare shall prepare a Final Settlement Report within sixty (60) calendar days after the end of the Run-Out Period. If this Addendum is terminated by UnitedHealthcare pursuant to Section 6.2.1 or 6.2.2, UnitedHealthcare shall prepare a Final Settlement Report within sixty (60) calendar days after the termination of this Addendum. Group shall have thirty (30) calendar days to object to the Final Settlement Report, and if Group does not object within this time period, the Final Settlement Report shall be considered accurate and final, and Group shall remit any balances owed to UnitedHealthcare within five (5) business days following the end of the thirty (30)-day period, or UnitedHealthcare shall remit any balances owed to Group within sixty (60) calendar days following the end of

the thirty (30)-day period. Group agrees to pay a mutually agreeable fee for preparation of any final termination reports specifically requested by Group.

6.11 The Final Settlement Report will include the status of any Open Subrogation Claims for which UnitedHealthcare, or a vendor on UnitedHealthcare's behalf, is seeking reimbursement from another party. Within thirty (30) calendar days of receiving the Final Settlement Report, Group shall elect one of the following options for handling the Open Subrogation Claims:

6.11.1 Group will assume responsibility for all Open Subrogation Claims. Group will be responsible for making payment of any fees associated with such claims, and Group will recoup and receive any recoveries for the Open Subrogation Claims.

6.11.2 Group will not assume responsibility for any Open Subrogation Claims. UnitedHealthcare will recoup and keep any recoveries for the open subrogation claims, and UnitedHealthcare will be responsible to its vendor, if any, for making payments of any fees associated with such claims.

7. INDEMNIFICATION

7.1 Group agrees to indemnify UnitedHealthcare, its officers, directors, and employees for and hold them harmless from any claim, liability, cost, loss, expense, or damage (including reasonable attorney and accountant fees) that may be paid or incurred by UnitedHealthcare with respect to any Member or any other person or persons (including any governmental authority) resulting from or in connection with the operation of the Plan or any action or inaction by the Group with respect to the Plan, unless such claim, liability, cost, loss, expense, or damage results from UnitedHealthcare's gross negligence, willful misconduct, or fraud.

7.2 UnitedHealthcare agrees to indemnify and hold harmless Group from any claim, liability, cost, loss, expense, or damage (including reasonable attorney and accountant fees) that results from UnitedHealthcare's gross negligence, willful misconduct, or fraud in carrying out its duties pursuant to this Addendum.

8. ADJUSTMENT

8.1 If any payment is made to an ineligible person or for an ineligible claim, or if it is determined that more or less than the correct amount has been paid under the Plan by UnitedHealthcare, then UnitedHealthcare shall attempt on behalf of the Plan to recover such payment or, when appropriate, adjust Member's later claims. However, UnitedHealthcare shall not be required to initiate court proceedings to effect any such adjustment.

8.2 Group shall remain liable for all Claims Expenses incurred more than thirty (30) calendar days prior to notification of the termination. If Group submits a Member termination to UnitedHealthcare that is effective retroactively, UnitedHealthcare will not be required to attempt recovery of overpayments for periods earlier than thirty (30) calendar days prior to the date UnitedHealthcare receives notification.

9. DISPUTE RESOLUTION

9.1 Any controversy or claim arising out of or relating to the interpretation or application of this Addendum, or breach thereof, that cannot be resolved through negotiation by the parties may be submitted to arbitration before a single arbitrator in accordance with the Commercial Arbitration Rules of the American Arbitration Association or in accordance with any other rules agreed upon by the parties. Written request for arbitration shall be made within twelve (12) months following the date such claim or controversy arose. The arbitration hearing shall be held in Moline, Illinois, or such other location as the parties may mutually agree. Judgment upon the decision issued by the arbitrator may be entered in any court having jurisdiction thereof. The expenses of the arbitrator and for the arbitration hearing will be shared equally by both parties. Each party shall be responsible for its own attorney's fees and filing fees and costs.

9.2 Both parties agree to waive the right to seek remedies in court, including their right to trial by jury, except for enforcement of the decision of the arbitrator or to protect rights to confidential and proprietary information, including seeking injunctive or declaratory relief.

9.3 Both parties agree that the arbitrator shall have no authority to award punitive and/or exemplary damages and both parties hereby waive their right to such damages.

