

**EXHIBIT “E”**  
to the  
**ADMINISTRATIVE SERVICES AGREEMENT**  
Between  
**BLUE CROSS AND BLUE SHIELD OF FLORIDA, INC. D/B/A FLORIDA BLUE**  
and  
**HEALTH OPTIONS, INC.**  
and  
**City of Port St. Lucie**

**PHARMACY RELATED FINANCIAL ARRANGEMENTS**

**I. Effective Date**

The effective date of this exhibit is October 1, 2020. This Exhibit may be terminated by either party upon 90 days written notice to the other party.

**II. Definitions**

For purposes of this Exhibit E, the following definitions shall apply:

- A. “Annual Reconciliation Period” is the one-year time period commencing as of the Effective Date and each one-year Anniversary thereof during which any guarantees will be measured and reconciled.
- B. “Average Wholesale Price” or “AWP” means the average wholesale price of a prescription drug as set forth by HOI’s designated Pharmacy Benefit Manager’s (“PBM”) pricing file at the time a Claim is processed. The price file will be a nationally recognized Pricing Source such as Medispan and will be updated no less frequently than weekly, or as required by law, through the PBM’s Pricing Source. The applicable AWP used for any Network Participant other than Mail Service will be based on the package size submitted. The applicable AWP for Mail Service will be based on the package size of 100, as applicable. Otherwise AWP will be based on the actual 11 digit National Drug Code (NDC) dispensed.
- C. “Brand Drugs” means those pharmaceuticals designated by the PBM’s Pricing Source as having a multi-source indicator of M, N or O. May include single source generics with less than three manufactures.
- D. “Brand Effective” means the actual performance of all drugs not considered Generic Drugs.
- E. “Claim” or “Claims” means requests for payment submitted by Network Participants (also referred to as pharmacies) or members for pharmacy benefit services covered under the Group Health Plan.

- F. "Claims Adjudication" means the determination of whether a given Claim is entitled to reimbursement pursuant the terms and conditions of a Benefit Plan and the amount payable to or by a Network Participant or member pursuant to such Benefit Plan, the applicable Network Contract and any other applicable factors, including any copayment/deductible or coinsurance payable by a member, as well as concurrent (on-line at point of service) drug utilization review. Claims Adjudication shall accommodate any e-prescribing procedures that may be adopted after the date hereof.
- G. "Coinsurance" means that portion of the amount claimed for Covered Prescription Drug Services, calculated as a percentage of the eligible charge (or its substitute) for such services, which is to be paid by Member pursuant to Member's Benefit Plan.
- H. "Copayment/Deductible" means a fixed dollar portion of the amount claimed for Covered Prescription Drug Services that is to be paid by Member pursuant to Member's Benefit Plan.
- I. "Covered Prescription Drug Services" means the pharmacy services and/or drugs available to members and eligible for reimbursement pursuant to the Benefit Plan.
- J. "Dispensing Fee" means the amount payable by Group for a Network Participant or Mail Service to dispense a Covered Prescription Drug Service.
- K. "Drug Utilization Review" or "DUR" means the process whereby the therapeutic effects and cost effectiveness of various drug therapies are reviewed, monitored and acted upon consistent with the Benefit Plan. DUR can be prospective, concurrent or retrospective.
- L. "Extended Supply Network" or "ESN" means the retail Network Participants who have agreed to provide members more than a one-month's supply (31 + day supply) of Covered Prescription Drug Services provided that the Benefit Plan has a Mail Service benefit and a retail quantity days supply limit of one month (or as mutually agreed).
- M. "Formulary" or "Drug Formulary" means a list of pharmaceutical products which is available to pharmacies, members, physicians or other health care providers for purposes of guiding the prescribing and dispensing of pharmaceutical products.
- N. "Generic Drug" means those pharmaceuticals designated by the PBM or other Pricing Sources as having a multi-source indicator of Y. May exclude single source generic with less than 3 manufactures.
- O. "Generic Effective" means the actual blended pricing performance of Maximum Allowable Cost ("MAC") and non-MAC generic discounts.
- P. "Ingredient Cost" means the ingredient cost amount charged to Group for each Claim subject to the provision set forth in section IV.