10. FEES AND EXPENSES

10.1 Administrative Fees

10.1.1 Group shall pay Administrative Fees to UnitedHealthcare for services rendered under this Addendum as stated in Exhibit A. Monthly UnitedHealthcare will prepare and deliver to Group an invoice showing the amount of Administrative Fees for the prior month. Administrative Fees are due in full two business days following receipt of the invoice for the prior month.

10.1.2 Group shall have a grace period of seven (7) calendar days following the due date as provided in Section 10.1.1. Group shall be in default if it fails to pay the Administrative Fees in full by the expiration of the grace period, and this Addendum shall be subject to termination as provided in Section 6.

10.1.3 Upon the termination of this Addendum, except in the event that UnitedHealthcare terminates this Addendum pursuant to Section 6.2.1, 6.2.2, or 6.2.6, UnitedHealthcare shall continue to provide standard claims services as provided in Section 2.4 during the Run-Out Period. For services during the Run-Out Period, Group agrees to pay a Run-Out Payment at the end of every run-out month equal to the percent of savings calculated at the end of that month under this Addendum and consistent with the administrative fee calculation described in Exhibit A. Any claims submitted for payment after the Run-Out Period has expired will be denied.

10.1.4 Group shall have sixty (60) calendar days to review and dispute the invoice for Administrative Fees. If a discrepancy is brought to UnitedHealthcare's attention within the sixty (60)-day period, UnitedHealthcare will promptly review the discrepancy and make an adjustment if appropriate. If Group does not bring any discrepancies to UnitedHealthcare's attention during this sixty (60)-day period, the invoice shall be presumed conclusively to be accurate and no longer subject to adjustment.

10.1.5 When this Addendum terminates, the funding method for Claims Expenses will remain in place for a limited period as determined by the parties. At the end of this period, UnitedHealthcare will place stop payments, at Group's expense, on all checks that remain uncashed.

10.2 Claims Expenses

10.2.1 The Plan is Self-Funded. The Group is solely responsible for providing funds for all Claims Expenses payable to Members or Providers. Group shall be obligated to pay all Claims Expenses that are incurred on or after the Effective Date and prior to termination of this Addendum for all Members that Group has instructed UnitedHealthcare to enroll for coverage, including those Claims Expenses that are paid during the Run-Out Period, if applicable.

10.2.2 Group shall pay UnitedHealthcare for the claims expenses incurred under this Addendum on a monthly basis. UnitedHealthcare will provide Group an invoice each month for the previous months claims expense and, notwithstanding the general notice provision set forth in section 11.11, this invoice will be due two (2) business days following the invoice date. Group agrees to initiate a wire transfer or an electronic credit to an account specified by UnitedHealthcare to cover the monthly invoices. Group agrees to transfer sufficient funds to cover monthly claims expenses in full on the due date.

- 10.2.3 If Group does not provide the amounts sufficient to cover monthly Claims Expenses in full on the due date, as described in Section 10.2.2: (1) Group must immediately correct the deficiency and provide prompt notice to UnitedHealthcare in either event. (2) If UnitedHealthcare learns of the funding deficiency, UnitedHealthcare will notify Group so Group can correct the deficiency. (3) Group agrees that UnitedHealthcare may stop issuing checks and non-draft payments and suspend any of UnitedHealthcare's other services under this Addendum for the period of time Group does not provide the required funding. (4) If Group does not make the required payment(s) to correct the funding deficiency, UnitedHealthcare may terminate this Addendum, as described under Section 6, effective as of any date following one business day after UnitedHealthcare provides notice of the funding deficiency. At Group's expense, UnitedHealthcare may also place stop payments on checks if UnitedHealthcare determines that Group has insufficient funds in Group's corporate funding bank account to honor such checks.

At the end of each claims processing time period, UnitedHealthcare will notify Group of the amount needed to pay Claims Expenses that are due. Upon notice to Group of the amount due, Group will fund the designated amount(s) immediately via wire transfer to the designated Bank Account for payment of Claims Expenses. Group will initiate the fund transfers unless UnitedHealthcare determines that Group's financial condition as of the Effective Date, as assessed by UnitedHealthcare, has deteriorated or Group fails to comply with the material funding and financial obligations specified in this Addendum. If either condition occurs, Group agrees to authorize UnitedHealthcare to initiate the transfers.

Group agrees to pay a contribution to pre-fund Claims Expenses, to be used by UnitedHealthcare as a deposit for paying Group's Claims Expenses, in an amount specified in Exhibit A. UnitedHealthcare shall hold such pre-fund contribution in a non-interest bearing account. Prior to or following the termination of this Addendum, UnitedHealthcare shall use such pre-funded contribution to pay Group's Claim Expenses to the extent the Group has failed to pay Claims Expenses under Section 10.2.3. Following the termination of this Addendum, UnitedHealthcare shall pay Group any remaining balance of the pre-fund contribution in accordance with the provisions in Section 6.9.

10.3 Other fees and expenses.

- 10.3.1 If at any time, the federal government or any state or any political subdivision or any instrumentality of either shall assess any tax or surcharge against the Plan or against UnitedHealthcare with respect to payments made by or for the Plan, and UnitedHealthcare is required to pay such tax or surcharge, UnitedHealthcare shall report the payment of the tax or surcharge to Group and Group shall reimburse UnitedHealthcare within fifteen (15) calendar days of Group's receipt of notice from UnitedHealthcare.
- 10.3.2 Group shall be liable for any broker commission owed for services provided under this Addendum, which shall be shown on Exhibit A.
- 10.4 Group shall be liable to UnitedHealthcare for interest on all amounts owed pursuant to Section 10, if not paid in full by the appropriate due date and until UnitedHealthcare receives such payment in full. Interest charged will be 1% per month, compounded, on the unpaid balance. Interest shall be assessed beginning on the date that Group's account is past due.
- 10.5 UnitedHealthcare shall not pay interest to Group for any money held by UnitedHealthcare pending year-end settlement (if applicable) or, if this Addendum is terminated, pursuant to a Final Settlement Report.

11. GENERAL

- 11.1 This Addendum may not be amended without the express written consent of both parties.
- 11.2 No assignment of this Addendum, by either party, shall be valid without the express written consent of the other party.
- 11.3 Both parties shall comply with all applicable state and federal laws, statutes, regulations, rulings, and judicial and administrative orders.
- 11.4 UnitedHealthcare recognizes that it shall be provided with personal information regarding Members of Plan in the course of providing services under this Addendum. UnitedHealthcare shall comply with all laws and regulations applicable to the protection of such personal information, including but not limited to the Health Insurance Portability and Accountability Act of 1996 ("HIPAA"), as amended, and the regulations promulgated pursuant to this law as found in Title 45 of the Code of Federal Regulations, including any amendments to such regulations. UnitedHealthcare shall, upon Group's request, execute a mutually acceptable Business Associate Agreement and other documents required by HIPAA or other privacy laws. Group agrees to execute appropriate documentation as requested by UnitedHealthcare relating to the obligations of Group under HIPAA or other privacy laws, or the obligations of Group's employees, agents, and vendors other than UnitedHealthcare. Prior to UnitedHealthcare's disclosure of information to any third parties as requested by Group, Group agrees to execute appropriate forms as requested by UnitedHealthcare authorizing UnitedHealthcare to release information.
- 11.5 UnitedHealthcare shall consult with Group and/or legal counsel designated by Group when legal matters regarding the Plan arise, and it shall be Group's responsibility to defend and resolve all such legal matters involving the Plan. UnitedHealthcare shall not be obligated to defend against any legal action or claim for benefits by virtue of this Addendum
- 11.6 This Addendum may be executed in multiple counterparts, each of which shall be deemed to be an original and all of which together shall constitute a single agreement.
- 11.7 The entire agreement between the parties concerning the subject matter hereof is incorporated into this document; this Addendum supersedes all previous agreements whether oral or written between the parties concerning the subject matter hereof.
- 11.8 This Addendum shall be governed in accordance with the laws of the state of Iowa.
- 11.9 The headings of this Addendum are solely for the convenience of the parties and do not affect the meaning or interpretation of any provision of this Addendum.
- 11.10 All records, as applicable, of UnitedHealthcare's internal claims review, determination of eligibility, authorization for adjudication, payment of premiums, banking records, and any other financial records generated by UnitedHealthcare under this Addendum shall be maintained in accordance with standard industry practices.
- 11.11 Notwithstanding the invoice payment due date set forth in Section 10.2.2, any notice required to be given hereunder between the parties shall be written, effective upon delivery, and shall be served either by personal delivery, facsimile, or by certified mail, return receipt requested, to the address cited in the signature block of this Addendum or to such other address as shall be specified by like notice by either party.
- 11.12 UnitedHealthcare may retain the services of others in performing its duties and obligations under this Addendum, and shall not be required to obtain Group's approval of any organization retained by UnitedHealthcare to perform such services.