- Q. "Mail Service" means the service through which covered persons may receive prescription drugs through the mail from the PBM's mail order pharmacy.
- R. "Manufacturer" means a company that manufactures, and/or distributes pharmaceutical drug products.
- S. "Manufacturer Administration Fee" means all fixed fees received by the PBM from any given Manufacturer relating to administration of Rebates under a manufacturer agreement.
- T. "Maximum Allowable Cost" or "MAC" refers to a proprietary price list(s) (out of state, In-State and Mail Service claims) owned and maintained by the PBM, of readily available multi-source pharmaceutical drug products and supplies which are deemed to require pricing management due to the number of manufacturers and competitive nature of the marketplace pricing volatility.
- U. "Network Participant" means each individual pharmacy, chain or pharmacy service administrative organization (PSAO) that has entered into an agreement with the PBM or HOI ("Network Contract") to provide Covered Prescription Drug Products and Services to members, as may be amended from time to time.
- V. "Open Refill Transfer File" is a data file created by the Employer's previous PBM containing its members' mail prescriptions, thus enabling a subsequent PBM to continue to fill those open mail prescriptions.
- W. "Paper Claims" means prescription drug services that are submitted to HOI for adjudication through the use of a paper claim form, generally by a member subsequent to the point of sale.
- X. "Pharmacy Benefit Manager" ("PBM") means HOI's pharmacy program administrator, currently Prime Therapeutics L.L.C.
- Y. "Pricing Source" means Medispan, or such other national drug database as designated by HOI's PBM. In the event the Pricing Source changes, notification will be provided to the Employer.
- Z. "Provider Tax" means any tax on a Covered Prescription Drug Service required to be collected or paid by a Network Participant for a Covered Prescription Drug Service.
- AA. "Rebate(s)" means compensation or remuneration of any kind received or recovered by the PBM from any Manufacturer which is directly or indirectly attributable to purchase or utilization of Covered Prescription Drug Services by members. However, Rebates do not include Manufacturer Administration Fees which the PBM is entitled to retain pursuant to this Exhibit unless otherwise required by law and does not include drugs in which an over-the-counter drug is available.

- AB. "Specialty Drugs" means an FDA-approved prescription drug that has been designated by HOI as a Specialty Drug due to requirements such as special handling, storage, training, distribution, and management of the therapy.
- AC. "Specialty Pharmacy Drugs", as used in this Agreement, refers to the list of drugs which will be available upon request.
- AD. "Specialty Pharmacy" means a participating preferred pharmacy designated to dispense Specialty Drugs by HOI.
- AE. "Usual and Customary" or "U&C" means the amounts that Network Participants normally charge cash paying patients.
- AF. "Utilization Management" means a broad collection of standard clinical products and services that may be selected by Employer that are designed to encourage proper drug utilization in order to enhance member outcomes while managing drug benefit costs for Employer. Such services include, but are not limited to: Formulary exception, prior authorization, step therapy, quantity limits and retrospective DUR.

**III. PHARMACY NETWORK SERVICES. To be included in Appendix A**

Florida Blue utilizes its PBM to provide network access to Network Participants and to provide Mail Service. The rates paid to such Network Participants, Specialty and Mail Service for Covered Prescription Drug Services may vary and are subject to the specific contractual arrangements., Florida Blue will establish (and amend from time to time) a uniform Ingredient Cost and/or Dispensing Fee for Covered Prescription Drug Services which is calculated to approximate any Aggregate Discount Guarantee set forth below. The Ingredient Cost and/or Dispensing Fee may vary between Brand Drugs and Generic Drugs. It may also vary between retail, specialty pharmacy ESN or Mail Service. The Ingredient Cost and/or Dispensing Fee may not be the same amount as Florida Blue pays to the Network Participant, specialty pharmacy or Mail Service. If the Ingredient Cost and/or Dispensing Fee is less than the actual amount paid to the Network Participant, specialty pharmacy or Mail Service, the Group shall not be responsible for the excess amount. If, however, the actual amount paid is less, subject to the Annual Reconciliation for the Aggregate Discount Guarantee, Florida Blue may retain the difference.

Per retail Brand Drug Claim – The lesser of Ingredient Cost or U&C plus Dispensing Fee

Per retail Generic Drug Claim – The lesser of Ingredient Cost or U&C plus Dispensing Fee

Per retail ESN Brand DrugClaim – The lesser of Ingredient Cost or U&C plus Dispensing Fee

Per retail ESN Generic DrugClaim – The lesser of Ingredient Cost or U&C plus Dispensing Fee

Per Mail Service Brand Drug Claim – Ingredient Cost plus Dispensing Fee  
Per Mail Service Generic Drug Claim – Ingredient Cost plus Dispensing Fee  
Per Specialty Pharmacy Drug Claim – Pass through of actual cost