- 11.13 UnitedHealthcare owns all claim files and other information obtained or created in the course of providing services under this Addendum. Group shall have reasonable access to such information in accordance with applicable law and UnitedHealthcare's policies and procedures for release of information.
- 11.14 In the event UnitedHealthcare replaces a prior claims administrator, no responsibility is accepted for the work performed by the prior claims administrator, nor does UnitedHealthcare agree to reevaluate or readjust claims or perform work previously done by the prior claims administrator unless otherwise agreed upon by the parties for additional compensation.
- 11.15 Subject to the provisions of Section 11.2, this Addendum shall be binding upon and inure to the benefit of and be enforceable against the parties hereto and their respective successors and assigns.
- 11.16 Group agrees not to use the name, image, promotional material, stationery, letterhead, or logotype of UnitedHealthcare or its parent, subsidiaries, or affiliates except as expressly authorized in writing by UnitedHealthcare.
- 11.17 Failure to enforce any provision of this Addendum does not affect the rights of the parties to enforce such provision in another circumstance or their right to enforce any other provision of this Addendum at any time. If any provision of this Addendum is determined to be unenforceable or invalid, such determination shall not affect the validity of the other provisions contained in this Addendum.
- 11.18 Group's payment of fees and acceptance of services under this Addendum constitutes acceptance of all terms of this Addendum to the same extent as if Group executed this Addendum.
- 11.19 **Producer Compensation.** We pay brokers and agents (referred to collectively as "producers") compensation for their services in connection with the sale of Our third party administrative services, in compliance with applicable law. We pay "base commissions" based on factors such as the type of services sold, total amount of administrative fees, group size, and number of employees. These commissions are reflected in the administrative service rate. In addition, We may pay bonuses pursuant to bonus programs established from time to time which are designed to encourage the provision of information regarding new products and provide incentives to achieve production targets, persistency levels, growth goals and other objectives. Bonuses are not reflected in the administrative service fees but are paid from Our general administrative expenses. In general, Our total bonuses are less than 10% of total producer compensation paid but the percentage may be higher in certain situations. It is Our policy not to pay commissions to producers with respect to a product for which the customer is also paying the producer a commission or other fee. Please note We also make payments from time to time to producers for services other than those relating to the sale of services (for example, compensation for services as a general agent or as a consultant). We have taken steps to ensure that producers properly disclose their compensation arrangements to their customers, but We cannot guarantee the producer's compliance. For general information on Our producer payment arrangements, including the approximate percentage of total compensation that total bonus payments comprise, please go to <http://www.uhc.com> and search for "Producer Compensation" or click "legal" at the bottom of the screen and select the tab for "Overview of Producer Compensation" For specific information about the compensation payable with respect to Your particular situation, please contact Your producer.

IN WITNESS WHEREOF, UnitedHealthcare and Group have caused this Addendum to be executed by their respective officers duly authorized to do so:

**UnitedHealthcare Services Company of
the River Valley, Inc.**
1300 River Drive, Suite 200
Moline, IL 61265

Scott County
600 W. 4th Street
Davenport, IA 52801



Signature

Dan Kueter

Printed Name

CEO, UnitedHealthcare, Iowa and Central Illinois

Title

5/28/2010

Date

Signature

Printed Name

Title

Date

Exhibit A
Product and Pricing Summary

This Exhibit A shall attach to and become part of the Addendum between Group and UnitedHealthcare and lists the services fees You must pay us for our services during the term of the Addendum. These fees apply for the period from July 1, 2010 through June 30, 2011.

The standard service fees are as follows:

Client:	Scott County	Client ID:	86312
Group Number:	ORWM & ORWN	Medical:	V30309
		Pharmacy:	N/A
Network:	074	Chiropractic:	N/A
		Vision:	N/A
Effective Date:	July 1, 2010	Dental:	N/A
		Hearing:	N/A

Administrative Fees: Group agrees to pay Administrative Fees in accordance with Section 10.1 of the Addendum. The Administrative Fee shall be calculated as follows: UnitedHealthcare will identify total Savings by month by subtracting the paid claims charges per month from the total billed claims charges per month, excluding individual claims where paid charges exceed billed charges, under this Addendum. The administrative fee shall be equal to thirty percent (30%) of the first \$150,000 in total Savings by month, plus twenty-five percent (25%) of any total Savings per month over \$150,000.

For Example: If total Savings for a month are \$200,000, the administrative fee will be equal to thirty percent (30%) of the first \$150,000 in total Savings and twenty-five (25%) of the remaining total Savings for the month, which is equal to \$45,000 plus \$12,500 which is equal to \$57,500.

Claims Expenses: Group agrees to pay UnitedHealthcare monthly for the total dollar amount of the Claims Expenses processed and paid by UnitedHealthcare, as well as any associated capitations, in accordance with Section 10.2 of the Addendum.

Claims Processing: UnitedHealthcare will process the claims received from a Network Pharmacy in accordance with the Summary Plan Description, as well as the pricing and other terms of the Network Pharmacy's participation agreement. UnitedHealthcare will retain the difference between what UnitedHealthcare reimburses the home delivery Network Pharmacy and Group's payment for a generic prescription drug product.

Producer Commissions: At Group's direction, UnitedHealthcare will pay an amount that represents ten percent (10%) of Administrative Fees received by UnitedHealthcare from Group to Group's agent of record, consistent with UnitedHealthcare's producer compensation policies and procedures.

EXHIBIT B - BUSINESS ASSOCIATE ADDENDUM

This Business Associate Addendum (BAA) is made to the Administrative Services Addendum (Addendum) between UnitedHealthcare Services Company of the River Valley, Inc. identified as Contract No. ORWM & ORWN on behalf of itself and its Affiliates (Business Associate) and Scott County's group health plan (Covered Entity) (each a "Party" and collectively the "Parties") and is effective on July 1, 2010 (Effective Date). This BAA replaces the terms of any business associate agreement between the Parties.

The Parties hereby agree as follows:

I. DEFINITIONS

1.1 Unless otherwise specified in this BAA, all capitalized terms used in this BAA not otherwise defined in this BAA or otherwise in the Addendum have the meanings established for purposes of the Health Insurance Portability and Accountability Act of 1996 and its implementing regulations (collectively, "HIPAA") and ARRA, as each is amended from time to time. Capitalized terms used in this BAA that are not otherwise defined in this BAA and that are defined in the Addendum shall have the respective meanings assigned to them in the Addendum. To the extent a term is defined in both the Addendum and in this BAA, HIPAA or ARRA, the definition in this BAA, HIPAA or ARRA shall govern.

1.2 "Affiliate", for purposes of this BAA, shall mean any entity that is a subsidiary of UnitedHealth Group.

1.3 "ARRA" shall mean the Health Information Technology for Economic and Clinical Health Act provisions of the American Recovery and Reinvestment Act of 2009, 42 U.S.C. §§17921-17954, and any and all references in this BAA to sections of ARRA shall be deemed to include all associated existing and future implementing regulations, when and as each is effective.

1.4 "Breach" shall mean the acquisition, access, use or disclosure of PHI in a manner not permitted by the Privacy Rule that compromises the security or privacy of the PHI as defined, and subject to the exceptions set forth, in 45 C.F.R. 164.402.

1.5 "Compliance Date" shall mean, in each case, the date by which compliance is required under the referenced provision of ARRA and/or its implementing regulations, as applicable; provided that, in any case for which that date occurs prior to the Effective Date of this BAA, the Compliance Date shall mean the Effective Date.

1.6 "Electronic Protected Health Information" (ePHI) shall mean PHI as defined in Section 1.7 that is transmitted or maintained in electronic media.

1.7 "PHI" shall mean Protected Health Information, as defined in 45 C.F.R. 160.103, and is limited to the Protected Health Information received from, or received or created on behalf of, Covered Entity by Business Associate pursuant to the performance of the Services.

1.8 "Privacy Rule" shall mean the federal privacy regulations issued pursuant to the Health Insurance Portability and Accountability Act of 1996, as amended from time to time, codified at 45 C.F.R. Parts 160 and 164 (Subparts A & E).

1.9 "Security Rule" shall mean the federal security regulations issued pursuant to the Health Insurance Portability and Accountability Act of 1996, as amended from time to time, codified at 45

C.F.R. Parts 160 and 164 (Subparts A & C).

1.10 “Services” shall mean, to the extent and only to the extent they involve the creation, use or disclosure of PHI, the services provided by Business Associate to Covered Entity under the Addendum, including those set forth in this BAA in Sections 4.3 through 4.7, as amended by written agreement of the Parties from time to time.