#### **IV. Guarantee Reconciliation**

At the end of each Annual Reconciliation Period, HOI will separately calculate the actual aggregate discount effective rate, the actual average Dispensing Fee, generic fill rate guarantee (if applicable) and the actual Rebates applicable for such Annual Reconciliation Period as defined in Appendix A. For the aggregate discount effective rate, HOI will use the AWP then in effect on the date of service. HOI will aggregate and submit a report to Group with the achieved discounts, dispensing fees and manufacturer rebates with similar amounts pursuant to the Administrative Service Agreement between HOI and Group on a quarterly basis. Any excess achieved will be used to offset any other guarantee shortfall. To the extent that there is a shortfall in the aggregate for all such guarantees, HOI will, within 180 days after the end of the Annual Reconciliation Period, pay to Group an amount necessary for Group to have received the full benefit of such guarantees.

#### **V. GENERAL PROVISIONS**

The following terms and conditions apply to this Exhibit E:

- A. HOI reserves the right to modify or amend the financial provisions of this Exhibit upon prior notice to Employer in the event of (a) any material changes in the ASO Agreement or the Group Health Plan that results in a material change in any of the services provided by HOI under the terms of this Exhibit included in Appendix A
- B. The Aggregate Discount Guarantees, Average Dispensing Fee Guarantees and Rebate Guarantees as defined in Appendix A will only apply to any Annual Reconciliation Period during which this Exhibit E has been in effect for the full 12 months of such Annual Reconciliation Period.
- C. Group must be actively enrolled at time of annual reconciliation to be eligible for performance guarantee payments as defined in Appendix A.
- D. Credits and allowances paid by HOI may be returned to HOI if enrollment is terminated without cause within the initial 12 month enrollment period.

#### **VII. INSPECTION AND AUDIT**

Employer and the State of Florida Auditor General's Office or designee has the right, subject to applicable law, to inspect, upon reasonable advance notice and during

reasonable times, the PBM's records relating to this Agreement. Notwithstanding the foregoing, there shall be no more than one (1) audit during any twelve (12) month period and audits shall be limited to claims adjudicated during the current year and the preceding year unless a longer time period is mutually agreed upon by the parties. Employer and State Auditors will strive to provide a minimum of thirty (30) days' advance written notice of its intent to audit and the scope of the audit. A member of HOI's External Audit Team and the PBM's account management team will coordinate the audit and all audits will take place during normal business hours. Employer and/or its auditor must follow the PBM's visitor security policy if on-site.

Any third party auditor must be reasonably acceptable to both HOI and the PBM and must enter into a Confidentiality and Non-Disclosure Agreement (C&I) approved by both legal departments before any information is exchanged. The C&I will specify the information provided by the PBM to the auditor is to be used solely for the purpose of conducting the immediate audit and the information may not be used for any other purpose. The parties agree to collaborate in good faith to develop a reasonable procedure for conducting the audit (e.g. 100 claims to be reviewed).

Only the information necessary for Employer to conduct a fair and valid audit will be disclosed. Any unnecessary information will be redacted. If access to Network Contracts or Manufacturer (Rebate) Agreements is requested, the PBM will provide access as long as the PBM is legally or contractually able to do so and only the relevant page(s) or exhibits (that is, not the entire contract) will be provided for review.

If the employer terminates the contract, with or without cause, the employer will be paid out all rebates earned while the contract is in force.

**Unless otherwise contractually specified, Employer will bear all costs and expenses related to the audit. Additionally, Employer will reimburse the PBM for all reasonable actual out of pocket expenses incurred by the PBM in compliance with an audit. The auditor cannot keep or make copies of any documents provided by the PBM without the PBM's express written consent. The PBM will provide screen-shots of the claims adjudication system. The auditor will not have access to the live claims adjudication system without prior approval by the PBM. Except as may otherwise be required by applicable law, reporting of the audit results will be restricted to the Employer and its auditor's internal use only. The auditor will provide copies of the audit report to the Employer and the PBM.**