2. RESPONSIBILITIES OF BUSINESS ASSOCIATE

With regard to its use and/or disclosure of PHI, Business Associate agrees to:

2.1 use and/or disclose PHI only as necessary to provide the Services, as permitted or required by this BAA and/or the Addendum, and in compliance with each applicable requirement of 45 C.F.R. 164.504(e) or as otherwise Required by Law.

2.2 implement and use appropriate administrative, physical and technical safeguards to (i) prevent use or disclosure of PHI other than as permitted or required by this BAA; (ii) reasonably and appropriately protect the confidentiality, integrity, and availability of the ePHI that it creates, receives, maintains, or transmits on behalf of the Covered Entity; and (iii) as of the Compliance Date of 42 U.S.C. § 17931, comply with the Security Rule requirements set forth in 45 C.F.R. 164.308, 164.310, 164.312, and 164.316.

2.3 without unreasonable delay, report to Covered Entity: (i) any use or disclosure of PHI, of which it becomes aware, that is not provided for by this BAA; and/or (ii) any Security Incident of which Business Associate becomes aware in accordance with 45 C.F.R. 164.314(a)(2)(i)(C).

2.4 with respect to any use or disclosure of Unsecured PHI not permitted by the Privacy Rule that is caused solely by Business Associate’s failure to comply with one or more of its obligations under this BAA, Covered Entity hereby delegates to Business Associate the responsibility for determining when any such incident is a Breach and for providing all legally required notifications to Individuals, HHS and/or the media, on behalf of Covered Entity. Business Associate shall provide these notifications in accordance with the data breach notification requirements set forth in 42 U.S.C. §17932 and 45 C.F.R. Parts 160 & 164 subparts A, D & E as of their respective Compliance Dates, and shall pay for the reasonable and actual costs associated with such notifications. In the event of a Breach, without unreasonable delay, and in any event no later than sixty (60) calendar days after Discovery, Business Associate shall provide Covered Entity with written notification that includes a description of the Breach, a list of Individuals (unless Covered Entity is a plan sponsor ineligible to receive PHI) and a copy of the template notification letter to be sent to Individuals.

2.5 require all of its subcontractors and agents that create, receive, maintain, or transmit PHI to agree, in writing, to the same restrictions and conditions on the use and/or disclosure of PHI that apply to Business Associate; including but not limited to the extent that Business Associate provides ePHI to a subcontractor or agent, it shall require the subcontractor or agent to implement reasonable and appropriate safeguards to protect the ePHI consistent with the requirements of this BAA.

2.6 make available its internal practices, books, and records relating to the use and disclosure of PHI to the Secretary for purposes of determining Covered Entity’s compliance with the Privacy Rule.

2.7 document, and within thirty (30) days after receiving a written request from Covered

Entity or an Individual, make available directly to an Individual, an accounting of disclosures of PHI about the Individual, in accordance with 45 C.F.R. 164.528.

2.8 notwithstanding Section 2.7, in the event that Business Associate in connection with the Services uses or maintains an Electronic Health Record of PHI of or about an Individual, then Business Associate shall, when and as directed by Covered Entity or when requested by an Individual, make an accounting of disclosures of PHI directly to an Individual within thirty (30) days after receiving a written request, in accordance with the requirements for accounting for disclosures made through an Electronic Health Record in 42 U.S.C. § 17935(c) as of its Compliance Date.

2.9 provide access, within thirty (30) days after receiving a written request from Covered Entity or an Individual, to PHI in a Designated Record Set about an Individual, directly to an Individual, in accordance with the requirements of 45 C.F.R. 164.524.

2.10 notwithstanding Section 2.9, in the event that Business Associate in connection with the Services uses or maintains an Electronic Health Record of PHI of or about an Individual, then Business Associate shall provide an electronic copy of the PHI, within thirty (30) days after receiving a written request, directly to an Individual or a third party designated by the Individual, all in accordance with 42 U.S.C. § 17935(e) as of its Compliance Date.

2.11 to the extent that the PHI in Business Associate's possession constitutes a Designated Record Set, make available, within thirty (30) days after a written request by Covered Entity or an Individual, PHI for amendment and incorporate any amendments to the PHI, as directed by Covered Entity or an Individual, all in accordance with 45 C.F.R. 164.526.