**Appendix A**

<b>City of Port St. Lucie</b>		<b>Members:</b>	2,358
<b>Effective Date:</b> 10/1/2020		<b>Employees:</b>	1,072
<b>TRADITIONAL PRICING</b>			
<b>RETAIL</b>			
<b>Brand</b>		<b>Generic</b>	
<b>AWP minus</b>		<b>AWP minus</b>	
10/1/2020	20.15%	10/1/2020	81.20%
10/1/2021	20.25%	10/1/2021	81.30%
10/1/2022	20.30%	10/1/2022	81.40%
<b>DISPENSING FEE</b>			
<b>Brand</b>		<b>Generic</b>	
10/1/2020	\$0.80	10/1/2020	\$0.80
10/1/2021	\$0.80	10/1/2021	\$0.80
10/1/2022	\$0.80	10/1/2022	\$0.80
<b>MAIL</b>			
<b>Brand</b>		<b>Generic</b>	
<b>AWP minus</b>		<b>AWP minus</b>	
10/1/2020	23.50%	10/1/2020	80.80%
10/1/2021	23.50%	10/1/2021	80.90%
10/1/2022	23.50%	10/1/2022	81.00%
<b>DISPENSING FEE:</b>		\$0.00	
<b>Extended Supply Network (ESN)</b>			
<b>Brand</b>		<b>Generic</b>	
<b>AWP minus</b>		<b>AWP minus</b>	
10/1/2020	20.15%	10/1/2020	81.20%
10/1/2021	20.25%	10/1/2021	81.30%
10/1/2022	20.30%	10/1/2022	81.40%
<b>DISPENSING FEE:</b>		\$0.00	
<b>Rebates to Client:</b>			
<b>Per Retail Brand Rx</b>	10/1/2020	\$221.15	
	10/1/2021	\$265.43	
	10/1/2022	\$309.69	
<b>Per Mail Brand Rx</b>	10/1/2020	\$446.27	
	10/1/2021	\$484.89	
	10/1/2022	\$519.17	
<b>Administration Fees PEPM</b>	10/1/2020	\$0.00	
	10/1/2021	\$0.00	
	10/1/2022	\$0.00	

Notes:

- Members will pay the lower of the contracted rate, U&C, or their applicable copayment. Zero balance logic is not employed.
- Discounts are based on the actual NDC-11 dispensed.
- Guarantees will be reconciled annually and applied in aggregate.
- Pricing excludes the value of U&C.
- Discounts provided do not include savings from DUR or other clinical programs.
- Guaranteed offer is based on adoption of the Florida Blue 3-Tier formulary and may be amended in the event there is a change in the formulary, implementation of new clinical programs, changes to the pharmacy benefit plan design, lock-out of drug classes, or unexpected generic launches.
- Assumes client does not have 340B pricing.
- Pricing is based upon the Florida Blue Standard PPO HMO Network of 65,000+ pharmacies.
- Pricing is based upon an implemented Florida Blue Extended Supply Network (90-day retail) of 55,000+ pharmacies.
- Paper claims are excluded from pricing.
- Compound, OTC, 100% member paid, and vaccine claims are excluded from rebate guarantees.
- Rebates are contingent upon adherence to the Florida Blue 3-Tier formulary, including associated utilization management and clinical programs.
- Rebate guarantees may be adjusted for unexpected market events such as generic launches, authorized generic launches, products launched at risk, client formulary changes, introduction of biosimilars, implementation of new clinical programs or removal of existing clinical programs, changes to pharmacy benefit plan design or products under patent litigation, new lower cost NDC priced net of rebates from the innovator.
- Non-Specialty Discount rates exclude compounds, foreign claims and specialty (as defined by the Florida Blue Specialty Fee Schedule).
- Pricing assumes 4% Mail penetration, if that differs by 5%, Florida Blue reserves the right to revise pricing terms and financials accordingly.
- Retail pricing includes 90-day at retail claims and is contingent on at least 1% of retail claims being filled through this channel.
- Pricing assumes membership of 10% or less in high deductible (CDHP) benefit designs and no material change in participation over the course of the contract.
- In the event the number of covered members or pharmacy claims volume varies by greater than 10%, Florida Blue reserves the right to revise the pricing terms and financials accordingly.
- If changes occur within the PBM marketplace which lead to a significant deviation from the current economic environment, both parties agree to proactively amend the contract to make all parties commercially reasonably economically neutral.
- Guarantees are subject to change in the event that any law, regulation, interpretation of a law or regulation, or any change within the PBM marketplace would lead to a deviation from the current economic environment upon which these guarantees are based.
- Unexpected generic launches, products launched at risk or under patent litigation are excluded from our generic guarantees.
- Any drug determined to be in short supply based on published sources (including the FDA and ASHP websites) will be excluded from our generic guarantees.
- A drug that has more than a 100% increase in cost will be excluded from the generic guarantees.
- Generic discount guarantees apply to generic drugs, excluding those products in the 180 day exclusivity period.
- For discount guarantee purposes, a generic drug is defined as a drug with more than 3 generic manufacturers, and not in an exclusivity period.
- A brand drug is defined as any drug not considered a generic drug.