2.12 request, use and/or disclose only the minimum amount of PHI necessary to accomplish the purpose of the request, use or disclosure; provided, that Business Associate shall comply with 42 U.S.C. § 17935(b) as of its Compliance Date.

2.13 accommodate reasonable requests by Individuals for confidential communications in accordance with 45 C.F.R. 164.522(b) of the Privacy Rule.

2.14 not directly or indirectly receive remuneration in exchange for any PHI as prohibited by 42 U.S.C. § 17935(d) as of its Compliance Date.

2.15 not make or cause to be made any communication about a product or service that is prohibited by 42 U.S.C. § 17936(a) as of its Compliance Date.

2.16 not make or cause to be made any written fundraising communication that is prohibited by 42 U.S.C. § 17936(b) as of its Compliance Date.

3. RESPONSIBILITIES OF COVERED ENTITY

In addition to any other obligations set forth in the Addendum, including in this BAA, Covered Entity:

3.1 represents that it has ensured, and has received certification from Plan Sponsor, that Plan Sponsor has taken the appropriate steps in accordance with 45 C.F.R. 164.504(f) and 45 C.F.R. 164.314(b) to enable Business Associate on behalf of Covered Entity to disclose PHI to Plan Sponsor, including but not limited to amending its Plan documents to incorporate, and agreeing to, the requirements set forth in 45 C.F.R. 164.504(f)(2) and 45 C.F.R. 164.314(b). Covered Entity shall ensure that only employees authorized under 45 C.F.R. 164.504(f) shall have access to the PHI disclosed by Business Associate to Plan Sponsor.

3.2 will not, without Business Associate's prior written consent, agree to an Individual's request for a restriction pursuant to 45 C.F.R. 164.522(a) or include any restriction in Covered Entity's notice of privacy practices under 45 C.F.R. 164.520, to the extent such restriction may adversely affect Business Associate's ability to use and/or disclose PHI as permitted or required under this BAA.

3.3 will provide, or direct its other business associates to provide, to Business Associate only the minimum PHI necessary to accomplish the Services.

3.4 shall be responsible for using, or directing its other business associates to use, administrative, physical and technical safeguards at all times to maintain and ensure the confidentiality, privacy and security of PHI transmitted to Business Associate pursuant to the Addendum, including this BAA, in accordance with the standards and requirements of HIPAA, until such PHI is received by Business Associate.

3.5 shall obtain any consent or authorization that may be required by applicable federal or state laws and regulations prior to furnishing, or directing any of its other business associates to furnish, the PHI to Business Associate.

4. OTHER PERMITTED USES AND DISCLOSURES OF PHI

Unless otherwise limited herein, in addition to any other uses and/or disclosures permitted or required by this BAA or the Addendum, Business Associate may:

4.1 make any and all uses and disclosures of PHI necessary to provide the Services to Covered Entity.

4.2 use and disclose to subcontractors and agents the PHI in its possession for its proper management and administration or to carry out the legal responsibilities of Business Associate, provided that any third party to which Business Associates discloses PHI for those purposes provides written assurances in advance that: (i) the information will be held confidentially and used or further disclosed only as Required by Law; (ii) the information will be used only for the purpose for which it was disclosed to the third party; and (iii) the third party promptly will notify Business Associate of any instances of which it becomes aware in which the confidentiality of the information has been breached.

4.3 De-identify any and all PHI obtained by Business Associate under this BAA, which De-identified information does not constitute PHI, is not subject to this BAA and may be used and disclosed on Business Associate's own behalf, all in accordance with the De-identification requirements of the Privacy Rule.

4.4 provide Data Aggregation services relating to the Health Care Operations of the Covered Entity, including through subcontractors and agents, in accordance with the Privacy Rule.

4.5 identify Research projects conducted by Business Associate, its Affiliates or third parties for which PHI may be relevant; obtain on behalf of Covered Entity documentation of individual authorizations or an Institutional Review Board or privacy board waiver that meets the requirements of 45 C.F.R. 164.512(j)(1) (each an "Authorization" or "Waiver") related to such projects; provide Covered Entity with copies of such Authorizations or Waivers, subject to confidentiality obligations owed to the sponsor of the study ("Required Documentation"); and disclose PHI for such Research provided that Business Associate does not receive Covered Entity's disapproval in writing within ten (10) days of Covered Entity's receipt of Required Documentation.

4.6 make PHI available for reviews preparatory to Research and obtain and maintain written representations in accord with 45 C.F.R. 164.512(i)(1)(ii) that the requested PHI is sought solely as necessary to prepare a Research protocol or for similar purposes preparatory to Research, that the PHI is necessary for the Research, and that no PHI will be removed from the location in which it is being held on behalf of the Covered Entity in the course of the review.

4.7 use the PHI to create a Limited Data Set ("LDS") in compliance with 45 C.F.R. 164.514(e).

4.8 use and disclose the LDS referenced in Section 4.7 solely for Research, Health Care Operations, or Public Health purposes provided that Business Associate shall: (1) not use or further disclose the information other than as permitted by this Section 4.8 or as otherwise Required by Law; (2) use appropriate safeguards to prevent use or disclosure of the information other than as provided for by this Section 4.8; (3) report to Covered Entity any use or disclosure of the information not provided for by this Section 4.8 of which Business Associate becomes aware; (iv) ensure that any agents or subcontractors to whom Business Associate provides the LDS agree to the same restrictions and conditions that apply to Business Associate with respect to such information; and (v) not identify the information or contact the individuals.

5. **TERM, TERMINATION AND COOPERATION**

5.1 Term. The Term of this BAA shall be effective as of the Effective Date, and shall terminate upon the final expiration or termination of the Addendum unless earlier terminated in accordance with Section 5.2 of this BAA.

5.2 Termination. If either Party knows of a pattern of activity or practice of the other Party that constitutes a material breach or violation of this BAA then the non-breaching Party shall provide written notice of the breach or violation to the other Party that specifies the nature of the breach or violation. The breaching Party must cure the breach or end the violation on or before sixty (60) days after receipt of the written notice. In the absence of a cure reasonably satisfactory to the non-breaching Party within the specified timeframe, or in the event the breach is reasonably incapable of cure, then the non-breaching Party may do the following:

- (1) if feasible, terminate this Addendum, including this BAA; or
- (2) if termination of the Addendum is infeasible, report the issue to HHS.

5.3 Effect of Termination or Expiration. Within sixty (60) days after the termination or expiration of Addendum and/or this BAA, Business Associate shall return or destroy all PHI, if feasible to do so, including all PHI in possession of Business Associate's agents or subcontractors. If Business Associate determines that return or destruction of the PHI is not feasible, Business Associate may retain the PHI subject to this Section 5.3. Under any circumstances, Business Associate shall extend any and all protections, limitations and restrictions contained in this BAA to Business Associate's use and/or disclosure of any PHI retained after the termination or expiration of this BAA, and shall limit any further uses and/or disclosures solely to the purposes that make return or destruction of the PHI infeasible.

5.4 Cooperation. Each Party shall cooperate in good faith in all respects with the other Party in connection with any request by a federal or state governmental authority for additional information and documents or any governmental investigation, complaint, action or other inquiry.

6. **MISCELLANEOUS**

6.1 **Incorporation into Addendum.** The parties hereby agree that this BAA is incorporated into and made a part of the Addendum. This BAA replaces any prior written or oral communications or agreements between the parties relating to the subject matter of this BAA.

6.2 **Contradictory Terms; Construction of Terms.** Any other provision of the Addendum that is directly contradictory to one or more terms of this BAA ("Contradictory Term") shall be superseded by the terms of this BAA to the extent and only to the extent of the contradiction, only for the purpose of Covered Entity's and Business Associate's compliance with HIPAA and ARRA, and only to the extent reasonably impossible to comply with both the Contradictory Term and the terms of this BAA. The terms of this BAA to the extent they are unclear shall be construed to allow for compliance by Covered Entity and Business Associate with HIPAA and ARRA.

6.3 **No Third Party Beneficiaries.** Nothing in this BAA shall confer upon any person other than the Parties and their respective successors or assigns, any rights, remedies, obligations, or liabilities whatsoever.

6.4 **Survival.** Sections 4.8, 5.3, 5.4, 6.2, 6.3 and 6.4 shall survive the termination for any reason or expiration of this BAA or the Addendum.

6.5 **Independent Contractor.** Business Associate and Covered Entity are and shall remain independent contractors throughout the term. Nothing in this BAA or otherwise in the Addendum shall be construed to constitute Business Associate and Covered Entity as partners, joint venturers, agents or anything other than independent contractors.